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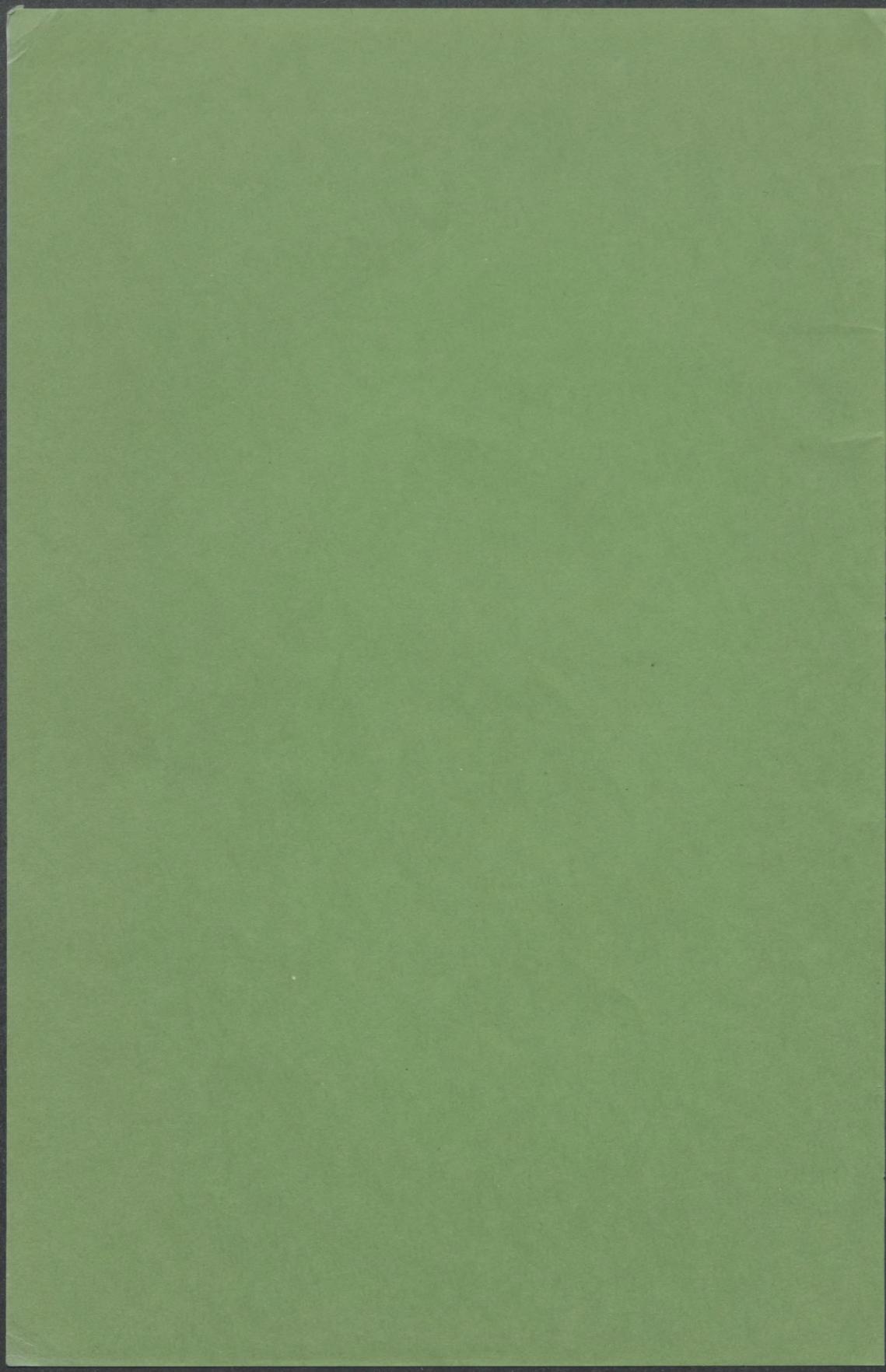
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93^d CONGRESS, SECOND SESSION

SPECIAL HEARING



**UNITED STATES DEVELOPMENT
ASSISTANCE TO LATIN AMERICA**

HEARING
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
NINETY-THIRD CONGRESS
SECOND SESSION

Printed for the use of the Committee on Appropriations



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1975

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS

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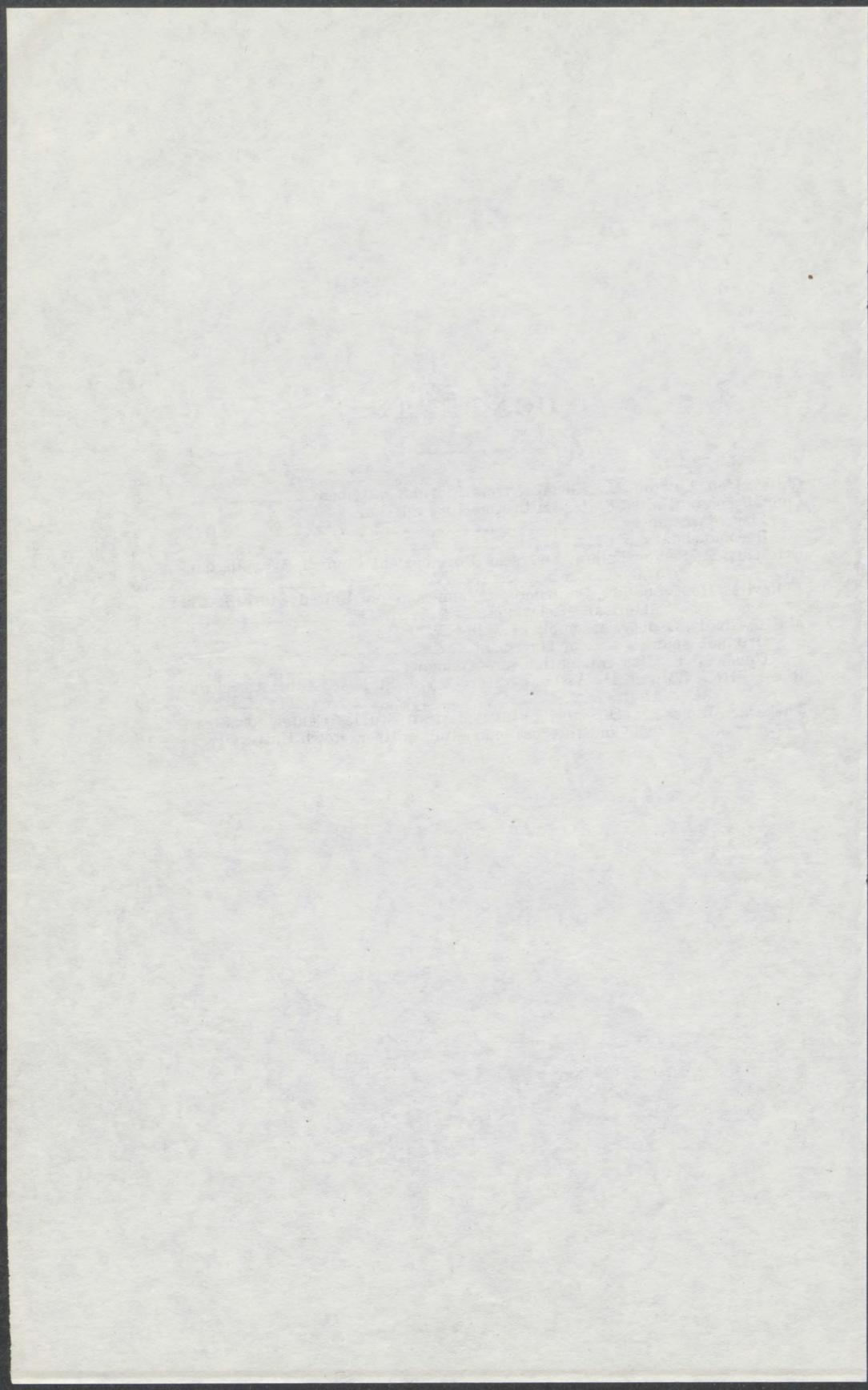
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UNITED STATES DEVELOPMENT ASSISTANCE TO LATIN AMERICA

FRIDAY, DECEMBER 13, 1974

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m. in room 1114, Everett McKinley Dirksen Office Building, Hon. Daniel K. Inouye (chairman) presiding.
Present: Senators Inouye and Chiles.

OPENING STATEMENT OF CHAIRMAN

Senator INOUE. The subcommittee will please come to order.

This morning the subcommittee will hear testimony on issues affecting the economic relations of the United States with Latin America and the context for U.S. assistance programs in the region.

Domestic economic problems here at home have made us increasingly aware of the importance of the availability of commodities from other countries and the access to foreign markets for our exports to keep our economy strong.

United States assistance programs and U.S. contributions to the international financial institutions, which it is the responsibility of this subcommittee to review, need to be set within an overall context of what our economic relationship in the hemisphere ought to be and what our broad policy objectives are.

In this regard, the appearance at the end of October of a report by a thoughtful group of Americans who came together as the Commission on United States-Latin American Relations under the chairmanship of Sol Linowitz is a useful focus on issues of concern to the Congress and to this subcommittee.

At the suggestion of Senator Chiles, we are pleased to have Ambassador Linowitz with us today to discuss the Commission report with the subcommittee.

We are also happy to have with us the newly appointed Assistant Secretary of State for Inter-American Affairs, William D. Rogers, who is appearing before this subcommittee for the first time.

We also look forward to hearing from Mr. James D. Theberge, Director of Latin American Studies at Georgetown University's Center for Strategic and International Studies, and Mr. Guy F. Erb, Senior Fellow at the Overseas Development Council.

Your comments will be helpful to the subcommittee as we prepare for the markup of the Foreign Aid Appropriations Bill and as we think about further legislative action for next year.

COMMISSION RECOMMENDATIONS

Without objection, there will be inserted in the record at this point the names of the members and the recommendations of the Commission on United States-Latin American Relations as a point of reference for these hearings.

[The information follows:]

MEMBERS OF THE COMMISSION ON UNITED STATES-LATIN AMERICAN RELATIONS

CHAIRMAN, SOL M. LINOWITZ—ATTORNEY, COUDERT BROTHERS

- W. Michael Blumenthal, Chairman, Bendix Corporation.
 Harrison Brown, Professor of Science & Government, California Institute of Technology; President, International Council For Scientific Unions.
 G. A. Costanzo, Vice Chairman, First National City Bank.
 Albert Fishlow, Chairman, Department of Economics, University of California, Berkeley.
 J. George Harrar, President Emeritus & Consultant, The Rockefeller Foundation.
 Rita E. Hauser, Attorney, Stroock & Stroock & Lavan.
 Alexander Heard, Chancellor, Vanderbilt University.
 Henry J. Heinz II, Chairman, H. J. Heinz Company; Chairman, The Agribusiness Council.
 Andrew Heiskell, Chairman, Time Inc.
 Rev. Theodore Hesburgh, C.S.C., President, University of Notre Dame.
 Lee Hills, Chairman & Chief Executive Officer, Knight Newspapers, Inc.
 Samuel P. Huntington, Professor of Government, Center for International Affairs, Harvard University.
 Nicholas deB. Katzenbach, Corporate Vice President & General Counsel, IBM Corporation.
 Thomas M. Messer, Director, The Solomon R. Guggenheim Museum.
 Charles A. Meyer, Vice President, Sears, Roebuck & Company.
 Arturo Morales-Carrion, President, University of Puerto Rico.
 Peter G. Peterson, Chairman, Lehman Brothers.
 Elliot L. Richardson, Distinguished Fellow, Woodrow Wilson International Center For Scholars.
 William D. Rogers*, Attorney, Arnold & Porter.
 Nathaniel Samuels, Partner, Kuhn, Loeb & Company.
 Kalman H. Silvert, Professor of Politics, New York University; Program Advisor, The Ford Foundation.
 Clifton R. Wharton, Jr., President, Michigan State University.

RECOMMENDATIONS

1. The United States should refrain from unilateral military interventions in Latin America, and covert U.S. interventions in the internal affairs of Latin American countries should be ended. The President and the Congress should ensure that all agencies of the U.S. Government fully respect the sovereignty of the countries of Latin America.
2. The United States should urge all states in the region to provide free access and essential guarantees to the Inter-American Commission on Human Rights. It should support efforts to strengthen the staff and enhance the prestige of the Commission, and should help assure that the Commission's reports are fully publicized and discussed in the OAS General Assembly.
3. The United States should press for the investigation of reported violations of human rights by appropriate international commissions, and it should take the findings of those groups into account in deciding on the substance and tone of its bilateral and multilateral relations.
4. As a demonstration of its determination to do what it can to alleviate the distress caused by political repression, the United States should expand its emergency immigration program for political refugees, whether those refugees flee oppression of the left or right.

*Note: Resigned as of September 18, 1974 after appointment to position of Assistant Secretary of State for Inter-American Affairs.

5. The United States should take the initiative in seeking a more normal relationship with Cuba. While emphasizing that progress toward improved relations requires positive action on both sides, the Commission urges that the United States act now to end the trade embargo.

This recommended U.S. initiative toward Cuba should be implemented in conjunction with the Latin American countries. At the earliest opportunity—presumably the forthcoming Meeting of Foreign Ministers of the Organization of American States—the United States should consult with other OAS members, indicating its willingness to support repeal of the measures against Cuba adopted at the Ninth Meeting of Consultation of Ministers of Foreign Affairs in July 1964. Assuming that the OAS resolutions are repealed, the U.S. Government should then revoke Executive regulations restricting trade between the United States and Cuba and ought to act, within the President's discretionary authority, to suspend any legislative provisions which penalize third countries for trading with Cuba.

Regardless of progress or a Cuban response in other areas, the United States, taking into consideration its discussions with other OAS members, should move quickly to: (a) drop its restriction on travel to and from Cuba; (b) make evident its willingness to permit cultural, scientific, and educational exchanges on a non-official basis; and (c) make clear its willingness to improve cooperative arrangements with Cuba on practical matters of mutual concern, such as hijacking and weather watching, and to negotiate on such additional matters as may be indicated. Appropriate opportunities should be taken for dealing with Cuba informally within international organizations. The U.S. Government should encourage and facilitate, not discourage, non-official cultural exchanges and other forms of contact.

If and when Cuba's response permits, the Commission believes the President should be prepared to take other Executive actions and to seek whatever legislative changes may be necessary to facilitate commercial and cultural relations with Cuba. We should also be prepared to consider renewal of bilateral diplomatic relations as well as other steps to facilitate Cuba's integration into a constructive pattern of inter-American relationships.

When both Cuba and the United States have taken conciliatory steps toward constructive relations, it should be possible to resolve outstanding issues, such as securing compensation for expropriated U.S. properties, agreeing on the status of the United States base at Guantanamo, and fostering reconciliation among separated elements of the Cuban community.

6. We strongly support the signing and ratification of a new Panama Canal treaty based on the Statement of Principles accepted by both countries on February 6, 1974. Any arrangement should in fairness take into account the interests of U.S. citizens in the Canal Zone.

7. Consistent with the Statement of Principles and in the interests of efficiency and economy, the President should now take appropriate measures to reduce U.S. Government personnel and operations which are not clearly essential to the Canal's operation and defense. In this connection the United States Armed Forces Southern Command should be transferred from the Canal Zone to the continental United States.

8. The United States should encourage and, where appropriate, participate in efforts to develop subregional, regional and global conventional arms limitation agreements among supplier and consumer nations.

9. The United States should terminate grant military materiel assistance programs in Latin America. The recently abolished Agency for International Development (AID) public safety program in Latin America, which provided equipment and training to police forces, should not be revived.

10. The United States should not actively encourage the purchase of arms by Latin American countries. However, legislative restrictions on arms transfers that discriminate against Latin America ought to be repealed. Conventional military equipment should be available to Latin American countries on a competitive, commercial and non-discriminatory basis—the same as that governing sales to other friendly nations, except those engaging in military hostilities or whose security forces are found by appropriate international processes to be systematically violating human rights.

11. United States Military Assistance Advisory Groups in Latin America should be phased out and replaced by small interservice liaison offices or joint commission delegations (possibly as part of military attache offices), whose primary responsibilities would involve coordination of professional exchanges and training, rather than sales promotion or advisory functions.

12. The United States should abandon the threat or application of unilateral measures of economic coercion in its relations with the countries of Latin America. Specifically, the Commission urges:

(a) Repeal of the Hickenlooper and Gonzales Amendments and revocation of the January 1972 Presidential policy statement on an expropriation.

