

PREPARED STATEMENT OF JAMES H. MICHEL  
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before the  
Subcommittee on Foreign Operations  
Committee on Appropriations  
U.S. Senate  
Washington, D.C.  
April 23, 1991

Mr. Chairman, Members of the Committee, it is a pleasure to be here today to discuss the current state of affairs in the Western Hemisphere, the prospects for FY 1992 and beyond, and A.I.D.'s role in helping further U.S. interests and objectives in the region.

There is a new political and economic landscape in this Hemisphere. With the spread of democratically-elected governments and the growing acceptance of market-based economic policies, Latin American and Caribbean (LAC) countries have begun the process of recovery from the crises of the 1980s.

While much has been accomplished to achieve peace, democracy, and economic recovery in the Hemisphere, much remains to be done. The gains are fragile and future outcomes satisfactory to U.S. interests are not assured. It is important that U.S. policy seek to sustain these favorable trends toward a democratic and prosperous Hemisphere.

There is a broad consensus throughout the region and within the international community that a new strategy of cooperation based on mutual respect and mutual responsibility is needed. The vision of the Enterprise for the Americas Initiative (EAI) sets the tone. The Initiative contemplates a cooperative endeavor to advance our increasingly shared interests and values, embracing the three issues of greatest importance to Latin America -- trade, investment, and debt. It will build upon the efforts already underway in the region to deepen the roots of democracy, restructure economies, and achieve economic stability and prosperity.

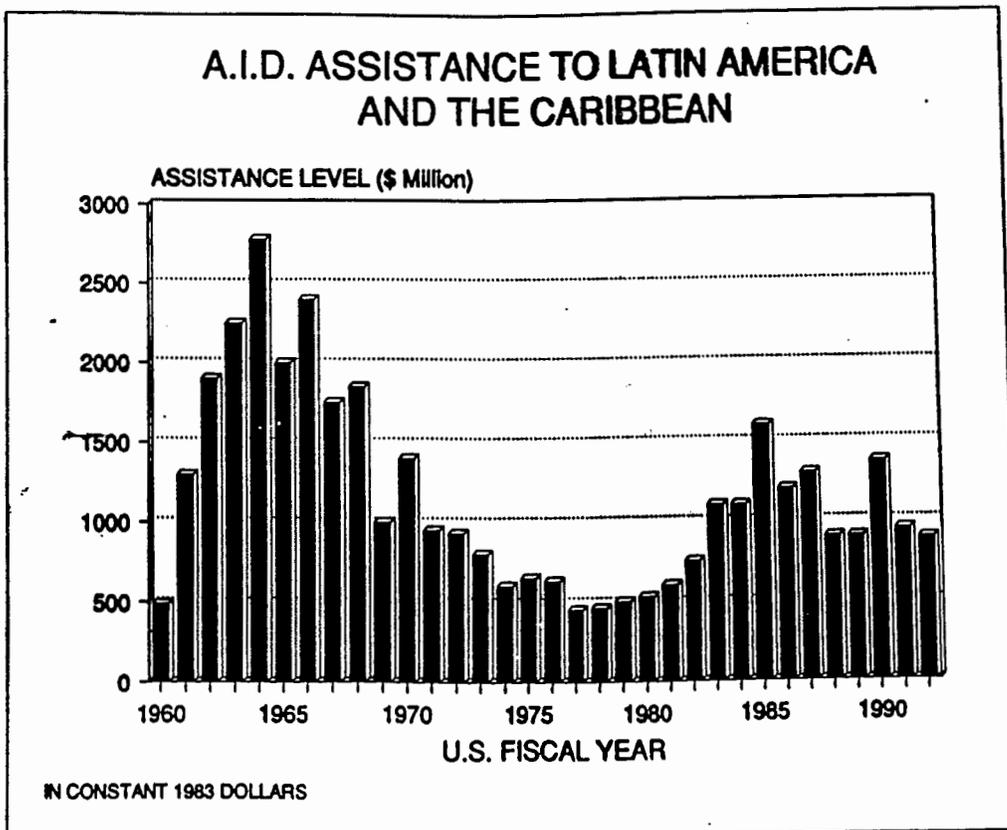
President Bush said when he launched the Enterprise for the Americas last June that "the future of Latin America lies with free governments and free markets." To support this vision, A.I.D. has carefully designed its program for the 1990s to respond to the new challenges and new opportunities in the Hemisphere. We are requesting from the Congress a program level of \$1.4 billion for FY 1992. This includes \$713.9 million in Economic Support Funds (ESF), \$406.2 million in Development Assistance (DA), and \$300.2 million in P.L. 480 resources, including Title I programs administered by the U.S. Department of Agriculture.

I realize that an investment of nearly \$1.4 billion is a large amount to ask the Congress and the American taxpayers to make. I certainly believe that such an investment is needed. If we fail to provide adequate support for our neighbors in the Hemisphere at this critical juncture, today's bright prospects for long-term stability and broadly based growth may be in jeopardy. If elected governments carrying out market-based economic policies cannot demonstrate that their principles work in practice for the benefit of all segments of society, then desperate people may again be tempted by extremists. And we will be faced in a few short years with the prospects of a much larger investment to protect our national interests.

