The Inter-American System

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The Organization of American States has evolved as the inter-American system and mechanism for the Alliance for Progress program for the development of the Western Hemisphere.

The system and the Alliance are the product of nearly a century and a half of cooperative development, from the dream of Simón Bolívar to the vision of Juscelino Kubitschek, former President of Brazil.

Simón Bolívar, the great Latin American liberator, convened the Congress of Panama in 1826 to organize an American league of states with the primary purpose of a mutual defense, against Spain or possibly against other foreign powers.

Bolívar hoped that this league would lead to unification of the American countries into a single nation. All were invited, but several, including the United States, did not participate.

After considerable delay, two United States delegates were appointed, but one died before reaching Panama and the other did not leave until after the Congress adjourned.

The Congress produced a treaty concerned with common defense and related measures, which never became effective. Its real importance was that it marked the beginnings of the inter-American system.

Seven congresses followed with increasingly important results. They led to the First International Conference of American States in Washington in 1889–1890. It marked a second major step in the development of the inter-American system through the creation of the International Union of American Republics and a Commercial Bureau of American Republics.

Nine more conferences followed. The last in 1954 engendered the present inter-American system.

In this series, the Ninth International Conference of American States in Bogotá, Colombia, in 1948 represented the third major step in the development of this system. It produced the charter of the Organization of American States, which established the Organization of American States (OAS), largely as we know it today, with a new and permanent juridical structure.

Except for Canada and the newly independent countries of Jamaica and Trinidad and Tobago, all nations of the Western Hemisphere belong to the OAS. The Government of Cuba was excluded from participation in OAS activities in 1962, however.

Overall policy and policy guidance of OAS is provided by three groups: The Inter-American Conference, the meeting of consultation of Ministers of Foreign Affairs, and specialized conferences.

The Conference is the supreme organ of the OAS and normally meets every 5 years to decide general action and policy.

The meeting of consultation bridges the periods between conferences by serving when convened as the organ of consultation to consider urgent problems. It is also to provide a policy guidance for the Advisory Defense Committee as the charter calls for.

Special conferences meet periodically to consider technical matters or related problems of the semiautonomous specialized organizations or permanent agencies and special agencies and commissions.

Specialized organizations are the
Inter-American Institute of Agricultural Sciences (IAIAS) at San José, Costa Rica; the Pan American Health Organization (PAHO) with its executive organ, the Secretariat of the Pan American Sanitary Bureau, Washington; the Inter-American Commission of Women (IACW), Washington; the Inter-American Children’s Institute (IAICI), Montevideo, Uruguay; the Pan American Institute of Geography and History (PAIGH), Mexico City; and the Inter-American Indian Institute (IAII), Mexico City.

Special agencies and commissions, located in Washington, are the Inter-American Commission on Human Rights (IACHR); the Inter-American Defense Board (IADB); the Inter-American Nuclear Energy Commission (IANEC); the Inter-American Peace Committee (IAPC); the Inter-American Statistical Institute (IASI); and the Special Consultative Committee on Security (SCCS).

The Council of the Organization (COAS), the permanent representative body, is in Washington. It is the day-to-day operating arm of the OAS, works closely with the specialized organizations and special agencies and commissions, and provides policy guidance to the organs of the Council and the Pan American Union (PAU). It can also constitute itself as the provisional organ of consultation.

The organs of the Council are the Inter-American Economic and Social Council (IA-ECOSOC), Washington; the Inter-American Council of Jurists with its Inter-American Juridical Committee, Rio de Janeiro; and the Inter-American Cultural Council, with its Council for Cultural Action, Mexico City.

The Pan American Union is the permanent and central organ and general secretariat of the OAS. It has departments and offices concerned with public information, statistics, technical cooperation, secretariat services, public services, and financial, economic, social, and legal affairs.

The PAU, in addition to assisting member states, has sponsored technical assistance projects in Argentina, Brazil, Chile, Colombia, and Venezuela.

Special and specialized conferences within the framework of the OAS and its predecessors and related events have forged the latest development in the inter-American system and the OAS.

