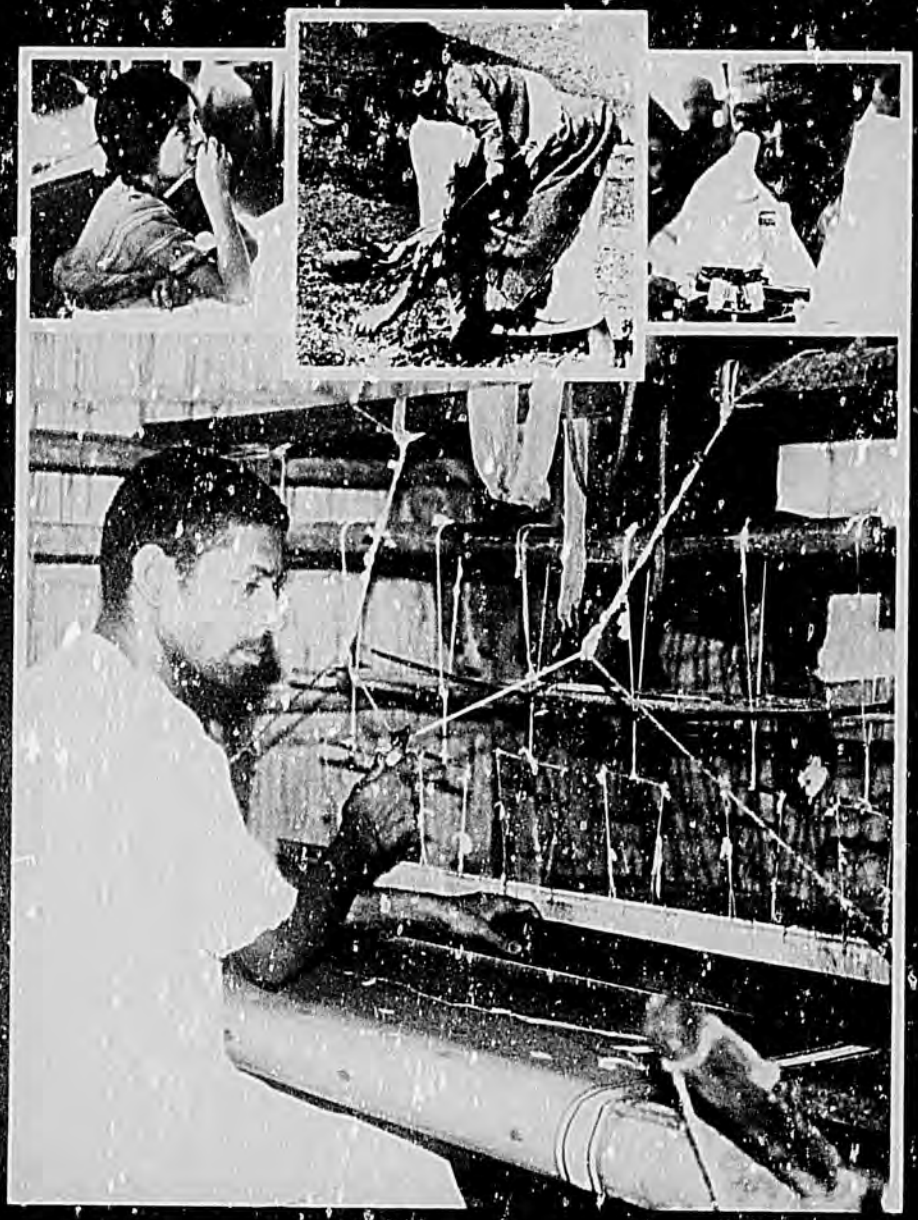
# EXPANDING FREEDOM'S FRONTIERS:



# EXPANDING FREEDOM'S FRONTIERS:

# Foreign Aid in the 1980s

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Americans are a good people. If not, they would not have given or loaned the rest of the world more than $321 billion in the 40 years since World War II. This money was spent not only out of genuine humanitarian concern, but also to serve American interests. Foreign aid, like war or diplomacy, is a tool the United States uses to create a more secure and livable world for Americans and others. Millions of people are alive today because of the American aid program; nations that today are stable, free and prosperous would have disintegrated had the American people not been so generous.

## FOREIGN AID'S CONSTITUENCY

The Agency for International Development (AID) administers the $6.8 billion foreign economic assistance program authorized by Congress. Much of the money donated or loaned to foreign nations comes back home to create jobs for Americans. More than 80% of the $2 billion in AID contracts around the world are with U.S. firms. When American aid makes consumers out of subsistence-level villagers, America benefits.