Our aid levels to the Hemisphere have had a cyclical pattern which follows the rise and fall of national security threats. Levels were high in the early 1960s when Fidel Castro took power in Cuba. Through the 1970s, aid levels fell. However, we significantly increased levels again when the Sandinistas took control in Nicaragua and began to support insurrection in neighboring countries.

The broad consensus in favor of political and economic freedom is beginning to show results. The Hemisphere is on the threshold of achieving the political stability, economic prosperity, and social justice that have for so long eluded most of the people in the region. It would be tragic if we were again to turn our attention away from Latin America and the Caribbean at this moment of new challenges and new opportunities by once again reducing our assistance too far, too fast.

Chart 1



The FY 1992 A.I.D. request reflects the minimum amounts necessary to ensure that the prospects for long-term stability and broadly based growth are realized. Our A.I.D. program is designed to get maximum benefit from the investment we are asking the Congress and the American taxpayers to make.

It should also be emphasized that foreign assistance is only one element in our economic relations with our neighbors. In addition to your approval of the A.I.D. program, this Committee's support is needed for continuation of the "fast track" authority needed to bring into force a North American Free Trade Agreement. Your support is also needed for early approval of legislation to permit full implementation of the Enterprise for the Americas Initiative and the Andean Trade Initiative. All of these measures are inter-related; all are important to advancing our interests in a prosperous and democratic hemisphere.

#### A.I.D.'s Objectives for the 1990s in the Western Hemisphere

The objectives of our program for the 1990s are:

- (1) support broadly based, sustainable economic growth;
- (2) support the evolution of stable democratic societies; and
- (3) respond to specific challenges to the attainment of growth and democracy.

#### Broadly based, Sustainable Economic Growth

It is axiomatic that sustainable economic growth is necessary to reduce poverty and increase opportunities for participation in society. If economic growth does not occur, very little can be done to alleviate poverty. In fact, as with the economic crises of the 1980s, economic decline causes the number of poor to increase. The poor need economic growth which leads to real and lasting jobs. Only with the creation of such employment will individuals earn enough income to pay for their essential needs of food, shelter, water, health care, and education. Also, without economic growth, public and private sectors cannot make and maintain adequate investments in education, health care, sanitation, and basic infrastructure.

In order to promote the achievement of broadly based, sustainable economic growth in the LAC region, A.I.D. is focusing on: (a) market-directed economic policies that promote investment, productive employment, and outward-oriented diversification; (b) promotion of a vigorous response by the private sector to such a policy environment; (c) increased participation in the economy by the disadvantaged; and (d) the preservation and sustainable use of the natural resource base.

(a) Promoting market-based economic policy reforms

We have learned over the years that poor economic policies cause enormous harm to the poor and tend to erase the benefits of even the best targeted humanitarian programs. Overvalued exchange rates, for example, limit employment and growth while promoting consumption of imported goods -- goods which are mainly consumed by middle- and upper-income people, not by the poor. Large fiscal deficits lead to high inflation, a condition which almost invariably hurts poor people the most. Inefficient and money-losing parastatal enterprises soak up scarce government resources -- leaving less for higher priorities like education and health -- and provide little employment opportunities for all but the politically well-connected.

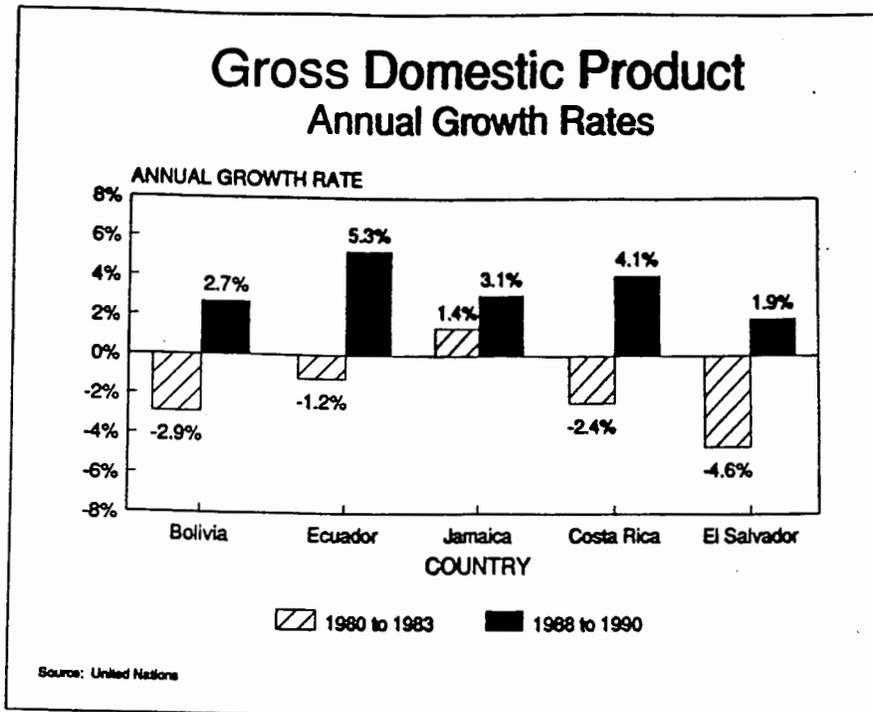
Because of the limited amount of investment that A.I.D. can make, it is critical that we target that assistance to maximize benefits and reach the largest number of poor and disadvantaged. Supporting policies that create an environment for economic growth that is broadly-based, creates jobs, and improves incomes is more likely to have a broad and significant impact on the poor than providing only temporary relief that reaches only a few and lasts only while external funding continues.

