

Teodoro Moscoso Oral History Interview – JFK#2, 5/25/1964
Administrative Information

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Biographical Note

Moscoso, Teodoro; Ambassador to Venezuela (1961), United States Coordinator, Alliance for Progress, Agency for International Development (1961-1964). This interview focuses on relations with Latin America during the Kennedy administration, John F. Kennedy's meetings with Latin American heads of state, and official visits to Latin America, among other issues.

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MILLER: Well, we might stop now, Ted, except there is one footnote to history perhaps you could throw some light on. The president, as I recall, in his inauguration address mentioned the Alianza para Progreso. Later on the "el" has been put in so that it becomes Alianza para el Progreso which I believe ^{is} at least it has been said...

MOSCOSO: Alianza para Progreso was in the inaugural speech?

MILLER: Yes, and later, which I understand is not correct Spanish...

MOSCOSO: This was my contribution.

MILLER: This is...

MOSCOSO: Did you ever discuss this with the president?

MOSCOSO: No, no, I just stuck it in there and I said ~~that~~ this is the way it should be, and no one doubted that I would at least know where to put the prepositions.

MILLER: I thought that this might be a lasting contribution.

END OF TAPE I, PART B

TAPE II

May 25, 1964

MOSCOSO: The meeting held on Saturday, March 3 with President Kennedy is related to the impending, so-called Moscoso-Goodwin mission to Chile which left on Sunday, March 4 ^{the Fourth} for Santiago. The background is as follows:

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Chile had gotten itself into a very difficult balance of payments situation to the extent of losing most of its reserves. There was obviously a need for an exchange revaluation in Chile and our ideas were to the effect that, if Chile were willing to devalue its highly over-valued currency, if it were willing to undertake a series of reform measures and try to stabilize the currency, primarily through efforts at correcting the factors which were causing high-inflationary pressures, we would be willing to consider making them a long-range commitment. Since Chile's national development plan was one of the most advanced in the Latin American area, we felt that the ^{and} we knew, more or less, what was going to be required ⁱⁿ foreign exchange, in order to finance the plan ^{we} we thought that we could cajole ^{with} Chile into adopting these measures by offering as a bait the financing of their plan. The invitation for a mission to Chile came about through the attendance of Dick Goodwin at the second Punta del Este conference, the one that ^{was held} ~~fell~~ in January and which decreed the elimination ^{of} from Cuba from the intra-American system. The ^{then} finance minister, I am sorry, the ^{then} foreign minister of Chile had apparently become quite friendly with Dick Goodwin and he felt

that a visit of Dick Goodwin to Santiago would assist him in obtaining the necessary financial support from the United States. ^{HP} On Friday afternoon, the ~~day~~ before my meeting with President Kennedy, Fowler Hamilton, the administrator of the agency, called me up with Mr. Goodwin and with Mr. Lingle [[] present to discuss the Chilean mission. Mr. Hamilton's contention was that Mr. Goodwin had no business going on such a mission. After all, he was a member of the State Department staff and was not authorized to make commitments on behalf of AID. ~~[Agency for International Development]~~ []] I countered with the argument that ^o since the invitation had originally been made to Dick Goodwin, I did not see any harm in a State Department official going along on the trip. In any event, whatever agreement was reached in Santiago would have to obtain the aquiesce [?] of the State Department [?] so I felt that no harm would be done if a person who had the confidence of the president accompanied me on the trip. Mr. Hamilton then spoke privately to me and insisted that Goodwin not go. On Saturday, during the meeting with the president, we discussed the possibility of getting the Chileans to agree to the stabilization program and we decided

to break the proposal, break it down into two parts. We would give them immediate assistance of some 40 million dollars, primarily to be used in projects but in order to make the funds available to them immediately, the idea was that we might be able to identify projects already underway in the budget and agree to finance their ongoing costs. Later on this became impossible and that I will explain later why and how we finally managed to arrange the transaction. But the important thing again was the issue of whether or not Mr. Goodwin should go on the trip. I told President Kennedy what I had told Mr. Hamilton and the president said, "I think that Dick ought to go." That was enough for me. I remember then that that night I was invited to an informal dinner at Mr. Hamilton's place and Mr. Lingle was very insistent on knowing what I had discussed with the president. I told Mr. Lingle what the president had said and that I had told the president that Mr. Goodwin would go with me. Mr. Lingle blew up and threatened to resign right then and there and that he was not going to accept this kind of interference on the part of the White House with the affairs of AID. The blow[?] up was rather unbecoming to the dignity of Mr. Lingle and Mr. Hamilton and, I must say that *the*

next Sunday right after I had ^ghad lunch I got a call from Fowler Hamilton inviting me over to the house to chat for a minute before I left for the airport and at that time Hamilton said, "Look, you should forget what Jake said. I think he was angry because, after all, we had agreed amongst us that Mr. Goodwin shouldn't go and you had agreed that you would obey our orders but apparently the president thought differently." I said, "Yes," and I ^{just}thought the president was right in his appraisal of why Mr. Goodwin should go. That was one of my earlier encounters with Mr. Lingle.

MILLER: Did the president, in your discussions of the Chilean package, give much of a feeling ^{of} this is really sort of ^{of} his view towards the Alliance for Progress and the necessity ^{of} for reform? This was one of the first real tests after AID had been established in November of 1961 of whether or not financial assistance would entail some kind of reform. Did the president have any...

MOSCOSO: The president was agreeable that, if the Latin Americans moved along in performing under the reform commitments of the charter of Punta del Este, we should in turn back them up. This was a crucial issue in the initial months of the alliance. Congressman Passman [

was continuously putting out verbal barages in the press ^{to the effect} that not one penny of alliance funds should be made available to Latin Americans until after they had performed on these reforms. Precisely at that meeting on Saturday with President Kennedy he backed up my contention that it was impossible to require these countries to make these very difficult and politically explosive reforms unless it was something which made it politically palatable and, not merely to the politicians, but to the public in general. After all, decreeing a re-evaluation of a currency is a very, very serious matter. This was one of the requirements, as we understood it, on the part of the IMF in order to sign up another stand-by agreement, and we thought it was absolutely necessary. Otherwise Chile would continue to lose exchange at a very heavy rate, so the president went along with our assisting Chile without any performance at all on the first ^{crunch} of 40 million dollars but requiring performance immediately thereafter.

MILLER: Was there anyone present at that Saturday meeting ^{who} argued that we shouldn't require them even to perform after the first...

MOSCOSO: No, no there was no one there who...and neither did the president think that that should be the case. He felt that what we should do was to move paripassu with them. As they moved along in reforms, we should keep on assisting them and backing them up financially, but in the initial stages, if it was necessary to advance some funds in order to get the program going, we should take that chance.

MILLER: Was there anyone at that meeting who recommended that we shouldn't let even any amounts of money go until they had made significant effort?

MOSCOSO: No, No, no one at that meeting.

MILLER: So the recommendation to the president was substantially in accord with what the president decided to do?

MOSCOSO: That's right, that's right.

MILLER: Now, at this time, it was about the time that Mr. Ed Martin replaced Secretary Woodward.

MOSCOSO: That's right.

MILLER: Did that subject come up at all in the Saturday meeting?

MOSCOSO: No, no, but I do recall how this came about and maybe it might be interesting unless someone else has already mentioned it. On a Sunday in February

I got a call from Mr. Goodwin, had I read the New York Times? Yes, I had read the New York Times and right on the front page of the New York Times there was a prominent headline to the effect that Brazil was threatening the expropriation of some telephone companies, and the United States was reacting by threatening to cut off all Alliance assistance from Brazil. When you delved into the details of the article, it became apparent that it wasn't the federal government of Brazil ~~who were~~ ^{that were} making the threatening noises but a few of the state governments that were threatening expropriation. It appeared that when the news was relayed back to the United States, comments were requested from the State Department officials, and the official appeared to have been giving the United States position or policy to the effect that, if Brazil did this, there would be a shutting off of all alliance assistance to Brazil. This was obviously the kind of a thing that would merely confirm what some of the Communists had been saying about the alliance that this was just a smoke screen for the United States to continue its, ^{quite} "imperialistic penetration," ^{unquote} into Latin America, so I could see why the president was so concerned. Dick Goodwin

was calling on behalf of the president and he happened to be at the White House at that very moment. The question was this, "Did you make that statement?" I laughed into the telephone and I told Dick that he knew damned well that I wouldn't make a statement like that. He said, "Well, the president asked me to check with everybody." And I said well all I can tell you is this, "I did see the newspaper man who wrote the story for the "New York Times" in the department and I would think that he had better check with some of the other officials." It appeared that the official who had written the report, or who had given out the report, was Mr. Milton Barral ^{(sic) all} and it also appeared that the statement had been cleared by Assistant Secretary Goodwin.

MILLER: In the meeting at the president's, in the White House, on Saturday the third, who was present at that meeting?

MOSCOSO: UM, as I recall, Dick Goodwin was present, the president was there, Ralph ^{Dungan} ~~Donovan~~ was there. I don't recall the others.