(b) Repeal of the amendments to the Foreign Assistance Act, Foreign Military Sales Act, and Ship Loan Act which provide for automatic economic sanctions in cases of fisheries disputes.*

(c) Rejection by the United States of economic pressures or policies of economic denial to affect the internal processes of Latin American countries. Such measures should be considered only pursuant to appropriate resolutions of the United Nations or the Organization of American States.

13. The United States should propose a modification of the Inter-American Development Bank charter to encourage additional contributions by other nations in a manner which would permit dilution of the United States voting share below one-third, or alternatively, to eliminate the requirement for a two-thirds majority in the Fund for Special Operations. But such action must be accomplished in a manner which would not lower the level of U.S. contributions to the Bank.

14. The United States should assure that its actions in the Inter-American Development Bank and other multilateral development institutions accord with the broad purposes of those institutions and are not taken primarily to serve narrow U.S. political or economic interests.

15. The United States should encourage the strengthening of the OAS conciliation and peacekeeping capacities.

16. With respect to the future role of the OAS—including its structure, leadership and location—the United States should be guided primarily by Latin American initiatives and wishes.

17. United States immigration legislation should be reviewed systematically with the aim of eliminating restrictions barring travel and migration on purely political grounds. The Commission urges that the President promptly seek Congressional approval for amendments designed to eliminate these restrictions. In the meantime, we urge the President to instruct all relevant U.S. agencies to interpret and apply existing legislation in the light of changed circumstances and priorities.

18. The United States should propose establishment of an Inter-American Endowment for Cultural Exchange, with funding from a percentage of the earnings of the Inter-American Development Bank. The mandate of such an entity should be broadly defined and its functioning should remain free from the pressures of government agencies in any of the participating countries. Its sole purpose should be to utilize the talents and capacities of institutions and individuals toward a better and broader understanding among the nations of the Americas.

19. The U.S. Government should provide increased support for Latin American Area Studies at all levels of the educational system.

20. The United States should enact a generalized scheme of tariff preferences for developing countries. However, both the list of products to be admitted and the limitations on dollar volume should be drawn with a view to providing increased benefits to Latin America.

21. The United States should cooperate with Latin American nations in the forthcoming multilateral tariff negotiations to achieve tariff reductions on products which would be of mutual benefit.

22. The waiver provision on countervailing duties should be included in the Trade Reform Act. The Commission further recommends that the United States, in concert with other nations, begin to review and negotiate new and more appropriate international rules to govern the temporary use of export subsidies by developing nations.

23. The U.S. Government should determine which segments of the domestic economy will be disrupted by more liberal trade policies, including tariff preferences, and should develop a selective, but generous program of adjustment assistance. This assistance should be integrated with national and local economic policy plans as well as with other measures directed toward more efficient domestic allocation of resources.

24. The United States should encourage the establishment of a regional system for the exchange of information on commodity supply and demand projections.

25. The U.S. Government should examine means to limit and offset the effects of wide fluctuations in supply, demand and prices of selected commodities. Alternatives which should be considered include compensatory finance arrangements, long-term supply contracts and commodity agreements. Such arrangements could be initiated on a regional basis, but should be consistent with Western Hemisphere interests in expanding total global production and maintaining orderly and equitable global trading arrangements.

26. The United States should target its bilateral assistance to the poorer countries in Latin America and the Caribbean, and in cooperation with the countries concerned, to projects within countries which will better the lot of the poorest segments of the population. The United States should endorse attempts by multilateral lending agencies to apply similar criteria in their programs.

27. The United States should fulfill its own commitments to the Inter-American Development Bank and to the World Bank, and should encourage the wealthier nations of Latin America to make more of their resources available for development assistance in the region.

28. The United States should collaborate with the Latin American nations in the development of codes of conduct defining rights and responsibilities of foreign investors and governments. Together, the United States and Latin America should work to develop impartial fact-finding mechanisms and utilize impartial dispute settlement procedures to help in the resolution of investment disputes.

29. The Overseas Private Investment Corporation guarantee programs in Latin America should be modified to emphasize primarily medium- and smaller-size firms and projects intended to have a favorable impact upon the poor.

30. The United States should collaborate with the countries of Latin America to assure that facilities used for the international transfer of oil revenue dollars give appropriate weight to the requirements of the developing countries.

31. The United States should assist the development of scientific and technological capabilities within the Latin American countries. To support this process, we recommend establishment of a publicly-funded foundation to cooperate with counterpart Latin American institutions.

32. The Commission recommends that the United States undertake cooperative research in marine science. Consideration should be given to the establishment of international or regional Marine Research Centers in Latin America and the Caribbean in which scientists from member countries could jointly undertake marine research projects and studies, thereby strengthening local research and scientific capabilities.

33. The U.S. Government should cooperate with Latin American countries to collate and disseminate information relating to the terms of licensing agreements, royalty payments, etc. Similarly one function of the new public science foundation recommended previously should be to provide a clearing house of information on technological services potentially available from middle- and small-sized firms in the United States.

OPENING STATEMENT OF SENATOR CHILES

Senator INOUE. Gentlemen, I welcome you to this subcommittee, but before proceeding I am pleased to call upon my distinguished colleague from Florida, Senator Chiles, if he has any statement to make.

Senator CHILES. I would like to thank the Chairman of this subcommittee for holding these hearings at this busy time of year.

As the Chairman has said, this report is a fresh and timely statement by a group of Americans known for their experience and interest in our foreign policy. It raises a number of issues of direct concern to the Congress.

In fact, a review of the 33 recommendations of the Commission report reveals that most of the recommendations lend themselves to some kind of legislative action.

I think this effort provides a useful check list of policies that should be seriously thought about in trying to take action to improve United States-Latin American relations.

I hope that this hearing can be a useful step in developing thinking within the Congress on how best to move legislatively to shape our economic relations with Latin America in ways which are more effective in contributing to our own economic well-being, to more rapid economic development in Latin America and to a stronger world economy.

VALUE OF GOOD ECONOMIC RELATIONS

Good economic relations are essential for good political relations. Economic issues are at the core of our relations with Latin America. At last, the Cold War and the preoccupation with security questions in this hemisphere have waned.

But economic issues have not just become more important, they have changed in nature. We are in a new ball game now.

Before, the United States was always accused of not having a policy toward Latin America, and the expectations were that we should give and they should receive. It always seemed that either we didn't give enough or we were paternalistic when we did make an effort. We were accused of either neglect or heavy handedness.

The new economics of our relations with Latin America create a new definition of our interests in Latin America. We now have more clearly perceived interests in access to commodities produced in Latin America and to export markets in Latin America.

The new ball game we are in is one in which Latin America and the United States each controls resources the other needs, and each has the leverage to influence the terms of exchange, both as to price and amount.

UNITED STATES-LATIN AMERICAN BARGAINING

This changes things. It means that we have a greater interest in driving a hard bargain in dealing with Latin America and that Latin America has a greater capacity to drive a hard bargain in return.

All the empty rhetoric of "mature partnership" of the sixties is suddenly translated into hard reality. Neither neglect nor heavy handedness are very effective means of dealing with countries with whom you are bargaining on vital interests.

This means we need to think about reshaping our policies to reflect these changes. It is appropriate for the Congress to take a look at the issues raised in this report and to consider recasting policy authorities through legislation next year which will create a new basis for inter-American economic relations based on new realities. I would ask the witnesses to comment on the legislative possibilities they perceive in the issues raised by this report.

I would like to add that I am most pleased to read in this morning's New York Times that an agreement has been reached to limit armaments and to stop acquiring offensive weapons by Peru, Chile, Bolivia, Ecuador, Venezuela, Argentina, Colombia and Panama.

I don't think there could be a more promising piece of news for the concerns of this subcommittee than this agreement. It reduces tensions within Latin America. It opens the possibility of more resources within Latin America being released for economic development.

It means that the United States will be less involved in selling arms to Latin America. I am pleased that Secretary Rogers was there and hope this means that the agreement can be broadened in Latin America.

Again, I want to thank the Chairman of the subcommittee for taking time to hold these hearings and the witnesses for appearing today.

Senator INOUE. Thank you very much.

LATIN AMERICAN ISSUES

STATEMENT OF HON. SOL M. LINOWITZ, CHAIRMAN, COMMISSION ON
UNITED STATES-LATIN AMERICAN RELATIONS

FOCUS ON REPORT

Senator INOUE. It is our pleasure to have with us as our first witness Ambassador Linowitz, Chairman of the Commission on United States-Latin American Relations.

Ambassador Linowitz was previously U.S. Ambassador to the OAS. He is well known for his interest in United States policy toward Latin America.

Welcome, sir.

Ambassador LINOWITZ. Thank you.

First, let me express my warm appreciation to you for having scheduled these hearings and for the objective of focusing on this report.

As we know, it is not easy to arouse interest or sustain interest when Latin American issues are involved, and this indication of your own interest and commitment is a very heartening sign that perhaps some of the work we have done with this report on United States-Latin American relations will indeed be of help to you in your legislative efforts.

For the past 6 months I have served as Chairman of the Commission on United States-Latin American Relations which recently issued its report setting forth its recommendations for a new approach to hemispheric relationships.

Launched under the aegis of the Center for Inter-American Relations in New York last May, the Commission consisted of 23 private citizens from different sectors of our society, many long experienced in Latin American affairs, some having served in high governmental positions, all sharing a deep concern about the relations between the United States and Latin America.

Let me tell you candidly that a basic question we asked ourselves at the outset was, "Why another Latin American study now?" For all of us knew only too well that over the years we have had study upon study setting forth the policy needs and proposed approaches to U.S. relations with the countries of Latin America.

We also knew all too well how many of these reports and recommendations have gathered dust on crowded bookshelves, disappointing both those who labored over the reports and those who expected that perhaps this time, words might be translated into action.

But we all came to the same conclusion: That the changing realities which have been so drastically affecting political and economic conditions in the world, in the United States and within Latin America, made not only timely, but indeed urgent a re-evaluation and reassessment of relationships in the hemisphere.

CHANGING REALITIES

What are these changing realities?

In the first place, it is all too clear that we are living in a world in which international relations as we have known them in the past are drastically different today from what they were only a relatively few years ago.

No longer do security and military considerations dominate our thinking as they did during the 35 years of the Cold War. The Cold War, as we know, affected not only our attitude toward the Communist world, but also accounted for much of our relationship with the developing countries of the Third World.

For to a substantial extent, the Third World was the battlefield on which the superpowers flexed their muscles or shadow-boxed for positions of influence.

While some attention was paid to economic and social development, clearly this was a secondary concern, viewed by many as a form of immunization against communism.

Today there has been a drastic change in our perceptions. Today we recognize our interdependence in this global environment, and this is displacing security, in its narrow sense, as a *raison d'être* for American foreign policy.

The simple fact is that we now understand that there are other important centers of power in the world besides the superpowers.

We know that transnational forces, including the multinational corporation, have become important actors on the international scene. We know, too, that the line between domestic and foreign policy has become increasingly blurred, and that our interests abroad are inextricably intertwined with our interests at home.

In this kind of world when we think of security, we must think not only of military and political power, but also of oil and copper and bauxite. We must think of the implications for the scarcity of food and fertilizer. We must think of the impact of the population problem on this planet—of the fact that next year 4 billion people will dwell on this Earth; and that by the turn of the century there will be 8 billion more.

While these great dramatic changes have been taking place in our international system—detente, multipolarity, transnationalism, scarcity of raw materials and foodstuffs, population growth—tremendous changes have also been taking place within the various countries and regions of Latin America.

Rapid urbanization and mass communications have produced political awareness among people not yet participating in the economic growth of their countries.

LATIN AMERICAN ECONOMIC INDEPENDENCE

As a result, governments have faced increasing demands to provide jobs and services. To meet these internal demands, Latin Americans have sought freer access to United States and other developed nation markets for their manufactured and semi-manufactured products and their raw material exports. They have sought better access to both capital and technology.

In search for helpful responses to these needs, the Latin American countries have become increasingly active participants in the world community beyond the confines of our hemisphere.

All of this means that we in the United States are now hearing new voices coming out of Latin America—voices of identity, of nationalism, of outrage of lingering dependency.

CHANGES IN U.S. WORLD POSITION

Meanwhile, things have also been changing for the United States. No longer do we dominate world economic and military affairs as we once did; no longer is it either appropriate or feasible for the United States to try to be a policeman or tutor everywhere in the world.

Moreover, in the face of the challenges we have been confronting here at home—unemployment, racial conflict, the long war in Vietnam, and the major crises of governmental leadership—we find our coherence as a nation severely strained and tested by an energy crisis, commodity shortages, and worldwide inflation.

It is against this backdrop that our Commission undertook the complex task of determining how the United States can and should be responding in the hemisphere to the diversity and change we confront, recognizing the importance of discarding myths and stereotypes, and trying to work out a framework for policy consistent with a realistic assessment of our common and diverse interests and values.

We drew upon a wide spectrum of U.S. and Latin American opinion, and consulted with government officials, scholars, journalists, businessmen, and countless others who gave us the benefit of their experience and insight.

CONCLUSIONS OF STUDY ANALYSIS

Our analysis led us to six major conclusions:

1. First, that the premises of past policies from the Monroe Doctrine through the Alliance for Progress to Mature Partnership have been seriously undermined by these major changes in the world, in Latin America, and in the United States.
2. Second, we concluded that our policies in the future should be based upon the recognition that Latin America is not our "sphere of influence" to be insulated from the rest of the world; and that Latin American countries are playing an increasingly active and important role in a world of growing interdependence.
3. Third, we felt that U.S. policies must also recognize and accept the diversity of Latin American countries; that our interests do not require ideological conformity; and we must respect their independence and their capacity to act independently.
4. We believe that our mutual concerns center not on military security, but on economic development, on the well-being of our citizens, on the coherence of our societies, and on the protection of individual liberties—all of them goals which we cannot attain in isolation from or at the expense of our neighbors.
5. We believe that both self interest and our fundamental values require that we nurture our common interests and historic ties in the Americas and cooperate in helping to build a more equitable and mutually beneficial structure of international relations.
6. Finally, United States approach toward Latin America should be respectful of the sovereignty of the countries of the region, tolerant of a wide range of political and economic relations, and free of the paternalism conveyed by the rhetoric of "special relationship" while remaining sensitive to the unique qualities of inter-American relations.

Above all, we feel that our approach must be set in a consistent pattern of stable and more equitable global economic relationships.

UNITED STATES-LATIN AMERICAN POLICY PRINCIPLES

These conclusions led us to agree on five basic principles for future U.S. policy toward Latin America:

1. United States-Latin American cooperation in the global arena.
2. Sensitivity of U.S. general policies to Latin American interests.
3. Elimination of paternalistic and discriminatory policies toward Latin America.
4. Respect for human rights in the hemisphere.
5. Cooperative and mutually beneficial economic relationships between the United States and Latin America.

RECOMMENDATIONS FOR ACTION

Pursuant to these principles, the Commission put forward 33 specific recommendations for action, dealing with the most contentious and significant issues in United States-Latin American relations, political, cultural, and economic.

Our recommendations call for the following steps of particular interest to this Committee:

An end to covert U.S. interventions in the internal affairs of Latin American countries.

Strengthening efforts to assure protection of human rights in the hemisphere.

Encouraging arms limitation agreements in the hemisphere and proposing that the United States make arms available only on a commercial competitive basis.

Repeal of the Hickenlooper and Gonzales amendments and avoiding other threats of unilateral economic sanctions.

Modification of the Inter-American Development Bank charter to eliminate the United States veto power over the Fund for Special Operations.

Strengthening the OAS conciliation and peacekeeping capacities and following Latin American initiatives regarding the future role of the OAS.

Elimination of travel and migration restrictions and pressing development of cultural interchange with Latin America.

Enactment of a generalized trade preference for developing countries which will be significantly helpful to Latin America and making provisions for waiver of countervailing duties.

Development of a more generous U.S. adjustment assistance program for domestic industry affected by more liberal trade policies.

Establishment of a regional system for exchange of commodity supply and demand projections; and exploration of mechanisms to offset wide fluctuations in commodity supply, demand and price.

Targeting of bilateral public assistance programs to poorer countries in Latin America and to projects directed at poorest segments of population.

Collaboration between United States and Latin America in development of codes of conduct defining rights and responsibilities of foreign investors and governments as well as in establishment of impartial fact-finding mechanisms.

Reorientation of OPIC guarantee programs toward smaller firms and projects to help the poor.

United States assistance in development of scientific and technical capabilities within Latin American countries.

Cooperation in dissemination of information about license and other agreements and available technological services.

EVALUATION OF RECOMMENDATIONS

These recommendations are addressed to the U.S. Government and to the people of the United States. We have not presumed to prescribe for Latin America nor to suggest policies for Latin American countries.