Responding to the hemisphere-wide movement toward market-based economies, A.I.D., along with other international donors, is placing an important emphasis on helping governments reform their economies. As many of the countries in the region begin to change their policies, A.I.D.'s program will help ease the difficult adjustment to market-based economies. Policy changes that A.I.D. plans to support with a majority of the \$713.9 million in ESF resources requested include correcting overvalued exchange rates, reducing fiscal deficits, controlling inflation, diversifying exports, promoting investment, and privatizing government enterprises.

Most nations throughout the Hemisphere have realized that reforming their policies is the best way to help their citizens. Many countries have already begun to implement economic reform programs. For a number of these countries, positive results have already begun with gross domestic product (GDP) annual growth rates improving over the last few years (Chart 2).

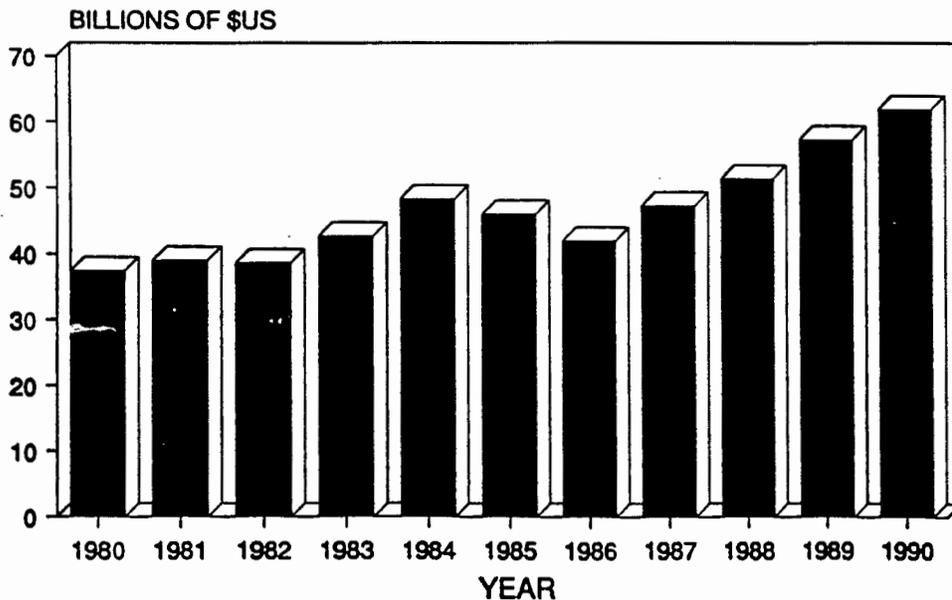
A.I.D. support for policy reform has been instrumental in assisting countries in Latin America and the Caribbean to adjust their economies so they can compete in world markets. More open, competitive economies have produced a growing volume of exports, generating foreign exchange and creating much needed jobs at all levels of society.

Chart 2



Exports from the LAC region to the U.S. have been on the rise over the last four years as many countries have begun to open up their economies. Exports were flat or were slightly declining throughout most of the early and mid-1980s, when the impact of the economic crises was the most severe (Chart 3).

