SCOTT RUNKLE & ASSOCIATES

National Press Building, Washington 4, D. C.

TELEPHONE: ME . 8 - 1652

21 September 1966

Mr. Irving Bluestone
Administrative Asst. to the President
United Auto Workers
Solidarity House
Detroit, Mich.

Dear Irving:

I wanted to write you about Mr. Reuther's idea for a massive program of development aid, with the idea of suggesting a fresh look at it in a changing context.

You undoubtedly noted recent estimates that the Viet Nam war is currently costing \$2 billion a month, and will shortly cost \$2.5 billion. You also recall President Johnson's rather wistful suggestion that, once the war is over, the U.S. would be happy to beef up economic aid. And you are aware, I am sure, of the growing uneasiness, spiced with resentment, in many developing countries today. One of the notes I hear sounded more and more frequently here in diplomatic circles is how much they are appalled at the enormous cost of the Viet Nam conflict, ruefully reflecting what a tremendous stimulus could be given to development of dozens of poor nations by a fraction of the war costs.

You may also remember from my research that the net flow of capital from all sources (official and private) from all developed countries to all underdeveloped nations is currently only some \$5 billion a year: barely one-fifth the present annual cost of the Viet Nam war. And I am sure you noticed McNamara's recent (and quite remarkable) speech to the effect that if we do not pay more attention to the needs of the poor nations, we might have lots of other Viet Nams on our hands.

In my opinion, these developments present a new and very favorable context for Walter to present his proposal publicly in a new framework. Not in a book, I suspect, but quite possibly in a major article in LOOK, for example.

I really believe that Walter's proposal, projected in such a new framework, would have major national and international impact. The thirst for any really constructive, broad-gauge ideas is of Saharan magnitude today. And Walter's is one of the really great ideas to come down the pike in recent years. The very circumstances which made his original approach unrealistic by degrees (the Viet Nam war) now suggest a new direction which is not only increasingly valid in its own right, but which might also contribute to shortening the war.

I am sure that Bob Moskin (who is now foreign editor of LOOK) would jump at an article by Walter on this subject. And I think that the impact could be multiplied in a number of ways by TV appearances, etc. But most of all, I think that a new positive note, which would strike the imagination of the entire world, is badly needed, and that Walter is the man with the idea to do it.

On my side, I am mostly busy these days with my client, Venezuela: a fascinating and admirable government. Its ideology is one which, in the Latin context, is almost precisely that of the UAW in the U.S. You might be

interested in seeing a "backgrounder" which I recently put together, setting the Venezuelan experience in a fairly broad perspective. The facts are impressive, and give dramatic evidence that a liberal democracy, with a vigorous program of social reform and economic development, can cope with assaults from both the right and the left, and make great progress at the same time.

Hope we can keep in touch.

All the best, Irving,

Scott F. Runkle

cc: Mr. Victor Reuther



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National Press Building, Washington 4, D. C.

TELEPHONE: ME . 8 - 1652

211 October 1966

Mr. Irving Bluestone
Administrative Asst. to the President
U.A.W.
Solidarity House
Detroit, Mich.

Dear Irving:

Since I last wrote to you, there have been two new developments worth calling to your attention. You undoubtedly noted general news reports about them, but the full information may not have been available to you.

The first has to do with the final appropriation for U.S. foreign aid which, as you know, was knocked down to \$2,936 million - - one of the lowest figures in AID history. But this global figure (which the NEW YORK TIMES characterized as "disgraceful") by no means conveys the true picture, which is even more depressing.

\$792 million for military aid, but also \$690 for "supporting assistance", of which \$550 million will be spent in the war area, mostly South Viet Nam. Funds allocated for true economic aid and development will be -- at best -- only \$1,600 million, and the key development loan program (which is the heart of our bilateral assistance) has been chopped to \$500 million. Not too surprisingly, the AID people are demoralized as I have never seen them before.

The second item has to do with the most recent Food & Agricultural Organization figures, which showed a drop in per capita food production in Asia and Latin American of between 5 and 6 percent, in 1965 alone. Coming on top of a steady decline over the last six years, this acceleration is very ominous.