MILLER: And the issue of whether or not Mr. Goodwin would go to Chile was presented to the president at that time?

MOSCOSO: Yes, at that time I mentioned that there was this discrepancy about whether or not he should go and I got the distinct impression that the

president would like to see Dick ~~Goodwin~~ go, and that ^{is} why I made the decision that he ~~should~~ ^{would} accompany ^{me} him. Shall we finish the incident?

MILLER: Woodward, yes.

MOSCOSO: As I understand it, the president became very much annoyed at the fact that precisely what we had been trying to avoid had occurred, the tying of aid assistance with any kind of overt move against U.S. private interests in some of the Latin American countries, and it resulted in Secretary Woodward ^{is} going as ambassador to Spain and Mr. Barral ^{all} went to work in a private firm, and I think it ^{is} worth recording because of the fact that it showed President Kennedy's great concern for this very delicate psychological climate in which he ^{felt} ~~hoped~~ the alliance would succeed or fail. If it became identified with the so-called imperialistic policies that the left, even the democratic left, ^e of some Latin American countries was trying to identify ^{it}, then, we were going to fail in our undertaking. Another thing, of course, that this brought about was a reaction on the part of Congress which ultimately resulted in the so-called ^{Hickenlooper?} ~~Hickel-Hooper~~ amendment. I think that the ^e amendment has reduced, as the president was immediately aware, the ability to move around on the part of the United States and its relations

with foreign countries.

MILLER: As long as we are on that subject, we might as well skip ahead a little bit and discuss the Brazilian president's visit the following April, about one month later.

MOSCOSO: The next two meetings that we had with the president were in preparation for receiving Mr. Goulart ~~pre-~~ ^{pres-} ~~sident of Brazil~~ at that time the president wanted to crystalize his thinking about private investment in Latin America, particularly the Brazilian situation, how best could that be handled. He wanted to protect U.S. citizen's investments in Latin America as much as possible but at the same time he realized that there were ways of protecting it to the point where you destroyed the foundations of this program which was absolutely necessary in order to create the conditions for social, political and economic growth in Latin America. In preparation for Goulart's visit, the president evolved a theory of gradual takeover by the Latin American countries or their ~~naturals~~ ^{nationals} of some of the American investments in, particularly, the public utilities field. He felt that the United States was being blamed, unjustly for any increases in electric rates or gas rates or power rates or whatever it was provided by utility companies ^{owned} in the United States. He felt that there was no great technological know-how involved in providing power ~~and~~ or giving tele-

phone service, ^{and} therefore there was no clear need for U.S. participation. What was required now was some equitable arrangement so that these companies could be bought out and ^{its} ~~the~~ share holders compensated adequately. Well, in the meeting that President Kennedy had with President Goulart, in the very first meeting, this item came up and President Goulart agreed with President Kennedy. First, they agreed that private foreign capital was necessary to the development of these ^{Countries} ~~companies~~ but that in the public utilities field this need was not as great. They also agreed that the United States was being identified with these companies and when the company increased its telephone rates or its power rates it wasn't the telephone company that did it in the minds of the Brazilians or the Chileans or what have you, but it was the United States company, the American company, that did it. Therefore the United States was being blamed for something for which it had no responsibility. The method of compensation had to be equitable. Goulart agreed to that and it was then a question of finding out the kind of formula which ^would permit this gradual takeover of some of these utilities. There were, of course, lengthy discussions on the part of Goulart as to how best

they could try to control the inflation in Brazil, what to do about the north east. There was a discussion on the delays being encountered on getting the north east program going. I did not notice any great rapport between President Kennedy and President Goulart. It was relatively easy to notice when President Kennedy felt atuned to the thinking of the distinguished visitors that he had with him and I made it a point to notice this rapport, comparing, let's say, Goulart's visit with Betancourt's visit. I could see that in the case of President Betancourt of Venezuela the president felt completely at ease with Betancourt. And here was full rapport between these two men. They agreed in such a wide spectrum of ideas that complete confidence was established between the two men. In the case of President ~~Yerras Camarillo~~^{Lieras Camarillo} of Colombia, I also noticed that there was an intellectual rapport which was established immediately, perhaps a little easier than the one with Betancourt because ~~Yerras Camarillo~~^{Lieras Camarillo} speaks better English. However, when it came to Goulart, the president just didn't, he didn't feel that way about the man. He felt that there is something in the man that I do not like. He is not my kind of politician.

He was very courteous, of course, and all of the amenities were held to but the relationship was not an easy one.

MILLER: Did this relationship, that did not really blossom, stem partly from a difference of view of expropriation or ^{anywhere} any other issues, or did it seem to be just ^{of the} a temperament?

MOSCOSO: No, no, there was something... as a matter of fact, ^{in so} as far as expropriation was concerned, the president's ideas were pretty close ^e to those of Goulart. No I think that it was a much deeper of lack of understanding, or not ^e a lack of understanding, perhaps too good an understanding on the part of the president that he was talking to a man whose principles ² were a little bit questionable.

MILLER: Did the subject of communism in either the north ³ east or generally throughout Brazil come up in the discussions between the two?

MOSCOSO: This was mentioned but the president knew quite well that it is relatively easy to raise the cry of communistic ² subversion or infiltration and so forth ⁰ and ¹ since he had been already subject to some criticism here because some officials had been, the reaction of some officials had been questioned by the newspapers, and since he had some security cases already come before him, I don't think that he was as insistent as some

of the officials would have liked him to be. He did mention it to President Goulart and I think that he showed the United States' concern about the matter but it was not a table-thumping sort of ^a concern; it was more, "Look, if you are not watching this, for heaven's sake watch it because before you know it you may find yourself inside the belly of ^a the tiger instead of riding it."

MILLER: Did ^d the subject of the Bay of Pigs come up ^{at all} as far as you know?

MOSCOSO: No, not at that time. It didn't come up during the Goulart meeting at all.

MILLER: In preparing for the Goulart meeting, you ^{we} had indicated that the president wanted to, and did, refine his thinking on the role of private enterprise ^s expropriation and the United States government.

MOSCOSO: The president continued to feel that the ^e role of private enterprise should be limited to manufacturing ventures and not in the public utility field. Also he was a little bit hesitant in endorsing American capitalist investment in extractive industries which he thought were also sensitive to public ^c criticism ^o in the case of diversified manufacturing, he was all for doing as much as possible to stimulate U.S. private

investment in this field.

MILLER: Did this feeling seem to come from a result of
a specific analysis in the Brazilian situation or
was this a generally held view? *that had been perceived for some time?*

MOSCOSO: No, I think that it was a generally held view. I
think that ~~the~~ president was quite ^{conversant?} cognizant with
the irritations in Canada. He equated some of
these irritations in Latin America with those
that he had had some experience with in the case
of Canada, so this was not something new to him.
The solution, as he said, ^{was} "All right, let's try *??*
to encourage investment in diversified manufacturing.
Let's try to discourage investment in utilities
and in the extractive industries and let's try
to get more of the investment done on a joint
venture basis." He was very much in favor of
joint ventures.

MILLER: Was there anything else about the Goulart visit
at this time that you recall? I gather that it
was reasonably cordial but not overly so.

MOSCOSO: Yes, that would be the best description of the
visit.

MILLER: We might then shift back a little bit to the
Allessandre visit which was in early March,
I believe.

MOSCOSO: Well, this was, this was, no, Alessandre came later.

MILLER: I'm sorry, yes.

MOSCOSO: Yes, Alessandre came in 1962, late in 1962, December.

MILLER: Right, late ⁱⁿ 1962.

MOSCOSO: ^{No,} This indication here means that we had prior to the Moscoso-Goodwin trip to Chile.

MILLER: Then moving on, ^{my} ~~our~~ next notation is ~~that~~ in early May there was a meeting on the Dominican Republic ^{and} specifically on the sugar matter, ~~that~~ there was legislation pending before the ~~Congress~~ about that time that ^{or} affected the Dominican Republic.

MOSCOSO: Well, early in 1962 I had gone to the Dominican Republic to see how we could assist the ~~Assembly~~ ^{Consejo de Estado} trying to remember what it was called. It was ~~really~~ ^{after the exit of the Trujillo family. I consisted of} a collegiate type of government that had been set up, ~~in which~~ ^{that} a group of civic-minded people ^{that} elected one person to speak on behalf of them and they ~~form~~ ^{the} a government. They also agreed that there would be elections and that they would disappear from the scene. In the meantime, how do we keep this ship from sinking? ~~I~~ I had been to the Dominican Republic to study the kind of assistance that we could give them. I had a pretty good mission with me at that time and this meeting refers to my report

to the president as to what had been done and the need for getting the approval of the congress for legislation which would allow us to return to the Dominican ^{government two two and a half} Republic the 2, 2½ cent...

MILLER: Premium.