## LATIN AMERICA EXPORTS TO THE US 1980 TO 1990

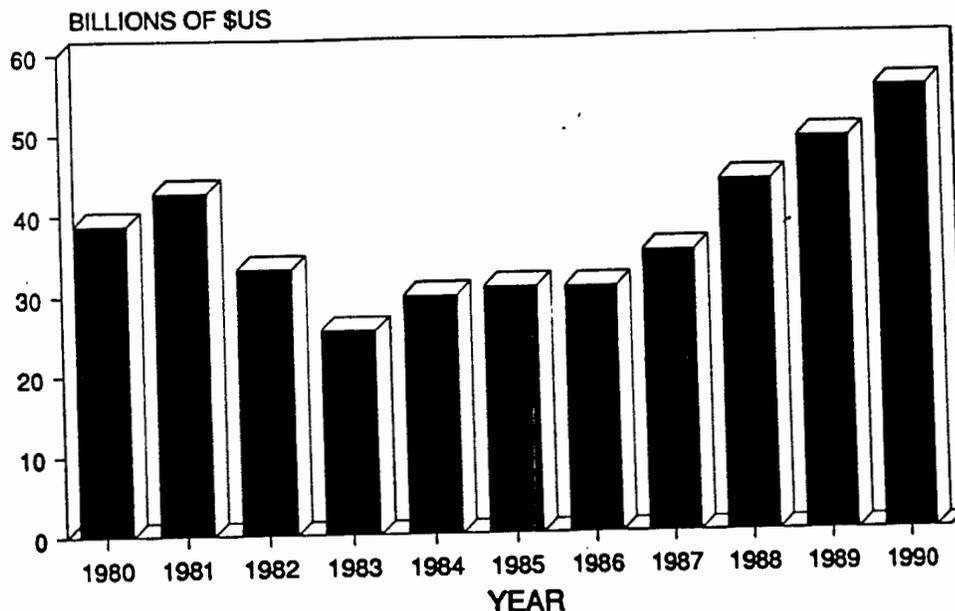


Source: Based on US imports provided by Department of Commerce.

It is important to underscore that as policy reform in the region leads to more market-based economies and increasing exports, the benefit is realized not only by the developing countries. As the Hemisphere develops economically, new and larger markets closer to home are opening up for the United States. As a result of the economic problems of the early 1980s, purchases of U.S. goods fell sharply from \$42 billion in 1981 to \$26 billion in 1983. This cost the United States an estimated 400,000 jobs. As many of the economies began to recover in the late 1980s, U.S. exports to the region rose to \$48.8 billion in 1989 and an estimated \$55 billion in 1990 (Chart 4).

Chart 4

## US EXPORTS TO LATIN AMERICA 1980 TO 1990



Source: Department of Commerce

Of particular interest is the fact that U.S. market share of total exports to the LAC region increased from 50% in 1980 to 56% in 1989. When focusing only on the countries of the Caribbean Basin, the shift is even more dramatic: U.S. market share rose from 63% in 1980 to 71% in 1989.

As the region continues to develop, the opportunities for increased trade and investment will expand. Many U.S. businesses are already looking to the Hemisphere. In 1989, total outstanding U.S. direct investment in the region stood at \$61 billion, or 67% of all such U.S. investment in developing countries. In addition to quickly improving quality of products, services, and labor, other positive aspects of the region are attracting U.S. businesses, such as the shorter shipping routes and the fact that most of the region shares U.S. time zones.

(b) Encourage a vigorous response by the private sector

As a more favorable policy environment is being generated, A.I.D.'s program also seeks to encourage the private sector to respond to the improved policy environment with increased investment and expansion, thus leading to job creation and higher incomes. A.I.D. is focusing its efforts on working with progressive elements within the private sector who are committed to broad-based development and a democratic society.

A.I.D.'s program for FY 1992 will provide over \$100 million in ESF and DA assistance to the private sector in a variety of ways. Activities range from business counseling to training and technical assistance to the provision of credit to microenterprises. A.I.D. also supports financial market development to mobilize capital for new business starts and expansion of existing businesses. Through the International Executive Service Corps, A.I.D. supports volunteers from the United States who work with senior management in local businesses to help achieve more productive use of resources.

A.I.D. is helping local businesses to obtain timely, relevant information and targeted services through export and investment promotion institutions. A.I.D. programs also help to link local and U.S. businesses for joint ventures, and provide technical assistance in marketing, packaging, shipping, and production.

In addition, A.I.D. is working with U.S. businesses to involve them in the development process while at the same time generating new markets and opportunities for them. The new A.I.D. Partnership for Business and Development Initiative emphasizes that sustainable economic growth is inextricably linked to the strength of the partnership between business and development.

As U.S. businesses get involved in the region through investment and trade, they will have a positive impact on development. As development occurs in the region, there will be greater opportunities for U.S. firms as they compete in the world marketplace. In short, U.S. business is good for development, and development in the Hemisphere is good for U.S. business.

As part of the Business and Development Initiative, A.I.D. is working closely with the Department of Commerce, having established the new Latin America and Caribbean Business Development Center. The Center serves as an information clearinghouse and a "one-stop-shop" in Commerce for U.S. businesses interested in the LAC region.