These two developments, added to the alarms sunded in the World Bank meeting, dramatize that the sled is going down hill at one helluva clip. The foreign aid bill was grossly inadequate even before Congress hacked it to bits. Put it perspective, the situation

is now this: at a level of \$1,600 million as the U.S. contribution to economic development of poor countries, when our g.n.p. is now estimated at \$750 billion a year, we are actually giving less than 1/4 of one percent of our g.n.p. for such aid.

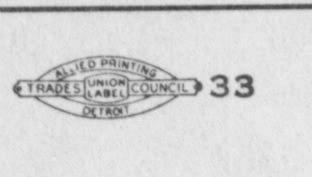
Appalling though this is, awareness in the U.S. of the increasingly dramatic need, on the one hand, and the shrinking scale of both multilateral and bilateral aid on the other, is almost nil.

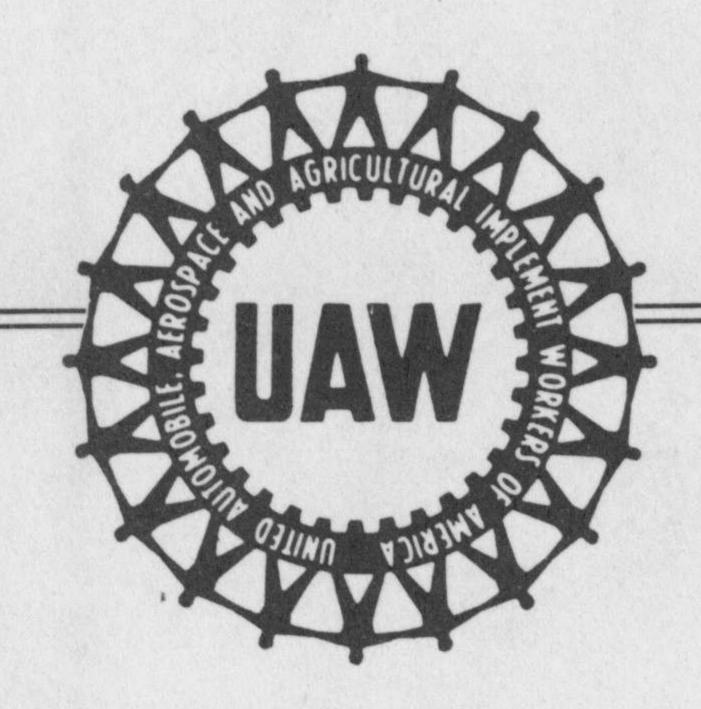
Vic tells me that Walter reacted favorably to the idea of presenting his proposals in a byline magazine article. I advised Vic that I could probably pry myself loose from my Venezuelan obligations long enough to help on this, if you wish. I should probably qualify this by noting that I am not in a position to put Venezuela on the "back griddle" for long or entirely at my leisure. For this reason, it is important to me to be able to plan ahead with some precision for allocating my time. So I would appreciate knowing at your early convenience if you would want me to block off some of my time for this project. Needless to say, I would like very much to help you carry this to fruition.

With best regards,

Scott F. Runkle

cc: Mr. Victor Reuther





October 25, 1966

To Walter

From Irv

Subject

Attached is the document which Ted Morello has prepared to-date. He is continuing to finish this chapter and hopes to have it ready within the next couple of weeks.

IB:lm oeiu42 att. For the first time in history, man has the power to make a reality of his most ambitious dream-or of his most fearsome nightmare.

Suddenly, he can build a warless world free of the ancient plagues of hunger, disease and social inequality. As suddenly, he can destroy divilization... even wipe out the human race.

There is still the time and opportunity to realize the dream and to exorcise the nightmare. Tomorrow, there may not be.

For millenniums the world has survived armed conflict. One scholar reckons that of the past 3,400 years, only 234 have been free of a recorded war.

Similarly, man's social injustice to man is as old as humanity. Even today, more than half of the world lives out a miserable existence on the brink of dispair.

Such a record would seem to fortify the misguided optimists who shrug off reality with the cynical equation:

"There have always been wars, and the poor have always been with us. Therefore, we will muddle through."

The rationale is suicidal. Overnight, as history is measured, science and technology have worked elemental changes. Yesterday's thinking will not do today.