MOSCOSO: ...excise, not really a duty, an excise that we had imposed on ~~the~~ Dominican sugar. ^{This} ~~It~~ came about because during the last few days of the Trujillo regime President Eisenhower had tried to get the Sugar Act ammended so that the Dominican sugar quota would be completely eliminated. Congress did not go along with this idea so then he imposed this excise which he could do without any further legislative sanction and in that way some 22 million dollars were collected by the United States government from the sugar that was sold by Mr. Trujillo in the United States. The idea was to make, even if we couldn't close the doors to Dominican sugar, at least we would make it expensive for them to sell here. Well, the theory of the excise was that this was an excise against Trujillo and his government and not against the people of the Dominican Republic therefore we were trying to find ways and means of returning those funds now to ^a ~~the~~ people who had gotten rid of the dictator. And just exactly how we were going

to do this was discussed at this particular meeting. Some people thought that the best thing was to come right out and tell the Agricultural Committee, Congressman Coolie, [?]

what we were trying to do. Other people thought that maybe we ought to do it utilizing supporting assistance funds without any more ado, ^{but} ^{since} ^{at} that particular moment we were also going through the process of getting our appropriation from congress, it was necessary to be sure that we had the right strategy to resolve this problem. I must say that the president was very much in favor of helping the Dominican people as much as possible. He seemed to feel that a people that had had the courage to get rid of this dictator and at the same time to prevent unusual blood shed and chaotic conditions ought to be given the best possible.

MILLER: Had you had any meetings previously with the president on the Dominican Republic? Do you remember?

MOSCOSO: I think ~~that~~ we had had discussions ~~and~~ I don't see it in here [^] with him, on the Dominican Republic.

MILLER: The president appears to have had a very special interest in the Dominican Republic even down to following the local politics on an almost individual basis ~~every day~~ ^{from day to day}

MOSCOSO: Yes, ^{yes.} as a matter of fact, he had sent some person who seemed to be a close friend of his, John Barlow ⁺ Martin, to look into the Dominican situation ^{and} report back to him. It seems that the president was not too sure that the charge who at that time was in the Dominican Republic was completely aware of everything that was happening. Apparently, the president did not know him personally and he knew John Barlow Martin so he wanted to get at least two points of view, ^{and} I must say that he read voraciously anything that came out of the Dominican Republic. His interest, I believe ^{2.} emanated from the fact that he wanted to see the dictatorships eliminated from Latin American and here was a magnificent chance after the overthrow of Trujillo to keep the Dominican Republic from reverting back to a dictatorship, ^{be it} military or... ~~otherwise~~

MILLER: So by this time he had a very full blown interest in the Dominican Republic, this being about the first of May, 1962, ^{Moscoso: That's right. Miller?} and was interested in the details as well as the legislative strategy ^{as to} of how the money...

MOSCOSO: Could be made available to the Dominican Republic. By the way, he was throughly in agreement with the supporting assistance loan that I made during

the brief mission which I undertook early in the year, (25) million dollars of supporting assistance and, when this additional money was spoken of, he was completely, totally in favor of it being made available as quickly as possible because he thought that this would be an indication that we were not collecting that excise from the Dominican people but from the dictatorial government that had been overthrown.

MILLER: Thereafter there was a meeting with the Commerce Committee for the Alliance for Progress. It seems fairly... was that a prefunctory meeting or did anything occur?

MOSCOSO: I don't recall that meeting very well. I think that a lot of other things were discussed besides ^{that}. Sometimes these meetings appear to have been called for something but then a lot of other things were discussed. In my ignorance of the Washington ways of doing things, I found that heads of departments sometimes took initiative without consulting with other heads of departments. This Commerce Committee for the Alliance was ^{an} ~~the~~ initiative of the secretary of commerce which I thought more properly belonged to the aid agency. We had started to set up a committee, an advisory committee of private enterprise and private organizations. Unfortunately, we, perhaps, were so scrupulous about the people

who should be in the committee that it took us a little longer than it took the secretary of commerce to put his committee together, and before I knew it his committee had been appointed and approved and our committee was still in the process of being cleared by the various departments. I remember that Phil Denser, [^] who was handling that for me was very much annoyed at the fact that these people got ahead of us because we felt that we were going to have difficulty in coordinating them which effectively we did have. Was the president asked

MILLER: Was the president asked to arbitrate these differences between the committees?

MOSCOSO: By that time it was impossible because ^{of} the announcements ~~that they~~ had made in the press that this committee had been set up and, apparently, the members of the committee had been so notified so it was impossible to do anything about it, and what we tried to do was to work as closely as possible with this committee. ^{it became the} ? COMAT?
I must say, however, that Mr. Hamilton was ~~sorely~~ ^{where} ~~thoroughly~~ annoyed to the point ~~that~~ he didn't want to have anything to do with it particularly when finances were talked about and it appeared that even though this was going to be a Commerce Department committee it was going to be financed by AID, and he felt that that

wasn't cricket.

MILLER: Did the president have any reactions to the committee?

MOSCOSO: Well, yes, it was quite interesting and I can remember quite vividly one of the results of the committee's activities. First, a committee report came out from the co-map and giving wide publicity in the papers signed by Peter Grace. The report, as it was sent to Secretary Hodges, said I have checked with some of the members of the co-map, others I couldn't get but here is the report anyway. And quite a number of the business people on that committee thought that this was a cavalier method of handling things which they weren't in agreement with. At least three of them thought that the committee report was not sufficiently strong in pressing for the complete elimination of government to government relationships in the Alliance for Progress and turning the whole job over to private enterprise. It is an indication of how the president felt towards the private business sector when they pressed him too hard, his reaction upon getting a minority ^{report} so called, ~~report~~ from David Rockefeller, ^{and} Mr. Riston and Pete Delgado a few weeks after the co-map report had come out. I remember that I was in the White House on some other matter and he took out this letter that these three gentlemen had sent as a minority report and he asked me if I had

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? is this earlier?

read it and I said, "Yes, I have seen it." He very quickly read it and when he got to the tail end he said, "You know, these people are going to have a tremendous impact in Latin American public opinion." And then he loudly read, "David Rockefeller, The Chase Manhattan Bank, that's ^{is} quite a name down there, Mr. Emilio G. Delgado, Member of the Board of Directors of the Standard Oil Company of New Jersey, that's quite an influence down there," and the third one Mr. Henry Riston, *I think was his name* "the First National City Bank of New York." He said, "You know, these are the kinds of things that these people do which hurts us and it hurts them and it doesn't help anyone." That's the way he felt about it.

MILLER: On the ^{thirty-first} 31 of May I have a notation from Mr. O'Donnell's appointment book which says, "Martin and Moscoso meeting, re: Alliance for Progress - off the record." Do you have any recollection ^{of} as to ^{one} what that was?

MOSCOSO: Let's see. *That's...*

MILLER: *thirty-first* The 31 of May, 1962. ...

MOSCOSO: May 1 ... 1962.

MILLER: May 31 ...

MOSCOSO: *MAY first, MILLER: MAY thirty-first.* No, is it? On May 1 is this it? Oh, May 31 *thirty-first.*

MILLER: I can't figure it out.

MOSCOSO: I think this was a briefing session prior to the visit of the president ^{of} to Panama. At one of these

meetings which appear^{ed} here and which do not show the subject treated, I know that the president asked me some very sharp questions about ~~the~~ balance of payments problems and particularly ~~the~~ balance of trade but more particularly the balance of payments of the United States and some of the Latin American countries ~~and~~, not being a professional economist, I was not able to answer him adequately at that time that it was very difficult to work out a balance of payments relationship with each specific country at the spur of the moment, that it was one of the more difficult things to do, that countries normally handle the balance of payments on a global basis, on an international basis and that dividing it up between countries ^{way} is a very difficult thing. Well, ^{since} the president had this idea that almost anything ~~that~~ you wanted to do you could really do. He didn't understand this. Well, neither was I able to make it sufficiently clear to him that this was a very difficult thing. I could tell him about the balance of trade but ^{that} in some countries this can be quite meaningless, for instance, in the case of Mexico, we have a very negative balance of trade, rather Mexico has a negative balance of trade with the United States. Nevertheless when you look at the balance of payments that has regressed because of

the expenses of the tourists, U.S. tourists, in Mexico. Well, he just scolded me ^{and said,} "Ted, by God, you'd better get these facts straight in your mind because this guy ^{Passman} ~~Bessemer~~ is going to clobber you." And he really scared the life out of me because I had not confronted Passman and I was going to and I thought that ^{if} Mr. Passman ^{is} ~~was~~ going to be as knowledgeable about economic matters as the president ~~and~~ I'm really going to be in trouble. As a result of ~~this~~ ^{that}, I spent night after night, after night going over this material and I, perhaps, got the shortest course in economics that anyone has ever had in his ^{life} ~~time~~ over the period of the next few months.

MILLER: ^{And} Interestingly enough, as I recall, Passman did ask you questions about the balance of trade and payments with countries.

MOSCOSO: That's right, that's right ^{so} it is a very good thing that the president warned me about this.

MILLER: In June the [?] president of Panama came to ^{visit} the United States and there were several luncheons and formal occasions and some private meetings with president Chiari. Do you have any recollections ^{of the....}? You sat in on some of these?