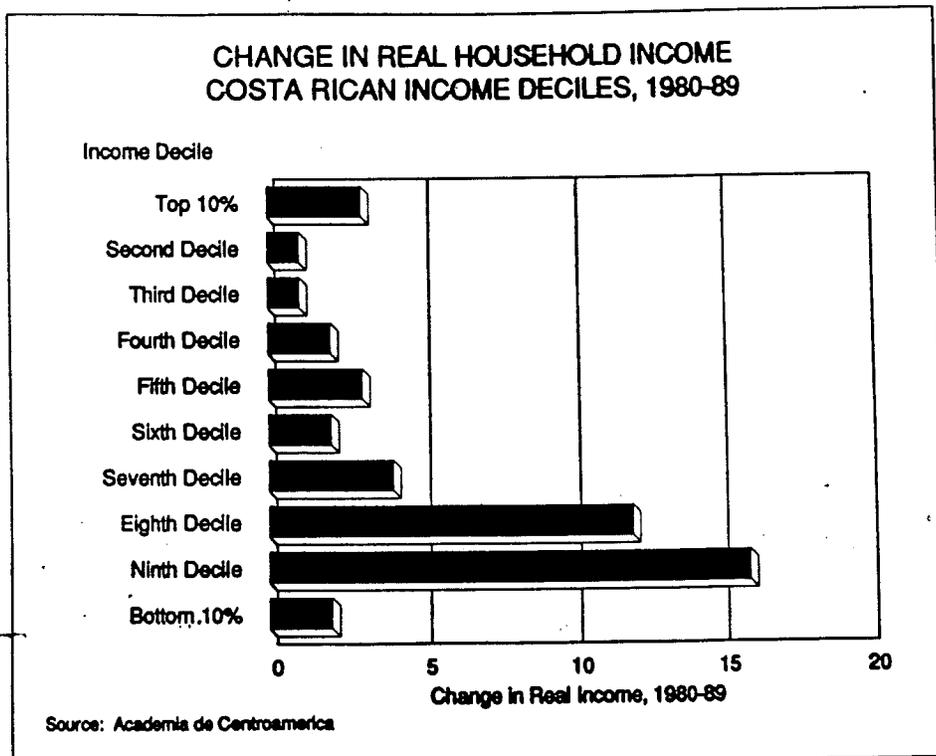
A.I.D. also provides assistance to U.S. firms located in the region. Information and services are provided in areas such as investment opportunities, market analyses, joint venture production, possibilities for sourcing, and import/export procedures.

In 1990, A.I.D. assistance to U.S. firms engaged in local production contributed to 312 investments averaging \$1.6 million. A.I.D. assistance to local firms in the region helped produce an additional 393 investments averaging \$683,000.

(c) Increase participation in the economy by the disadvantaged

Costa Rica is an example of a country that is realizing the benefits of economic reforms and a vigorous response to those reforms by the private sector. GDP has risen an average of 4.1% over the last three years and unemployment has fallen to the 4.5% range. Non-traditional exports have risen an average of 28% each year over the last 8 years. Most of the exports are from labor-intensive agriculture and manufacturing businesses which provide opportunities that benefit low-income workers. All levels of Costa Rica's society benefited from export-led growth, with the lowest income brackets receiving the highest increases in income (Chart 5).

Chart 5



Costa Rica is used as an example because reliable data is readily available. Although Costa Rica is not representative of the region in some respects, especially in its century of democratic stability, the structure of its economy is typical of Latin America. It was largely agricultural, with exports consisting primarily of a few basic commodities produced on a large scale -- such as bananas, coffee, and sugar.

The growth of Costa Rica's economy, and the economies of other countries that have implemented economic reforms, is not due to the surge in demand for those commodities. Rather, growth in exports and in gross domestic product is attributable largely to the dramatic diversification that is creating new industries, new jobs, and new products and services. The pattern of non-traditional export growth that has so profoundly affected the incomes of the poor in Costa Rica holds true for other countries in the region as well. For those that started with an even more skewed income distribution, it is likely that the impact has been even more profound.

For example, in Jamaica, economic reforms were implemented beginning in the mid-1980s, including lowering tariffs, eliminating a number of quantity restrictions, removing price controls and untargeted food subsidies, and privatizing a number of public enterprises. The results are impressive: GDP growth rate for the last three years has averaged 3.1%, non-traditional exports have risen an annual average of over 30% in the last five years, and over 100,000 jobs were added between 1985 and 1988. Manufacturing employment which affects the lower income brackets grew by 35%, adding 34,000 jobs.

In Guatemala, small farmers are growing winter vegetables for the U.S. market in part because of a favorable exchange rate and reduced red tape for exports. This is much more profitable and labor intensive than traditional crops like corn. In other cases, whole villages of Guatemalan Indians are now sewing clothing for the U.S. market. Incomes in villages engaging in exports have risen significantly.

In addition to supporting policy reforms and private sector activities that result in job creation and rising incomes, substantial amounts of Development Assistance will be targeted specifically to accelerate and expand opportunities for the disadvantaged to participate in the benefits of economic growth. A.I.D. will continue to help LAC countries increase access to basic education and primary health care, with an emphasis on improving child survival, family planning, and nutritional services, and improve the efficiency of those delivery systems. For FY 1992, total A.I.D. resources to be allocated to the LAC region include approximately \$50 million for child survival activities, \$29 million for health activities, \$8 million for AIDS activities, \$57 million for population activities, and \$22 million for basic education.

There have been significant social advances over the past few years throughout the region. Infant mortality rates are down; primary school retention rates are up. Nevertheless, most health and education services are poorly administered and inefficient. LAC countries need to address problems in education and health sectors in order to be able to develop sustainable, more efficient, decentralized educational and social service delivery systems.

For example, on average, 90% of the education budget pays for personnel, leaving very little for textbooks, teacher manuals, equipment, and other critical operating expenses. Most ministries of education in the region are inefficient bureaucracies. As a result, programs and projects experience delays, and available resources do not reach the local level.