An unrelenting arms race spearheaded by nuclear weaponry is, of course, the most obvious new factor that shatters the comfortable survival-by-muddle formula. It was no alarmist rhetoric when President Kennedy warned:

"Today every inhabitant of this planet will be contemplating the day when it may no longer be habitable. Every man, woman and child lives under a nuclear sword of Name Damocles hung by the slenderest of threads, capable of being cut at any moment by accident, miscalculation or madness."

In this perilous situation, the nuclear powers are stuffing their arsenals of doom to the bursting point; the United States and the Soviet Union alone already have overkill stockpiles more than adequate for depopulating the earth. Britain,

France and a bellicose Communist China are only a stride behind and coming up fast.

Others are knocking at the door of the five-power nuclear club. A score of CREPENTIALS countries have the technological and qualifications to qualify for membership at will.

By all logic, the East-West balance of terror has made World War III unthinkables There can be no victor in a war that would incinerate the planet.

Yet the arms buildup goes on, carrying with it the inherent deadly risk of war by irrationality. Who can guarantee that kims Armageddon will not be

triggered by "accident, miscalculation or madness"?

"If nations keep on amassing armaments," British novelist EöM. Forster warned in 1935, "they can no more help discharging their filth than an animal which keeps

on eating can stop itself from excreting."

Four years later Hitler invaded Poland. The devastating World War that resulted stands as history's undisputable corroboration of Foster's gloomy theses.

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andique to the corneleration of his gloomy theorie.

Today's weapons RACE HAS DRIVENT MAN to the Chearly, then, man stands on the rim of a nuclear hell.

a different but converging force: the revolution of rising expectations. It is a sullen rebellion which draws its power from the two-thirds of humanity that goes to bed hungry every night through a lifetime...the uncounted millions whose lives are needlessly blighted and cut short by preventable disease...the dispairing who have borne their degradation in silence for ages but who are silent no longer.

(more)

It is the angry awakening of the have-nots, aware suddenly that other men no different from themselves live nobler lives-that their heritage of wretchedness is not dictated by an inflexible law of the universe.

This is the century's explosive tragedy: half the world lives in affluence, half in grinding percepty. The unbridged chasm between can be expressed in cold statistics:

Almost two-thirds of the earth's 3 billion people live in underdeveloped countries but have only one-sixth of the world's income.

Of the total, 990 million exist on a per capita income of less than \$100, and 1.15 billion on from \$100 to \$250.

Bracketed into the "middle income" group are 390 million with an income of from \$250 to \$750.

The *high income* classification comprises 810 million with more than \$750. The elite are the 175 million in the Common Market countries who average \$1,400 and, at the summit, 194 million in the United States with a per capita income of \$3,000.

In Hobbesian terms, the miserable of the earth him exist with no arts, no letters, no society, and, which is worst of all, continual professor fear and danger of violent death, and the life of man solitary, poor, nasty, brutish and short.

To the destitute, the most galling fact is the knowledge that

in the mid-20th century, their phightwhat humiliation is totally

unnecessary. Modern technology has produced the tools to lift from

their backs the crushing burden of malnutrition, pestilence, ignorance and want.

Herein lies the Free World's most potent weapon: an unsurpassed technological capacity for closing the gap between rich and poor.

The benighted peoples will be satisfied with nothing less.

From whichever side they come, the empty promises from the ideologically divided advanced nations are rapidly losing whatever impact they had among the underprivileged.

United Nations Secretary-General U Thant stressed the futility of parading democratic slogans before hungry men when he said:

"To preach to them about the virtues of democracy, the virtues of human dignity, the virtues of fundamental human freedoms, is not only irrelevant but comic... I think the message will not go to their hearts."

Thus, there is more than humanitarian consideration behind the challenge. With the recession of colonialism, the new and underdeveloped lands have inherited the balance of power in a world teetering between irreconcilable ideologies. Enlisted in the ranks of the West, the "new peoples" can be a powerful force for universal democracy. Neglected, they are sure to fall to communism, tyranny or domestic chaos that jeopardizes world stability and invites war.

These, then, are the dominant and interlocking problems: How to halt humanity's headlong rush toward nuclear doom and how to end the bitter inequalities that rob half the earth's pexoples of their God-given heritage as men.

There can be no lasting peace anywhere without a quick solution to both.

The goal is clear: A peaceful, prosperous world of free and equal men released through disarmament from the costly, wake wasteful and deadly burden of a weapons race.