MOSCOSO: Yes, I sat in on some of these meetings but, quite frankly, I did not pay too much attention to the proceedings for the simple reason that I felt that

Panama was a special case and since Mr. George ? on p. 39 ?
Ball had been made head of the special group
that was working on the Panama problem which was
primarily a question of the canal and revision of
the treaty and the construction of a new canal,
I didn't see it at all from the point of aid or a
developmental program.

MILLER: There was a commitment made.

MOSCOSO: My contention ² my views were expressed very
simply to the president and that is that eventually
the Panamanians should be weaned off the canal
because someday the canal was going to be unnecessary.
Someday through atomic energy we might build a
canal somewhere else and what would the Panamanians
then do? They had depended so much on the canal
that this would be disastrous for them, so I thought
that we should insist on getting them to focus their
attention developing the hinterland of which they
have plenty and I thought that cattle raising and
agriculture in general would be a way of building
up the Panamanian economy to ^a pretty high levels,
as agricultural economies go, and that the future
of Panama lay, of course, in becoming part of the
Central American Common Market.

MILLER: A commitment, I believe, of AID funds was made
during these meetings, about 10 million dollars,
and there was some publicity given to that later

on adversely by the congress.

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MOSCOSO: No, this had been done before that. As a matter of fact, ^{because} it was 9.9 million dollars of supporting assistance primarily for certain social projects, housing and things of that kind and, of course, the congress was suspicious that this was just another way of getting around the reluctance of congress to revise the Panama Canal Treaty. They thought that by making these funds available to Panama on more than concessionary ^{why} terms, the president was really increasing the amount of fee that Panama was getting.

MILLER: ^I As far as you can say, in terms of the discussions, did President Kennedy build up any kind of personal relationships or ^P rapport with President Chiari?

MOSCOSO: I don't think that ^P there was much rapport either there. I think that he felt that President Chiari was a member of this oligarchial ^{exchanging} group in Panama that had been ^{accepting} the presidential chair amongst them and that there wasn't any real sincere intent on Chiari's part to undertake any of the changes ^{and} transformations, reforms that Panama needed. The president was never too foolish about the possibility of any group in Panama really developing the will to develop the country and to try to pull it out of the miasma of indifference which, of course, is the ^{root} cause of some of the difficulties ^{that} we have with Panama.

These oligaric groups utilize the relationships between the government and try to deviate the attention of the Panamanian populace from the internal injustices to which they are subjected and the United States becomes a whipping boy.

MILLER: Did the president seem to have--the president did seem to have a definite feeling that Chiari was not committed to reforms.

MOSCOSO: Yes, on the other hand, on the other hand the president felt very strongly about the way we had behaved towards Panama. Being the kind of reader that he was and with this intellectual curiosity of his, he, apparently, had delved very deeply into this Panama relationship and particularly how we acquired, through treaty rights, the canal zone. I remember very distinctly after a meeting with Chiari, not at the time of his official visit but later on, at the time of the Central American meeting in the embassy residence at Costa Rica the president calling Ed Martin and me into the room after President Chiari had left and shaking his head ^{and he said,} ~~saying,~~ "By God, we certainly gave the Panamanians a royal screwing at the signing of that treaty." ^{and He said,} "I hope that in a non-election year when we can discuss this thing more coolly, we will try to do justice by Panama and the Panamanians."

MILLER: There seemed to be quite a strong feeling then of historical injustice on the part of the United States with respect to the canal

MOSCOSO: Yes, ^{yes, yes} but those very strong words ^{as far as President Kennedy was concerned} that ^I he used, "We gave the Panamanians a royal screwing," [?] Those were his words.

MILLER: ^{In} This feeling ^{really} over ^{or} along side of ^{of a feeling} was also on the president's mind ^{was} that the Chiari government was not fully committed to the Alliance.

MOSCOSO: Not fully committed. That these people, ^{that} the leaders in Panama were not doing the job that was required of them and this made it doubly difficult because he felt that we must make sure that whatever funds were made ^{which} available were going to go into meaningful projects ~~that~~ were going to benefit the population. The other problem, of course, that he had was always his relationship with the congress. How do you do justice to the people of Panama and at the same time keep the congress from thinking that I am violating all of the commitments that I have ~~made~~ or that the congress has made in relation to the Panama Canal treaty.

MILLER: Moving on, in June of 1962.

MOSCOSO: I think that before we move on ~~now~~, Leigh, it would be desirable ^{how} to insert a parenthesis here of some of the problems that I started to feel were emerging in my relations with the president. I started to notice

that the president became increasingly anxious about moving forward in the Alliance, results, immediately, results, performance, of something spectacular happening, and in quite a number of the meetings we would have exchanges in which he would say, "Well, Ted, why can't we get this thing going right away? why is it taking so long for disbursements?" He pressed so hard that I, unfortunately, struck a defensive attitude. I would come on with the commitments and disbursements of the World Bank and the Interamerican Development Bank and show him that our disbursements were just about as fast, if not faster than either of the two institutions, and when you consider that AID was just a few months old, I thought that the record was fairly good, but he didn't understand it that way. He wanted instant development. Well, you just can't get instant development. I could understand his desire for getting immediate results but I had had twenty years experience at this, and I know that you just don't get instant results. You are dealing with distortions which are two, three hundred years old and you just don't eliminate ^{those} them overnight. When you don't have the expertise, when you don't have the skills, when you don't have trained people, when sixty per cent of the population of a country doesn't know how to read and write, how on earth can you achieve quick development? When you need ten thousand engineers in a country and there may be a thousand available and even those thousand

are very poorly trained, you just don't get that kind of immediate results. The other thing is this, some people would press for our doing the job and my answer to that contingency was, "You just can not do the job for them. Either they do it themselves or it just will not get done." Because the question is not to build a road or to build a school but to build the institutions that will continue to build roads and schools from now on and will be able to generate the savings and will be able to finance these projects from now on. If it ^{is} a question of sending in engineers and planners and so forth and building a certain number of projects, I think that would be relatively simple but then when these people left what would be left? Well, yes, they would have a fine road but how many years would it take before they could have another road and how many years would it take before they could develop an economy that could fruitfully use this road?

MILLER: The president felt that we should be showing more physical accomplishments ^{MOSCOSO: more physical accomplishments.} in a shorter period of time?

MOSCOSO: ~~More physical accomplishments,~~ ^{more.} yes, that's right in a shorter period of time.

MILLER: Even though he, of course, had proclaimed it as a decade ^{MOSCOSO: That's right, That's right. MILLER.} long program, ^{OH?} did this seem to stem from lack of understanding or impatience on the part of the president to

get things going or a lack of understanding of the basic problems? *I would you say?*

MOSCOSO: I think it stemmed [^] from two things: first a lack of understanding of the time it takes to get certain things done; and secondly [^], he felt, perhaps, that I was not attuned enough to the way things were done in Washington to get things moving fast and partly he was right. I had told him this when he first told me to take on the job. This would be the first time I had ever worked in the United States, on the mainland, and there was a substantial cultural lag. Well, if you find these corporate tycoons ^{who} that come here after forty years of experience ^{with} in managing great corporations and they have a hell of a time in this Washington jungle, imagine what my experience was knowing nothing about Washington and being dropped all of a sudden into this fantastically complex program with many more difficulties than Paul Hoffman ever faced in the Marshall Plan. ^{and} Paul was one of those who told me, "People don't seem to understand that this is a development program and not a rehabilitation program." Hoffman said, "Europe will be rehabilitated by the Europeans. All you need to do is provide them with a balance of payments cap and they ^{will} ~~will~~ take care of it. They have the managerial talent. They have the engineers; they have economists;

they have the planners; they have the managers." In Latin America you have to collect these people overnight.

MILLER: In your explanations to the president, did the president seem to gain any understanding of the problems involved?

MOSCOSO: He would gain some understanding of the problem involved and maybe that's why he stuck with me, but I still think that he thought, well maybe if someone else were in there or if someone else were helping we might be able to get this thing done. On occasion he would send people in to assist. I remember when he asked me to take on Bill Haddad, who was ^{then} ~~in~~ at the Peace Corps. Well, Bill is a good publicist. He will immediately get articles in newspapers. That doesn't ^{give} ~~get~~ you development. He can project a good image, but that doesn't give you development. I mean you can see through that eventually. In order to get a good public relations program or project a good image about a program, you have to have depth in the program. There has to be accomplishment.

MILLER: In the meeting ^{by} the latter part of June of '62, it's ^{is} not quite clear to me what that particular meeting on June 21 of '62 was. Do you have any record that might...?

MOSCOSO: Yes, this was another one of the, of the meetings that we held with the president about the alliance and the organization. This is the kind of meetings that we had in which these things that I have just mentioned were brought out into the open and discussed.

MILLER: The president had then taken a personal interest and desired a review meeting rather than a meeting that was to solve any particular problems.