A.I.D. plans to target assistance to help governments in a variety of ways including: reallocation of resources within their education budgets, improvement of curriculum and the quality of instruction, development of national capacities for textbook production, decentralization of administrative functions, and computerization of management information systems to improve efficiency.

The health sector has similar inefficiencies that A.I.D. plans to address as well. Those include weak management and inadequate administration, poor allocation of funds between curative and preventive services, poor access to primary health services, and more.

In addition to this emphasis on sectoral reforms needed for widespread and lasting change, A.I.D. will continue to support small and microenterprises in both rural and urban areas, and will continue to support the important work of private voluntary organizations working directly with the poor and addressing barriers to the integration of the informal sector into the economy. A.I.D. will also continue to direct local currency generated from the ESF balance of payments support to social investment funds targeted for the extreme poor.

Another A.I.D. initiative, Family and Development, recognizes the family as a fundamental building block in social and economic development. As part of its efforts to increase the participation in the economy by the disadvantaged, the Agency will focus on the family unit as a starting point. Analysis of family units can prove useful for determining what people need, how they use the resources they have, and what impediments exist to full access to the economy. A.I.D. will identify innovative ways to increase the mobilization of family resources to stimulate economic growth and social development.

(d) The preservation and sustainable use of the environment

Clearly economic growth cannot be sustained without preserving the environment. As one of its highest priorities, the Agency is providing leadership in environmental management and the sustainable use of the natural resource base in the LAC region through policy dialogue, institution building, training, and demonstration projects.

For example, in the area of policy dialogue, A.I.D. has been conducting a series of natural resource policy inventories across Central America to document the diverse and fragmented policies and laws, lack of institutional and financial resources, and limited coordination among institutions responsible for enforcing natural resource management policies. Based on these inventories, we are encouraging policy alternatives and suggesting future areas of research.

A.I.D. is also improving and expanding programs in the protection of biodiversity and tropical forest management, global climate change, integrated pest management, coastal zone management, debt-for-nature exchanges, environmental education, environmental business development, and grass-roots support through nongovernmental organizations. For environmental activities in FY 1992, A.I.D. is planning \$66.3 million in DA and ESF, in addition to local currency generated by A.I.D. programs.

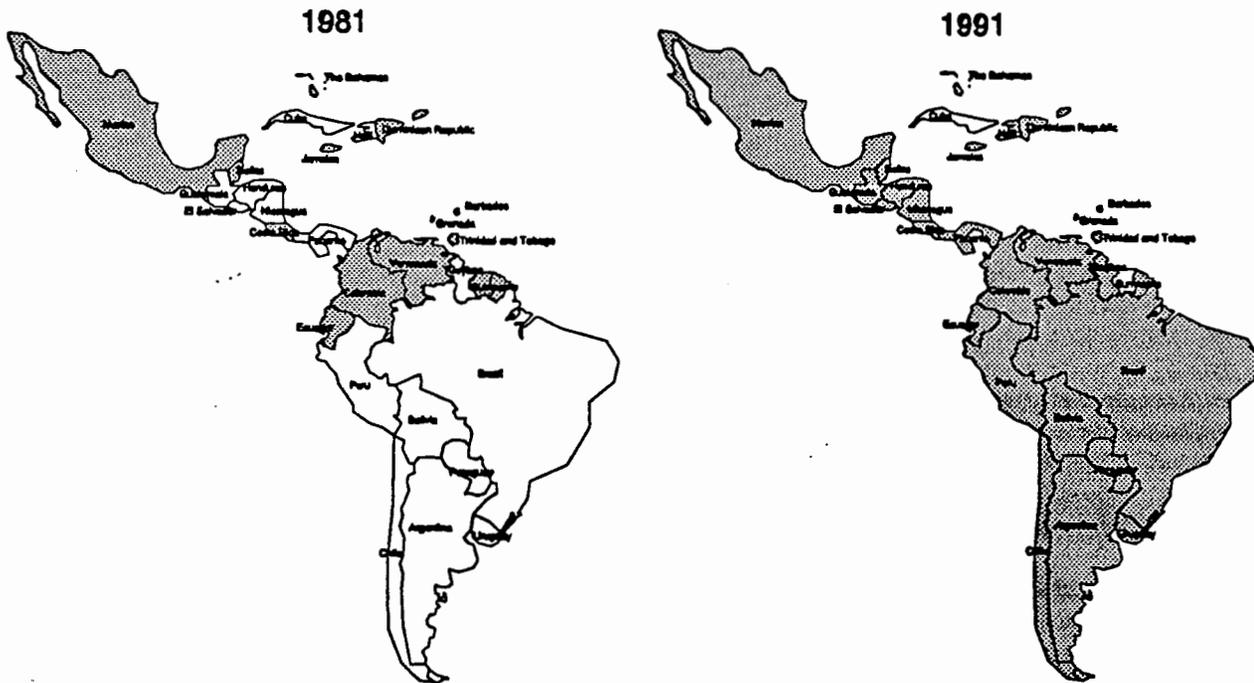
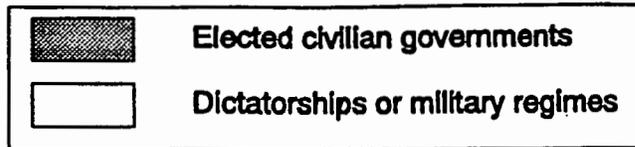
Evolution of Stable Democratic Societies

As I have already mentioned, extraordinary changes have occurred in the Hemisphere over the past decade. For the first time in history, nearly every nation has a democratically elected government (map).