We have the means of reaching that goal. To succeed will require unfettered imagination...the daring to try the untried and think the unthinkable...an unshakable faith in the ancient vision; for, says the proverb:

"Peace is the dream of the wise, war is the history of man."

In the following pages, I propose to show that under the bold, enlightened leadership of the United States the world can and must start along the road toward that elusive dream today. This is a proposal for waging total peace—an international preventive war against that global want and armed conflict.

It is the only kind of war that nations can win.

(more)

In outline, here is the program:

As the first step, the President of the United States would announce an American economic aid commitment of unprecedented proportions, massive enough to raise the underdeveloped countries to the point of self-sustaining growth before the century runs out. Specifically, America would unilaterally pledge an average of \$20 billion annually over the next 25 years.

The President's announcement would be coupled with an invitation to other industrialized nations—non-Communist and Communist alike—to join this Grand Alliance for Peace with financial support of their own. It would be made clear, however, that the American pledge would be honored with or without contributions from others.

Simultaneously, in a challenge directed primarily at the Moscow bloc and Peking, the United States would invite all countries to conclude a disarmament agreement with adequate provisions for verifying compliance and to shift the men and materials freed by the military cutback to economic development.

Indeed, accession to the disarmament treaty would be a precondition for participating in the program either as a contributor or as an aid recipient.

sheet 9---plan

Partly to avoid raising the p specter of "economic imperialism," the program would be administered by a new international agency, preferably—though not necessarily—affiliated with the United Nations.

Concurrently, some means would be sought to build a strong United Nations peace force capable of safeguarding international law and order when the ultimate goal of total disarmament is achieved.

The immediate impact of such a declaration of peace would be enormous.

The program is nothing less than democracy's challenge to communism to transform their ideological contest from a war-bound arms race into a positive, aggressive peace offensive. Ideologically, the prize would be the scores of African,

Asian and Latin American nations still undecided about whether democracy or communism holds the brighter future for them.

U.N. Secretary-General U Thant put it this way:

"The curious thing about the cold war is that it is not a battle for more territory or even for more political power. It is a battle...for the minds of the unconverted."

sheet 10--plan

It is a colossal struggle between East and West for the hearts of millions eager to embrace any doctrine that proves by performance—not promises and slogans—that it can raise them out of their stagnation.

Their loyalties will go to the system that fills their empty bellies, clothes their naked backs, heals the ills of their bodies, opens the road to self-fulfillment and, above all, points the way to lasting peace.

This is the challenge that faces the free-society system and communism; the future belongs to whichever meets it.

Neither side can win by military power, however overawing. Along that path lies inevitable destruction for all—the most affluent as well as the poorest.

In this nuclear age, the ideological tournament must be fought with other weapons: science, technology, industrial capacity and good-will. Few can doubt the outcome of such a contest.

Under American leadership, the industrialized democracies will go into the battle fukky strong and fully armed against a Communist bloc with gaping chinks in its economic armor.

Leading from strength, we will be striking at communism's most vulnerable spot in my proposal for peace in our time.

sheet lleplan

For fundamentally, the Communists' promises of a brave new world is based on the claimed superiority of their economic system over ours. Only by the artificial and wasteful stimulus of war, their theoreticians contend, can the free countries keep from falling into economic chaos and, ultimately, collapsing entirely.

There is a distumbing germ of truth in the otherwise erroneous propaganda.

The disturbing fact is that never in peacetime has the United States' economic machine run at full speed. Between wars, America has slipped back into periods of recession or depression marked by unemployment and idle production capacity.

But that flaw stems from faulty practice, not from any irremediable shortcoming in the ideal.

Indeed, it is this very weakness—our unused men and machines—which can be America's greatest strength in the global peace race against the Soviet bloc. We need only imagination and courage to perform a dazzling miracle.

Harnessed, these wasted resources can meet the desperate needs of the underdeveloped nations without lowering our military defense below the threshold of
national security or cutting back the flow to our normal domestic and overseas
markets. At the same time, we would be able to take up the slack that plagues
America with agricultural surpluses, and unemployment and throttled-down

sheet 11--plan

industries even in the most prosperous peacetime periods.