But we do hope that our report will be widely read in Latin America, and with this in mind we will shortly be issuing Spanish and Portuguese versions.

Our prime goal is to stimulate interest and support for our recommendations in the United States—both within the Government and among citizens' groups and the media.

Since the issuance of the report, we have been greatly encouraged by the response we have received from leaders in both the Executive and the Legislative Branches of the Government.

President Ford, who received the first copy of our report, has requested Secretary Kissinger, who expressed his strong support for our efforts, to meet with us and we will be doing so next week. We hope that there will be similar interest and support in the Congress.

Beyond this we hope that the report will help develop an effective constituency in this country to provide the support needed to assure the adoption and implementation of our recommendations.

Let me just add a personal comment about the spirit in which I hope the report will be considered in this country: For too long now we have looked upon the countries in Latin America patronizingly, as a source of problems rather than solutions.

It is time to recognize that the Latin American countries have much to contribute in our mutual best interest and toward our common objectives; that there are immense talents and resources in Latin America that can help solve the problems that beset all of us in this interdependent world.

It is time to understand that justice and decency—not disparities of power and wealth—should be the guiding forces in hemispheric relations.

It is time to recognize, at long last, that in the Americas we complement each other and need each other; and together we have the opportunity to bring into being the kind of hemisphere we seek—one in which all men can live together in peace, in dignity, and in freedom—free from war and want.

Thank you very much.

Senator INOUE. Thank you very much, Ambassador.

STATEMENT OF HON. WILLIAM D. ROGERS, ASSISTANT SECRETARY
OF STATE FOR INTER-AMERICAN AFFAIRS

SUPPORT FOR COMMISSION REPORT

Senator INOUE. Our next witness is the new Assistant Secretary for Latin America, Mr. William D. Rogers.

Welcome.

Mr. ROGERS. Thank you, Mr. Chairman.

I appreciate this opportunity to appear before you and to discuss the report of the Commission on United States-Latin American Relations, "The Americas in a Changing World."

Before commenting on the report, I should point out that I was actively involved in the deliberations of the Commission as a private citizen until September when I assumed my present responsibilities, at which time I resigned from the Commission. I was not therefore involved in the drafting of the report itself.

Having made that clarification, I hasten to add that I find myself in sympathy with the general thrust of the report and with many of its recommendations.

REALITIES IN UNITED STATES-LATIN AMERICAN RELATIONS

I will not go into a great deal of detail describing the conclusions and recommendations of the Commission. You have already read the report and have heard Ambassador Linowitz further elaborate on it. However, I would like to associate myself with the general premise of the report that changes in the world situation, in Latin America and in the United States have outdated certain U.S. attitudes and policies. As the report states, these new realities are that:

—"The majority of Latin American and Caribbean States are preparing themselves to fulfill a global international role, and not only a hemispheric one;"

—"The "United States should no longer assume an easy or permanent mutuality of interests between ourselves and the countries of Latin America and the Caribbean;"

—"Common interest nevertheless continue to exist and need to be nurtured;

—"And, finally, we and Latin America can and should cooperate in the task of helping to build a new and more equitable international order.

As you know, we have been actively involved in reviewing and reshaping U.S. policies toward the region since Secretary Kissinger invited his Latin American colleagues to a new dialogue last year. The Commission's report is a timely comment on all the issues which are being explored in the Dialogue. These are:

—"Economic relations, including trade, development assistance, the activities of U.S.-based corporations, and the transfer of technology.

—"Political issues, like Cuba, the Panama Canal, and political conditions on aid.

These topics were the subject of the Secretary's two meetings with the Latin American Foreign Ministers earlier this year and will be considered at their next meeting in March in Buenos Aires.

In the meantime, we have been participating with the Latin Americans in two working groups to explore how progress can be made in the transfer of science and technology and in formulating principles to guide the conduct of foreign corporations in Latin America.

Other major areas covered in the Commission's report are human rights, military assistance and cultural relations. These subjects are also fundamental to our hemispheric relations.

ECONOMIC ISSUES OF REPORT

I would like now to comment on certain issues raised by the report which have not received the public attention I believe they deserve. The economic issues identified in the report are, taken as a whole, the most important element in modernizing our relations with Latin America.

The United States is Latin America's single most important foreign economic partner, accounting for over a third of the region's foreign trade and an even larger share of investment and other financial flows to the area.

Latin America's greatest need is for economic development. It is no wonder therefore that economic issues loom large in United States-Latin American relations. On many of these issues we are already moving in the direction the Commission recommends.

For example, in the Working Group on Science and Technology Transfer, we are attempting to find ways we can help Latin American countries to improve their capabilities to develop technology and to manage the flow of technology from outside.

In the Working Group on Multinational Corporations, we are attempting to work out with the Latin Americans a set of principles to guide the conduct of U.S. corporations.

We hope this Working Group eventually could be an instrument for intergovernmental cooperation on a wide range of investment problems.

We also are increasingly focusing our bilateral assistance toward the least developed countries and the lowest-income sectors. We are exploring the problem of channeling petro-dollars to the neediest countries.

The Administration has requested and urged full funding of its outstanding \$500 million pledge to IDB concessional lending replenishment.

I believe this is one tangible area in which the Congress could act swiftly to demonstrate we are serious in our commitment to achieve new cooperation and responsibility in our hemispheric relations.

Finally, I cannot overemphasize the importance of our Latin American relations of the Trade Reform Act. Not only will that Act enable us to put into effect the generalized system of tariff preferences which we long ago pledged to Latin America—but it will help us negotiate in the GATT a new and more open trading system in which Latin American exports can diversify and grow.

TRADE NEGOTIATIONS COOPERATION

I, therefore, support the Commission's recommendations that the United States should cooperate with Latin American countries in the forthcoming trade negotiations.

There are a number of recommendations in the political area and I will be happy to answer questions on those. But I wanted to emphasize the importance of the Commission's work on the economic issues because these may be less dramatic than some of the political ones.

Finally to conclude:

—The Commission has identified the new conditions which now, and increasingly will, govern our international and regional economic security and political interests.

—The Commission has set forth a cohesive set of principles which should govern our relations with Latin America.

—I agree with the thrust of the Commission's recommendations—that a new, mature, and mutually respectful relationship is needed between this country and the countries of Latin America.

—It is not enough, however, for the Administration to conclude that fundamental changes are necessary in our approach to inter-American relations. We are well aware that our efforts must find support in the public and the Congress if we are to succeed in implementing new policies.

It is for this reason that we welcome this report by the Commission on United States-Latin American Relations and these hearings.

Thank you, Mr. Chairman.

U.S. CONCERN FOR HEMISPHERIC RELATIONS

I should like to add, Mr. Chairman, if I may, a further point and that is this:

As Scotty Reston said on more than one occasion, the United States will do anything for Latin America except read about it.

Those of us who have been attentive to United States-Latin American relations over the past years are well aware of the degree to which the United States and the people of this country find it difficult to focus on Latin America and by the same token the degree to which Latin America believes that the United States ignores the other countries of the hemisphere.

This report of a distinguished group of American leaders demonstrates, I think, to the Latin Americans in a dramatic way the depth of concern in this country for hemispheric relations.

In this sense, I think, separate and apart from the importance of its substantive recommendations, it is a monument to the significance of improvement of our relations in the hemisphere to the American people.

It demonstrates that concern is not limited to the Department of State for the improvement of our relations in the hemisphere. I think this point bears particular emphasis in respect of the significance of the report for Latin America itself.

Thank you.

Senator INOUE. Thank you very much, Mr. Secretary.

MILITARY AND ECONOMIC RELATIONS

STATEMENT OF JAMES D. THEBERGE, DIRECTOR, LATIN AMERICAN STUDIES CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, GEORGETOWN UNIVERSITY

ADJUSTMENT IN UNITED STATES-LATIN AMERICAN RELATIONS

Senator INOUE. Now, we are pleased to have as our next witness Mr. James D. Theberge.

Mr. THEBERGE. Thank you, Mr. Chairman, and Senator Chiles.

I want to thank the committee for inviting me to meet with you today to discuss the recently issued report of the Commission of United States Relations with particular emphasis on U.S. military and economic relations with the countries of the Caribbean and South America.

In the broadest sense, I agree with the report of the Commission that the context of United States-Latin American relations has changed significantly over the past decade and that U.S. policies towards the Caribbean and Latin America must be adjusted to the global and regional realities of the mid-1970's.

The stress on the desirability for a U.S. policy and diplomacy that are sensitive to Latin American interests is extremely important as long as U.S. interests receive equal treatment and understanding on the part of our Latin American neighbors.

A true sign of mature relations between strong and weak powers is mutual respect and elimination of paternalistic policies, postures, and attitudes on all sides, not just on the part of the United States.

In the interest of evolving a mature relationship, the United States should insist on reciprocity in its relations with the Latin American countries with the relaxation of that principle only in the case of those countries that have been friendly, cooperative, and constructive in their dealings with the United States.

This policy should not be announced so much as implemented in concrete actions such that the message is clear to everyone concerned.

I would like to take up five issues that have been either touched on or discussed at some length in the Commission Report that deserve, in my view, further elaboration or new approaches.

U.S. SECURITY ASSISTANCE

Both forms of security assistance—foreign military sales (FMS) credit, and the military assistance program (MAP)—are important instruments of U.S. policy in maintaining friendly and cooperative relations with the countries of Latin America, an increasing number of which are either governed, or influenced significantly, by their military establishments.

United States relations with several key countries have suffered serious strains and tensions because of the tradition of American paternalism and tutelage in the field of military sales and aid policy.

Fierce nationalist reaction, in military and civilian circles, to the U.S. denial of "sophisticated" weapons to the Latin American armed forces and U.S. pressures to persuade Latin American Governments not to modernize their forces or purchase arms from Western Eu-

ropean suppliers has damaged our relations with countries such as Peru, Chile and Argentina over the past decade, and I might add has contributed to the radicalization of the military in some of the countries.

Any effort to establish mature relations with the Latin American countries is bound to fail as long as the U.S. Government attempts to dictate its views as to the national requirements of the Latin American armed forces.

GRANT MILITARY ASSISTANCE PROGRAM

The United States, it is true, is not obliged to make grant military material and training assistance available to any country.

In my view, however, a modest grant military assistance program serves our interest in maintaining good relations and open lines of communication with the Latin American civilian and military leadership.

It helps to meet their need to modernize their armed forces, which is based on their own perception of their national security requirements, at a lower cost than otherwise would be possible.

It enables the United States to maintain a military balance in the area which reduces the potential for violent conflict. And I might add this potential for conflict is not a theoretical possibility. It is an extremely real possibility in the southern part of South America.

It also helps to preempt nationalist efforts to turn to the U.S.S.R. as the generous supplier of concessionary (or free) arms, as Cuba did in 1960 and Peru in 1973.

The United States should continue to make both grant aid and foreign military sales available to the Latin American countries and to assist them in undertaking the modest modernization programs that they are bent upon.

The current policy of restraint and selectivity in supplying military grant aid and making military sales to Latin America should be continued.

NUCLEAR PROLIFERATION

Nuclear proliferation is a central problem of world politics. The energy crisis, the growing sale of plutonium-producing reactors to unstable Third World countries, the rise of terrorism, the heightened risks of the diversion of nuclear materials, and the Indian detonation of nuclear explosion in May of this year has increased the risks to world stability and peace of nuclear proliferation.

At present, no country in Latin America possesses nuclear weapons, but there are signs that both Argentina and Brazil have the capability, and the intention, of developing them by the early 1980's, or sooner.

The possible acquisition of nuclear weapons by these Latin American countries should be viewed with far more concern by the U.S. Government than it has been so far. Nuclear weapons in the hands of countries whose history of political stability is far from exemplary, would have a potentially destabilizing impact on regional power balances and encourage further proliferation in the region.

Argentina and Brazil have the most advanced civil nuclear energy programs with the greatest military potential in Latin America. Chile, Cuba and Mexico trail far behind.

The scope and depth of Argentina's nuclear program gives it an edge on Brazil, although this situation probably will change radically by 1985.

Both countries have been acquiring the scientific and technical knowledge, the nuclear raw materials, and the scientific-technical infrastructure required for the production of nuclear explosives and weapons.

They oppose international controls that would limit their research and development program for the peaceful use of atomic energy or prevent the construction of nuclear explosives for peaceful applications.

They refused to sign the 1968 Nuclear Non-Proliferation Treaty and regard the possession of advanced nuclear technology as an important aspect of their national scientific and economic development.

Nevertheless, Argentina and Brazil are well aware that a by-product of nuclear energy production is the acquisition of a military potential.

Like India prior to the detonation earlier this year, both countries have officially denied that they intend to develop atomic weapons. Yet, according to informed sources, the path chosen by the two countries in developing their civilian nuclear capacity lends itself more easily to weapons development than others which might have been followed.

Neither Brazil nor Argentina have disguised their intention to build and test nuclear devices for peaceful purposes, which require little additional effort to convert into nuclear weapons.

The challenge facing this country is to limit the spread of nuclear weapons to additional countries while not depriving them of the benefits derived from the peaceful applications of nuclear energy.

For a start, the task of discouraging the spread of nuclear weapons in this hemisphere should be given a prominent place on the U.S. agenda of Latin American issues.

New and stronger technical safeguards must be devised to encourage countries supplying nuclear technology and know-how to minimize the risks.

There are, of course, no foolproof ways of preventing nuclear proliferation, and U.S. ability to do so is limited. But the United States should substantially increase its support for the safeguard program of the International Atomic Energy Commission, especially the development of better techniques for safeguarding fissionable materials.

INTER-AMERICAN DEVELOPMENT BANK

I would like to say a few words about the Inter-American Development Bank.

The Inter-American Development Bank (IDB) has become in recent years the main channel for U.S. development assistance to Latin America, as greater emphasis has been given to multilateral rather than bilateral development.

The Latin American contribution to the Bank has increased relative to the United States, although we are still the single most important contributor.

As such, the United States has a special responsibility to see that the Banks' resources are being efficiently employed for fostering economic growth and improving the regional distribution of income, favoring the lower income sectors more than has been the case in the past.

The Bank should be urged to allocate a larger share of its loan funds and technical assistance to the development of grass roots institutions—cooperative, credit unions, and savings and loan associations—in Latin America that benefit the poorest strata of the population.

Credits should be provided to national and regional institutions which mobilize local initiative and savings for the betterment of the living standards of those worse off. These credits, and required technical assistance, should be provided as temporary seed capital to help create self-sustaining institutions which, within a reasonable period of time, can dispense with IDB assistance.

The unsatisfactory progress of the lowest income groups, particularly the marginal rural and urban poor in Latin America, requires more imaginative treatment by the international lending community, including the IDB.

There is evidence that the real economic progress made by the Latin American countries in the sixties and early seventies has been accompanied by a relative worsening of the distribution of income, although in many countries the poor are generally better off in absolute terms.

The IDB should be asked to make a greater effort to reach the poorest sectors in Latin America by helping them develop local self-help institutions. This will require some institutional changes within the Bank so that a specialized staff is available to provide technical assistance and credits on a smaller scale and under different lending conditions from normal practice.

STRENGTHENING OF OAS

The Organization of American States should be strengthened by giving it enlarged responsibilities in the administration of technical assistance programs in areas considered to be of high priority by the member countries.

The United States should take the initiative and offer to divert \$50 million a year from its U.S. bilateral aid program to Latin America for the creation of a Special Technical Assistance Fund (STAF) which would incorporate and expand the activities of the existing Technical Assistance programs of the OAS.

The Latin American member countries would be required to match the U.S. contribution so that the Special Fund would be responsible for a budget of \$100 million a year to finance a vastly expanded program of technical training and aid to the Latin American countries to strengthen urban planning, centers of science and technology and other activities.

The priorities for the application of these funds would be set by the OAS member countries, and joint programs encouraged with international, Latin American and sub-regional institutions.

The establishment of the STAF would not require additional funds from Congress. It would help to instill some sense of purpose and confidence in the OAS system, and give it a new direction. It would

demonstrate that the United States does care about the survival of the OAS, and wants to turn it into a more useful instrument of our common purposes.

It could help to take us beyond a mere dialogue, useful as this may be, by making a concrete contribution to reinvigorating the inter-American system and strengthening inter-American solidarity.

CODES OF CONDUCT TO FOREIGN INVESTORS

I would like to say a few words about the international and Latin American efforts to establish codes of conduct applicable to foreign investors, including the Charter of Economic Rights and Duties of States now before the United Nations.

These and other efforts to define the rights and duties of foreign investors, as well as governments, may serve some useful purpose.