In addition to a variety of initiatives focused on helping them move towards more market-based economic policies, the new democratically-elected governments need assistance in deepening the roots of democracy. While elections have been held throughout the LAC region, many democratic institutions are still weak.

With its Democracy Initiative, A.I.D. has made strengthening democracy a major goal of its program. Latin America and the Caribbean have been in the forefront of this effort since the transition to democracy began at the end of the 1970s. By helping democratic societies evolve, A.I.D. is helping governments become more responsive to the needs of the people. As citizens' views are better represented in government, then the needs of the people will be better identified and addressed.

## LATIN AMERICA AND THE CARIBBEAN



Economic development occurs in a political context. Experience has repeatedly demonstrated that development can best be sustained over the long term in a political environment in which individual liberty is protected and nourished and in which human rights are respected. There are many examples that support the conclusion that political freedom and economic freedom are mutually reinforcing in support of the well being of a nation's citizens.

In a fully functioning democratic society, individuals are better able to obtain the economic freedoms they need by pressing for policy changes through the democratic process. The democratic process also leads to better designed health care and education systems which respond to the needs of the people. Better environmental policies tend to be implemented when people's concerns are well represented in government.

It is no coincidence that Costa Rica, where democracy has been in existence for 100 years, has the most extensive national parks system in all of Latin America, and Haiti, which only recently had its first democratic elections, has some of the worse environmental problems in the Hemisphere.

A.I.D.'s program for the 1990s will focus on (a) strengthening the competence of government institutions with checks and balances and decentralization of authority that avoid the concentration of political power; (b) helping create a pluralistic, autonomous, vigorous civil society that can balance and limit state power while providing channels for the articulation and practice of democratic interests; and (c) strengthening the democratic values, attitudes, beliefs, and information that support democratic pluralism and are required for effective leadership.

During the past year A.I.D. has been developing a comprehensive five-year strategy for meeting these democracy objectives in the region. Our deliberations have reflected what we have learned from our experience of collaboration with our neighbors. Our program is responsive to their priorities in their ongoing efforts to strengthen democracy; it is not a "made in the U.S.A." prescription.

Like other development problems, strengthening democracy will require a long-term effort. For FY 1992, we are requesting \$91.8 million in DA and ESF resources.

(a) Strengthening the competence of government institutions

In order to merit the confidence of the people, governments need to be accountable and responsive. The rule of law must be taken seriously, with a strong judicial system in place to enforce the law and protect human rights. Legislatures should be strengthened to improve government responsiveness to citizens and to check excessive executive power. Honesty and competence in government should be the norm, particularly in the area of financial management. Beyond the decentralization of power at the national level, political power needs to be decentralized geographically and local and municipal governments strengthened.

Through training and technical assistance in such areas as legislative organization and management, the administration of justice and financial management systems, A.I.D. can make a significant contribution in this area.

(b) Helping create a civil society

Just as economic competition is essential to the notion of free markets, so too is intellectual and political competition essential to a truly democratic political system. In addition to ensuring democratic competition, non-governmental organizations contribute to the public awareness and the deliberation of issues of common concern. Political parties across the spectrum, free press and media, "think tanks", labor unions, business organizations, and other grassroots and civic organizations are all essential to a fully functioning democracy and need to be strengthened.

A.I.D.'s program will involve assistance in areas such as training in standards of journalism, the development of indigenous public policy research centers, and seminars for labor leaders and other advocacy groups.

(c) Strengthen democratic values and leadership

Formal democratic structures do not succeed where citizens do not share a commitment to common democratic values. Political participation, tolerating diverse opinions, abiding by the rules and accepting the results of political competition are all concepts which must gain acceptance.

In the LAC region, A.I.D. assistance includes civic education programs, assistance in the development of independent centers of research and policy analysis, and support for organizations protecting human rights. A.I.D. also provides short-term and long-term training for potential leaders, bringing them to the United States to observe our democratic values and practices.

A.I.D.'s democracy programs are designed to complement those efforts being carried out by other organizations such as the National Endowment for Democracy, other U.S. agencies such as the U.S. Information Agency (USIA), and other donors. A.I.D. will continue to work closely with other U.S. agencies such as the Departments of State and Justice and USIA. It should be emphasized that we fully recognize that our contribution in strengthening the institutional structures of democracy is only a part of a broader U.S. policy, the success of which must ultimately depend as much on political will and popular demand as on institutional capacity.

Special Challenges

Andean Counterdrug Initiative

The production, trafficking, and consumption of drugs is a serious problem that affects every corner of the Hemisphere and threatens to interfere with the attainment of market-based economic growth and the evolution of stable, democratic societies. The \$250 million in ESF resources requested for the Andean Counterdrug Initiative will be used to help address this challenge.