Our steel mills, factories, machine shops and assembly lines—an appalling number of them limping along below capacity or shut down altogether—can pour out the trucks and tractors, tools and medical instruments, clothing and books that the stagnating half of the world needs to begin moving into the 20th century. Our agricultural surpluses can feed hungry millions until, with our instruments help, their own agricultural technology can take over the job. To our own jobless and underemployed citizens, the program will bring the blessing of permanent, full employment.

Thus, we can turn the liability of our burdensome, unused productive capacity into our most powerful asset.

The strategy hits the Communist giants where they are weakest. Latecomes to the industrial age, both Russia and Communist China are running far behind their blatant promises of producing a better life for their own peoples.

Such industrial muscle as they possess is overtaxed by their stubborn emphasis on the military buildup and, in Russia's case, on the space contest.

In the consumer sector, their production facilities are stretched to the snapping point and yet are unable to meet the ever more insistent clamor of their own peoples for a higher living standard. Certainly, under these conditions,

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neither Moscow nor Peking has much to spare for the impoverished beyond their borders.

This contrast between the West's latent productive capabilities and the Communist world's overstrained economies is the Archimedean lever of the total peace offensive. With it, we can raise the neglected populations to the economic and social level that is the heritage of all men in the atomic age.

Simultaneously, we can pry open the door to total disarmament. Only then will the dream of peace become more than a hopeless illusion.

Faced with the invitation to join the free world in the Grand Alliance, the Soviet Union would have three choices.

Least probably, it would flatly refuse to help wage the peace under any conditions. But that would mean meekly formathing forfeiting the global ideological struggle to the democracies, seeing Communist influence frozen of and the present level and ultimately risking defections even from those ranks.

Or, ideally, the Communist nations could embrace the peace propsal sincerely and without reservations. We would then have reached the millenium when the dangerous, uneasy coexistence of East and West is transformed into genuine and massive cooperation among nations to build a bright new world of tomorrow for all.

sheet 14--plan

Realistically, however, it seems overoptimistic to expect the Communists to make such a happy choice—at least at the outset.

Their most likely course would be a third one: A declaration of economic war paralleling but competing against the democracies' peace offensive.

Perhaps unwittingly, that decision alone would be a first Soviet step along the road to international disarmament.

For while the American foreign aid budget remains at its current timid level of \$3 billion a year, the Russians can stay in the race without significantly lowering their production sights.

But the \$20 billion-a-year American challenge would force an entirely new production pattern on Moscow. Of all nations, only the United States has the industrial capacity to undertake a rescue operation of that magnitude among underdeveloped lands while still raising the living standards of its own people and maintaining necessary defense strength. We can afford both guns and butter; the Communists cannot.

How, then, can the Soviet Union compete with the United States in the contest for the loyalties of half the world's peoples? How can it hope to convince the uncommitted that the vaunted economic system of communism is, indeed, superior to the free world's way? For convince it must. It was in the economic context

--not necessarily the military one--that Nikita Khrushchev boasted to the West:
"We will bury you."

As one possibility, the Russians might try to match our \$20 billion commitment by diverting the tools of peace from the civilian sector of their own economy.

But for all its authoritarian grip on the Soviet population, it is highly improbable that the Moscow government would dare to risk such a dangerous course.

Unlike the United States, the Soviet Union has no flexibility in that direction.

There are already rumblings of discontent from the Russian people burdened by a voracious war establishment which for two generations has gobbled all but the crust of the Soviet economic loaf. Russian peasants and factory workers have waited too long for the fulfillment of bureaucratic promises of a living standard in matching the West's.

Under the lash of war and officially sponsored war hysteria, they might continue to accept their deprivation stoically if not willingly in the interest of national security. But they would not quietly sacrifice the fruits of a budding consumer industry to unknown peoples far beyond their frontiers.

Moscow knows the mood of its citizens. There have been reports of riots between workers and police when meat and butter prices were raised. And at the Black Sea port of Odessa, longshoremen staged a strike to protest the shipment to Cuba of consumer goods badly needed at home.

A similar situation prevails among the Kremlin's East European allies.

The myth of an international Communist monolith dominated by Moscow has been exploded by the drift toward economic independence among Soviet satellites responding to the nationalistic pressures of their own populations for more consumer production.

Among Communists, too, charity begins at home.

With its consumer industries thus strained, the Soviet Union would be forced to look elsewhere for the resources to compete in the worldwide alliance for progress. There is only one other source: The military segment of the economy.

