

VIII INTER-AMERICAN DEVELOPMENT BANK
MEETING OF THE BOARD OF GOVERNORS



Washington, D.C. - April 1967

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ADDRESS BY THE VICE PRESIDENT OF THE UNITED STATES,
MR. HUBERT H. HUMPHREY, AT THE CLOSING SESSION

It is a pleasure to appear before this Eighth Annual Meeting of the Board of Governors.

I recall with fond memories my participation in the Annual Meeting held at Macuto, Venezuela, four years ago. It is good to see so many old friends here today.

In that spring of 1963 the Alliance for Progress was but two years old. The hopes and expectations of the people of Latin America had been aroused - but most governments were only beginning to grasp the profound changes in society implied by the Alliance charter. Today, six years after the Alliance for Progress was launched, we are seeing the concrete results that have followed from it.

At Punta del Este earlier this month, the Presidents of the Hemisphere met to assess our accomplishments and to plan for the future. They agreed that top priority for the next decade is the establishment of a regional common market, and the economic integration of Latin America. In implementing this goal, no institution has a more important role than the Inter-American Development Bank.

At the meeting in Venezuela four years ago, the Governors strengthened the capacity of the Bank to be the "Bank of the Alliance for Progress" by initiating measures which led to a substantial expansion of the Fund for Special Operations.

At your present meeting, you have acted to further enable the Bank to play its role as the "Bank of Integration".

The spirit of proud self-reliance and determination which animated the Latin American Presidents at Punta del Este has found tangible expression here. You have recommended a doubling of resources contributed by Latin America to the accomplishment of the vital tasks ahead, and resolved to provide assistance by the stronger to the poorer nations of the Hemisphere.

The agreement of the United States Governor to recommend an increased level of United States assistance reflects President Johnson's determination to see the United States be a responsive partner under the Alliance for Progress.

I am pleased to announce that the Administration is taking action on the resolution of the Bank for an increase in resources of the Fund for Special Operations. We will transmit within the next few days our proposal to the Congress for the necessary legislative action.

The creation of a common market and the integration of Latin America entails breaking out of confining frontiers, reaching out to forge bonds of unity, and in unity gaining strength. But the process of creating a common market also entails difficult and painful adjustments in the fabric of established societies. It exposes overly-protected industries to the winds of competitive efficiency; it requires transfers of labor from inefficient and less productive employment to more efficient and productive uses. It will require large-scale accumulations of capital, the acquisition of greater scientific and technological expertise, and obtaining the modern organizational structure required to profit from modern technological discoveries.

The Inter-American Development Bank has assumed a key role in this process. From the beginning it has led the way by its forceful espousal of the common market imperative. We are all indebted especially to the distinguished President of the Bank for his unceasing efforts to promote the cause of integration.

The Bank must now move vigorously to prepare the way - by identifying and helping to initiate the indispensable elements of the physical integration of Latin America:

- roads to unite the continent and to open up the vast heartland and frontier;
- rapid and efficient communications facilities, so that it will no longer be easier to communicate across vast oceans than across the Andes;
- the exploitation of untapped power and water resources in great river basins of common interest to several bordering states;
- the development of river and other water transport facilities to move people and goods.

As we look ahead, the Bank will face a further challenge as national economic barriers come down. The financial and technical assistance needs of the adjustment process in the transitional period will require

the Bank's active presence. And as the interchange of goods begins to grow, as the common market begins to take on form, the assistance of the Bank will be increasingly required to help finance this flow.

But the Bank cannot confine its activities to building physical infrastructure and alone. And it never has. One of the unique characteristics of the Inter-American Development Bank during its brief lifetime is that its leadership understood from the beginning the inescapable interrelationship between economic development and social development. In the banking field there were few precedents to guide you in this discovery. Both in the programs of the past seven years and in the plans for the future - you have recognized that accessibility to the benefits of health and education are as essential to modernization as are roads and airports, industries and power plants.

To be able to participate in the life of the community, to be able to contribute productively in a modern economy, the citizen must have education and technical training. The Bank has participated actively in the many programs throughout the Hemisphere to make available these benefits of modern civilization to all our citizens.

During the past six years we have come to recognize the urgent need to modernize agriculture, to expand food production and to reform antiquated and unjust rural social patterns. Again, the record of the Inter-American Development Bank has been unique. For in the world of economic assistance, recognition of the importance of agriculture and rural development was slow in coming. International lending agencies are generally staffed by urban men, reared and educated in urban areas, accustomed to the ways of urban life. It is only recently that a better understanding of the inter-dependence of the city and country has been achieved, that the relationship between social rural development and overall social progress has been generally acknowledged.

As one who has long been keenly interested in rural development, I am pleased to see that the subject of the Round Table at this year's meeting of the Bank was "Latin American Agricultural Development in the Next Decade". I am pleased that the Bank is giving agriculture the top priority it deserves.

A quick review of the Bank's activities therefore shows that the bankers of the Hemisphere have been in the forefront of the revolutionary process that has been under way in this decade. In accelerating economic integration, you are showing that national burdens can be lifted if regional burdens can be shared. In financing programs in education, health and agriculture, you are enabling millions of citizens for the first time to participate in the life of the nation.