The Andean countries need to strengthen their legitimate economies in order to enable them to move away from dependence on a cocaine economy. As part of President Bush's overall Andean Counterdrug Initiative, A.I.D. is providing both macroeconomic and alternative development assistance to help offset the loss of foreign exchange inflows resulting from counterdrug activities, while helping stimulate legitimate economic growth which will produce the jobs necessary to replace the drug-related ones. Alternatives must be available in order to persuade individuals to stop growing, producing, and processing illicit drugs.

The overall goal of the Andean Counterdrug Initiative is to disrupt and dismantle the multinational criminal organizations that support the production, processing, transportation, and distribution of cocaine to the United States and to other nations. It is only within this overall context that alternative development and income-substitution programs will have any chance of success. Sustained, vigorous law enforcement can successfully disrupt the coca market and lower the farm-gate price of coca leaf. Alternative economic opportunities then become viable.

As a result of U.S. assistance this past year, progress has already been made. For the first time there was a net reduction of coca cultivation in Bolivia of 2,600 hectares in 1990. Recently, 16,000 pineapples were bought from Chapare Valley farmers and shipped to Buenos Aires, the first major non-coca shipment in five years. More shipments of pineapple and bananas are expected this year.

Very few workers from the surrounding high valleys have been migrating to the Chapare Valley to help cultivate coca because of new job opportunities at home. Because of critical irrigation and agriculture assistance provided by A.I.D., workers are staying home to cultivate their own alternative crops. In addition, as a result of A.I.D. assistance, more than 100,000 laborers have been employed in short-term jobs in road maintenance and other community development projects.

The presidents of Colombia, Bolivia, and Peru and President Bush agreed to work together to combat illicit narcotics production, trafficking, and consumption at the Cartagena Summit. They also agreed that one of the most useful ways to do so was to help the Andean countries open up trade. Through liberalized trade and investment relations under the Andean Trade Initiative and the EAI, the U.S. Government can help generate alternative sources of jobs, income, and foreign exchange throughout the economy. The Andean countries also want to work together to dismantle barriers to greater intra-regional trade relations. A.I.D. assistance is enabling the Andean countries to capitalize on a more open trading system.

In addition to economic assistance and alternative development and income generation, A.I.D. also is providing resources for narcotics education and prevention, administration of justice, and other democratic initiatives focused on the special challenge of drugs. For example, last year in Peru, drug education programs were implemented in 17 high schools, reaching 11,500 students. The substantial increase in our administration of justice program for Colombia this year recognizes the priority need to strengthen the judicial system so that narco-traffickers can be brought to trial in Colombia's own courts.

## Central America

For the first time in history, all the countries of the Central American isthmus, from Guatemala to Panama, are led by democratically elected governments committed to market-based economic policies. There is an unprecedented opportunity for the region over the next decade to achieve political stability, economic prosperity, and social justice.

The special challenge facing the Central American countries is how to work together as a region. Many of the problems facing each country are rooted in common regional problems. Therefore, as expounded in the Declaration of Antigua, the Presidents of the Central American countries have pledged to strengthen intraregional integration and cooperation.

The United States has widened the scope for cooperation with Central America through the EAI and has called for broad multilateral support for the region through a Partnership for Democracy and Development (PDD). At the same time, U.S. foreign assistance levels for Central America are declining from the historic amounts that were provided during the conflicts and economic crises of the last decade. The challenge for the 1990s is to sustain the positive but still very fragile trends towards political freedom and economic growth, utilizing diminished resources in a manner that will have the maximum impact.

A.I.D. has developed a new strategy for U.S. economic assistance for Central America in the 1990s which will support the broad objectives identified by the Central American Presidents in the Declaration of Antigua adopted in June 1990, as well as the commitments they made in the Declaration of Puntarenas in December 1990.

To foster regional cooperation, A.I.D. will place greater emphasis on implementing initiatives identified by the Central Americans within a regional framework. A.I.D. will encourage policy, legal, and other reforms to further liberalize trade within Central America, to strengthen democracy and protect human rights, and to safeguard the region's natural resource base. Much of the effort will be made within the framework of the PDD, working with key regional institutions while at the same time helping them to achieve greater self-sufficiency and reduce their dependence on donor resources.

A.I.D. will pursue these objectives through its bilateral and regional programs, and through heightened collaboration with other U.S. Government agencies, multilateral development institutions, and other bilateral donors. A.I.D.'s implementation strategy will emphasize greater concentration of resources on the solution of specific sectoral problems as macroeconomic environments improve.

Conclusion

Mr. Chairman, Members of the Subcommittee, I believe that the A.I.D. program for FY 1992 and beyond is responsive to the needs and aspirations of the people of Latin America and the Caribbean, and that it supports vital U.S. interests in the Hemisphere we share with them. It focuses on key objectives and it is results-oriented. I hope that the Congress and the American people will support our proposed \$1.4 billion investment as one that is modest in cost with excellent prospects for returning substantial dividends.

Thank you.