Only by diverting men and materials from their war machine can the Soviet Union hope even to match American economic aid to underdeveloped countries, as it must—tractor for tractor, clinic for clinic, school for school.

sheet 17--plan

Faced with that inescapable truth, the Kremlin will be ready to take the only road open: toward disarmament.

It would no more consider disarming unilaterally than the United States would.

But outflanked by American determination to wage the peace single-handed if

necessary, the Russians would be forced to abandon the rigid position that for

years has deadlocked East-West disarmament conferences.

Warily at first, the Soviet Union could be expected to accede to peripheral agreements aimed at lightening its own burden of armament expenditures. Whether these steps take the form of military budget cutbacks, a "bomber bonfire," a ban on underground nuclear testing or a nonproliferation treaty, the important thing is that the arms race inevitably would be slowed, braked to a dead stop and finally thrown into reverse. The world will then have backed away from the rim of destruction. It will be ready to steer a new course, along the highway toward peace.

Suppose, though, that by fringe cutbacks the Russians pared their arms budget only to the point where they could match America's \$20 billion-a-year aid program. While significant, such a reduction would leave them in possession of a conventional and nuclear arsenal still formidable enough to touch off a global holocaust by design or by accidents in this pushbutton age.

(more)

As with the original initiative, the power to force the Soviet Union below that critical threshold lies with the United States.

Assume, for example, that the Kremlin were to agree with the United States to a balanced armament reduction sufficient to raise the \$20 billion in Soviet overseas aid through savings on a pared-down military establishment. The United States then could trim its own arms spending by a matching \$20 billion. Of that amount, half could be plowed into domestic programs—education, housing, pollution control and other projects of direct and immediate benefit to our own citizens. The remaining half could be added to our original pledge to the underdeveloped world, thus raising our annual foreign assistance outlay to \$30 billion.

Again, the Russians would have to follow the American initiative by raising their competing fund by \$10 billion. And again, their only source of financing would be their military juggernaut—a fact which would compel the Russians to return to the negotiating table for new and ever more significant disarmament agreements.

Once set in motion, the interacting drives toward disarmament on the one hand and elevated living standards on the other would continue to more foreward under the impetus of America's economic one-upmanship.

Thus, even with the Soviet Union competing outside my peace proposal, the world would gain enormous benefits. However modest, the arms curtailment would ease the danger of an all-destroying war. The mutual reducation of expenditures for military Frankensteins would lighten the appalling burden for peoples on both sides of the Iron Curtain. The swords of war would be reforged into the tools of peace for a grand assault against poverty, hunger, disease and ignorance.

Ultimately, the Russians could be expected to abandon their go-it-alone, competetive foreign aid program and accept the democracies' invitation to join the Alliance for Peace as a full-fledged, cooperating member.

The expectation is based onmore than pious hope. For without abandoning its goal of a worldwide ideological conquest, Soviet communism is mellowing with age. The iron-fisted extremism of the Stalin era has been blunted by the rising expectations of its own people, by incipient nationalism among its satellites and, worldwide, by the nuclear stalemate with the United States.

Less and less are the Russians willing to risk what they have so painfully ecquired. Their own emergence into the ranks of the industrialized countries is making them more rational, responsible members of the international community.

It is the natural evolution of those who have something to lose and nothing to (more)

sheet 20--plan

gain by recklessness.

Precisely because of its state of industrial underdevelopment, Communist China is a different and more stubborn case. Only now emerging into the international community, mainland China lacks even the rudimentary spirit of cooperation that the Soviet Communists have acquired during half a century in power.

The Chinese are still largely self-isolated behind a Great Wall of sullen suspicion and neurotic xenophobia. In their sternly limited dealings not only with the democracies but with other Communist nations, they are intransigently uncooperative when they are not—at least vocally—downright belligerent.

World Journal Tribune, Inc.

Publisher of Herald Tribune, World Journal, World Journal Tribune, 125 Barclay Street, New York, N.Y. 10015. Tel.: 577-5100.

November 22, 1966

Mr. Irving Bluestone United Auto Workers 8000 East Jefferson Detroit, Michigan

Dear Irv,

Here are the final pages of the introduction, about which I'll write you at greater length soon. At the moment, I want to get them into the mail so that you'll have them, hopefully, before the Thanksgiving weekend.