If a few observers have had their doubts about the efficacy of the American aid program, eight U.S. presidents—four Democrats and four Republicans—have not. Ronald Reagan, like Harry Truman, understands that we live in one world, indivisible, and that many persons prosper when one does well.

Foreign aid is a key part of President Reagan's plan for building a stronger America.

Yet, while the United States remains the most generous of the world's donors in absolute terms, America ranks only 17th in terms of foreign aid relative to gross national product (GNP). Exactly one-fifth of 1% of our GNP goes for foreign economic assistance; Holland spends five times that as a share of GNP. And, as Secretary of State George Shultz noted, "Only 2% of the federal budget goes to all activities directly in support of our foreign policy," including military assistance, State Department expenses and the Peace Corps.

## SAVING MILLIONS

The Agency for International Development took steps long before the enactment of Gramm-Rudman-Hollings to reduce its costs and increase its efficiency. For instance, despite an increase in both the complexity and dollar value of its program, since 1981 AID has cut its work force by more than 20% to about 4,400 employees. Of the positions eliminated, all have been achieved by attrition, and most were in the Washington headquarters, not overseas. Thus, AID is a much leaner organization than it was six years ago.

When the Reagan Administration took over, the average overseas tour of duty of AID's Foreign Service personnel was 31 months; it is now 39 months. For Senior Foreign Service managers, the average overseas tour has increased from 25 to 41 months. These longer tours of duty result in savings of millions of dollars in relocation costs and ensure greater continuity and productivity in planning and carrying out programs.

While proud of its successes, AID is not ashamed of its failures: Any organization that achieves all of its goals has not set its sights high enough. But, under no circumstances will AID tolerate throwing good money after bad by backing projects that clearly are not going to succeed.

Accordingly, the progress of each AID project now is reviewed twice each year. If a project is not producing meaningful results, it may be redesigned to maximize the benefits of money already spent. If the project cannot be redesigned to achieve its original objective or comparable benefits, it is closed down, and the remaining funds are invested elsewhere. Between 1981 and 1985, AID redirected more than $700 million in appropriated funds, diverting this money from moribund projects to others with greater promise.

For the past six years, AID has been functioning less like a government bureaucracy and more like a business, trimming its staff, cutting red tape, automating its offices and abandoning projects that won't work in favor of those that will.

*President Reagan and Administrator McPherson have been working together since 1981 to encourage nations to break the bonds of poverty by enlisting the power of the free market.*

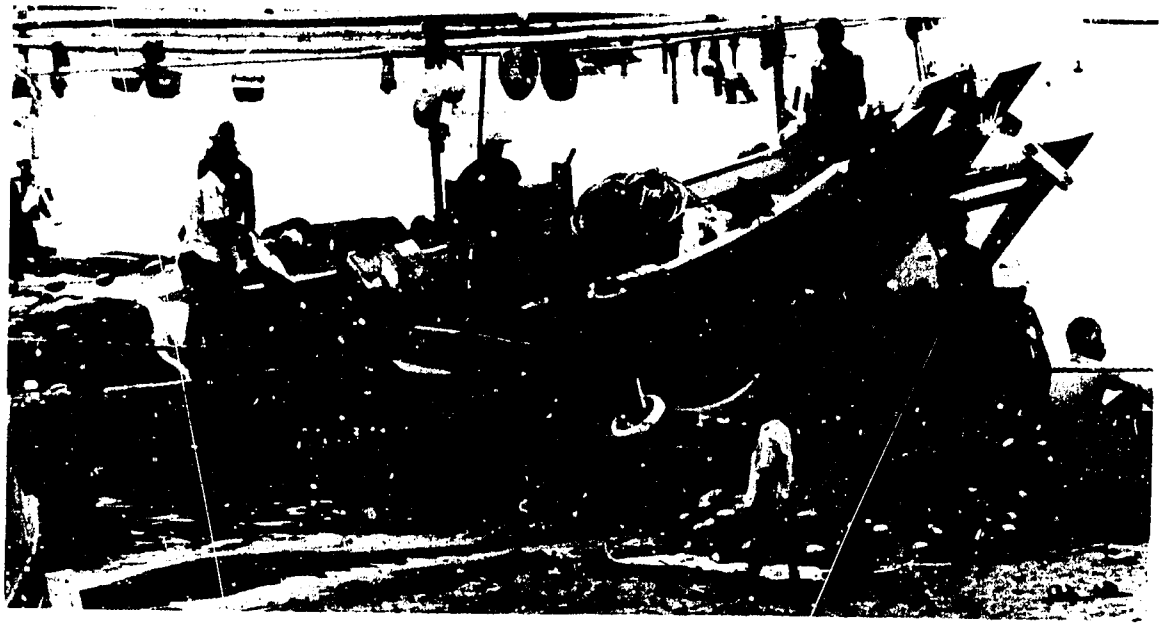
## NEW INTELLECTUAL CURRENTS

From 1946 until 1960, with the collapse of colonialism, socialist theory was in vogue among newly independent developing countries. But experience has shown the Third World that while socialism may appear effective in distributing wealth, it cannot create wealth. Also, the Soviets have little to offer when it comes to economic assistance.

