

You mentioned that "the entry of duty-free African products into the EEC countries by the longstanding system of British Commonwealth preferences." But it is true, is it not, that the French have said to the Germans, you scratch our agricultural back, and we will scratch your industrial back, and together we will keep out as much Anglo Saxon trade as we can. If you take that as a premise, would you say it was more important for us to work with the countries of Central and South America, or with the countries in EFTA, including Great Britain and the Commonwealth countries outside of EFTA, in order to attempt to establish our own bloc as against the European bloc. Which do you think the more important?

Mr. BALGOOYEN. That is a very good question, and I wish I were qualified to give you an unqualified answer. But I am not.

Certainly, we have to maintain the very close relations that we have had traditionally with the Western European countries, Great Britain, France, and the other countries. But I feel very strongly that so far as the less-developed world is concerned our primary interest is in Latin America. In time of great national emergency we have always found that we can count upon the Latin American nations to supply us with the essential strategic raw materials and foodstuffs we need. And I think we have to protect our position in this hemisphere.

Right now the Latin American countries, as we know, are not making the progress that we hoped that they would make under the Alliance for Progress. The gap between their standard of living and ours is not narrowing. We are reaching a situation, as I indicated in my testimony, where it seems to be economically impossible for the Latin Americans to import the machinery and equipment that they need to speed their industrial development, and to service the investments and the loans that our Government and our citizens have extended to Latin America, unless they can export more of their products.

So, the matter of assisting Latin Americans to increase their exports, particularly in this market in the United States, which is their most important market, becomes a matter of prime importance. Latin America is a field of strategic interests as well as political interest, as is evidenced by the great efforts that the Communist world has made in getting a base in Cuba and exploiting it, which they are doing now by means of guerilla movements all over Latin America. By the end of this month an international meeting will be underway in Havana, a gathering of guerilla chieftains from Latin American countries, supported by the Russians, and of course promoted by the Russians, and their Castro Communist allies. And I am quite concerned with what may happen over the remainder of the year and next year in Latin America as a result of this conference.

This is a rather lengthy explanation, but my concern for Latin America is colored by the direction that I see that some of these political development as well as economic developments are taking in that part of the world.

Senator SYMINGTON. Thank you.

I have one more question, Mr. Chairman.

In your statement, where you discuss the question of contributions to increase the capital of the Inter-American Development Bank, are