As we face the next decade, we are more aware today than five years ago that the economic progress we seek, and the social justice we aspire to, can be securely achieved only where political institutions are strong and where political leadership is secure.

Until ways are found to strengthen the political fabric of Latin societies... to perfect the institutions which are the sub-structure of a stable political system, we can have no assurance that the economic and social modernization can proceed without interruption.

Economic and social development can help significantly to provide the basis for civic advancement, but it will not guarantee it. The past and prospective inadequacy of economic and social progress argues strongly for more conscious action to develop political systems that can enable rapidly changing societies to contain and manage explosive tensions with them.

The strengthening of our political and administrative structures is not a primary function of the Inter-American Development Bank. But I am happy to see that the leadership of the Bank has noted the need for more conscious efforts in this field. Through its support of the Latin American School of Political Science and Public Administration in Santiago, Chile, the Bank is assisting in developing the fields of political science and public administration in a way that is immediately relevant to the needs of contemporary Latin America.

In pursuing all of these tasks, we shall need determination and perseverance as well as vision. For as President Johnson said at Punta del Este: "Economic and social development is a task not for sprinters but for long-distance runners".

The United States has made clear its determination to continue its partnership with Latin America over the next decade, to continue its long-term assistance, to contribute its share to the promoting of integration of the Hemisphere. But the Hemispheric unity we seek need not be interpreted in any exclusive sense that would discourage a greater European contribution to the political, economic, social and cultural development of Latin America. We welcome our European friends, not as rivals for power but as partners for progress.

In my recent trip to Europe, I expressed the hope to our European friends that a revived and powerful Europe would pursue an outward-looking policy, and not focus exclusively on European problems. It is only natural that Europe - which has contributed so much to the traditions of all the Americas - north and south - should play an increasingly important role in Latin America.

Together the peoples sharing the Western tradition must focus on what President Johnson called the "decade of urgency". And as Pope Paul said last month in his encyclical "On the Development of Peoples",... "We must make haste: Too many are suffering, and the distance is growing that separates the progress of some and the stagnation, not to say the regression, of others". We must truly make this "the Decade of Urgency".

I know that the leadership of the Inter-American Development Bank share this desire to "make haste". For only if we "make haste" can we realize the desire of Bolívar to see the Americas fashioned into the greatest region in the world - greatest "not so much by virtue of her area and her wealth, as by her freedom and her glory".

REMARKS
VICE PRESIDENT HUBERT HUMPHREY
INTER-AMERICAN DEVELOPMENT BANK
ANNUAL MEETING OF GOVERNORS
WASHINGTON, D. C.
APRIL 28, 1967

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I recall with fond memories my participation in the Annual Meeting held at ~~Macuto~~ ^{Ma Kootze} Macuto, Venezuela, four years ago. It is good to see so many old friends there today.

↳ In that spring of 1963 the Alliance for Progress was but two years old. ↳ The hopes and expectations of the people of Latin America had been aroused -- but most governments were only beginning to grasp the profound changes in society implied by the Alliance charter. ↳ Today, six years after the Alliance for Progress was launched, we are seeing the concrete results that have followed from it.

At Punta del Este earlier this month, the presidents of the hemisphere met to assess our accomplishments and to plan for the future. They agreed that top priority for the next decade is the establishment of a regional common market, and the economic integration of Latin America. In implementing this goal, no institution has a more important role than the Inter-American Development Bank.

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At your present meeting, you have acted to further enable the Bank to play its role as the "Bank of Integration."

↳ The spirit of proud self-reliance and determination which animated the Latin American presidents at Punta del Este has found tangible expression here. ↳ You have recommended a doubling of resources contributed by Latin America to the accomplishment of the vital tasks ahead, and *you* *have* resolved to provide assistance by the stronger to the poorer nations of the hemisphere. ↳ The agreement of the United States Governor to recommend an increased level of United States assistance reflects President Johnson's determination to see the United States be a responsive partner under the Alliance for Progress.

I am pleased to announce that the Administration is taking action on the resolution of the Bank for an increase in resources of the Fund for Special Operations. We will transmit within the next few days our proposal to the Congress for the necessary legislative action.

Carlos Sans di Santo Maria
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∟ The creation of a common market and the integration of Latin America entails breaking out of confining frontiers, reaching out to forge bonds of unity, and in unity gaining strength. ∟ But, the process of creating a common market also entails difficult and painful adjustments in the fabric of established societies. ∟ It exposes overly-protected industries to the winds of competitive efficiency; it requires transfers of labor from inefficient and less productive employment to more efficient and productive uses. ∟ It will require large-scale accumulations of capital, the acquisition of greater scientific and technological expertise, and obtaining the modern organizational structure required to profit from modern technological discoveries.

∟ The Inter-American Development Bank has assumed a key role in this process. From the beginning it has led the way by its forceful espousal of the common market imperative.

Your President was among the 4 who prepared a report which proved to be important in accelerating the integration movement.

↳ We are all indebted ^{especially} to the distinguished President of the Bank for his unceasing efforts to promote the cause of integration.

↳ The Bank must now move vigorously to prepare the way -- by identifying and helping to initiate the indispensable elements of the physical integration of Latin America:

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*Peasants
Revolution*

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