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Flight of Funds From Latin Area Perils the Alliance for Progress

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President Kennedy's highly touted Alliance for Progress program for Latin America is in real trouble —and how!

The lagging, sagging \$20 billion, 10-year self-help program hasn't even gotten off the ground despite its tumultuous send-off by the President and Congress a year ago, and its acceptance by all members of the Organization of American States.

The program is spinning its wheels in the Red sands of Cuba and will continue to do so until the President rids the hemisphere of Fidel Castro's Communist regime.

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This is the guts of an intelligence roundup on the darkening Latin American situation that is now being circulated within the Kennedy administration.

It bluntly states that the fears of Castro's Communist revolution spreading to other countries is forcing capital to flee from

Latin America at a much faster rate than the U.S. can pump it into the hemisphere.

The intelligence estimate is that \$6.7 billion in capital has left Latin America since Castro shot his way to power in January 1959. The money went to Switzerland, West Germany, Italy and the United States, where it was invested or banked.

The most dramatic flight of funds is from Brazil, Venezuela and Mexico, where Castro's Soviet-trained agents are infiltrating by the hundreds.

Brazil, where the government favors a coexistence policy with Castro's Reds, has lost \$1.6 billion; Venezuela \$1.4 billion; and Mexico \$300 million.

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Even if this damaging outflow of capital can be stopped under the impact of the Alliance for Progress program, it will take the United States five years to pump the "lost" money back into the Latin American economy at the rate of planned expenditures.

Under the President's program, a total of \$877 million of the \$1,112,500,000 provided for development loans this year has been "committed," but only \$112 million has been turned over to the borrowers.

President Kennedy has reacted to this dark news by shaking up the program with a strange game of musical chairs.

He grabbed Richard Bissell, mastermind of the ill-fated Cuban invasion, on his departure from the Central Intelligence Agency, and assigned him to the White House to see what could be done to reverse this flow of capital.

Bissell, whose wide influence has helped him land top jobs in both the Kennedy and Eisenhower administrations, is also in charge of drawing up a priority list of how funds should be spent for the multi-billion-dollar aid program.

The latter assignment gives him the power almost to break or make governments in the hemisphere.

The President also is calling on the Peace Corps to help save his Alliance program.

He "borrowed" William Haddad, associate director of the Peace Corps, from his brother-in-law, Sargent Shriver, director, to "straighten out" the Latin-American aid program. Haddad, who married the adopted daughter of former Ambassador John Hay Whitney, was loaned to the State Department to speed up loans to countries taking part in the program.

Other major changes in officials handling Latin-American problems include the rapid-fire switching of officials holding the strategic position of assistant secretary of state for inter-American affairs.

Within less than a year, this post has been filled by

Ambassador Thomas C. Mann, now in Mexico; Ambassador Robert Woodward, who is awaiting a new assignment, and Edwin Martin, former assistant secretary of state for economic affairs.

The President shifted Richard N. Goodwin, his 30-year-old assistant special counsel, to the deputy assistant secretary post to boost the program.

There now are signs that the freewheeling Goodwin will be involved in the next switch. Three very influential legislators are storming the White House for Goodwin's scalp for undercutting Secretary of State Rusk at the recent foreign ministers conference at Punta del Este. They include Sens. Bourke Hickenlooper (R-Ia.) and John Sparkman (D-Ala.), both members of the Senate Foreign Relations Committee, and Rep. Armistead I. Selden Jr. (D-Ala.), chairman of the House Foreign Affairs Subcommittee on Latin America.

The word from within the White House is that the President is urging Goodwin, a campaign associate, to take an ambassadorship in order to get him out of the State Department.

A number of Goodwin's activities have been quietly turned over to Theodore Moscoso, whom the President recently brought in to handle the Alliance program within the Agency of International Development.