New intellectual currents are stirring now in the Third World.

In July 1985, at a meeting of the Organization of African Unity (OAU) in Addis Ababa, Ethiopia, the assembled heads of state conceded publicly for the first time that "the primacy accorded to the state has hindered rather than furthered economic development."

This growing consensus among developing countries coincides precisely with the principal thrust of U.S. government policy since 1981: promotion of the private sector as the engine of long-run economic development in the Third World. The free enterprise system,



*The drive for privatization is being encouraged by the United States to build a healthy private sector and increase productivity in developing countries.*

AID believes, provides the best—perhaps the only—way for the Third World to progress from dependence to self-reliance.

## PRIVATIZATION

Because privatization—converting government-owned services and industries to the private sector—is a relatively new phenomenon, a major obstacle until recently has been a lack of knowledge on how to proceed. It will not work everywhere, and it will not work at once. But it will in time work in most places under the proper conditions, as Britain's Conservative government has demonstrated recently by selling more than $25 billion worth of assets to the private sector.

Basically, what is required is a healthy private sector, a capital market and the political will to replace statism with a private sector-led economy. To assist in this process, AID has established a privatization fund to advise developing countries in divesting state-owned enterprises and parastatals.

From Belize to Somalia, governments are selling to the private sector everything from banana plantations to retail stores, from sawmills to fishing companies, from ketchup factories to fertilizer marketing companies. As more projects succeed, more countries have been willing to give privatization a try.

Although the privatization drive is still in its relative infancy, much has been accomplished and more is being planned.

The object, of course, is to increase efficiency and to reduce costs. AID is helping the drive toward privatization through technology transfer, investment promotion, management development, special assistance to small and medium-size enterprises, support for rural industries and export development.

## PROGRESS RECORDED

Long before the Addis Ababa meeting of the OAU, some developing countries reporte progress on increasing the role of the private sector. For the 13 AID-assisted Latin American countries from 1981-85, the ratio of government spending to gross domestic product, which had risen from 15.5% in 1970 to 20.6% in 1980, had fallen to 18.7% in 1984. And, that reduction would have been greater had it not been for interest payments on foreign debt. In parts of Latin America where there are no AID programs, the upward trend continues.

According to an AID review in 1985, 16 African countries recently reduced govern-

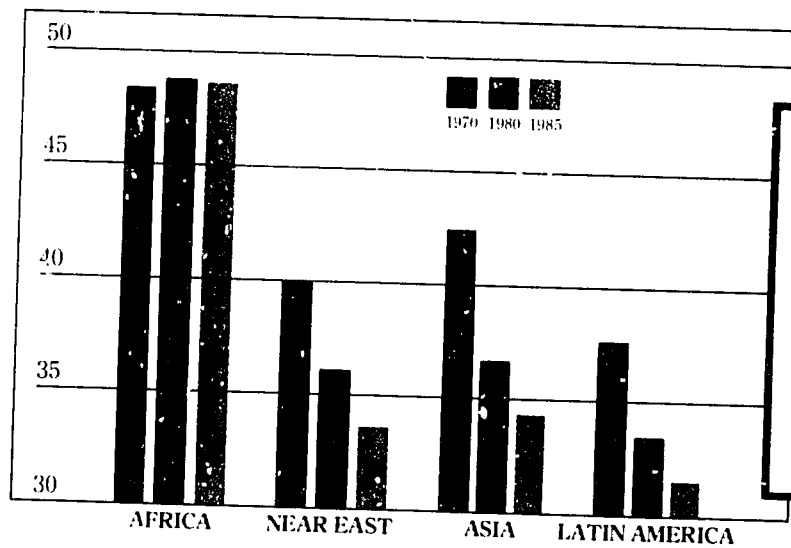
ment expenditures and narrowed their budget deficits, 10 devalued their currencies and 15 are engaged in the process of divesting uneconomical parastatals.