But, they must not be allowed to justify or condone arbitrary and unilateral abrogations of contractual obligations under the claim of sovereign immunity.

Although under discussion for many years, effective international mechanism for dealing with investment disputes have not yet been devised.

We may, perhaps, be permitted to entertain some skepticism about their early establishment. Nevertheless, investment disputes between U.S. firms and foreign governments can be expected to continue into the foreseeable future, and the U.S. Government is not adequately prepared to insure that U.S. interests are protected and minimum damage done to U.S. host country relations.

ESTABLISHMENT OF SFR OFFICE

I propose that a new office—the Special Representative for Foreign Investment Dispute Settlement (SRF)—should be established within the Office of the President with a small expert staff and charged with the task of monitoring specific conflicts between U.S. investors and foreign countries, undertaking fact-finding missions at an early stage, and helping to negotiate a settlement whenever broader U.S. national interests are involved.

While every effort should be made to avoid U.S. Government actions which escalate a private dispute into a government-to-government confrontation, this is not always possible.

Therefore, the U.S. Government must be better organized to deal with these disputes when they arise and to take early action to avoid them whenever possible.

As you know, in the case of the disputes with Peru over U.S. developments which were nationalized in Peru over these last few years, President Nixon appointed a special envoy, ad hoc envoy, to undertake the negotiations which led to the settlement of that particular dispute. I would like to see some kind of process, some kind of office take on such a responsibility and institutionalize this kind of monitoring and dispute negotiation.

For that reason the special representative for foreign development dispute settlement should be created to play an active role in dispute settlement whenever important U.S. interests are at stake, whether the dispute derives from unjust actions of foreign governments or similar actions on the part of U.S. companies.

The SRF would avoid unnecessary involvement in investment disputes but it should be informed of the course of events and able to provide expert advice to the President in the event action is required.

IDENTIFICATION OF EMERGING PROBLEMS

A central task of U.S. foreign policy is to identify the emerging problems of our time and to set in motion courses of action which attempt to intelligently shape them to our interests.

This principle of action has been neglected in our relations with Latin America in recent years.

United States-Latin American relations have been permitted to drift without direction, and the activities of those countries hostile to American interests have been allowed to gain a certain momentum. Improvements in the atmosphere or style of our relations have not altered this fundamental tendency.

The United States appears to believe that not taking any initiative or exercising any leadership within the inter-American system will avoid conflict and an adverse Latin American reaction—which is, of course, inevitable in any case.

This essentially passive and “neutral” posture is widely believed to be the most wise and prudent one at the present junction. Yet, it surely makes impossible a more mature relationship, which, after all, requires some give-and-take on both sides. A really mature relationship will escape us until we are treated like everyone else, and like everyone else, we offer our own ideas on how best to deal with matters of common concern.

The United States no doubt needs both an imaginative set of policies and a sensitive diplomacy for dealing with our Latin American neighbors in this new, more complex and pluralistic international environment.

We have the latter but are still groping for the former.

The Commission on United States-Latin American Relations, and its distinguished Chairman, Sol Linowitz, deserve our congratulations for having reopened the discussion of U.S. policy in this hemisphere.

It has addressed itself to important issues and hopefully will contribute to a reinvigoration of United States-Latin American relations.

I offer my brief comments here this morning in that same constructive spirit.

Senator INOUE. Thank you very much.

STATEMENT OF GUY F. ERB, SENIOR FELLOW, OVERSEAS DEVELOPMENT COUNCIL, WASHINGTON, D.C.

ECONOMIC POWER OF DEVELOPING COUNTRIES

Senator INOUE. We are glad to welcome Mr. Guy F. Erb. Mr. ERB. Thank you, Mr. Chairman.

I appreciate your request that I present to the subcommittee some thoughts on U.S. policies toward Latin America and the Caribbean. The subject of our discussions this morning, the Report of the Commission on United States-Latin American Relations,¹ has prompted

¹ Commission on United States-Latin American Relations, “The Americas in a Changing World,” Washington 1974; published by Center for Inter-American Relations; New York, New York. Page references in parentheses are to the report of the Commission, unless otherwise noted.

those concerned with Latin America and other developing countries to examine old policies and to evaluate new options for cooperation within the Western Hemisphere.

The report of the Commission has been released in the midst of an international economic crisis which threatens the United States and other countries with a prolonged economic recession. Inflation, the petro-dollar problem, unemployment, and falling commodity prices will all influence the feasibility of many of the Commission's recommendations.

Actions taken in 1973-74 by oil producers, including some Latin American countries, dramatized the "commodity power" of many developing countries. It must be recognized, however, that while the measures taken by the Organization of Petroleum Exporting Countries (OPEC)—to take the most conspicuous example—have had a substantial impact on the United States and other developed countries, they likewise have had grave implications for many developing countries.

OPEC actions drove developed countries to seek unilateral, or at best bilateral solutions to the energy crisis. Only after more than a year of short-run, not to say selfish, national actions was a cooperative energy response launched, and that was limited to industrialized consuming nations.

The plight of those poor countries seriously affected by fuel, food, and fertilizer crises remains critical. Even though most Latin American countries do not form part of the more than 30 nations most seriously affected by the recent crises, the immediate needs of the latter for food aid and concessional finance strengthen their dependency on an "aid relationship." Their dependence on aid tends to reinforce the paternalism inherent in many developed-country policies toward aid recipients and may divert attention from the continuing financial and trade requirements of Latin America. Many policymakers in industrialized countries are already unsympathetic to the problems of developing countries. The response of such individuals to the OPEC action and other uses of producer power adds a new element of antagonism to an already unsatisfactory relationship.

Most of Latin America is neither "newly rich" nor critically affected as a result of oil price rises. Partly as a consequence of its "intermediate" position the region faces falling concessional financial assistance and an unfavorable environment for beneficial trade policies.

THE LATIN AMERICAN ECONOMY

The major obstacles to Latin American development are found in the economic and social systems of each country, but there is no denying that external constraints have significantly impeded the region's growth. Contrary to the Commission's view, "foreign exchange bottlenecks" have not "largely disappeared," nor is the major problem mainly one of a "few resource-poor countries with swollen oil bills and little to sell abroad" which consequently face external difficulties at the present time (p. 6). Prices of industrial raw materials have dropped by one-third in the past 6 months and exports of manufactures are confronted with a fall-off in demand due to recession in developed areas.

To illustrate the present Latin American situation, even Brazil, a country whose large reserves seemed to give it a substantial advantage during the initial stages of the oil crisis, faces a \$3.2 billion oil bill this year and a trade deficit of \$4.5 billion. Brazilian foreign exchange reserves are expected to fall to less than \$4 billion from the \$6.4 billion registered at the end of last year.

As external demand for their products declines and as domestic pressures resulting from widespread inequities within rapidly growing populations continue to mount, Latin American countries—whatever their political persuasion—may see little in common with U.S. economic interests. Indeed, the external constraints encountered by many Latin American countries already have led to attempts to influence prices of raw material exports. The confrontation with the United States over economic power which is inherent in the growth and development of Latin America may be heightened as the countries seek to maintain the gains achieved during the 1960's as well as achieve their long-run objectives of altering the balance of political-economic relations among themselves, the United States and other developed countries.

The undoubted economic growth of the region notwithstanding, the Commission's report presents an altogether too complacent view of the trends of Latin American development. The report stresses rising per capita incomes without giving adequate attention to the inequalities which these average figures mask.

This week marks the 26th anniversary of the adoption of the Universal Declaration of Human Rights which figures prominently in the report of the Commission (pp. 13-18). Article 25 of the Declaration states: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services . . ." Are the Latin American countries progressing significantly toward that objective?

The Commission cites the disparity of incomes and the role that U.S. bilateral assistance and multilateral institutions can play in ameliorating poverty (pp. 42-44). Nevertheless the overall impression garnered from the report is that only "islands of poverty" mar an "otherwise dynamic and rapidly developing region" (p. 43). A closer look at the region reveals islands of wealth and affluence in a sea of underdevelopment.

In 1970, per capita income for Latin America as a whole was \$440 (in 1960 prices). The lower income segments of the region's population—30 percent of the total—received a per capita income of about \$70 per annum. Another 50 percent of the population received an annual per capita income of about \$275. Of the remainder, 15 percent received a per capita income of over \$900 a year while the top 5 percent registered a per capita income of about \$2,800 per year.

Although the Commission emphasizes the economic growth achievements of Brazil and Mexico, growth in these two countries has not provided an adequate standard of living for large segments of their populations. On the contrary, as World Bank President Robert McNamara pointed out in 1972:

"In the last decade Brazil's GNP per capita, in real terms, grew by 2.5 percent per year, and yet the share of the national income

received by the poorest 40 percent of the population declined from 10 percent in 1960 to 8 percent in 1970, whereas the share of the richest 5 percent grew from 29 percent to 38 percent during the same period. In GNP terms, the country did well. The very rich did very well. But throughout the decade the poorest 40 percent of the population benefited only marginally.

In Mexico the picture is similar. Over roughly the past 20 years, the average income per capita grew, in real terms, at 3 percent per year. The richest 10 percent of the population received about half the total national income at the beginning of the period and an even larger share at the end of the period (49 percent in 1950 and 51 percent in 1969). But the share of the poorest 40 percent of the people was only 14 percent in 1950, and declined to 11 percent in 1969. The share of the poorest 20 percent during the same period sank from 6 percent to 4 percent."

Latin American countries also show relatively inequitable income distributions in international comparisons. In a World Bank sample of 66 countries, 15 Latin American countries fell within country categories marked by high and moderate income inequality, and no Latin American countries were characterized as showing low income inequality. The inequitable income distribution in Latin American countries is of course accompanied by serious shortcomings in the health, education, and welfare services available to the majority of Latin American peoples. U.S. policies toward Latin America cannot, therefore, be based on the assumption that the region as a whole is approaching even, for example, Southern European standards of living.

AID AND DEBT

The report states that "extensive bilateral concessional assistance from the United States to Latin America is largely a thing of the past" (p. 42). Indeed, in recent years, the terms of financial flows to Latin America have been the "hardest" available to any developing region. One of the consequences of the hardening of terms and conditions of financial flows to Latin America is a worsening of the region's external public debt structure. Substantial sums are owed on past concessional lending as well as on private loans and credits. In 1972, debt service paid by developing countries of the Western Hemisphere amounted to over \$3 billion—which was substantially more than was paid by any other developing region and accounted for 37 percent of total debt payments by 86 developing countries. Thus in 1972 Latin American and Caribbean debt service payments reduced disbursements to the region from \$5.7 billion to a net resource transfer of \$2.7 billion. In 1973, service on the region's public debt outstanding increased still further, to over \$4.2 billion.

The interaction of declining concessional transfers; increasingly difficult access to private money markets and hardening of terms of Euro-currency borrowings; the impact of recession in developed countries on Latin American export earnings; and faltering U.S. support of the Inter-American Development Bank all indicate that the Commission should have given far more emphasis to the debt burden of the region and on means of remedying the present unfavorable situation. More than U.S. consultations "with other creditor nations" (p. 48) is required to mitigate the adverse impact of the debt burden

on the development prospects of many countries of the region. Creditors and debtors can cooperate in seeking ways to provide reliable access to world capital markets on reasonable terms.

COMMODITY POLICY

The Commission's report marks an advance over past U.S. views on the utility of commodity arrangements. The bargains which must be struck between raw-material consumers and producers will certainly involve negotiations on a variety of commodity arrangements, and the Commission's flexibility regarding techniques to deal with commodity markets is commendable (p. 41). Some of the Commission's proposals for long-term supply contracts and compensation arrangements complement concepts now under consideration in the U.N. Conference on Trade and Development. Nevertheless, if the United States and other developed countries are to ensure their access to raw-material supplies, they must be prepared to consider the developing countries' objective of safeguarding the purchasing power of their commodity exports. "Indexing" of primary product prices with prices of manufactures—that is, linking unit values of the two categories of products—presents many difficult alternatives to rich countries. But indexing proposals deserve a hearing in the context of the open-minded approach to commodity problems that characterizes the Commission's treatment of this subject.

TRADE POLICIES

I fully share the view that is implicit in much of the Commission's report that an "aid relationship" is not an adequate approach to United States-Latin American relations. The emphasis that the report gives to trade and U.S. adjustment to imports is entirely appropriate, particularly in the light of the changing patterns of financial transfers to the region.

An opportunity to act on some of the Commission's trade proposals is currently presented by the Trade Reform Act of 1973 (H.R. 10710, Calendar No. 1231). Latin American responses to the Commission's advocacy of a new and cooperative relationship in the hemisphere will be tempered by the concrete results of the U.S. Congress' deliberations on the trade bill. The Commission's call for cooperation based on the interdependence of the nations of the hemisphere echoes frequently heard support for open trade policies and for the view that all countries can gain from an exchange of Latin American resources for U.S. exports. In the past, however, this rhetoric has been accompanied by tariff and non-tariff barriers to Latin America's trade and inadequate responses to its commodity problems.

Only an adequate U.S. tariff preference system and a positive approach to negotiations with developing countries in the forthcoming Geneva trade talks can offset the legacy of U.S. trade policies which have not served Latin American interests. Therefore, the Commission's proposals on tariff preferences deserve serious consideration. Unfortunately, while these proposals were being drafted, amendments were introduced to the Trade Reform Act which, if adopted, would greatly reduce the benefits of the U.S. preference scheme to Latin American and other developing countries. One of these suggested amendments provides that the United States shall not

extend tariff preferences to any country which "is a party to any arrangement with other foreign countries, the effect of which is to withhold supplies of vital commodity resources from international trade or to raise the price of such commodities to an unreasonable level which causes serious disruption of the world economy" (H.R. 10710, p. 268). Such an amendment might deny preferences to five of the six countries cited by the Commission as major potential beneficiaries of a preference scheme: Brazil, Colombia, Mexico, Peru, and Chile (p. 37). The sixth country, Venezuela, could be excluded by another proviso, which states that preferences shall not be granted to OPEC members. Furthermore, other amendments now before the Senate would deny preferences to countries which expropriate U.S. property. Thus economic sanctions similar to the Hickenlooper and Gonzalez amendments—which the Commission opposes (p. 28)—may be introduced into U.S. trade policy toward Latin America.

The denial of preferences is serious enough in its own right, but the impact on overall United States-Latin American relations which such retaliatory policies would have is even more important. A limited U.S. preference scheme, encumbered with conditions and strings, would have an adverse impact upon the prospects for fruitful negotiations on other trade topics. The positive approach now shown toward the need for reciprocal bargains on resource questions in Section 108 of the Trade Reform Act would be effectively undercut by the proposed amendments to the U.S. preference system.

The multilateral trade negotiations—which await passage of the Trade Reform Act—would be the first opportunity for the United States and Latin American countries to tackle mutual trade problems. To the Commission's support for a cooperative United States-Latin American position in the trade talks (p. 38), I would add the caveat that on many trade issues, the interests of the United States and developing countries of the hemisphere will diverge sharply. Export subsidies and countervailing duties (p. 38-39) are only one area in which international negotiations could adversely affect Latin American interests; import safeguards, standards, export controls, and guidelines for commodity arrangements may all be included in the multilateral trade negotiations. Latin American participation in all aspects of the trade talks will therefore be necessary to ensure that their trade prospects are improved. The U.S. response to their negotiating stance will require a hard look at negotiating techniques and the means of accommodating nations at different levels of development in the negotiations.

INVESTMENT AND TECHNOLOGY

Perhaps the most controversial issues in United States-Latin American relations today are foreign investment and trade in technology. The Commission cites some of the many problems in this area and is also cognizant of the changes that are taking place as the Latin American and Caribbean nations apply more autonomous policies to foreign investors. Here in particular special attention must be paid to views held in the region. But the Commission's reiteration of the desirability for arbitration in investment disputes pays no heed to the Latin American view that such mechanisms would be prejudicial to their interests. Presentation of the reasons underlying

this Latin American position and recognition of the opposition in some sectors to codes limiting the scope for national action would have resulted in a more balanced treatment of this vexed topic.

The objective of developing Latin American capacity to generate productive knowledge relevant to the region's own requirements is at the heart of Latin America's economic conflict with the United States over technology. The Commission recognizes that technology required by Latin America resides in the private sector, where it is often embodied in U.S. corporations. The recommendation for a public sector technology institution (pp. 49-50) does not deal with the problems articulated by Latin American interests in relation to private-sector technological relations. Latin American concerns over inappropriate products and technology and corporate practices such as transfer pricing deserved a more careful hearing by the Commission. Its recommendations could well have favored greater research and development within Latin America. Furthermore, measures to increase the developing countries' bargaining power in the technology market would be enhanced by training, dissemination of information on market opportunities, disclosure stipulations for foreign companies, more effective national control mechanisms dealing with technology and restrictive business practices, and suggestions for modified international patent practices.