MOSCOSO: Yes, ^{that's right,} ~~yes~~ that's right. Now, one of the difficulties that he had with me, of course was that I was not a trained economist and therefore I did not react to some of these problems the way that a trained economist would have reacted. The question of the balance of payments, for instance, was something that, to me, seemed a relatively simple one vis a vis Latin America. I just could not understand why we should be as concerned about our balance of payments relationship with Latin America when Latin America normally buys more from us than we buy from them. Therefore they have to scrounge all over the world selling stuff in order to get the dollars to pay us. So why should we worry about our balance of payments problems with them? And ^{tying} ~~time~~ aid was just going to delay the program and I told him so. Nevertheless, his big concern was balance of payments and protecting the dollar. I think that it became an overriding policy with him that we must protect the dollar and that the balance of payments must be redressed and that, if we had to tie our aid in every possible way, we should do it. Between the two necessities, he thought that the balance of payments

and the protection of the dollar was more important.

MILLER: Did he ever wrestle out loud with this problem in these meetings ^f...

MOSCOSO: He did.

MILLER: ... Or had he fairly well made up his mind that these two necessities...?

MOSCOSO: He wrestled out loud. He also had Carl ~~case~~ ^{Kaysen} doing nothing but working on this. Since Carl's guidelines ^{had} ~~have~~ been ~~used~~, you make the recommendations which will save as much, which will tie up as much of our aid to U. S. procurement, Carl went ahead and did it. His proposals, ^{of course,} just meant additional red tape, a very substantial increase in the paper work and, ^{quite} frankly, I think that it has been detrimental to U. S. interests ^{is this earlier?} insofar as U. S. goods being sold in Latin America is concerned. There has been no great increase. As a matter of fact, there has been a decrease in spite of the kind of aid...

MILLER: Was there a discussion of the possibility of shifting just ordinary imports into the aid category which would result in no increase at all or ^{just} how sophisticated were these discussions?

MOSCOSO: My contention was that we ought to try to get the Latin Americans to make a moral commitment that they would start campaigns for increasing the purchase of U. S. goods. Put it on a moral basis rather than try to tie

it through special letters of credit and things of that kind because some of the things that were requested or required, ~~which was~~⁹⁸, for instance, the exact price of the goods imported went against the grain of some of the traditions in Latin America. As everybody knows, one of the means of permitting the flight of capital is to get the exporter in the United States to "over invoice" the goods that ~~are~~^{weather} being shipped to Latin American and then in turn the excess amounts would be put aside in some U. S. bank. Well, if you made it impossible for a Latin American importer to use this device to get some dollars out of the country, he would choose some other supplier which didn't require this and as a result, we lost quite a bit of business to Europe, ^{and} Japan and so forth.

MILLER: We might move on into the luncheon on the ^{twenty-fifth} 25th of June, I believe, in honor of the new president of Colombia. ^{-elect}

MOSCOSO: We had a briefing session with the president that day on the problems of Colombia and then we had this luncheon which was a very informal one. President Valencia ^L was not really in an official capacity yet, he had not taken office, and the luncheon was not very productive or the meetings with President Valencia were any great decisions reached.

MILLER: Then we might move on to the Mexican trip. Some meetings took place in the latter part of June and the trip lasted from the ^{29th} 29th of June til early July.

In the latter part of June, then, of 1962 the president was due to go to Mexico for his trip there. I think you had one or two sessions before hand about that trip with the president.

MOSCOSO: Yes, again the president wanted something spectacular to take place during this visit. In the previous visit to Latin America, the one to Venezuela and Colombia, the signing of the loan agreement took place in Caracas, and in Colombia, in Bogotá, the president laid the cornerstone for what has now become a whole city of 50,000 inhabitants. It's called Kennedy City. Now, in the case of Mexico, we tried to find what type of project would be in such shape as would make it possible to sign some document during his visit and we came up with the Agricultural credit proposal as the best one to attempt to put into shape so that the signing ceremony could take place. Most of our discussions were in connection with the several projects that were pending at the time. We had pending also a housing loan which the Mexicans had talked about but hadn't made the proposal yet. The agricultural credit we found quite interesting because it was an attempt to ~~try~~ to utilize the already existant commercial banking, product banking, system to do the actual lending and supervision of these loans with, of course, substantial

assistance from the government of Mexico in so far as supervision is concerned. The loan^e was a 20 million dollar loan and we managed to get the papers ready and the signing ceremony took place during the president's visit there. One of the concerns of the president and Ed Martin at that time was: Can we eliminate some of these irritants that have been muddying the relationship between Mexico and the United States? The Chamizal^{Chamizal} ~~Chamisal~~^{being} question was one of them. Well, both Tom Mann in Mexico and Ed Martin over here had been pushing Chamizal^{Chamizal} ~~Chamisal~~ very slowly but very deeply into the final throes of resolution and it was felt that at the meeting between the two presidents a final decision would be taken. I was not present at that particular meeting because this had nothing to do with the AID^{aid} program but I understand that the foundations were laid for^a final agreement and that has taken place, as everyone knows. The Mexican^o reception was uncommonly exuberant. I think that everybody was impressed by the crowds and their enthusiasm. President Kennedy, of course, is knowledg^eable enough to know that some of these receptions can be engineered and you could see that a lot of preparatory work had gone on. On the other hand, what he didn't expect was this great warmth of the reception which cannot be engineered.

The enthusiasm was very genuine and I think that he responded to the crowd, perhaps a little too much. I remember when he left the Presidential Palace[?] to go to the Municipal Council[?] of the City of Mexico and receive a document making him guest of honor of the city, or something like that, he got out of the car just a little before he should have because the crowd just surged towards him to a point where the secret service men were very much scared that the president would be crushed to death by the well-wishers[?]. At no time was a word heard or any indication given of any bad or ill will towards the president or towards the United States. We had expected some communist students to make some kind of manifestations of disapproval with the trip but nothing happened to mar the trip and the president responded with his very good political sensitivity by being extraordinarily close to the Mexicans in his rap^ort, stopping by and shaking the hands of the people, letting them come a lot closer than the secret service people would like for^o them to come. I think that the president was very happy during that trip and he felt that he was getting his message across to the Latin Americans. His messages were becoming increasingly addressed, not to the crowd in front of him, but to all of Latin America.

MILLER: Was this deliberate on his part?

MOSCOSO: This was deliberate on his part, yes. He realized that, whether he wanted ^{to} it or not, the mantle of leadership in Latin America had fallen upon him and, by God, he was going to do everything possible to press forward towards the reforms that he felt were needed in order for Latin America to move forward.

MILLER: Did you ever hear him discuss just why he spent so much time going, visiting south of the border and receiving presidents and emissaries from Latin American countries? It was remarkable in the short period of time of his administration how many he covered compared to ^{any} everybody else.

MOSCOSO: Yes, I think he devoted more time, perhaps, to Latin America than to any other area of the world, in spite of the problems in Viet Nam and so forth. I think he felt that the Atlantic community was not going to become complete until Latin America became part and parcel of it and, obviously, it had to develop in order to do that. I think he felt that these were our own people; it was part of Western culture. These were not Asiatics, therefore, by ^{gosh} God, let's give them a good, swift kick in the pants so that they can get moving and let's give them as much financial assistance as possible to help them get moving, and here we are going to have people who can be partners, allies, friends because they are members

of the family, members of the Western community.

MILLER: And I suppose part of it was the Castro menace was close enough and the Bay of Pigs fresh enough so that one had to be sure that one's ~~intents were~~ ^{intentions were mended}.

MOSCOSO: Yes, but pretty soon he became aware that Castro was just an effect not a cause and that you could get rid of Castro tomorrow and the causes were still latent there and that if it weren't Castro, it would be somebody else that would grow a beard and polarize these vast injustices or feelings of injustices among the people and the desire for change.

MILLER: During the Mexican trip, did you participate in any of the discussions with Lopez-Mateos and the president?

MOSCOSO: The only participation that I had there was in the signing of the loan agreement. Yes, the other discussions were purely state matters of concern only to the ambassador and the assistant secretary of state, so I did not participate in them.

MILLER: Moving on then to early July, there was a meeting, according to Mr. O'Donnell's appointment calendar on the sixth of July, an AID meeting. I note that the New York Times the next day or so carried a White House statement on the Dominican Republic's sugar readjustment fund, so I was guessing that it may have had something to do with the Dominican Republic. Do you have any record of that?

MOSCOSO: Yes, as you know, at that time, the congress was considering the new sugar law and an attempt had been made, which was, unfortunately, mishandled to try to rationalize our sugar policy here in the United States. The president's idea was very good. I suppose that this was worked out by the "E" area here in the States, but the implementation was not adequate. That is, we did not sell this idea to the countries who, perhaps, could have understood what our policy was. We were giving special preferences in our market to sugar-producing countries of this area, primarily the Latin American countries, but the funds were not going to the countries that needed it the most, nor was any effort being made in seeing that these funds were used for high-priority projects. This was merely higher price which in most instances came right back to the United States because most of the companies producing the sugar for export were U. S. owned companies, so I don't know whether it he or George Ball or the president or a combination who thought of this idea. Let us have one single price for the sugar we import, the market price, and then, the difference between the domestic price and the market price we will put into a "kitty" which

will be then utilized in terms of need in the Latin American area or in the underdeveloped countries. *In other*

words It would not go to the manufacturer; it would not go to the distributor; it would go to the country itself for high priority projects. Well, unfortunately, that proposal was not approved by congress. There was an uproar in the countries of Latin America because of *the* lack of understanding of what we were trying to do and then a general reduction in quotas was agreed upon. *And in the case of...* There was a reduction in quota and a general quota *was* agreed to for which general quota all the countries of *the western* hemisphere could compete *for it*. The Dominican Republic which had had a very high quota would have found itself *with* *in* a substantial reduction in its export earnings so it was agreed that in the case of the Dominican Republic we would compensate *them* by giving them the difference between what they would have gotten on the basis of the previous high quota and what they would actually sell in the United States on a descending basis so over the period of three years the blow would be softened. Fortunately, the price of sugar went up and, as a matter of fact, we have not had to make up for that compensatory...