AID understands that America cannot buy friends. But U.S. aid can and does assist our friends to lead better, more secure lives. In the last analysis, foreign aid is essential to U.S. global policy. By supporting friendly nations, American aid strengthens our friends and cements alliances. By encouraging economic growth, American aid stimulates trade, creates jobs at home and abroad and helps produce a more attractive economic and political climate for American investors. By strengthening democracy and shoring-up free market systems, AID assists in creating a world compatible with American interests.

AID's programs comprise only a small part of the development process, in concert with other nations, multinational organizations and volunteer groups. The primary responsibility for achieving development rests with the nations of the Third World themselves. The United States can only help, and American help is conditioned on the willingness and

## CRUDE BIRTH RATE

(per 1,000 population in AID-assisted countries)

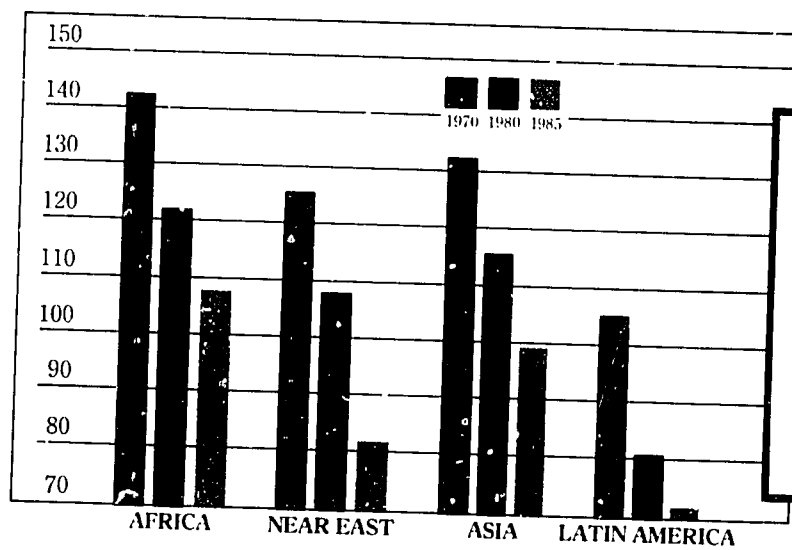



**Crude birth rates continue their downward trend in AID-assisted countries in all regions except Africa.**

## INFANT MORTALITY

(per 1,000 live births in AID-assisted countries)

(Data from AID Office of Population and Bureau of Census)




**Infant mortality declined 3.9% annually in 1980-85 in AID-assisted countries compared to a 1.6% annual decline in 1970-80.**

ability of the host country to undertake policy reforms.

The general objective is to promote economic stabilization in nations where it is lacking, to lay the foundations for substantially increased and sustainable economic growth, to spread the benefits of growth as widely as possible, to strengthen democratic institutions where they exist and to help create them where they do not. AID believes this can be done best by increasing Third World food production, diversifying exports, privatizing costly and unproductive public enterprises and giving full play to free market forces.

It is said that when you give a man a fish, you provide him with a meal. When you teach him how to fish, you provide him with a living. The United States wants to help provide the people of the Third World with the means of making a living, of becoming self-reliant. AID wants to work itself out of its job.

## AGENCY GOALS

AID has specific and attainable goals that address critical development problems:

- Help developing countries attain real annual growth of not less than 2% in their per capita incomes. Such economic growth must be reflected in increased incomes for the poor;
- Assist at least 90% of the people of each recipient country achieve the U.N. Food and Agriculture Organization's minimum daily caloric intake of about 2,400 kilo-calories;
- Increase primary school attendance to 90% and provide skills compatible with development and free market requirements;
- Increase life expectancy at birth to 60 years and cut both infant and child mortality rates; and,
- Help developing countries gain control of currently unmanageable population pressures that threaten economic and political stability. This means ensuring 80% of the adult population access to a wide range of voluntary family planning services; abortion is not an acceptable method of family planning.

The first essential element in the development process is policy dialogue between AID officials and representatives of the host country. AID realizes it is folly to impose projects for which a host country government lacks enthusiasm.