Mr. Chairman, I have tried to highlight in this brief statement some areas where I feel the Commission's work can be supported and others where their recommendations could be strengthened. I hope these remarks will prove useful to you. Thank you.

OMNIBUS LEGISLATION

Senator INOUE. Mr. Erb, gentlemen, thank you all very much. I would like to begin the discussions by calling upon Senator Chiles to begin the questions.

Senator CHILES. Thank you, Mr. Chairman.

I also want to thank the witnesses for their statements. I would like to have all their comments on this question.

Many times the problems we have had with Latin America have not been so much that we have decided to do this or that and they have been annoyed with how we have come out, but that we have not focused at all on the issues of concern to them. A Commission report will be written and no one pays attention to it and it never gets acted on.

I don't propose to Congress that this report be adopted from one end to the other. I do not agree with all the recommendations, but it does serve to raise most of the issues and comes out with a position on most of these issues.

With this kind of check list in a single report it may be a good idea to try to bring together, so Congress would have to focus on it in one piece of legislation, many of the authorities needed to deal with the various dimensions of inter-American economic relations dealt with by the Commission report and try to place them in some coherent context of an overall statement by the Congress of what U.S. policy should be toward Latin America. How desirable or feasible is this from the point of view of each of you here.

ACTION ON COMMISSION RECOMMENDATIONS

Ambassador LINOWITZ. Thank you, Senator.

My own feeling is this kind of an omnibus piece of legislation would make a great deal of sense since, as you say, we are doing a job of dealing in bits and pieces with some of these problems.

What I am not clear about is the practicality of undertaking that since my impression is so many of them are covered in various existing forms of legislation or are under the aegis of one committee or another. But as a general statement, I would think these are pieces of a whole and in trying to develop an approach within a certain context all the aspects have to be dealt with together, so I would hope this would make sense legislatively.

Mr. ROGERS. I think Mr. Linowitz is quite right. It would be, I think, a very interesting exercise at the very least to attempt to take the Commission's recommendations which, as you say, in very large part require legislative effort for implementation—to take that list of recommendations and attempt to reduce them to statutory form in a proposed bill, in one comprehensive omnibus bill. This would be, I think, a very interesting demonstration of Congress' responsibility with respect to our United States-Latin American policy.

I think it would also help to educate us in the executive branch as to what we should be up here asking Congress for in the coming year. Obviously this is not something which should in any sense reduce our anxiety about the present trade bill and its necessity for United States-Latin American relations, nor should it divert the present legislative processes now underway with respect to the pending new AID legislation.

Beyond that, if it would not cause conflict with those legislative efforts now underway, I would very much like to see this kind of effort made.

Mr. THEBERGE. I think it would be useful to bring together the Commission's recommendations, at least those items upon which legislation is feasible, into one bill. It seems to me one of the major problems U.S. policy has had in the past is due to the fact the fragmentation of the committee system. You have so many policy items which are passed into law under the aegis of different committees, in different bills, different laws scattered around, and to bring together into one kind of coherent omnibus bill, a single piece of legislation, to the extent that that is feasible, I certainly would support it and I would hope we would be able to do that.

You raised the question of the feasibility of this. I leave that to you and the other Senators and Congressmen here but I would certainly support the concept.

Mr. ERB. I share the concern of the other panelists for the fragmented approach to developing country problems, Latin-American problems, that now characterize the legislative body of laws we have. But I am a little concerned about the possible impact of this approach on relations with other developing regions.

One of the Commission's findings that I believe is of great importance is found on page 11 of the report where they say the principle issues of U.S. policy toward Latin America are not peculiar to United States-Latin American relations but involve global

economic and political relationships. That is certainly true in the resource field for example, where commodities of interest to us, bauxite, petroleum, coffee, involve inter-regional groupings of countries.

Tariff preference is another item which is designed for all developing countries. In the context of European communities approach to formation of what might be called the special communities of relationships with over 40 developing countries, I think any assessment of a United States-Latin American legislative package would have to take into account the possible reaction of foreign governments to this proposal and I think at a minimum the clear relationship to Latin American problems with other developing countries' problems should always be borne in mind and perhaps recognized explicitly in the drafting of any such legislative package.

PUBLIC POLICY ROLE IN COMMERCIAL TRANSACTIONS

Senator CHILES. Thank you.

Ambassador Linowitz, as a general approach, what is the mix of the role of Government and the role of the private sector in shaping our relations with Latin America that the Commission sees as most beneficial? To put it another way, what is the role of public policy relative to the role of commercial transactions that the Commission advocates?

Ambassador LINOWITZ. The tone of leadership, direction, spirit, all have to be set by the Government, I believe. Within that context all sectors I think have to operate. I do not believe that—here I am talking about whether we approach them patronizingly or with a sense we are doing them a favor by working with them as against trying a true partnership spirit—I think the private sector can play a very important role supplementing government. Indeed, this has been done over many years. I think in your education exchanges, things have happened which have been very constructive. In the private sector away from the headline accounts of the difficulties of businesses there have been many profitable and mutually desirable arrangements which have flourished because they have possessed that spirit. But if that all takes place in the context of tension, hostility and distrust, then I am afraid it cannot prosper.

So my feeling is the general tone and the overall approach has to be set by the Government and that while the private sector may play an important role in supplementing it, it needs national direction.

Senator CHILES. The report says: "What is most needed at this point is an international policy that will not further strain the nation, but rather will contribute to solving some of these problems." These problems being energy problems, commodity problems, and inflation and recession.

Spell this out for me a bit more. How do we have a strong policy and at the same time not further strain the country?

Ambassador LINOWITZ. We start with the assumption that an enlightened Latin American policy is in the highest national interest of this country. I think the only reason we ought to make the kind of recommendations we did is because we think it is best for the United States.

I don't mean this out of a chauvanistic nationalistic point of view but simply in the sense I think what is best in our long-range interest means looking forward to our Government and our survival in a peaceful world, a world in which we will take into account our own resources and our own contributions in order to make this world the kind of nations we are striving for.

I find it wholly consistent and, indeed, logically necessary that when we think of our own future we think of the future of the rest of the world, and we are at a time now, particularly, Senator, when we no longer speak of interdependence as meaning what can we do for them.

Interdependence in this sense means what do we need from each other. We have learned this the hard way in recent months. So we have come to the point where the policy we evolve has to reflect our awareness of what we can gain by the right kind of relationship with one another, and this will assure a better relationship than if we try to go it alone.

RECOURSE IF TRADE BILL FAILS

Senator CHILES. Mr. Secretary, it is clear that trade is a central element in our relations with Latin America. If the trade bill fails to pass the Congress how do you plan to deal with trade matters in Latin America?

Mr. ROGERS. That is one hypothetical I hope I never have to face, Senator Chiles. I say to you sincerely that a defeat of the trade bill would be a very serious blow to our relations in the hemisphere at the present time. The expectations of Latin America are high, that we will take this progressive step. If we do not take it, if the trade bill is defeated, it will be interpreted in Latin America as a retreat to autarchy and a considerable injury to the hopes for a liberal international trading system.

I might also say that the trade bill in its present form in the Senate is inadequate with respect to the several provisions for ineligibility for generalized preference treatment of countries who are, for example, members of OPEC, who are, for example, members of an organization which are, under the language of the bill, guilty of refusing to export, and with respect to other provisions for ineligibility.

I hope very sincerely, in the interest of United States-Latin American relations, not only that the bill will be enacted but that present Senate provisions with respect to ineligibility can be removed in the conference. But I come back to the central point, the bill is profoundly important at this point in history for our relations with the hemisphere.

EFFECT OF PENDING TRADE BILL AMENDMENTS

Senator CHILES. Would you comment on Mr. Erb's statement that he brought forth that some of the restrictive measures or some of the amendments that had been attached to the trade bill are pending and what you see the effect of them to be?

Mr. ROGERS. Yes, for example, the amendment which I mentioned, which bars OPEC member countries from GSP treatment, has the effect of essentially excluding two countries in Latin America,

Ecuador and Venezuela, from eligibility for tariffs preferences which their neighboring countries—for example, Colombia—would be entitled to solely because they happen to belong to OPEC.

In the case of Ecuador, a particular example, Ecuador is a very small country with an extremely low per capita income. It needs the important contribution to development which increased trade in the United States can constitute under GSP treatment. If it is denied GSP treatment because of its technical membership in OPEC, this will be regarded as a distinctly inappropriate policy decision by the United States.

There are several other important provisions with respect to GSP eligibility which we think are not appropriate for our present policy with respect to Latin America. We could spend more time on these if it will be helpful, but I know you are about to approach significant votes with respect to the trade bill in Congress now.

WORKABILITY OF TRADE BILL

Senator CHILES. I understand. What you are saying is you may have no trade bill at all and it is hard to argue about some of the things that are in there.

Does the bill as it is now before us give you enough room?

Mr. ROGERS. The House version is better. With respect to title V, my hope would be that the Senate will pass the version in its present form, avoid an excessive dispute with respect to amendments on the floor in the Senate so that you can complete your action on it and get the bill to conference.

Senator CHILES. Apart from the trade bill, what actions are contemplated in our trade relations or needed with our relations with Latin America? Are there legislative authorities which would be required to take actions necessary in the trade field for commodity fluctuations, commodity agreements, supply contracts, compensatory financing?

Mr. ROGERS. We do not have specific proposals we would like to urge on you. We have several matters under consideration, particularly in the commodity field. I should add our consideration is affected by the wise and significant suggestions of the Commission on United States-Latin American Relations.

When we sort that out and when we are able to add up the results of the present session of Congress we will be back to you with additional legislation.

EXPORT SUBSIDIES

Senator CHILES. The Commission report talks about export subsidies by countries in Latin America and actions we could take on that. The recent problems we have had especially in oil have had more to do of course with export controls and export prices. With reference to South America specifically, how do you see that we can deal with export controls so that we don't get into another oil embargo situation with other commodities?

Mr. Erb, I gather you have written on this. Do you have any comment?

Mr. ERB. Thank you, Senator.

I think there are two multilateral approaches to export controls that might be considered. One is a complete restructuring and amendment of the general agreement on tariffs and trade. The GATT trade organization has very little at the moment in the agreement on the subject of export controls.

Another approach, more limited in scope, would be to try to agree on a code which could be either under the GATT or under some other international organization which would set guidelines for national policy here.

I think my own view is that the latter would be simpler to negotiate and could be done in the context of the multilateral trade negotiation. My preference clearly is for multilateral guidelines here. This is an example of a global issue and one which should be taken to the GATT or the United Nations, not precluding discussions within the hemisphere but seeking multilateral solutions.

Senator CHILES. Mr. Secretary, would you comment on that?

Mr. ROGERS. Yes. I think essentially Mr. Erb's point is well taken. I think this is a place for multilateral guidelines.

Ambassador LINOWITZ. I agree, sir.

STATUS OF HUMAN RIGHTS IN CHILE

Senator CHILES. The OAS Commission on Human Rights earlier this week issued a report 177 pages in length on the status of human rights in Chile. As all of you know, this matter has been of great concern to the Congress. The OAS report will now go to the OAS General Assembly. What will happen then? What, in your view, should happen now as a result of this report, and what should the U.S. Congress do?

To carry that a little further in the realm of human rights, the Commission says the U.S. Government should take violations of human rights into account in deciding on the substance and tone of its bilateral and multilateral relations.

How do we do that, and if the Commission feels the report is a bold new approach to United States-Latin American relations, why not get down to the specifics, especially in the human rights area and name Brazil and Chile and Cuba, and bring it out into the open?

If you would each comment on that montage question.

Mr. THEBERGE. I would like to say something about human rights in Chile particularly since that country is the one which is in the midst of controversy at the moment.

Senator CHILES. Let me add one more dimension to it.

I would like to have your comments on whether we should require, for example, the OAS Commission on Human Rights to be able to enter any country we are providing U.S. military and economic aid to.

Mr. THEBERGE. To enter the country?

Senator CHILES. For the Commission, that is right, to enter into the country and have inspection. As I understand them, Chile has allowed them to come in. Brazil has not. Cuba has not.

Mr. THEBERGE. I would tend to favor that notion. I think first of all we have to say political repression is not favorable anywhere in the world at any time. But I think we have to make distinctions between excesses, tortures, and so on, summary executions, and the

suspension of constitutional rights that characterize any military government.

By definition military governments suspend constitutional rights. This is true in Chile, Peru, Brazil.

Senator CHILES. My question is phrased at human rights in the context we now are talking about, the person's individual, personal right.

Mr. THEBERGE. I think we have two questions here and two issues. The question raised by torture of political prisoners. To what extent, for example, in Chile are we dealing at this point with what would be considered normal police treatment of prisoners, or people under interrogation in Latin America and to what extent are we dealing with systematic policy of torture and repression inside Chile.

I think we are probably dealing more with the former case, that is to say, what if the torture of political prisoners continues in Chile. To this extent it continues, my impression is the police interrogation type which tends to go on throughout Latin America is a normal thing. Also I would not restrict it just to the Latin Americas. It tends to go on wherever police interrogation goes forward.

Senator CHILES. That does not seem to be the thrust of the OAS report.

Mr. THEBERGE. I think you have to read those reports carefully. You have to see what time period they are talking about. My understanding is around April of this year there was a sharp drop off in instances of torture of political prisoners.

Prior to that time there was a considerable amount. It was prior to April that most of the international OAS and other commission reports are referring to I think in most cases. Since April there has been some prosecution of police officers and military officials for abuse. Four or five instances of being given life sentences. So I think the situation in Chile today is quite different from that it was before April and that most of the reports including the OAS Commission on Human Rights, refers a great deal to the maltreatment of prisoners before the period of April.

I think it is also very important to gain perspective on what happened in Chile.

OVERALL POLICY VIEW OF HUMAN RIGHTS

Senator CHILES. Maybe I am doing the wrong thing in focusing on country by country. Could we get into the broader context of the question. What should be our policy now in view of this? Maybe that is better because we get into a broader question.

Mr. THEBERGE. I don't think there is any general rule applying to categories of countries that if you could prove that there is political repression and torture you therefore do not do things.

I think each instance should be, and each country and each situation, should be examined carefully. In the case of Chile, I am absolutely against denial of military sales or military grant assistance to Chile on the grounds that human rights have been violated before April on an unconscionable scale. This does not mean I am in favor of violation of human rights in Chile, but it does mean I am concerned about the probability of a conflict of Chile and a neighboring country in the next few years, and selling Chile arms will tend to strengthen the military imbalance between these two countries.

So you have to weigh up a series of factors, it seems to me, before you can decide what the policy ought to be. In terms of legislation, as I say, I am specifically against denying Chile military sales or military grant assistance.

Ambassador LINOWITZ. I am a great deal more clear as to what the response should be on your question. The OAS has found there have been deprivations of human rights, there have been actions wholly inconsistent with our commitment to the declaration of human rights in Chile. I think we should not pussyfoot on this.

I think at the OAS we in the United States should speak out directly, clearly, urgently about this kind of deprivation of human rights in the hemisphere of which we are a part. I think we should call upon the other nations of the hemisphere to join in that kind of condemnation.

Now, it is quite true that the specific matters referred to in the report did cover a time period prior to the moment that we are here discussing but this does not mean this should cause us to desist from denouncing this act and to ask you for some kind of assurances in that council that these will not be repeated.

We cannot remain impervious. It is inconsistent with the commitments we have undertaken. I think that, as we say in the report—and we make those statements in the council of the OAS and in other inter-American forums—we should do it on our own. We have held out the notion we are committed to certain kinds of human decency and human dignity and treatment of human beings in this hemisphere.

To say because there may be an issue of another kind which may arise and ought to be weighed in the balance is a reason for refusing to take positive clearcut action, it seems to me a poor application to our responsibilities to the American people and the other countries in the hemisphere.

Senator CHILES. What our problem seems to be is that we do not have an enlarged approach many times, not only in the government but also in our press in relation to human rights problems. For example, we deplore now the human rights violations in Chile, but not too much is said about Peru. In the Commission report, for example, we now recommend that we recognize Cuba. Cuba won't allow the OAS to come in and check. We know there has been a great deal of problems in regard to human rights in Chile but in Cuba no one seems to want to talk about that.

How do we deal evenhandedly with this so that whether it is seen from the right or from the left our policy is consistent?