After correspondence with President Eisenhower and with other chiefs of state of the American Republics in 1958, President Kubitschek of Brazil proposed “Operación Pan Americana” for development.

The proposal was followed by the organization of the Inter-American Development Bank (IDB) in 1959, the Act of Bogotá in 1960, and the Alliance for Progress under the Charter of Punta del Este in 1961.

The IDB is a specialized regional institution to which all OAS members, except Cuba, belong. The Bank uses its ordinary capital resources, authorized at 1 billion dollars, for regular loan operations. It also administers, with some assistance from the United States Agency for International Development and the OAS, the Social Progress Trust Fund of 500 million dollars for special development projects not in regular loan operations.

The Act of Bogotá was adopted by all OAS members, Cuba excluded. The act provided for strengthening the OAS and recommended ways and means of accomplishing economic and social development.

President Kennedy first proposed the Alliance for Progress in his inaugural address of January 20, 1961. He put this proposal into more concrete form on March 13, 1961, when he called for a 10-year program for the Americas and requested a special meeting of the Inter-American Economic and Social Council to consider means of achieving the program.

A meeting of the Council at the ministerial level took place in Punta del Este August 5–17, 1961. There the Alliance for Progress was forged. It has been entered into by 20 of the 24 American countries.
Nonparticipating nations of the Western Hemisphere are Cuba, who abstained from joining, Canada, and the since independent states of Jamaica and Trinidad and Tobago.

The Alliance marked the fourth and boldest step in the inter-American cooperation.

Alliance objectives are contained in the several measures adopted at Punta del Este, which included a declaration to the peoples of America, the Charter of Punta del Este, and several appended resolutions.

In the declaration, the American Republics agreed to establish an Alliance for Progress: "A vast effort to bring a better life to all peoples of the Continent." The declaration recognized the principles of democracy and individual dignity and outlined 12 broad social and economic goals.

The United States, for its part, pledged to supply financial and technical cooperation, including a major part of the minimum of 20 billion dollars estimated as external needs over the next 10 years.

External needs of 2 billion dollars a year are expected to be met approximately as follows: 1.1 billion dollars in United States public funds and 900 million dollars in roughly equal amounts by United States private capital, private capital from Western Europe and Japan, and funds from international organizations.

Such international organizations include the World Bank, the International Finance Corporation, the International Development Association, and the United Nations Special Fund.

As the initial step, the United States pledged to make available more than 7 billion dollars for the 12 months beginning March 13, 1961.

The countries of Latin America agreed to devote a steadily increasing share of their own resources and to make the reforms necessary to achieve Alliance goals. Latin American countries themselves are expected to provide a minimum of 8 billion dollars a year. Their contribution is also to include the formulation of a national development program by each.

The charter established the Alliance for Progress within the concept of President Kubitschek's Operation Pan America. The charter consisted of a preamble and four titles—objectives, economic and social development, economic integration of Latin America, and basic export commodities.

Goals to be achieved in the sixties were based on the declaration and listed as 12 objectives in title I.

Two were aimed at an economic growth: To attain income levels sufficient to assure self-sustaining development and to narrow the gap in relation to more industrialized nations, with target growth rates of not less than 2.5 percent per capita per year; and to achieve a more equitable distribution of income while assuring a higher proportion of the national product for investment.

Three objectives are related to economic development: To lessen dependence on primary exports and capital imports and to achieve export stability; to accelerate rational industrialization, with special attention to capital industries; and to increase productivity and to improve marketing of agricultural products. One basic objective is to encourage comprehensive agrarian reform programs to eliminate extremely large and extremely small holdings.

Other objectives are improved education and the elimination of adult illiteracy by 1970; increased life expectancy and improved public health; accelerated construction of low-cost housing and provision of public services; stabilized prices; Latin American economic integration; and cooperative programs to prevent harmful fluctuations in primary export earnings.