*AID works to develop and transfer appropriate technology to the Third World.*

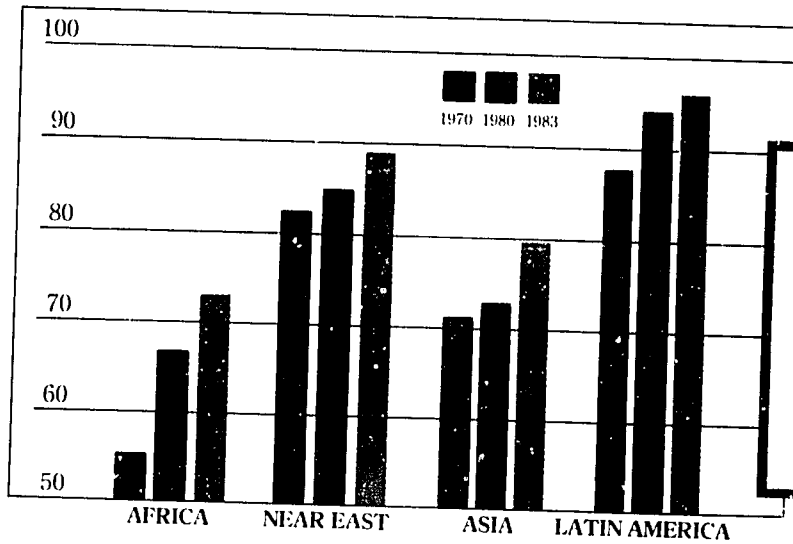
Another element is to encourage and assist the host country to build institutions that are responsive to the country's needs.

A third essential element is the development and transfer of technology relevant to Third World problems. Sometimes the development of a longer-handled hoe can do more good than 100 tractors. AID provides 25% of the budgets of a worldwide network of international agriculture research centers that have developed high-yielding wheat and rice varieties now used in half the total acreage in the developing world. AID also is supporting many national research programs, particularly in Africa.

Finally, AID encourages host governments to rely on private sector, free market forces, permitting indigenous entrepreneurs to play a greater role in the development process.

PRIMARY SCHOOL ENROLLMENT RATIO

(percent of total age group in AID-assisted countries)




From 1980 to 1983, in the 28 countries with AID's largest education programs, average per capita enrollment increased almost three times faster than in the previous decade.

## HELPING THE THIRD WORLD

No agency has the human or financial resources to make dramatic global changes overnight. Patience is required of both host governments and AID. Meaningful change takes time and "elbow grease" before it takes root.

Because America's resources are finite—but the need for them is infinite—AID must concentrate its resources where they have the best chance to succeed and, in turn, contribute to the well-being and national security of the United States.

Robert Cassen, a British expert on foreign aid, estimates that "between two-thirds and three-quarters of aid projects" are "judged satisfactory by rate of return or other criteria." He asserts that "less than 10%" of all aid projects fail to achieve any of the desired results.

AID is not satisfied with a 90% success rate—the Agency can and will do better than that. But as Cassen points out, given that donor governments and organizations are "trying to do difficult and frequently innovative things," often under difficult and dangerous circumstances, this record "may compare reasonably well with that of other complex endeavors."

## THE IMPACT ON EGYPT

Since the age of the Roman Empire, Egypt has been regarded as the jewel of the strategically vital Eastern Mediterranean. Egypt, with all its problems, remains the cornerstone of American diplomacy in the Arab world. More AID personnel and more U.S. project funds are earmarked by Congress for Egypt than for any other country in the world. Since Camp David, Egypt has received nearly $1 billion annually in economic assistance.

The basic problem can be boiled down to one simple statement: 99% of Egypt's population—50 million people, growing at a rate of more than one million per year—are packed into less than 4% of its territory, the narrow strip of arable land along the banks of the Nile. Although 30% of the labor force is employed in the industrial sector, most of the population continues to live at or near the subsistence level, with many millions existing under conditions of extreme urban squalor or rural deprivation. AID's task of helping these people lead decent lives is, indeed, a Herculean one.

The late President Anwar al-Sadat expelled some 17,000 Soviet advisors from Egypt in 1972, and U.S. economic assistance was reinstituted in the mid-70s. At the same time, Sadat committed Egypt to peace with Israel,

an open-door economic policy, a greater role for free enterprise and increased democratization of the country's political life. Sadat's successor, Hosni Mubarak, has adopted the same approach.

## THE "AMERICAN PROJECT"

Perhaps the best known of AID's Egyptian programs has been the grass-roots effort that locals have dubbed the "American Project." This involves the decentralization of decision-making authority to municipal councils and local governments, which in turn carry out development projects with AID assistance.

This massive effort in shirt-sleeve democracy has helped coordinate more than $462 million worth of development projects over four years, with funds channeled through 898 democratically-elected councils. Working through more than 16,000 locally-elected councillors, AID has improved the water systems in 1,731 villages, built or improved thousands of miles of farm-to-market roads and supported scores of other village-level projects. The 5,500 projects completed or under way will change the lives of an estimated 32.5 million people, more than 60% of Egypt's population. This is a mammoth undertaking and a great achievement.