OAS RESPONSIBILITY IN DEALING WITH HUMAN RIGHTS VIOLATIONS

Ambassador LINOWITZ. I think it is important to try to indicate what the policy ought to be. One, when there are allegations as there are with reference to various of these countries, we should insist in the OAS on the right of a human rights commission to find out what transpired. True enough, we cannot say we refuse to allow them in, but we should publicly make note of the fact that we are pressing it and we believe it is right and important and try to bring pressure to bear.

Senator CHILES. Should we tie our economic and military aid to the requirement that they must allow the OAS Commission on Human Rights to make an evaluation?

Ambassador LINOWITZ. I don't like to tie our economic aid to some of these considerations. I am troubled by it. I think if you do it in the case of human rights you may want to do it in a lot of other things. But I do think, as we say in the report, that we can in the substance and tone of our relationships indicate our displeasure.

Now, that is general language. What I am talking about is the distinction between the handshake and the "abrazo" and the distinction between which countries you invite to the White House or don't. The nature of our relationship between one country and another. We have known how to do this. We have done it in the past and the message comes through that we are displeased and we are concerned.

RECOGNITION OF CUBA

Senator CHILES. In the Commission report you do recommend that we recognize Cuba. Would you do that without tying them to allow the OAS, the Commission on Human Rights, to come in and inspect?

Ambassador LINOWITZ. The Cuba issue, Senator, we treat with a number of stages. Our first concern was lifting the embargo. Moving with the other countries in the hemisphere to lift the embargo. We talk about moving in a series of steps toward establishing closer relationships. One of the things that we do say, "The United States can and should continue to express its strong opposition to authoritarian practices, in Cuba and elsewhere, which violate the essential human rights of individuals. As the Commission's previous statement on human rights urged, it is crucial that the United States finds effective means for making its views influential including the mobilization of informed international opinion, which may affect national policies."

So we are not presuming to say it makes sense to move into a new relationship with Cuba.

Senator CHILES. I would like to get back to that because I certainly agree before we can take steps that we do not have to go sort of on bended knee to say we now want to renew relationships.

I think that has to be a mutual thing. I think it has to be a strong showing on the part of Mr. Castro that he is ready to rejoin and he wants to do something about some of these problems of human rights.

Mr. Secretary, I would like to have your comments.

Mr. ROGERS. I think what you and Mr. Linowitz have said goes to what I regard as fundamental principles on the human rights issue. That is a necessity for evenhandedness. This is an issue, a concern which is divorced from politics and should be divorced from political ideology. The Universal Declaration speaks to protection of human rights in all countries.

Senator CHILES. We now have a vote in progress. There will be three votes back to back so we will take a recess until 12:30. But I would like to see if we can finish this question before I have to leave.

PRINCIPLES IN UNIVERSAL DECLARATION

Mr. ROGERS. If I may. As I say, I think the first point is that our concern for the effective implementation of the principles laid down in the Universal Declaration is a concern separate from political ideology. I think it is important to emphasize the significance of the fact that the Commission has highlighted the importance of the concern on human rights in inter-American relations because this Commission is really a blue-ribbon group of leaders of American thought whose sole concern is not a political ideology, but merely the improvement of United States-Latin American relations.

For this Commission to emphasize the importance of human rights considerations in our relation with Latin America is a demonstration that that concern, human rights, is a concern shared by wide sectors of America. It is important to underline that as we consider the point. Secondly, as far as I am responsible for it, U.S. policy will reflect and does reflect a sincere and deep concern for human rights issues.

We take the Universal Declaration seriously. We will not hide behind principles or arguments of nonintervention. We will make clear our position on human rights abuses. I should like to emphasize, thirdly, that this is not merely a matter of intergovernmental relations. The implementation of human rights in Latin America, throughout the world, and in this country is a major responsibility not merely of officials but also of the wide variety of other groups—church, religious groups, and others. And they have and must have in the future, it seems to me, a very important role to play in the implementation of human rights.

Senator CHILES. What do you think now should happen with the OAS Commission report on the human rights situation in Chile?

Mr. ROGERS. It is going to the General Assembly. This is a very important step because it is for the General Assembly.

Senator CHILES. I find this tremendously important, too, because for months now in Chile and before that in other countries you get this account and that account by some individual of an act, but then there is always the statement that person is or that account is slanted or that is not proper or that is not a valid account.

Suddenly now you have a commission made up by the countries themselves, the Organization of American States, and it looks to me on the face of that, that that is a much stronger showing, and I do not think that is the kind of thing that you can sweep under the rug and say, "Well, that is someone that is biased in their belief or their story in the telling."

Mr. ROGERS. You are right, and the report will therefore be aired. It will not be swept under the rug.

Senator CHILES. Mr. Erb.

Mr. ERB. Thank you, Senator.

COVERT AND OVERT INTERVENTION POLICIES

I think with regard to the specific case of Chile, it is important to note another Commission recommendation concerning the covert and overt intervention policies which has been followed in the past because we are in a sense reaping what we sowed in Chile, and I think it is doubly important that we look carefully at present action.

Therefore, the access which is granted to commissions such as OAS becomes critical in analyzing what the current situation is and therefore should be supported.

On another point I do not think that the United States should let its policies in this area be hamstrung by concerns such as those alluded to by Mr. Theberge. I think it is important that we bear fully in mind the civil rights implications of current actions of the government in our military and aid programs.

This is a case I think when it divides at such extreme point that the intervention implicit in a reconsideration of aid over military grants becomes necessary.

RECESS

Senator CHILES. We will recess now until 12:30, if this is all right with the panel. I would like to come back at 12:30 and see if we could finish up so we would not go in the afternoon. But we would go for awhile after 12:30, maybe until 1 o'clock.

[Whereupon, a recess was taken from 12 o'clock noon until 12:45 p.m.]

PANAMA CANAL TREATY

Senator CHILES. Mr. Ambassador, as recognized in the report the Panama Canal Treaty question is a highly charged emotional issue. Is the Commission prepared to do anything in regard to trying to get the issues of this before the American public and to cause any kind of education on this issue?

Ambassador LINOWITZ. Yes, I am pleased to tell you we have agreed among ourselves that we will talk out wherever the opportunity presents itself individually, and as a panel, in support of the modification of the treaty along the lines worked out in February here.

In addition, we agreed to stand ready to testify at any time before the Congress and we are also giving thought to whether we can help develop a broader constituency in the country through some organization or another.

With this in mind, for example, we have been talking to representatives of some national organizations that we think should take a position on the treaty and where we hope we might be able to be of some help.

Senator CHILES. Mr. Secretary, I wonder if you could elucidate any on the administration's plans for when the Congress will hear from the administration on this.

I know that Ambassador Bunker comes back periodically. I think he is in the country now, maybe, but we don't ever get anything really other than that the talks are going on.

Mr. ROGERS. The talks are going on and the last round of talks—Ambassador Bunker was in Panama 2 or 3 weeks ago. I think it is fair to say—although obviously the critical aspect of the timing is progress of the negotiation in Panama—that we will, I think, have the basic outlines of the package which will be not only fair to both countries but also will serve the vital interests of both in the not too distant future. I might draw the committee's attention to the statement of General Torrijos of the day before yesterday

in which he said he expected this matter would be in final form early in 1975.

Senator CHILES. Early in 1975?

Mr. ROGERS. Yes, that was his statement.

Senator CHILES. I would hope prior to that time we would hear a lot more about the matter in the Congress.

Mr. ROGERS. You are absolutely right about that, Senator. If I may say, it is our plan to talk about this with you and with the other Congressmen quite shortly. You are absolutely right; the Senate in this respect is going to be playing a vital role on an issue as to which there is no more important one in United States-Latin American relations. The role is fundamental, and therefore we have to get to work and bring you into the matter.

BALANCE-OF-PAYMENTS PROBLEMS IN LATIN AMERICA

Senator CHILES. One of the realities now is waning of public and congressional support for our aid and U.S. contribution to multi-lateral lending institutions.

The point Mr. Erb made is well taken. Our interest in relation to Latin America may be increasingly commercial, but they are still developing countries with grave internal, economic problems and foreign exchange shortages.

In light of the decreasing availability of aid, what options do the Latin American countries have to solve their balance-of-payments problems, and what policies do you think they will pursue?

Secretary Rogers?

Mr. ROGERS. It is quite true, certainly, that our bilateral assistance is a decreasing percentage of our total foreign exchange flows. I think, at least in terms of bilateral assistance, it is probably idle for us to expect that is going to change radically. The answer must be in terms of balance-of-payments solutions to be found in the trade field and in the investment field, and that is why I think the Commission correctly paid so much attention to these very important issues, trade and investment.

U.S. COMMITMENT TO INTERNATIONAL DEVELOPMENT BANK

Senator CHILES. The Commission recommendation that the United States, which means in this case the Congress, fulfill its commitments to the IDB and to the World Bank, namely, IDA, is full of difficulty. I would ask both Secretary Rogers and Ambassador Linowitz the rationale you would provide to the Congress for continued U.S. contributions to these two organizations which together amount to almost half a billion dollars a year from the United States.

Ambassador LINOWITZ. It seems clear to me, Senator, that if we are going to expect commitment on the part of the other countries in the hemisphere toward projects which we regard important for development and for the furtherance of common objectives, we have to do more than exhort them. We have to indicate we are willing to make the resources available on our part as our contribution, as partners who have assumed an obligation and are fulfilling it in good faith.

In many ways it is a lot better for us to say, "no, we are not going to do that," and make that clear and stick with it, than it is to undertake a commitment and then refuse to honor it.

What happens then in Latin America is this is looked upon as another loss of credibility, another case where we profess commitment and interest and support, and then become diverted by other concerns to which we give higher priority.

How do we justify this to Congress? In the first place, because we have said we would do it because we have an obligation and because we have undertaken that solemnly.

Second, because what we are talking about is something which will redound to our benefit for all the reasons set forth in the report. These funds are going to be used to help the development of the countries of Latin America. This will make the kind of hemisphere in which we all want to live.

I do think perhaps I should add a word on this for the whole question of aid. In the context in which you place the question, I do think there is an obligation on us both by bilaterally and multilaterally to be sure that the funds that are made available are well used and for purposes that make sense in terms of the objectives which are delineated. I do not think that the American people will stand still if they feel that the poor and the rich countries are being asked to make money available for the rich and the poor countries.

I think we have to feel that the funds we make available, the resources we offer are indeed going to be put to proper use in the right area to deal with the most agonizing problems in Latin America and therefore that kind of concern, that kind of assertion of initiative on our part is not only appropriate, but required, for us to fulfill our responsibility.

Mr. ROGERS. If I understand your question, it was that classic question. Why aid should be provided by the United States through, particularly, the IDB. My view about that question is a very simple one, although I have worked on it an over it now for more years than I would like to remember. It comes down to the proposition that there is poverty of the most extraordinary kinds and dimensions throughout Latin America. Latin America by and large is an underdeveloped or developing area. We can contribute to the process of development. We should do that. Not only because it is in the interest of the poor people of those countries, but it is in our national interest.

Any nation of the world, it seems to me, must conclude that the national interest of the United States is much better served in a community of prosperous, self-confident nations than it is in a community in which large numbers of nations are unable to provide the decencies of life for large numbers of their peoples. It is for this reason I have consistently held the opinion that we must provide developmental assistance and continue to do so in as effective and generous a fashion as we possibly can.

Why the IDB? I think now we can fairly claim the IDB is a considerable monument to the seriousness of the collegiate development efforts of Latin America. I remember quite well the early days of the Inter-American Development Bank when it was not regarded as a serious institution, when it was regarded as an institution which was likely to be a corridor for log-rolling and pork-barreling and back-scratching. It has demonstrated over the last 15 years of its existence that it has reached considerable heights of accom-

plishment and it is the premier institution in which the United States and Latin America can cooperate multilaterally for the allocation of investment resources. I think therefore it continues to represent a very great opportunity for us effectively to use the resources which we are able to set aside for investment in Latin America which in my judgment are at the present time lower than they ought to be.

JAPANESE AND EUROPEAN MEMBERSHIP IN IDB

Senator CHILES. Could you give us an update on the efforts to get European countries and Japan to become members of IDB? I understand there is some kind of an agreement.

Mr. ROGERS. Yes, Senator, there is to be signed this week in Madrid a comprehensive agreement in principal for European and Japanese nonregional membership in the Bank, with a substantial contribution by those international members.

Senator CHILES. What kind of contribution? Has the contribution been decided upon?

Mr. ROGERS. The total amount?

Senator CHILES. Yes.

Mr. ROGERS. Yes.

Mr. BLOOMFIELD [from the audience]. The total would be \$755 million, of which the effective, cash capital contributions would be \$440 million.

Mr. ROGERS. That was Mr. Richard Bloomfield of my staff. I embrace his testimony.

RELOCATION OF IDB HEADQUARTERS

Senator CHILES. Mr. Theberge, you mentioned the need to get IDB to focus more on people and programs that teach the grass roots, and that this would change the staffing.

Wouldn't this require a greater closeness to the reality of Latin America, and wouldn't that closeness be enhanced, or wouldn't that closeness be enhanced by having IDB moved from Washington to Latin America?

Mr. THEBERGE. Senator Chiles, that issue has been aired and discussed for at least 10 years. Should the Inter-American Bank be moved to Latin American countries?

A number of Latin American countries have even volunteered to have a Bank headquarters established there.

Brazil and Argentina are two of them. I think when a serious analysis was made by the Latin American countries, themselves, the member countries of the Bank felt, at least certainly in the past, that it was not in their interest to have the Bank move from Washington because, particularly, in view of the declining congressional support for the Bank, that it would weaken this support, the support that existed, and, therefore, would tend to strengthen those tendencies which would cut back further the U.S. contribution to the Inter-American Bank.

I would tend to agree with the Latin American analysis of that probability. I cannot speak for the Latin American member countries, but I think that they pretty much feel that this would, in fact, happen and that it would not be a good idea.

I think one should consider, if they felt that, on the other hand, that they would like to move the headquarters out of Washington, I see no objection at all to moving it out. I just do not think that they have reached that point where they feel it would serve their interests.

Ambassador LINOWITZ. Could I add a footnote to that, Senator?
 Senator CHILES. Yes, sir.

Ambassador LINOWITZ. I feel there is a delusive appeal to us that Latin America would like it better if headquarters of the Inter-American Development Bank moved elsewhere.

In 1967, I went with Secretary Rusk to a meeting of foreign ministers in Hawaii which called for amending the charter. One of the items we left blank in the proposal that came out of the State Department was where the OAS headquarters should be situated.

Without the U.S. participation and because there was such disagreement among the other countries as to where they would rather have it, there was unanimous support for maintaining it in Washington and I think that support was what Dr. Theberge was saying about their own feeling on this issue.

U.S. ROLE IN OAS

Senator CHILES. What do you see our role should be and how should we strengthen the OAS now? What are the problems, for example, in having, now under the present rules in which you had a stalemate in the OAS on the question of the economic sanctions, or to Cuba, and where you now have many of the countries then acting unilaterally, outside of the OAS?

Is that going to weaken the structure, and how do we strengthen the structure?

Ambassador LINOWITZ. Clearly, the disregard of OAS regulations by member countries is not an action which will strengthen the structure. It will clearly weaken it because it, in effect, says we are not going to be bound by the decision of this body.

What you have to do, in my judgement, to strengthen the OAS is two things: one, recognizing that changing words is not going to change commitment. There are a lot of good things in that OAS charter to which nations have never, really, committed themselves fully.

I do not think you are going to have a more viable, more cohesive inter-American system at the OAS if the countries still look elsewhere and decide what they are going to obey and not going to obey, and pay attention to and not pay attention to.

So, I think it is a dramatic change, in the change of the willingness on the part of the countries to say, "yes, we have entered into these negotiations, are going to respect them and live according to the rules."

There are changes that can be made; there are some structural suggestions that ought to be looked at hard. There ought not to be that much formality in the deliberations of OAS which often impede progress.

But the only thing I would like to stress is that we, for our part, ought not to be presuming to tell the Latin American countries how they ought to restructure the OAS, but, as we indicate in the report, be guided for the most part by their own wishes as to

what they want the OAS to be, and how they want it to operate, and the role they want it to play in inter-American affairs.

CONTROVERSIAL STATEMENT ON OAS

Senator CHILES. Mr. Secretary Rogers, Mr. William Rogers, a civilian, once made a statement that caused considerable controversy on the OAS. That was some time ago, and got a good debate started.

I wonder if you could comment on this any further?

Mr. ROGERS. A good debate between us—Ambassador Linowitz and me?

That article was a reflection of the sorry state of the work of the OAS at that stage of the game. I must say, that was after Ambassador Linowitz' tour as Ambassador to the OAS.

The fact was that, then, and that was in 1972, late 1972, when I wrote the article, the discussions and debates in the OAS had deteriorated considerably, and they were, essentially, a confrontation.