MILLER: The president is sufficiently interested, *and* again, in the Dominican Republic so that he followed it very closely, I gather.

MOSCOSO: Very, very closely.

MILLER: Later in July, the Peruvian ^{coup} ~~CP~~ occurred which caused a certain amount of furor in Washington and abroad. You had a meeting on the twentieth of July with the president and, I believe, it was on the subject of the Peruvian ^{coup} ~~CP~~.

MOSCOSO: No, no the one on the twentieth was primarily on the briefing for the...

MILLER: For the president of Ecuador?

MOSCOSO: The visit of the president of Ecuador. Of course, this question of the Peruvian problem was mentioned. I, perhaps, ought to give some background on this. Coming back from the Goodwin-Moscoso trip, I came up with ambassador Lobe, Jim Lobe, who had asked to be recalled for consultation because he was becoming increasingly concerned about the possibility of a military coup which would prevent the elections from taking place. This was primarily brought about by the fear of the military of the victory by Aprista ^{APRA} ~~APRA~~ and Victor Haya de la Torre, whom they considered the sworn enemy of the military. Jim Lobe told me that he was going to tell the president that he wanted a strong message to be brought back to the military from president Kennedy via ambassador Lobe to the effect that, by God, we will not tolerate the destruction of institutional democracy here in Peru and we are going to cut off aid and we won't

recognize you if you do anything like that. I didn't see Jim Loeb after he got through with his talk with the president but later on he told me that he had gotten this message.

MILLER: ^{Yes.} He saw the president the fourteenth of March, ^{1962.} I believe ^{you see} ~~and~~

MOSCOSO: Yes ^{and} this was about the time that I had come back.

Now, in spite of what Jim Loeb told the military, they did move in ^{and} They ~~stifled~~ ^{stifled} democracy ^{and} prevented the elections ^{from taking place.} Of course, Mr. Haya de la

Torre and Apra were not able to resist ^{form a government.} The meeting at

the White House ^{on July twentieth however,} was devoted primarily, principally

to the visit of the president of Ecuador and as was wont with the president we went over every little detail

of the AID program. He always wanted to know how many ^{people} projects are ongoing? ^{we got there? How many} How much money have we put in in the past two years? What other projects are coming up?

How is the economy doing? etc. etc.? The details of the possible points of discussion between the two presidents was always covered ^{and} he always wanted to be alert to any extraordinary requests for assistance.

Well, we told the president that, undoubtedly, Arosemena would do what had been done before, requests for supporting assistance would be made for budgetary support and that we were not inclined to recommend any

unless very specific conditions were put in. In this particular case, we had reason for being adamant about conditions being complied with because the previous supporting assistance given in the previous year had not brought about any of the changes that had been promised, so this time we felt that we could be tough, and it was very satisfying to see that the president had that kind of flexibility. In other words, yes, we should help them and be generous with them and so forth but, if they do not behave the first time, then we have to be a little tougher the next time. And that is the way this meeting went with Arosemena. We made a list of conditions which made it absolutely necessary that he comply with them before we would disperse.

MILLER: The president felt that these... did he review the conditions?

MOSCOSO: Yes, he reviewed the conditions and he found them perfectly acceptable. He didn't think that in any way or manner they would be impositions on our part. To his agreeable surprise he found that the companions of President Arosemena also felt that these conditions were fair. Some of these people were good bureaucrats ^{who} ~~that~~ felt that they needed some support of this kind like the president was giving them to force the government to do the things that it should do. By the

way, one of the interesting incidents of the trip was this notorious proclivity for liquor which president Arosemena had and with this fantastic ability to get some humor out of some of these situations ~~that~~ the president wanted to know what the hell kind of liquor ~~did~~ this man drinks because maybe he ~~didn't~~ ^{shouldn't} get as much of it. We felt that Arosemena probably would be on his best behavior. Well, it was ^{all} ~~at~~ right up to a point but when the final luncheon took place in the Ecuadorian embassy and we went back to the White House ~~so that~~ ^{to wait for} President Arosemena could come in and say goodbye to President Kennedy, the restraint that Arosemena might have shown during his whole trip had gone out the window. I remember that when we said goodbye to President Arosemena he was ordering a cognac after lunch and I thought to myself, "Well, here we are." And effectively when he showed up at the White House we almost had to carry him. And I don't think that the last few minutes with President Kennedy were very pleasant, at least for President Kennedy.

MILLER: Prior to the last meeting anyway, did the president seem to develop any kind of rapport with Arosemena?

MOSCOSO: No, no he didn't have any at all. You didn't notice the feeling of understanding of the problems that and the empathy that the president showed in those

cases where you could notice a very deep ^praport
between the two presidents.

MILLER: I think the Peruvian coup had occurred about that time.
Was there any discussion with Arosemena, that you know
of, about coups and coup problems in Latin America?

MOSCOSO: I don't recall and I was present in most of the
meetings so I probably would remember, but I don't
think that that was discussed. Perhaps we had an
idea ^{maybe} that something like this might happen in the
case of Ecuador. Perhaps we also felt that ~~in the~~²
back of our minds, ^{that} this man could do certain things ^{under}
The effect of liquor ^{that} might force the hand of some
people to ^{is} oust ^{ing} him.

MILLER: In any discussions ^Q that you had with President Kennedy
about this time about either the Peruvian coup or
the ^{PRI} pre problem, did you form any impression of the
president's view towards military coups in Latin
America or did he ask you?

MOSCOSO: I think that the president up to that point had been
pretty much in line with what a few of us from the
so called democratic left felt about coups in Latin
America. And that is that if you do not discourage
them, you automatically encourage them. I for one
felt that the stance that we had taken so far as the
Peruvian coup is concerned was a good one and it should
have been maintained. Unfortunately, the program being

primarily an economic one as some people saw it they didn't feel that I had very much to say about the political part of it. I say, unfortunately, and I underscore unfortunately because I think that this program is as much political, if not more political than economic in so far as Latin America is concerned.

MILLER: In July, somewhere the latter part of the month there were one or more conversations with the president at this time on this subject. The coup actually occurred on July 19, 1962. The president had earlier, as you had mentioned, instructed Ambassador Loeb to take back to Peru his strong feelings that democratic governments should not be upset by military moves. In March of 1962 Ambassador Loeb had come in with impending reports of an impending coup and had asked for guidance.

MOSCOSO: Well, he also made a recommendation that he be authorized to tell them that we would look with great disfavor on any overt motion on the part of the military to circumvent the electoral wishes of the people of Peru and I think that the president was in agreement with Ambassador Loeb and these messages were duly delivered to the military.

MILLER: At the time of the coup itself in July, a strongly worded statement came from the White House concerning the coup and its effect upon United States relations which were not resumed with the new government which

came into power as a result of the coup and aid was not continued to Peru at that time. Did the president consult with you or any of your subordinates at that time do you recall about the statement?

MOSCOSO: No, no I never expected him to because, as I say, the program became more and more identified purely as an economic assistance program typical of the type that AID was handling in other areas and not as a cohesive alliance operation which had not only economic implications but also political and social implications. I started to discern a divorcing in the president's mind of the political decisions from the economic decisions. Perhaps there was a fact that there was a feeling generally in the government that Latin America should not get any special treatment and that it was just another area of the underdeveloped world which should be treated as a co-equal with any of the other areas. That might have been one. The other, of course, is the fact that in the political field, the people who had the up to date information who handled not only the state traffic but also the CIA traffic, cables, messages and so forth, was the state people. They had the political expertise but I still felt that there were certain basic principles which are generally applicable whether it is Peru, Ecuador or what not and I felt that perhaps we should have had an opportunity to mention how detrimental a change in our policy

vis-a-vis the Peruvian military junta would be to the program, to the Alliance program.

MILLER: After this strongly worded statement, and in effect their failure to implement aid or relations which continued for a period of about some months thereafter, did the president contact you or the White House contact you concerning the aid program in Peru?