## IMPROVING LIVES

To enhance Egypt's educational system, more than $200 million provided by AID since 1975 has built more than 260 schools; two new schools are being completed every week. Total enrollment has increased more than 13%, and enrollment of girls has increased dramatically.

Half of all deaths in Egypt in any given year occur among children under five years of age, and half of these are due to diarrheal diseases. Partially as a consequence of AID's oral rehydration therapy (ORT) program, diarrheal deaths among children have been cut by 40%, and the infant mortality rate has been cut in half in four years.

As a result, by the Agency's most conservative estimates, at least 600,000 diarrheal deaths were averted worldwide between 1983 and 1985.

The humanitarian benefits have been huge; the significant political dividends are self-evident.

All of Egypt's health and economic problems certainly have not been solved. Obstacles to an economic boom include a $1 billion decline in oil revenues and in remittances from Egyptians working abroad and an estimated 40% drop in tourism due to fears of terrorism.

Much remains to be done.

*AID has helped build hundreds of new schools in Egypt where total enrollment has increased 13%.*

*AID's oral rehydration therapy program has contributed to a 50% decline in the infant mortality rate in Egypt.*

## THE NEAR EAST AND ASIA

AID has a good record of success in the Near East and Asia. In the Near East, American economic assistance has encouraged regional development and stability, reinforcing the fragile peace in this volatile part of the world. Perhaps the most dramatic benefit in AID-assisted countries of the region has been the major decline in infant mortality of almost 25% since 1980. In Asia, food production has increased significantly, and the population growth rate has shown an encouraging decline in most nations in which AID has programs.

A sampling of some of the Agency's success stories in the Near East and Asia:

• In Bangladesh, AID has funded the electrification of 17 rural zones and the development of 17 privately-owned electrical cooperatives to manage electrical distribution and cost recovery in these areas. This system is providing service to nearly 360,000 households, 18,000 businesses and 4,800 irrigation systems located in more than 3,000 villages in rural Bangladesh. The particular success of this system is its concentration on productive use by clients for irrigation (24%) and small commercial and industrial ventures (53%).

• In the Philippines, which faces severe economic and security problems in the wake of the Marcos period, AID has given strong support to the Bicol integrated area development irrigation project. With the completion of the last dam in 1985, rice yields for 1,600 families have shot up from 1.75 metric tons per hectare to 3.5 metric tons, and harvesting twice a year will be possible. The project has received an award presented annually to the national irrigation project that combines highest productivity with best operating results. Since 1984, operating income has exceeded costs by 78%.

• In Indonesia, AID is deeply involved in that populous nation's highly successful voluntary family planning program. It is estimated that this program, which cost $119.8 million in 1982, amounted to a net savings of more than $700 million to the government in 1984 alone, a savings that is expected to increase to over $2 billion by the year 2000.

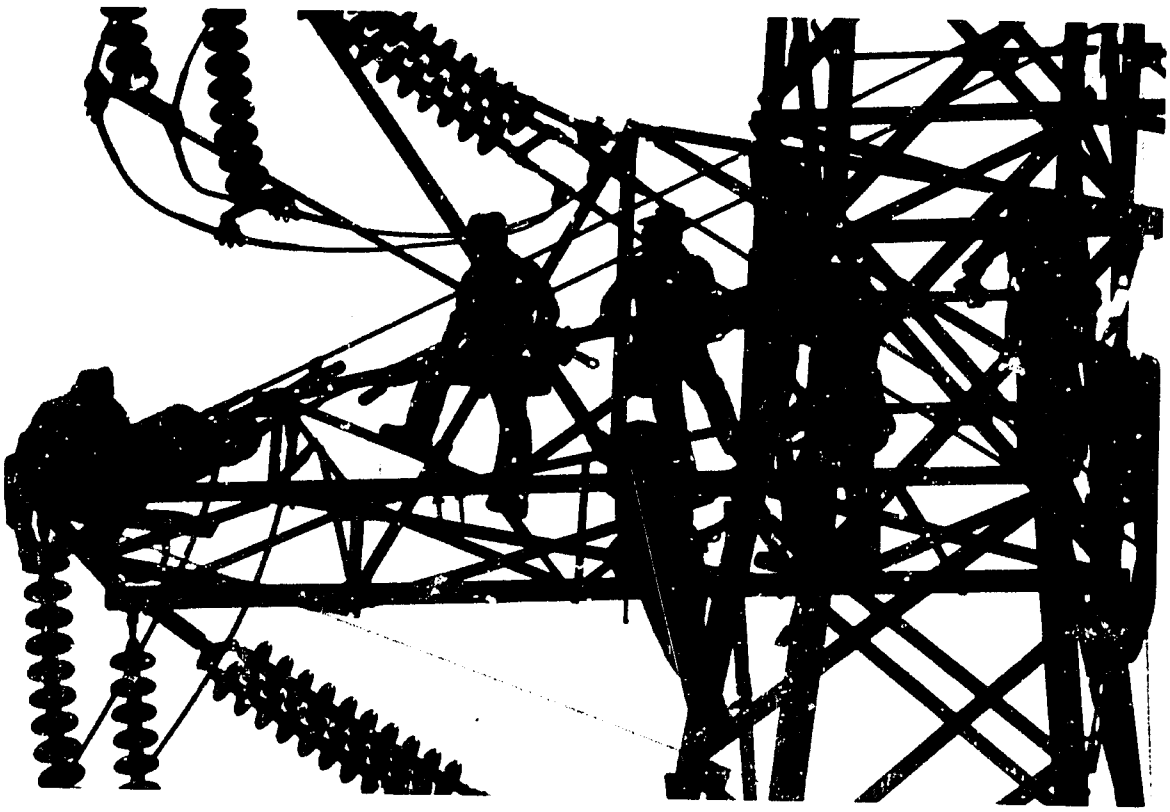
*American assistance is key to reversing economic decline and promoting political stability in the strategic Philippines.*