It was my judgment, and still is my judgment, that any organization which takes as its first task a confrontational posture, rather than a posture of cooperative effort toward common troubles, is not an organization in which the United States needs to play an active role.

I think things have considerably changed, both in terms of the general atmosphere of United States-Latin American relations since then, and in terms of the work of the OAS.

In large part, this is a reflection of the efforts that the United States undertook. Secretary Kissinger and we are working constructively, not only on the general question of OAS reform, but on, as I mention in my statement, a number of other very important substantive questions, under the auspices of the OAS or in relation to it.

I think, therefore, there are a number of solutions to bringing the OAS effectively into line with the kind of modern realities which the Commission report talks about.

I think the United States ought to dedicate itself, and is dedicated to, effective improvement in the performance of the OAS.

RESULTS OF QUITO MEETING

Let me mention one specific example of that which is quite relevant, and it picks up from your question.

The result of the Quito meeting with respect to the lifting of Cuban sanctions, as you know, was a reflection of the fact that the OAS, when it acts under the Rio treaty, must act by two-thirds vote, and there were not enough votes for lifting the sanctions on Cuba.

There is now before an OAS committee considering the future structure of the treaty a proposal by Ecuador to provide that sanctions may be lifted by majority vote.

There is strong consensus in support of that proposed change. It will be a modernizing change and will meet the kinds of objections that several countries came forward with as a result of the Quito meeting, itself.

Senator CHILES. Have we taken any position on that?

Mr. ROGERS. Yes; we support it.

Senator CHILES. The United States supports it?

DECLARATION OF AYACUCHO

Mr. ROGERS. The United States supports that proposal, has indicated support for that proposal. And I have explicitly discussed that proposal with a considerable number of Latin American foreign ministers and several presidents last week in Lima.

Senator CHILES. Could you give us any more information on what we read in the paper today on the agreement down there?

I think I would be delighted to hear from you, and congratulate you again on what this portends for the future.

Mr. ROGERS. My presence there had nothing to do with what came out of the meeting. The meeting was a meeting of the presidents and foreign ministers of the eight Andean countries, whose troops had participated in the battle of Ayacucho, 150 years ago, which was the crucial battle in Bolivar's struggle for independence of those eight countries.

The meeting was invoked by President Velasco of Peru and the Peruvian Government. The Declaration of Ayacucho which came out of the meeting of those presidents and foreign ministers was utterly and entirely the work of those eight countries.

The United States did not play any initiatory role in that. We were there merely as observers and our participation was in that sense.

Senator CHILES. It is so nice that we are somewhere when something good happens.

Mr. ROGERS. Yes, it was. It was fortunate and I think, as I said to President Velasco on several occasions, an honor to be there when this important development occurred.

The Declaration, I think, is of very great interest to the hemisphere, in a number of respects.

It is a general proposition, the initial indication of a move toward unity, and cooperative effort amongst the nations of Latin America.

Specifically, it focused on a number of issues, including the question of armaments and arms levels. In this, I think it plowed new ground.

The Declaration which was signed by, as I say, representatives of all the countries—all the eight Andean countries—essentially said that the countries would work toward an effective system for limitation of armaments, a system which would permit them to terminate the further acquisition of bellicose or, more clearly translated, offensive armaments, and it committed the eight countries to meetings of the Ministers of Foreign Affairs and Ministers of Defense in the event that there were a possibility of trouble between the Andean countries.

I think this was an extremely statesmanlike, and forward-looking position. As I note again, it was not merely a statement by one single country of its good intentions in the armaments field, and in the field of peace-keeping, but a joint and collegiate position of all eight. I think it could possibly constitute a new chapter in Latin America.

The basic reason for it was, as they made quite clear, that these countries are utterly conscious of their need for effective development. The reason why they want to limit arms, and the reason why they want to work towards a system for no further acquisitions of offensive armaments, is to be able to divert those presently dedicated resources to effective economic and social development.

Senator CHILES. That has, of course, been the great argument up here for years and years.

But thank goodness they see it. If they do not see it, it is that much more difficult for us to see it.

Mr. ROGERS. You are absolutely right.

BRAZILIAN ROLE IN AGREEMENT

Senator CHILES. We notice, of course, that there is one major power that is missing from the agreement, that being Brazil, and maybe their forces might not have fought at that time.

Mr. ROGERS. No; they were not at Ayacucho.

Senator CHILES. What was the discussion with how Brazil was incorporated into this agreement, because without Brazil, it seems to me you still have many of them feeling a necessity for their arming, or having problems without Brazil being a partner in it?

Mr. ROGERS. I doubt if I could comment on that, Senator. I did not hear any discussion of that point.

Senator CHILES. I see.

Mr. ROGERS. My feeling was, those who were participating in this initiative felt that the eight countries, themselves, were an important unit for which these new principles were important and could be very significant.

What they intend to do beyond this, I am not entirely sure. I would note, however, that another development at the Lima meeting was the invitation by the eight Andean countries, again, to a meeting of all of the Presidents of Latin America in Caracas, next year.

Senator CHILES. I want to thank you again for attending, and I want to thank the Chairman again for calling this hearing and for allowing me to question.

I know he has some questions that he wanted to ask.

Senator INOUE. Thank you very much.

U.S. MILITARY INTERVENTION IN LATIN AMERICA

I would like to refer now to the 33 recommendations. The first recommendation says that the United States should refrain from unilateral military intervention.

In 1965, we sent troops to the Dominican Republic.

Just for the record, have we been involved in any other military intervention since that time?

Ambassador LINOWITZ. Not to my knowledge, Mr. Chairman.

Mr. ROGERS. No.

Senator INOUE. Speaking of covert U.S. intervention, Mr. Ambassador, from the conversations you have had with your counterparts in the OAS, is there much concern by our neighbors in the South?

Ambassador LINOWITZ. Yes, indeed. After the disclosures with reference to Chile, there was great concern, a feeling on the part of a number of countries whose Representative I talked to that, perhaps, this course of conduct had, at some point, taken place in their own countries, and the uneasiness about what the United States had in mind in undertaking that kind of course of action.

It is precisely for this reason that we make this recommendation as strongly as we do, not only because it is wrong, but because it is counterproductive to the efforts around the other countries of Latin America, and of a distinct disadvantage to the United States.

Senator INOUE. Mr. Ambassador, what would the reaction be to the first, refraining from military and covert interventions?

Mr. ROGERS. I made my position on this very clear, Senator.

Senator Sparkman asked me that question during my confirmation hearings and I said, then, and have continued to say, that I am opposed, as a matter of fundamental principle, to the intervention of the United States, by any activities, which either destabilize or adversely affect the political life of another country, in Latin America.

JURISDICTIONAL RESPONSIBILITY OF COMMISSION

Senator INOUE. Mr. Ambassador, under the Charter of the Inter-American Commission on Human Rights, will that Commission exercise jurisdictional activities in the United States and Canada?

Ambassador LINOWITZ. Not Canada. Canada, I believe, is not a member of the Inter-American Commission, has never ratified or adopted the Charter, itself.

But if your question is, should a situation arise in the United States?

Senator INOUE. Yes.

Ambassador LINOWITZ. Which, in the judgement of the OAS Commission, should be investigated in order to determine the validity of the accusations of the Charter, I would think that as a member of the OAS, we would have to open our doors to such investigation.

Senator INOUE. And the Charter provides for this?

Ambassador LINOWITZ. Yes, it does.

Senator INOUE. Has there been any instance where a question relating to that type of activity has been raised with the Commission?

Ambassador LINOWITZ. Not in my experience, sir.

UNITED STATES-CUBAN RELATIONS

Senator INOUE. On the matter of Cuba, in your recommendations, you speak of steps that can be taken before the official exchange of diplomatic personnel.

Who do you think should take the initiative?

Ambassador LINOWITZ. Who, within our Government?

Senator INOUE. Yes.

Ambassador LINOWITZ. I hesitate in pinpointing a specific individual or individuals, but I know where the direction has come from. I know that the President, and the Secretary of State, must make clear that a move which would begin to break down some of the barriers would not be inconsistent with our own best interests and authorize people to undertake whatever has to be done to bring that about.

For example, exchanges in the cultural and educational and scientific areas. In other words, once the President and the Secretary have made clear that this is the right course for the country, then, there are a number of ways of implementing it, but I am afraid that direction has not yet been forthcoming.

Senator INOUE. Mr. Secretary, what is your reaction to the Commission's recommendations relating to Cuba?

Mr. ROGERS. I think it is fair to say this, which I think reflects fairly the President's own statements recently on this country, the

agenda of outstanding Cuba-U.S. issues contains a number of issues on both sides.

As he has pointed out, there has been no evident change of Cuban positions on these matters.

I think it is also fair to say, Senator, that with respect to a matter as sensitive as this, diplomacy by public press statements is not the most effective kind of diplomatic communication.

I think, on the other hand, that it is helpful that the Commission has indicated its sense of where the public stands on this matter of an improvement and normalization of United States-Cuban relations.

Senator INOUE. Are we prepared to lift the embargo?

Mr. ROGERS. Do you mean the 1964 OAS resolutions? Yes; we indicated consistently in our posture that we would accept the repeal of the 1964 OAS Resolutions if that commended itself to the required number of Latin American countries.

We did not oppose it. We adopted, and will continue to adopt, an attitude of strict and utter neutrality on that point. This is a matter of most direct interest, obviously, to countries of Latin America, and we do not and have not, in connection with the Quito meeting, pressured them in any way.

OPERATIONAL ACTIVITIES OF PANAMA CANAL

Senator INOUE. On the matter of the Panama Canal, is your recommendation such that you will eventually turn over the activities of that Canal to the Government of Panama, Mr. Ambassador?

Ambassador LINOWITZ. My recommendation is to go along with the proposal of the principles worked out by Secretary Kissinger and the Panamanian Representatives, which calls for us to operate the Canal while the Panamanians have jurisdiction over the Territory.

I do not believe that the treaty, itself, as envisaged would have the United States cease to play a part in the operation of the Canal, that in response to your question in connection with the activities of the Canal.

Senator INOUE. I ask this question because we have pending before us recommendations made by the Administration calling for capital improvements in the Canal Zone, housing for personnel and other similar type of improvements.

We are just wondering if we should be providing these means for these capital improvements to the Canal and to that Zone.

Ambassador LINOWITZ. My assumption is that certain facilities are required to continue to be furnished by the United States, if it is to operate the Canal.

I do not know what these structures are that you have reference to, Senator, but if they are consistent with the kind of treaty arrangement that we now contemplate, then, I think that they are deserving of attention.

But if this suggests a retention of the same position we have had since 1903 in adherence to the terms of the previous treaty, or if that kind of legislation is going to make it more difficult to move in the direction of the new treaty, then, I would think that we would hesitate before approving it.

TRANSFER OF U.S. SOUTHERN COMMAND

Senator INOUE. Mr. Secretary, what is your reaction to the representation that the U.S. Southern Command be transferred from the Canal Zone to the Continental United States?

Mr. ROGERS. We do not have a public position on that, Senator, but we do have it under study.

Senator INOUE. Mr. Erb, do you have any thoughts on that?

Mr. ERB. Not on that issue, Senator.

Senator INOUE. Mr. Theberge?

Mr. THEBERGE. I think it is inevitable the Command will be moved out of Panama, the Canal Zone.

I do not think that it will, in any serious way, affect the ability of the United States to protect the Canal, to insure its uninterrupted operation. And I would certainly agree with the general tone of this suggestion by the Commission that consideration be given to removing the Southern Command at an appropriate moment to the Continental United States.

U.S. ARMS SALES TO LATIN AMERICA

Senator INOUE. In studying the budgetary structure of the various nations in Latin America, we note that for the most part, security activities or military activities demand a great portion of the income. This occurs even in those countries that we will consider to be underdeveloped or developing.

Accordingly, some of us have long recommended that the United States, together with the major powers and major arms manufacturers, declare South America as a weapons off-limit zone, that we may sell conventional weapons, but not the sophisticated jet aircraft that some are now requesting.

What are your thoughts there, Mr. Ambassador?

Ambassador LINOWITZ. You are touching on something, Mr. Chairman, that occupied a lot of my time and my attention when I was in the Government and about which I have been concerned ever since.

I was charged with the responsibility in 1967, I believe, of persuading President Belaunde of Peru that that country should not purchase supersonic jets.

I was able, or at least, I was one of the people, able to persuade him to defer any such purchase for some 6 months. When it was quite clear he was about to buy Mirage planes under pressure from his own military, then, I had the resistable assignment of going down there to persuade him, since he was going to buy, that our planes are better than theirs, anyway.

I am afraid that has characterized the ambivalence of sale of arms to Latin America. Since the mid-1960's, we have had a limitation, of course, on the sales of arms from the United States to Latin America.

But what has happened since that period was 87 percent of the arms purchased by Latin America has been bought from other sources and as a result, we have alienated the military in a number of areas.

We have not found that they are using any less resources for this purpose, and we have had to reexamine whether this is truly the wisest course for this country.

That is why our recommendation is we offer no concessionary terms but on a competitive basis, make arms available. We found, I am afraid, that our suggestion that they do not need these more sophisticated arms falls on deaf ears. I wish there were a way to make this more persuasive.

When there was a summit conference at Punta Del Esta, there were six issues agreed on by the Presidents and one on arms limitation for Latin America was never implemented because there was no structural foundation for it.

So, I cannot help but feeling what you request to be accomplished could be accomplished. I am extremely skeptical that this can actually happen.

Senator INOUE. How would you react to that, Mr. Secretary?

Mr. ROGERS. Yes, I am in general agreement with what Ambassador Linowitz has said. I think we might add this thought: I do not think that we can impose a policy of arms limitations, or limitation on acquisition of armaments from the outside, on Latin America, just as we cannot impose any other aspect of development policy on Latin America.

It must be genuinely inspired by the felt-needs within Latin America. I think this may be what is happening now, with respect to the principles agreed to by the eight Andean nations in the Declaration of Ayacucho which we discussed earlier in this hearing, with respect to their renewed commitment towards the efforts of arms limitation, their commitment to the principle that there ought to be a ceiling on any further acquisition of offensive armaments and their commitment to arrange machinery for meetings of ministers before emergency confrontation in event of any trouble at the border.

I think there is a new dedication in Latin America, which is where it must come from, with respect to this important issue of expenditure on arms, and the diversion of those funds to economic and social development.

USE OF NUCLEAR MATERIALS BY LATIN AMERICAN NATIONS

Senator INOUE. I realize the eight nations have signed this accord, but let's say it fails, as these suggestions have failed in the past. Are we willing to press forward with all data involving something similar to the nuclear nonproliferation treaty with the major nations that produce armaments?

I ask this because I am certain you will agree with me that for the most part, these arms are not used to defend their shores or defend their borders. They are used in many ways to intimidate their people, to oppress their people.

If we are talking about human rights, I quite find some inconsistency here, to provide them with the further instruments of human oppression.

Mr. ROGERS. A large part of the problem that we are talking about here are the expensive new, sophisticated armaments which are not of any real consequence in terms of internal peace-keeping.

Internal peace-keeping is largely a function of radios and effective police methods, and counterintelligence, and weapons up to and including pistols.

The big problem is now in terms of diversion of expenditures are the supersonic aircraft, missilery and other kinds of extraor-

dinarily expensive armaments which you do not use against people, but you keep in reserve against nations.

You asked the question whether we might be able to press forward with a kind of restraint on the part of all the manufacturers of these new generation, highly expansive, highly sophisticated kinds of weaponry.

If there were the possibility of getting complete agreement with respect to an embargo from the French, the British, the Italians and a lot of other countries, including the Soviets, then, I think the matter would be in quite a different character.

But so far, I think you will have to admit, and anyone who is an expert in this field would have to admit, an agreement of all the world's arms suppliers to a boycott of Latin America is highly unlikely.

Senator INOUE. I am concerned because when a country begins to amass these sophisticated air squadrons, they may be satisfied to use them on national days for demonstrations and such.

But after a while, in order to justify its purchase, they might decide to use them on other ways. And who knows, when that happens, we may get sucked in.

Mr. ROGERS. Senator, your concern is absolutely sound, and must be shared by all of us. There is no question about that.

The history of recent years has demonstrated that the mere existence of armaments increases the incentive to use them. That is why I think it is of such interest to us that we are, hopefully, as a result of the Ayacucho Declaration, beginning to see this emerging in Latin America, which is where it must come from.

In this sense, the cap must be put on the arms race in the Hemisphere, so that these resources now dedicated to armaments in Latin America can be increasingly dedicated to economic and social development.

We certainly share your concern.