MOSCOSO: Well, we were in touch with them, particularly through Ralph Dungan in connection with the phasing out of some of the programs. Also in connection with the maintenance of certain programs that had to do with child feeding and certain projects which were essential to health and welfare and therefore it had been agreed we would not curtail or slow down. At one of those meetings with Ralph Dungan, he made the offhand comment that the pressures on the president were very great that the business community, the American business community in Lima was becoming continuously more and more articulate about the dislike for the U. S. attitude. They had repeatedly communicated with the president or with some of his aides to express these views to them. Mention was made of some of the copper companies of the Grace people and of others in this business community who thought that we were making a great mistake that it was only through a military junta that we could achieve a certain modicum of political stability in this country. The fact that a legitimately and relatively

honest election had been held and that not only had the present government of President Prado been overthrown, but the newly elected government had been prevented from taking office. Not only had this taken place, but generally speaking, the entire political life of the country had changed its characteristics and quite a few of the controls which normally apply in military dictatorships had been applied in this case. The pressure of the private sector, the American private sector, had been mentioned or rumored about in some of newspaper stories. Some of the columnists had said something about it but I didn't know until Ralph Dungan told me how strong this pressure had been. Now I can well imagine President Kennedy reacting to this pressure in view of the fact that he had taken a very strong stand in the steel pricing case. Some very strong words had been exchanged and, generally speaking, the business community had given a vote of no confidence in President Kennedy and this had disturbed the president very much. He felt that he required that all sectors of American society pull together in order to achieve the various programs of his administration and I can see where when the decision had to be taken between a maintenance of his very strong, pro institutional democracy and constitutional democracy in Peru and the wishes and desires of the strong private sector in Peru, he was going to have a very difficult choice. I would have hoped that

the choice would have been different. Yes, it is relatively easy to say, well, the final outcome was that after a year of military junta an election was held and the duly elected government was allowed to take over. Well, what guarantee was there that a duly elected government was going to be allowed to take over. If the election in July was not acceptable to the military, what guarantees did we have that the next election was also going to be acceptable to the military? The question sounded to me like saying that every coming election is going to be better than the past one. You never know and I thought that for this reason it was very undesirable that there was this change of policy.

MILLER: Did the change in policy after the failure to resume relations occurred, was that discussed within AID and the Department of State in any way in which you were involved?

MOSCOSO: No, I happened to have been on a brief trip during those days and when I came back from the trip, I was told that the policy had been determined and that there was no sense in even discussing it any further and that the State had given instructions to AID to start the programs going again.

MILLER: In the end of July there was indicated a meeting, on July 30, at which you were present with the president; it is not entirely clear to me what the appointment was for.

The next...

MOSCOSO: The July 30th meeting?

MILLER: Yes, it may have been...

MOSCOSO: It was exclusively for the purpose of ...

MILLER: There were some Brazillian students in that day.

MOSCOSO: July 30...

MILLER:

MOSCOSO: That's funny, I don't have anything on my calendar here indicating a meeting.

MILLER: Thereafter you were preparing for a meeting in Mexico City that were due to occur in October.

MOSCOSO: Yes, as a matter of fact, I notice that there is mention here of President Kubitschek visiting President on the thirteenth of December. The truth is that President Lleras Camargo of Colombia was also present at that meeting. I think that the visit of the president of Chile was rather routine and there isn't very much that needs to be said about this except for a little anecdote that may have been mentioned by others. The president of Chile, President Alessandré, is rather allergic to press interviews and in many ways to coming in contact with the population. One of his problems, of Alessandré's problems has been his great difficulty in getting support for his programs because the people have not known what the results of these programs have been. For instance, a lot of us in the State Department or in AID know that the Chilean

housing program is one of the strongest in all of Latin America. Nevertheless, the Chileans themselves don't know about these things. President Kennedy knew about this aversion that Alessandrè had to meeting the press and discussing things informally with them. And during the course of the luncheon that President Kennedy gave Alessandrè, he mentioned to Alessandrè that sometime after lunch he was going to have to face over a hundred inquisitive reporters. Would he like to attend? Well Alessandrè was set aback by this invitation. It didn't enter into his agenda. Nevertheless, he was so curious about this that he looked over to an aide and said, "Do you think I could make it?" He said, "Well, we can squeeze somebody some other time and you can make it if you want to." And Alessandrè attended the press conference. President Kennedy brought him to the rostrum there and sat him right in front of all the reporters. He introduced him and he told him, "Mr. President you don't have to answer these questions. I am going to answer them." That set Alessandrè at ease and then the president proceeded with one of his magnificent performances in front of the television cameras and the press and of President Alessandrè. When we got back to the White House to finish the presidential conversations, President Alessandrè was still speechless about this performance. It seemed to him that he had seen something that was out of this world. How this young man could face more than a

hundred of these very knowledgeable reporters and in machine gun fashion answer question after question thrown at him without any hesitation and with a great degree of sincerity and forcefulness and with a complete mastery of the subject matters being discussed. Alessandrè expressed his admiration for the president when we got back and then President Kennedy smilingly suggested, "Well, maybe you would like to have one of these over there in Santiago when you get back," to which there was no response from Alessandrè. He said, "smile," if I recall.

MILLER: Did the president develop a report at all with Alessandrè?

MOSCOSO: He felt a certain degree of sympathy for this astonishingly severe and dignified gentleman who was sitting across from him in the cabinet room. I think that he felt the sincerity of purposes of Alessandrè even if he didn't sympathize with some of the objectives of Alessandrè which, as you know, was a very conservative government. On the other hand, he recognized some of the very difficult problems which Chile had to solve and he wanted us to help in every possible way but there was not the report, the communication which you would intuitively notice between two men who are thinking along the same lines on world affairs.

MILLER: In view of the earlier Moscoso-Goodwin mission to Chile, did the president feel satisfied with the progress being made in Chile?

MOSCOSO: Well, President Alessandri was very explicit as to why his end of the bargain had not been adhered to. As was well known, one of the conditions of continuing aid was that a more realistic exchange rate be set up by a certain period of time and President Alessandri did not do it as of that time so that it was necessary to renegotiate entirely the package that we had prepared at that time for Chile. President Kennedy, however, was fairly sympathetic to the trials and tribulations of politicians. He was, perhaps, as knowledgeable as anyone who has to be elected to get to office can be of the problems, the practical problems, that are faced day to day by politicians. And, although, he recognized that it would have been a lot better if President Alessandri had acted forcefully, devaluated the currency to control the inflation of his country and stabilize the currency. He so felt, well, perhaps it is a very difficult job he faces as strong^a congressional opposition as I face over here." In a way it was difficult to negotiate out deals with foreign governments when President Kennedy was in the middle because he was so adept at empathy, at putting himself in the other fellow's position that he gave away the ball game before we even started.

MILLER: Before we go on to the Lleras and Kubitschek visits the next day or so, let's just go back to say during the Cuban missile crisis you were in Mexico City.

MOSCOSO: Yes.

MILLER: Is that right? So that you weren't present here in Washington during the National Security Council and other meetings.

MOSCOSO: No, no, but you recall that Secretary Dillon who was the head of our delegation was called abruptly on Monday of the week of the missile crisis so I was left to head the U.S. delegation and I discerned this great change that had taken place in the minds of the Latin American leaders vis a vis the United States and I discerned it by the way the air changed when the crisis became known. I discerned it by the way the Latin Americans united against the common fold, by the way they understood that they were very close to the United States in having to face the same enemy. I think that that was probably the height of the rapport of the Latin Americans and the United States during the Kennedy regime.

MILLER: Would you say this from you experience there that the meetings which President Kennedy had had with heads of state both in their countries in the case of Mexico, Venezuela and Colombia and ⁱⁿ our country,

the United States, in the case of Ecuador and Brazil and Panama, had these heads, as far as you could discern an effect over and above ^{just} hemispheric solidarity?

MOSCOSO: As a matter of fact, I think that the Latin Americans prior to the missile crisis of October '62, the Latin American presidents that President Kennedy met were not as concerned with the Cuban subversion as the United States was. They viewed this as all the nervousness of a young executive who doesn't have the full grasp of the revolutionary forces which are now at liberty in Latin America and that the president was entirely too concerned with Castro and his regime. Well, the president, apparently was not able to articulate exactly his meaning or else the Latin Americans were not willing to get it because I thought that he articulated it well enough. That is: we're not under any threat from Cuba. If you have any doubts about it we can prove to you that we can wipe them off the face of the earth in forty-eight hours if we really wanted to but the people who are in peril are the Latin American countries because you do not have the capabilities that we have and because what is being done to you is being done surreptitiously through subversion. Well, that message just didn't get across. Now, when the missile crisis took place then, all of a sudden, the Latin Americans were faced the the barrel

of the gun being pointed right at them.

MILLER: In terms of the president's personal relationships with them, do you think that had any effect at all itself or was it just a general change in attitude on the part of the Latin Americans?

MOSCOSO: I think that a number of them must have thought back to those days when he had met with the president and when the president had shown this great concern and when, perhaps, the president had not been able to tell them everything. In the first place because I don't think the president knew everything at that time. As you know, the missiles were ^{really} bound to be there before the crisis took place and I think that these Latin American heads of state must have given some thought to their conversations with President Kennedy at that time and I am sure that this is what really happened later on and the achievement of that solidarity is in part due to the fact that they had been made aware by President Kennedy and fully aware by the missile crisis of the fact that they were the enemy or they were the other side of this controversy just as much as the United States.