## LATIN AMERICA AND THE CARIBBEAN

Central America—all of Latin America, for that matter—has had parallel economies since colonial days. As it did in Cortez's time, a domestic, largely subsistence sector based on maize exists today, beside an export-oriented commercial sector. After World War II, Central America benefited from a period of intense prosperity due to unprecedented rises in world market prices for its principal exports: cotton, coffee and bananas. Trade within the region grew rapidly, largely because of earlier steps toward economic integration and the completion of the Central American portion of the Inter-American Highway.

The tide turned in the late 1970s when rising interest rates increased the cost of servicing external debt, the price of oil quadrupled and revenues from commodity exports tumbled. The collapse of the Central American Common Market (CACM), the decline in regional trade, capital flight and a deterioration of foreign investment led to political violence and civil unrest.

The entire Latin American and Caribbean region suffered severely from the world recession in 1982. Recovery has been slow or is not



*AID has supported mor than 900 public works projects in war-wracke El Salvador.*

yet under way. The burden of external debt—$370 billion—is much higher than in other developing regions. And, the servicing of these debts, essential as it is to the restoration of the banking community's confidence, is a major factor inhibiting rapid economic growth.

Nevertheless, AID assistance in several key countries of the region has staved off economic collapse. In Central America, an area vital to the security of the United States, a spiraling economic decline has been reversed and modest economic growth restored.

When the Kissinger Commission, which was formed by President Reagan, began its deliberations in mid-1983, Central America tottered on the brink of chaos. El Salvador and Guatemala were threatened by leftist insurgencies supported by Sandinistas in Nicaragua, surrogate in the isthmus for the Soviet Union and Fidel Castro's Cuba.

In only three countries—Costa Rica, Honduras and Belize—had presidents come to power in open and honest elections, and human rights abuses persisted not only in Marxist Nicaragua, but also in Guatemala and El Salvador.

The bipartisan Kissinger Commission made more than 30 major recommendations, only three of which involved military assistance. The rest addressed the basic, chronic economic, social and political problems of the region, some of which had existed since the time of the Spanish conquest.