Senator INOUE. Mr. Theberge, do you have any comments?

Mr. THEBERGE. I, in general, agree with the tenor of the remarks of both Ambassador Linowitz and Secretary Rogers.

I do not think that it will be practical to make South America off-limits to weapons supplied from the outside. I must admit that I am extremely skeptical of declarations such as the Declaration of Ayacucho. There have been frequent declarations over the years by individual Latin American countries calling for arms freezes.

Peru, for example, did this last year after it was successfully able to switch the arms balance in its favor over a 4-, 5-year period.

A number of Latin American countries responded favorably to Peru's offer of arms freeze. They continued to place orders for arms from European countries and from the United States.

So, I must register a great deal of skepticism about control of spreading these arms, and rivalries in which weapons play a part between the Latin American countries.

As for the issue of the United States being drawn, possibly, into a conflict as a supplier of arms, there is always that danger, and it is something, I think, we should all be extremely concerned about.

But I think that we must also recognize that if the United States opts out of the business of supplying arms to the Latin American countries, we would lose what little influence that we might have

over maintaining regional arms balances, which prevent potential conflict.

It is the imbalance between rival countries which cause extreme tensions between them. I think in the case of Chile and Peru today, it is this very imbalance, in favor of Peru, which has alarmed the Chilean military to the extent that it has.

I might just add, not only Chile, but also the Bolivian Government, is concerned over it being drawn into a conflict between those two countries.

So that as an arms supplier, the United States will be able to, and is able to, exercise some degree of influence on the balance, arms balance in the region. Of course, also insofar as the United States is a supplier of spare parts and ammunition used by these arms, and also, again, exercises some control over the duration and intensity of the conflict, which would not be the case of other suppliers, less concerned about these issues, were the major suppliers.

Senator INOUE. I have heard the phrase "maintaining arms balance" quite often, but it is not possible, is it?

Mr. THEBERGE. What we mean by maintaining a balance, it is a rough balance, obviously, it is a shifting, it is a shifting balance.

Senator INOUE. In the eyes of the adversaries, they are always feeling that the other side has more.

Mr. THEBERGE. Yes.

Senator INOUE. So, with the open market—

Mr. THEBERGE. Yes, perception on this is very important.

Senator INOUE. So, with the maintenance of the present conditions, the arms race would just continue?

Mr. THEBERGE. I think there is both, there are objective indicators of changes in arms balances, that is to say, it is not just perception, it is also reality.

It is quite clear, for example, that Cuba has emerged as a major military power in the Hemisphere, and is understood to be so by the other Latin American countries because of their enormous investment in arms over the last 15 years or so.

I think it is also clear to countries who are neighbors of Peru that Peru has successfully shifted the arms balance rather substantially in its favor, and that is, that amounts of arms, sophisticated equipment which they have acquired, all of these add up to a potential for conflict, which Peru did not have before.

The neighboring countries, as I said, are extremely concerned about this.

SPENDING OF POVERTY FUNDS ON ARMAMENTS

Senator INOUE. As one of the witnesses described South America as an area with an "island of wealth," and "an ocean of poverty," or something like that, we are very much concerned that as long as these countries in the ocean of poverty continue to spend very precious pesos or dollars, or what-have-you, for armament, the needs of the ocean of poverty will go on unheeded.

That leads us to our concern that when we help the poor, we make it possible for the governments to buy more armaments, and so, we are caught in this horrible merry-go-round.

If we do not help the country, the poor get worse, but if we do, we know that these countries tend to beef up the military.

We would like to know where this would stop.

Mr. Erb, do you have anything to say?

Mr. ERB. Thank you.

It seems to me that there is an issue, or several issues, that you alluded to in these last remarks, Mr. Chairman.

The possibility of the United States being drawn into conflict between nations undertaking the policies as you described, I think is a significant one, if only because recipients may feel they have some kind of a tacit support if they have an intimate link with an arms supplier.

I do not think that having supplied arms to both sides of conflicts in neighboring countries in recent years, we have been able to prevent conflict from breaking out, even though we may have attempted to provide a balance.

Therefore, I think that even short of the kind of broad agreement that you have mentioned between supplying nations, there is a strong case that can be made for the United States, itself, bowing out of providing that tacit support even for international adventures or for the kind of repression that you have described is a possibility.

I think even if this sophisticated weaponry is not adapted to use against local populations, the support which the provision of such weaponry provides for the governing sectors of the country is significant.

I think the decision as to that kind of supply must be taken in the light of our earlier discussion this morning of the human rights issue that you have alluded to now as you talk about the role of the poor people in a country which is receiving those arms.

I think that this raises interrelated issues, such as the question of the access which the Commission on Human Rights and the OAS might have in order to make determinations of the policies the country was applying to its local population.

The OAS Commission might, for example, in Chile explore the events after April, that were alluded to by Mr. Theberge.

This morning, we heard that April may have been a watershed in terms of repression of the Chilean population. Of course, there are reports that contradict that, and such reports may be the kind of element that the United States should have before it reaches the point of having an agreement among suppliers.

So, I think that I would be very hesitant to have the United States enter into the arms race of Latin America just because other nations are doing it. I think there are many arguments to be made in individual countries and overall, which would prevent that kind of action on our part.

Mr. ROGERS. May I add a word to that, Senator?

Senator INOUE. Please do.

Mr. ROGERS. Or three very quick points: first, I think it is overwhelmingly unlikely the United States would be drawn into a conflict on account of its role as an arms supplier.

Two, I think it is important not to overstate the expenditures now going into arms in Latin America. In fact, overall, Latin America is lower in per capita expenditure than any other area of the world except for sub-Sahara Africa in terms of arms expenditures.

It does not hold a candle to the United States.

Third, I think it has also not been proved that there is any link whatsoever between the provision of economic assistance by the United States and the freeing-up of resources for arms purchases.

In fact, in my judgement, there is no connection whatsoever with the determination by the various countries of Latin America and their governments as to their arms budgets. In my judgement, it is not related at all to how much aid they are able to get from foreign sources.

CREDIT UNION ACTIVITIES

Senator INOUE. This subcommittee with its very limited responsibility and jurisdiction, during the past 2 years, has been able to do a few things such as end our public safety programs.

We have also reduced the number of Admirals and Generals all over Latin America. I note also IDB will this week be signing an agreement in Madrid to invite 13 countries to participate.

But in one area, we have been woefully unsuccessful. We have tried with everything at our command to encourage our Representative and IDB to pay greater attention to the activities of credit unions, hoping that the needed capital and needed support would go to those who really need it, the poor and the lower-income.

The record of the IDB in the last 2 years, and for that matter, from its very inception, has been a dismally poor one when it came to supporting the very poor people of that area. This subcommittee, in its draft report, will be recommending that certain amounts be earmarked, that would be the condition to our contribution, that it be earmarked for credit union purposes.

I would like to get your thoughts on that. We will start with Mr. Erb.

Mr. ERB. Thank you.

ACTIVITIES OF IDB

I share your concern over programs that fail to reach the poor people, or the lower half, or lower 40 percent of a country, and I think that it is true that multilateral institutions, among them, the IDB, have focused on large projects which have not had that explicit component.

I think it is quite reasonable to expect that they undertake programs in this regard. It is my impression that the best way of doing this, maybe for the IDB to loan money for further lending by an institution in a developing country, and I am not personally familiar with the further lending that has taken place, although I do know the loans to National Development Banks, in some countries, have resulted in quite small loans being made to individuals or to institutions in the country, and I think that might be where the IDB could explore.

Senator INOUE. The IDB has loaned money to banks which, in turn, loan money to poor people at their high interest rates?

Mr. ERB. That is right. It does not meet the second criteria now, the terms provided.

I think that point would be the mechanism to explore rather than involving the IDB in a program which would involve itself in making small loans.

Senator INOUE. We are hoping that the IDB would work directly with credit unions. They have been doing this, to a rather limited amount.

Mr. ERB. I thought you meant you wanted to see them help establish credit unions.

Senator INOUE. There are credit unions all over South America.

Mr. ERB. In that case, they could certainly do more.

Senator INOUE. Mr. Ambassador.

Ambassador LINOWITZ. I welcome, Mr. Chairman, that suggestion. I think it is consistent with our obligations to the IDB.

It seems to me that not only does such a move make sense for us, an organization, but it makes sense for the IDB.

I want to say a word about that. I mentioned earlier that someone's comment that the American people won't hold still for having the poor in the rich countries pay money which goes to the rich in the poor countries.

That is why, at this time, foreign aid is being examined so carefully and there is so much opposition to this notion of foreign assistance that the best proof that could be adduced to encourage the continuance of foreign aid is precisely the notion that it is going to the poverty areas where it is most needed.

If the IDB is going to be free to come to the United States for further replenishment of its resources, then, I think it is going to have to make a case that the money which we appropriate is properly used for purposes we think important.

So, I suggest to you that not only is it wise for us as a member policy, and consistent with our own commitment, but it is wise for the IDB to pay heed to this obligation.

Senator INOUE. Mr. Theberge.

Mr. THEBERGE. Your proposal to require earmarking for credit funds to the poor, for IDB indicia of further U.S. contributions to the Bank, I believe is an instrument which should only be used as a kind of last resort.

However, I think it is an effective instrument.

Senator INOUE. We think it is a last resort now, we have been trying all the others.

CAPABILITIES OF INTER-AMERICAN BANK

Mr. THEBERGE. OK, you have been trying for many years. Bureaucratic inertia in the Bank is, of course, well known, and, of course, there are difficulties inside the Inter-American Bank in staffing itself up and adapting its lending procedures to making large numbers of small loans.

So, the kind that you are proposing, it is not beyond the capability of the Inter-American Bank to do so. For example, there are many instances in other countries where development banks, substantial development banks, national development banks, are, in fact, lending to small credit unions and to small borrowers.

It is a highly costly operation and it does not show up on your balance sheets, that you have made so many more millions of dollars of loans.

But it can be done and I think it should be done, and I would support this kind of earmarking, although as a general rule, I do not.

I like to see it used as kind of a last resort. But you say it is the last resort, and I will accept that, Senator.

Senator INOUE. Mr. Secretary.

Mr. ROGERS. Yes, just let me add one further thought, Mr. Chairman.

It should not be understood that the credit union movement in Latin America has historically not had AID resources from the United States. This, essentially, has been a province in which AID has placed a good deal of emphasis in recent years.

I bring your attention to the fact that we are in our present Congressional proposal setting forth a proposed \$4.5 million AID loan for fiscal year 1975 for the credit union movement in Latin America.

Senator INOUE. As some of you have indicated in your opening remarks, it is unfortunate that there seems to be relatively very little interest in the United States as to what happens in the south of us.

I must confess that I believe your observation has much merit. This subcommittee has not, as an entity, visited Latin America. We hope to do that soon.

Last year, we journeyed to Southeast Asia because of the commitments in that area of our activities. Next year we will go to the Middle East, to Egypt, Israel, Jordan, and, hopefully, at the latter part of this year, we will make a tour of some of our Latin America countries.

This is where, I believe, you can help me. I do not expect you to answer at this moment. Since time will not permit us to visit all of the countries, we just do not have that type of time, since we wish to spend not just 12 hours in one country, or 6 hours there, or some airport conference, and usually, the time set aside for an inspection tour of this type would be about 2 weeks, if you had to select countries, let's say, five of them, what five would you recommend?

It is very important to us. We may have our ideas as to the five countries, you may have your own, and we would like to have from you your ideas as to what five we should touch, and for what reasons.

It would be very helpful to us. Otherwise, we may find ourselves repeating the favorite watering holes of other inspections of the past.

Ambassador LINOWITZ. Could I just say, Mr. Chairman?

Senator INOUE. Yes.

Ambassador LINOWITZ. I am sure I speak for everybody at this table, what a heartening thing it is to know that this subcommittee is planning that kind of visit.

One of the things that means most to the people of Latin America, and to their leaders, is that the awareness of American leadership exists and that we have interest to try to maintain that type of trip, so your announcement of such a planned trip is welcome news.

Senator INOUE. All right, thank you very much.

I recognize for too long we have assumed a paternalistic posture, we have assumed a posture that we know better and we know what is good for you.

Frankly, we have not done ourselves right and we are hoping that we can improve our relationships with the countries abroad. In many ways, we would be embarking upon dangerous waters, because, frankly, we do not know what to do.

We find ourselves with our internal problems here, domestic problems that compound the situation. Just yesterday, we got ourselves involved in a matter of the 200-mile economic jurisdiction of the seas, and this was brought about primarily because of our neighbors to the south.

Some of us voted against it but the vast majority voted for it. So, before it is too late, I believe this committee should visit Latin America. I am happy to say in the last 2 years the voice of this subcommittee has been heard by the rest of the Senate, and so even if we plod along, we like to plod along in the right path.

Your recommendations will be very helpful. So in behalf of the subcommittee, I thank all of you.

Ambassador LINOWITZ. Thank you, sir.

Mr. THEBERGE. Thank you.

Senator INOUE. If you wish to remain, we have one other request, which is very unusual.

We have in the audience a Deputy from the Chilean Assembly, a member of the Communist Party, who wishes to be heard.

Ordinarily, we do not grant this type of request but Mrs. Gladis Marin wishes to be heard. She is welcome.

Mr. ROGERS. May we be excused, Senator? It is now 2 o'clock and we are late for some other matters.

Thank you very much. We are very grateful.

CHILEAN AID PROGRAM

STATEMENT OF GLADIS MARIN, A DEPUTY OF THE ASSEMBLY OF CHILE, AS INTERPRETED INTO ENGLISH*

UNOFFICIAL ENGLISH TRANSLATION

Mrs. MARIN [as interpreted]. I thank you for this opportunity which is given me to speak in the name of the people of Chile, and I want to declare that when you talk here of the problem of aid for Latin America, to point out that in the name of the Chilean people, we ask that this aid not be given over for the military junta which today oppresses our people, because it will not be turned into food or development for our people, but rather will mean greater repression and greater crime. The situation in Chile has not changed. I have left my homeland in the month of July and I can assure you gentlemen that today in Chile, the concentration camps are kept open; patriots are imprisoned without cause; and there is shooting in the streets of Chile.

The reaction has been of pain and indignation because we know that in the military coup which overthrew the constitutional government, it was possible because it could depend on the assistance of the foreign interests of the big North American multinational companies which for so many years took for themselves the wealth of my homeland; and also they could depend on the assistance of the CIA.

*In the hearing, simultaneous translation was provided by George Lawton, bilingual journalist who was asked on this occasion to act as interpreter.

And because the situation of repression against the people continues; because human rights are not respected; this, then, is why we ask that there be no military or economic aid for this military junta which does not represent the people of Chile. That this is the best aid which can be given to our peoples, to my Chilean peoples. And it will be the proof of the respect there is for the life of my people. Thank you.

[The original Spanish text follows:]

ORIGINAL SPANISH TEXT

Les agradezco esta oportunidad que se me da para hablar en nombre del pueblo de Chile, y quiero manifestar que cuando aqui se trata del problema de la ayuda hacia America Latina, señalar que en nombre del pueblo de Chile, solicitamos que para la junta militar que hoy dia oprime a nuestro pueblo, no se entregue este ayuda porque eso no se convertirá en alimento o desarrollo para nuestro pueblo, sino va a significar mayor represion y mayor crimen.

La situacion de Chile no ha cambiado. Yo he salido en el mes de julio de mi patria y puedo asegurar a Ustedes que hoy dia en Chile los campos de concentracion se mantienen abiertos; se encarcela a los patriotas sin ningun motivo; y se fusilen en las calles de Chile.

Se ha reaccionado con dolor y con indignacion porque nosotros sabemos que en el golpe militar que derrocó al gobierno constitucional, fue posible porque contó con la ayuda de intereses extranjeros de las grandes compañías multinacionales Norteamericanas que durante tantos años se llevaron la riqueza de mi patria, y tambien con la ayuda de la CIA.

Y porque la situacion de represion en contra del pueblo se mantiene; porque los derechos humanos no son respetados; es que solicitamos entonces que no haya ayuda militar-(o)-economica para esta junta militar que no representa al pueblo de Chile. Que esta es la mejor ayuda que a nuestros pueblos, que a mis pueblos chilenos, se puede prestar. Y será la demostracion que por el respeto a la vida de mi pueblo se tiene. Gracias.

CONCLUSION OF HEARING

Senator INOUE. Mrs. Marin, you may be assured that your statement will be given every serious consideration as we consider the bill before us.

Thank you very much.

And with this, the hearing is adjourned.

[Whereupon at 2 p.m., Friday December 13, the hearing was concluded and the subcommittee was recessed to reconvene at the call of the Chair.]