Also, thanks for the "advance"; I had not expected it to be the full amount agreed on. It was very generous of you.

Regards,

Ted Morello

375 Riverside Dr., 11B

New York, N.Y. 10025



SCOTT RUNKLE & ASSOCIATES, Inc.

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TELEPHONE: ME . 8 - 1651

10 December 1966

Mr. Irving Bluestone
Administrative Asst. to the President
U.A.W.
Solidarity House
8000 East Jefferson Ave.
Detroit, Mich.

Dear Irving:

Now that the dust is beginning to settle after the elections and the public awareness of the UAW's differences with Meany & Co., I can well believe that the UAW would have an even greater interest than before in projecting a new "image" (a word I dislike) of labor unions and the constructive role they can play in national and international affairs.

If this is so, let me suggest that the proposal for a bylined article in LOOK be given active consideration. It could be prepared fairly rapidly and would, I believe, mesh very well with the more active role (or perhaps I should say, the more overtly active role) which seems to lie ahead for the UAW.

Hope you are well and no more snowed under than usual.

With best regards,

Sødtt F. Runkle

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Uruguay			경영하는 경영하다 하는 사람들이 되었다면 하는 사람이 되었다면 하는 것이 없었다.	[전문] [전문] [전문] [전문] [전문] [전문] [전문] [전문]		[대명하다] [1] 이번 10년 11년 11년 11년 11년 11년 11년 11년 11년 11년	: [10] [40] [10] [10] [10] [10] [10] [10] [10] [1	[18] [18] [18] [18] [18] [18] [18] [18]	
Venezuela .									
Regional	1.1	0.5	0.6	0.9	1.0	1.1	1.8	0.5	3.0

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TOTAL U.S. MILITARY AID TO LATIN AMERICA

Country	Amount (in \$millions)
Argentina Bolivia Brazil Chile Colombia Costa Rica Cuba Dominican Republic Ecuador El Salvador Honduras Guatemala Haiti Jamaica Mexico Nicaragua Panama Paraguay Peru Uruguay Venezuela	68.4 13.0 269.5 111.0 78.4 2.0 10.6 14.2 42.2 4.3 4.4 10.0 4.3 0.6 11.0 7.6 1.6 6.0 125.5 35.4 92.9
TOTAL	912.9
Regional Aid	12.3
Total	925.2

Source: Special Report Prepared by AID for House Foreign Affairs Committee, March 18, 1966

Background Information on Venezuela

Venezuela's steady social and economic progress has quietly snuffed out Communism's principal threat in South America.

Barely five years ago, Venezuela was chosen by the Communists as their No. 1 target for subversion and terrorism in the hemisphere, with intent to make it another Cuba or at least a Viet Nam. But in the last few months, without headlines, the once menacing Communist terrorist movement has collapsed as an organized force. It is now believed capable only of spasmodic, isolated acts of violence, and Communist leaders themselves have publicly admitted the failure of armed guerrilla action.

This major Communist defeat is attributed by Venezuela's Minister of the Interior, Dr. Gonzalo Barrios, in large part to the fact that "the farmers are not in accord with the guerrillas and (therefore) help the police and army."

The failure of Castro and his Communist allies to terrorize or subvert the Venezuelan people, despite a major effort, has deep significance both for this hemisphere and for developing countries in general. For Venezuela consciously put its faith in liberal democracy and social reform, not just to combat Communist threats, for even more to provide a sound economic and social base for the future. One of the keys has been land reform, which has been decisive in making the farmers impervious to Communist blandishments.

The Communists concentrated considerable resources and talent in their effort to provoke the military to topple Venezuela's democratically-elected government, shipping large quantities of arms, propaganda, money, and highly trained guerrilla fighters from Cuba. Following Mao Tse-Tung's theory that a revolutionary force must be like a "fish swimming in the sea" of the peasantry, the pro Castro forces made a maximum effort to subvert Venezuela's rural population, counting heavily on the poverty in the countryside which was one of the legacies of former dictator Perez Jimenez' free-spending regime.