Title II, Economic and Social Development, prescribed guidelines for basic development requirements, national development programs, imme-
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diate and short-term measures, ex-ternal assistance to support national development programs, and Alliance organization and procedures. The need is recognized for technical assistance from the Organization of American States, the Economic Commission for Latin America, the Inter-American Development Bank, and United Nations specialized agencies.

Title II provided also for a panel of nine experts attached to the Inter-American Economic and Social Council to give assistance to member countries as requested.

The assistance is in the form of help with country programs by an ad hoc committee appointed by the Secretary General of the OAS, composed of no more than three panel experts and an equal number of other experts. Committee comments, with country consent, are to be made available to guide external financing priorities and decisions. Finally, the Inter-American Economic and Social Council is required to make an annual report of progress and recommendations to OAS.

Title III, Economic Integration of Latin America, dealt with this goal in some detail and provided that countries still under colonial domination should be invited to participate in the Alliance as they achieve their independence.

Title IV, Basic Export Commodities, included national measures and international cooperation activities designed to expand trade in such commodities, increase foreign exchange from exports, reduce cyclical or seasonal price fluctuations, and improve the terms of trade of such commodities.

Sixteen resolutions appended to the charter enlarged on certain aspects of Alliance provisions or their execution.

Three resolutions dealt with special education, public health, and taxation programs. The establishment of Alliance task forces for programing was recommended. Four studies were called for.

Seven resolutions were concerned with Latin American primary exports, singling out coffee, meat, and wool.

Finally, guidelines were established for preparation of the annual Alliance progress and recommendations report by the Economic and Social Council in connection with annual meetings of the Council.

The charter also recognized a role for regional integration. This recognition specifically included the Latin American Free Trade Association (LAFTA) and the Central American Free Trade Area (CAFTA). The basic objective of both LAFTA and CAFTA is to accelerate economic development, though mechanics differ.

LAFTA members in early 1964 included Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, and Uruguay. Bolivia and Venezuela have maintained an active interest. CAFTA members are Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Panama has participated in CAFTA meetings.

The Alliance challenge has been likened to that of the 1948 Marshall plan for Europe. That is true in part, but it is also an oversimplification. Alliance problems are more complex.

In the Marshall plan, capital was the primary need as a catalyst for the reconstruction and modernization of an already developed industrial society. The Alliance, however, concerns an underdeveloped complex of nations and calls for a successful assault upon a whole range of closely interrelated social and economic problems.

Basic economic and social problems of the Latin American countries are similar, but the order and intensity of the problems vary considerably from country to country.

Latin America has an area more than twice that of the United States. Its population, estimated at 207 million in 1960, is growing at the rate of almost 3 percent a year and is expected to reach 270 million by 1970.

Social problems are many. They range from average illiteracy rates of
40 percent to a land tenure system under which, it is estimated, less than 5 percent of the population owns more than 90 percent of land in farms, and under which much of the remaining land is plagued by fragmentation.

On the economic side also, problems are severe. National income averages about 250 dollars per capita a year. Inflation and fiscal insolvency are almost chronic. Balanced foreign trade is difficult because of a heavy dependence on primary commodity exports.

Agricultural production has been barely keeping pace with growth of population. Sizable numbers of people are receiving diets inadequate in terms of minimum nutritional standards.

Public health is a problem. The incidence of human and animal disease is high. The rudimentary elements, such as safe drinking water and preventive medicine, are lacking.

These are the difficulties that the American countries, under the Alliance, are committed to resolve in the present decade.

Alliance progress is impressive in terms of its recent beginning and the nature of problems faced.

Task forces have been formed to assist panel committees and country groups in the evaluation and formulation of program proposals. The Inter-American Committee on Agricultural Development, formed by joint agreement between the OAS, FAO, the Economic Commission for Latin America, and the Inter-American Institute of Agricultural Sciences, has been operational since October 1961 and has participated in reviews of country development plans and fulfilled many advisory assignments.

The establishment of six special committees with nine members each was approved during the first annual meeting of the Inter-American Economic and Social Council in October 1962. The committees have to do with planning and project formulation; agricultural development plus agrarian reform; fiscal and financial policies and administration; industrial development and financing of the private sector; education and training; and health, better housing, and community development.