MILLER: Going on to the meeting on December 13 with Lleras and Kubitschek at which you were present with the president this was the presentation of their report?

MOSCOSO: This was a verbal presentation of what they had... not of their report but of how they were going to undertake their mission. It was an interesting meeting because it was a very frustrating one for President Kennedy. President Kennedy ^{was} is quite impatient when he wanted to get something done and going and if someone talked too long about something that was irrelevant to what he was trying to get across. He wanted to talk to these two presidents and find out from them what, without having studied the matter, they thought was wrong with the Alliance hoping, perhaps, to see immediately some of the changes they might suggest could be implemented. I think that something like that could have been gained if a dialogue had been permitted to be established but that never happened. President Kubitschek took over the floor and he talked for almost thirty minutes continuously except for the time which he allowed the translator to translate and then, eventhough President Kennedy had allowed only half an hour for the meeting, the thing extended to well over an hour and fifteen or twenty minutes or something like that and finally, President Lleras who kept nodding his head and showing a little bit of frustration about the way things were going was never able to get more than five or six words in and he recognized that the time had been exceded so

he very courteously said, "Well, I am sure we will have another opportunity to talk to you about this", etc. etc. It is interesting that, and I think that this is something that is a good footnote to history because it shows the personal characteristics of Kubitschek, that when President Kubitschek arrived in Rio a couple of days later after this meeting with President Kennedy, Kubitschek told the press that he thought that it was going to be very difficult for the rest of Latin America to gain much attention from President Kennedy because he had been with President Kennedy for almost an hour and the only thing President Kennedy wanted to talk about was Brazil.

MILLER: The president did exhibit a considerable interest in the study commission of Lleras and Kubitschek.

MOSCOSO: Yes, and they promised that they would come back and see him again when they had accomplished the commission. They didn't have an exact idea about how they were going to go about it, whether they were going to have to visit all the countries or just a few of the countries, whether they were going to travel jointly or separately or whether they were going to have staff to support them or not. It was just an initial exchange of views that they had or wanted to have with President Kennedy at that time. However, after the mission was over then they really wanted to sit down with the president and talk out some of the more glaring^d effects

in which the United States participation could in some way or manner better the existing conditions.

MILLER: Did the president regard this as a good idea to have two American leaders study the Alliance?

MOSCOSO: Well, the idea started to emerge from the thinking of the Committee of Nine from the report that they prepared for the Mexico conference in which they expressed a certain degree of disenchantment with the Alliance because of the rather prolonged handling of all the loan requests and because of the delays in disbursement because of the kind of aid, because of what they considered political criterion that was being used in order to allocate aid and, as a result of that, they suggested that perhaps it would be desirable to look into the inner workings of the Latin American of the intra-American system to see if the agencies were attuned to this new program. They were being pretty diplomatic in their language. I think that they were also deeply concerned with the rumored inefficiency within the OAS and its economic and social agency the, ? and some of the prejudices of the nine could be discerned in this report that they had had problems with the secretariat of the OAS in getting personal and so forth and I believe that that crept into their general appraisal of the situation but generally speaking, I agreed that, since the Alliance was something new in

inter-American relations, it would be a desirable thing to see that, if these agencies which had been created much before the Alliance was ever born, before the handling of large sums of money for social-economic development were made available, they felt that it was desirable to review this whole set-up.

MILLER: And the president seemed to feel as though others could review?...

MOSCOSO: The president was, yes, it was perfectly al~~r~~ight.

At that time it was felt that maybe one person should be appointed to do this job and, since most of the Latin Americans seemed to feel that the outstanding statesman available in Latin America to do this job was President Alberto Lleras, we more or less went to Mexico with the idea that, if Alberto Lleras was proposed, we were going to back him up. However, an interesting thing happened when it was learned that the United States was willing to support a resolution for a study of these intra-American systems to see how to accelerate the Alliance program, President Kubitschek immediately sent a wire to President Kennedy saying, "I want to be a member of this." And the president then felt that it would be very bad if we voted in Mexico City for someone to participate in this group and Kubitschek was not included. Then, of course, in Mexico City we got the unusual tug of war between the Spanish speaking and the Portuguese speaking sectors and it has been

customary in inter-American affairs to try to give adequate representation to the two sectors in view of the fact that one is almost equal in size and number to the other so Kubitschek got in but we didn't know that he was looking for headlines primarily that he was desirous of obtaining a second bid for the presidency and that he was already an openly avowed candidate for the presidency of Brazil and that this would be used as a platform for some political haymaking.

MILLER: In January of '63 there was a notation of a National Security Council meeting. Do you recall what that was, January 22?

MOSCOSO: Yes, I have a notation here of the National Security Council meeting.

MILLER: Do you have any recollection of what it was about?
I don't have any clues.

MOSCOSO: No, does ^{Mae}~~Mc~~Bundy have anything on this?

MILLER: No, they didn't...let me check that out.

MOSCOSO: Gosh, that's funny that it should be there.

MILLER: Later on in February of 1963, President Betancourt returned the visit that President had made to Venezuela earlier. You had earlier spoken of the close rapport that had been built up between President Betancourt and President Kennedy. Did this meeting carry on that tradition?

MOSCOSO: Yes, it did. Of course, there are written records of those meetings and we could get the exact wording of what was said there but I think that we have to address

ourselves to the kinds of things that are not put into these minutes such as the great rapport between these two men, the fact that they seemed to understand each other perfectly eventhough there was this difficulty in dialogue between them on account of the language, complete understanding, complete mastery of each other's way of approaching the problem and trying to solve it. And, then, there was this great admiration that I think President Kennedy felt for people with guts, with courage and the fact that Betancourt had been able to stand up to the military right who had tried to unseat him several times and then to the communist left which had also tried to unseat him, was unbounded on the part of President Kennedy while at the same time he also admired Betancourt for making great strides in achieving a degree of socio-economic growth and instituting very substantial reforms measured by the commitments made at Punta del Este ~~that~~ Venezuela had perhaps done more than any country in Latin America in trying to achieve the committments of Punta del Este. The meeting, of course, went around the oil problem on a number of occassions. We noticed that President Betancourt did not want to press the point too much but he wanted to have it made well known that he expected Venezuela to be given the same kind of treatment as Mexico or Canada. When the point was made that the higher interestsof the United

States indicated that we had to assure ourselves of an overland route for our oil in case of war Betancourt was very quick to point out the fact that Venezuela was the one that had supplied the bulk of the oil during the last war, not Mexico or Canada. The other facet of this discussion which was perhaps of some interest is that the president mentioned to Betancourt the fact that, unless we allowed some of the Canadian oil to come into the western part of the United States, which is not a logical market for Venezuela, unless that were to happen, then the Canadians which had a surplus of oil on the west coast would then build a pipeline to their east coast markets which are by far the largest consumers of petroleum and preempt the Venezuelan market which was the principal source of the Canadian, eastern Canadian, oil consumption. This was one of the more ticklish things that was discussed at the meeting but the truth was that there were no very great matters to be decided between these two men. All they wanted to do was to renew that friendship that was started back in November of 1961. I think that I have already pointed out that after a few hours of friendship President Bentancourt and Mrs. Kennedy were already calling each other by their first names and that, of course, immediately helps to put everyone at his ease. I also must mention the dinner

that took place on the nineteenth of February because it was one of the most unusual state dinners that I have ever seen. Instead of the usual horseshoe table, banquet table, with a lot of dignitaries some of them quite boring, looking at their watches to see how long the speeches were going to be and so forth, this was a very intimate, family dinner given by the Kennedys to the family of President Betancourt and his friends. I must even describe the setting. There were very small tables. There were about four or five of them. President Kennedy sat at one with Mrs. Betancourt and a couple of us and then President Betancourt sat with Mrs. Kennedy at another one with a few of us and then some of the tables were dispersed around the room. We didn't use the main dining room of the White House; we used one of the smaller ones the whole ambiente was intimate, cozy and so forth and the dinner couldn't have come off on a more jovial fashion but, as soon as the dinner was over and the ladies proceeded to their accustomed place and the men came over to one of the smaller rooms, the Blue Room, I think it was, for cigars and brandy, then you could have almost equated the atmosphere that prevailed there with the atmosphere in one of those smoke filled rooms that they speak about in political circles. It was a real political confab. The president had brought in some of the better political figures from the congress and the administration and this

was a man-to-man talk of one Latin American politician to another group of politicians from the United States. An extraordinary performance and, again, this served to confirm and to nail down this very fine report that Betancourt had with President Kennedy.

MILLER: Later on that spring, the president went to Central America, or to Costa Rica, for a meeting of the Central American presidents including Panama and I gather that this meeting was one which you had spent some time with him before ^{hand} ~~time~~ and accompanied him; is that correct?

MOSCOSO: Yes, of course, we had the usual briefing sessions with President Kennedy. He wanted to make the San Jose meeting a meaningful one, one that someone could come back and say, "Well the charter of San Jose or the declaration of San Jose ././."

END OF TAPE III