Would probably have worked very much in the Communists' favor. But instead they found themselves battling the highly popular government of President Betancourt, and more recently President Leoni - both dedicated to a vigorous program of social reform along with economic development. President Leoni's philosophy is summed up in his recent statement: "We, in Venezuela . . . believe that social and economic progress must go hand in hand . . . We believe that spending for health, education, housing and land and labor reforms are the most productive expenditures of our resources." Political leadership of this sort has cut the ground from under the Communists.

In the countryside, the peaceful, orderly program of land reform was often harassed by guerrilla attacks. Yet seldom has such a far-reaching reform been so successful so quickly. After seven years of

energetic work by the government's National Agrarian Institute, 117,560 farmers have acquired their own land to the amount of 6,523,000 acres.

Of the total number of farmers who applied for land through December, 1965, 78% have already received it. Against the background of Latin American history, this is a profound revolution carried almost to its conclusion.

But acquiring land is not enough. Some observers feared that once the farmers owned their own land, productivity would fall, for lack of technology and credit, thereby turning a laudable social program into an economic failure. But in Venezuela, to the contrary, land reform has been followed by a significant increase in agricultural production: since 1957, overall production has jumped from \$331,000,000 to \$496,000,000, and in the sector coming under the agrarian reform program, production has actually quintupled. Certain products have shown particularly rapid gains. Rice production has multiplied nine times since 1957, and Venezuela is now a rice exporter. Production of corn and sugar cane during the same period has nearly doubled, while milk, beef, poultry and eggs — important indexes of rising health and living standards — have also risen rapidly. Milk production has more than doubled since 1957, beef cattle herds have nearly doubled, poultry has more than quadrupled, and egg production has soared six times.

The silent drama of the countryside has seen the peasants, who had worked for landlords for centuries, acquiring the dignity and pride of owning their own land. This, followed by rising productivity and living

standards, has been the real root of the defeat of the guerrillas, turning back the high-water effort of the Communists and Castro in the Hemisphere.

In the growing cities, too, where more than two-thirds of the population now lives, the striking success of President Leoni's government is both social and economic spheres becomes more visible every year, with the result that Venezuela is politically, socially and economically one of the healthlest and most energetic countries in the Hemisphere today.

Its gross national product jumped 7% in 1965 alone and, despite a rapidly expanding population, per capita income rose a substantial 4% to \$863, the highest in Latin America. Over a 10-year period, gross national product has risen from \$4,303,000,000 to \$7,694,000,000, for an increase of 79%.

The big jump has been in industrial production, which was up \$10.7% in 1965, and construction (up 17%), while petroleum rose by only 2.1%, as planned. Manufacturing has more than doubled in the last ten years and -- as the most dynamic element of the economy -- it is steadily overtaking petroleum as the prime contributor to the nation's gross national product. Already making up 18% of the g.n.p., it will probably pass petroleum (now 20% and steadily increasing in production) in the next few years -- a significant step in broadening Venezuela's economic base.

One of the most visible results of the country's development has been the creation of a new middle class -- an important buttress for democracy. And with a healthy economic base, Venezuela has been able to pursue its social programs vigorously and, at the same time, the social advances have contributed to its economic upsurge.

A major effort has been made in education, particularly in the rural areas where illiteracy was widespread ten years ago. On a national basis, the number of primary school students has doubled to 1,500,000 since 1957, while secondary school students have tripled in number, university students have quadrupled and technical school students have quintupled. Some 100,000 persons a year are trained or retrained in trade or industrial schools. These are formidable achievements in such a short period.

Venezuela's success in reducing illiteracy has been among the most impressive and rapid in the world. Today only 11.9% of the population is illiterate, as against 31.6% in 1958. Not only are virtually all children of primary school age in schools, but also a massive adult education program in 2,750 centers throughout the country has taught 1,391,000 adults to read and write, and is expected to add another 360,000 literates in three years. By 1970, Venezuela's literacy rate should approach 95%, the highest in Latin America and one of the highest in the world.

Compared with Latin America as a whole, and with developing areas in general, Venezuela's economic and social progress in the last seven

years has been extraordinary. There are many remaining problems which will call for the country's best efforts in years to come. But with militant democracy as the motor force, the political base is now stable and secure, the economic growth is vigorous, and the social climate is healthy. Moreover, the economic and social progress already achieved has in turn reinforced and matured democracy itself.

And in the process, Communism has received its sharpest setback in Latin America.

Prepared for: The Embassy of Venezuela

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