The Latin American countries have taken important internal actions. Leaders in government, business, and education throughout Latin America have supported Alliance objectives. At the same time, the people, from factory workers to campesinos, are coming to appreciate and support the principles of self-help and dedication that are inherent in the Alliance and which are based on the realization that external assistance alone cannot solve the problem.

Eight countries have presented development plans to the panel of experts—Colombia, Chile, Bolivia, Ecuador, Venezuela, Mexico, Honduras, and Panama. The panel has evaluated and commented on plans submitted by Bolivia, Chile, Colombia, Mexico, and Venezuela. Evaluation by the panel has been formally accepted by Bolivia, Chile, Colombia, and Venezuela.

Tax reforms or related measures have been started in 13 countries—Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, El Salvador, Mexico, Panama, Peru, and Venezuela. Reforms are being considered in most other member countries.

Land reform has made progress or has been instituted in Bolivia, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, El Salvador, Mexico, Panama, Paraguay, and Peru. Agricultural production has also increased along with land reform programs in Bolivia and Mexico, although both instituted their programs long before the Alliance got underway.

Considerable progress has been made under LAFTA and CAFTA, with internal trade liberalization generally ahead of schedule.

Overall political stability has generally been maintained comparatively
well for the area in spite of problems in several countries.

External assistance made available from United States public funds has met the set goals. Other external assistance probably has lagged. Internal financing by the countries themselves has shown many increasing trends; tax reforms are expected to assist further. Project results are less apparent, however.

In spite of the progress made, the impact on the bulk of the population has been small. Little general improvement has been made in per capita income and its distribution, per capita agricultural production and food consumption, literacy, inflation and fiscal solvency, and the heavy dependence on primary exports.

The race with population and the immensity of problems faced make quick results difficult in those fields. It is in this critical area that progress is urgently needed for success of the Alliance, the development of human resources and improving the lot of the common man. Most of the task lies ahead.

The United States stake in the Alliance is a heavy one and involves a complex of financial, economic, and political factors.

Our cost of financial assistance to support the Alliance is large, particularly when added to our farflung economic and military assistance commitments to other parts of the world. The United States provided a total of 2,128.3 million dollars in public funds to the Alliance in the first 2-year period, from March 31, 1961, through February 28, 1963. This assistance was at a rate of almost three times the average annual rate to Latin America in the previous 10 years.

Such obligations and loan authorizations provided under several programs were as follows (in millions of dollars): Agency for International Development grants and loans, 841.0; Export-Import loans, 532.3; Social Progress Trust Fund loans, 336.9; Food for Peace programs, 401.4; and Peace Corps, 16.7. The total was 431.0 million dollars for grants and 1,097.3 million for loans. Success of the Alliance should reduce the need for assistance on this large scale.

United States trade with Latin America is important. In 1963, our exports totaled 3,537 million dollars and imports totaled 4,021 million dollars. Of this, agricultural exports totaled 500 million dollars, or approximately 15 percent of the total to Latin America, and imports were estimated at 1,860 million dollars, or 45 percent.

Agricultural trade with Latin America was almost 10 percent of our world exports and about 45 percent of our world imports of agricultural products.

Our principal agricultural exports to Latin America were wheat and wheat products, dairy products, oils and oilseeds, vegetables and preparations, fruit and preparations, and tobacco.

The main imports were coffee, sugar, livestock and meat products, bananas, wool, and cocoa. Such imports of coffee, sugar, and bananas were greater than supplies of these commodities from all other sources.

Success in attaining Alliance goals as a requisite for the maintenance or increase of United States exports to Latin America therefore is of basic importance to the long-run economic well-being of the United States.

Most important of all, the Alliance is a positive program of cooperative development. As such, it pits the United States—and the other Alliance members—against dangerous political extremes.

The Alliance is an unparalleled effort based upon the principles of democracy and free enterprise to develop the Latin American nations through peaceful revolution within the framework of the inter-American system.