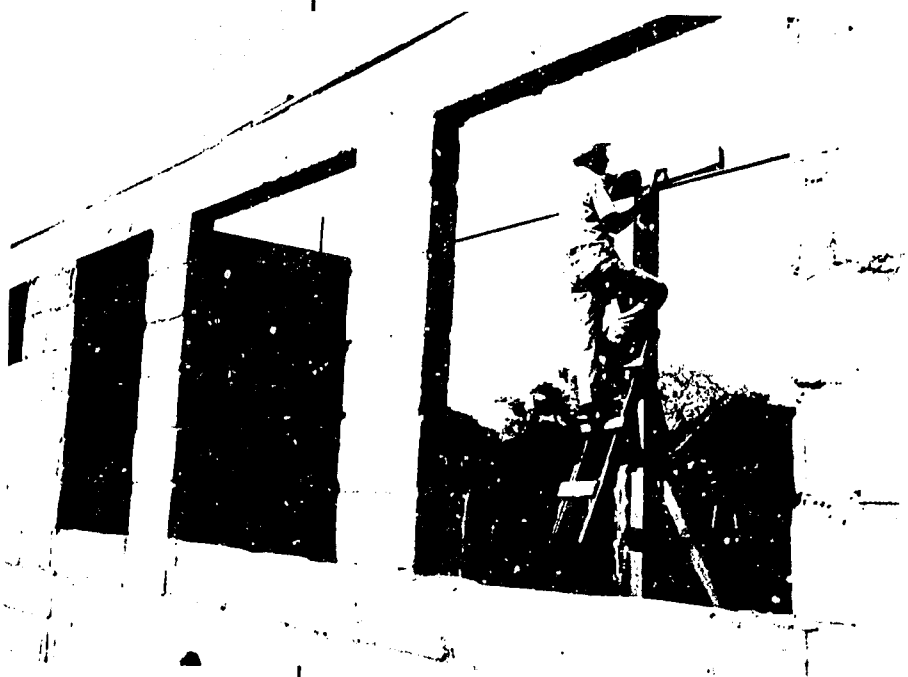
These recommendations formed the core of President Reagan's Central American Initiative (CAI), which proposed $8.4 billion in American economic assistance over five years. The broad purposes of the program were to achieve economic stabilization, lay the foundation for substantially increased and sustainable economic growth, spread the benefits of growth and strengthen democratic institutions and processes.

The fundamental goals of American aid are the same for all the Central American nations, although the specific economic and social projects financed vary according to

local conditions and needs. The bulk of U.S. economic and P.L. 480 food aid has been aimed at maintaining the level of essential imports for the productive private sector, halting, and then reversing, economic decay and preventing unemployment from worsening.

AID recently has initiated programs designed to stimulate reforms in economic policy and production structure. The purpose is not change for the sake of change but laying the foundation for a higher and sustainable level of growth. In the process, the countries will become better customers for American goods.

Once again, AID is emphasizing diversification of exports and privatization of costly public and parastatal enterprises. The United States continues to urge the governments concerned to encourage competitiveness and to stimulate free market forces, so that the private sector can function as the engine of economic recovery and growth.



*In Costa Rica, more than 3,000 loans for building or improving homes for low-income families were made available through an AID program.*

*AID's health care programs in Latin America have helped reduce infant mortality and increase life expectancy.*

## GIVING FREEDOM A CHANCE

War-wracked El Salvador, the principal target of Marxist aggression in Central America, is consequently among the neediest nations of Latin America. Only the people of El Salvador can win the war against Sandinista-supported terrorism, social injustice and economic need. But AID helps.

Refugees, the unfortunate victims of war, are the first product of Marxist terrorism in El Salvador. The number of displaced persons has risen sharply to about 400,000 registered with the government and at least another 100,000 unregistered. AID provided $10.5 million, including $8.5 million for labor-intensive community improvement projects and $2 million for health services, in fiscal 1982 and 1983. P.L. 480 Title II food and locally purchased food were also distributed to these unfortunate people.

As a consequence of this humanitarian program, more than 450,000 mothers and children have been inoculated against deadly diseases such as polio, measles and tuberculosis. More than 234,000 home visits for health care have been made to refugee families.

Over 900 public works projects have benefited 73 municipalities and provided 42,000 jobs for the poor.

In the last five years, 92 bridges have been wrecked and 500 of 1,800 steel power pylons destroyed and another 250 damaged.

AID has provided $58 million over three years for the repair of these essential public services. Salvadoran repair crews, often working in the face of great danger, are helicoptered to damaged sites. Forty-seven AID-

financed emergency generators now provide standby power for hospitals, water pumping stations and other essential facilities. All 92 bridges destroyed or damaged by the terrorists have been replaced.

Through P.L. 480 food and local currency allocations, AID also is involved in helping the Salvadoran government with a major public works program that is labor-intensive, providing jobs for tens of thousands of Salvadorans who otherwise would be without work. This includes the construction and rehabilitation of highways, urban development, the extension of water and sewerage facilities, flood control, reforestation and the redistribution of over 750,000 acres of farmland to more than 550,000 landless "campesinos."

AID understands that human rights and democratic initiatives also are important fronts in the war against terrorism. Through the AID-funded Judicial Reform Project, the Salvadoran court system is being professionalized and the criminal code revised in an effort both to apprehend perpetrators of violence and encourage due process and justice.

When the war is won in El Salvador—and it must be—AID will have played a significant part in helping peace-loving people defeat terrorism and Soviet-backed aggression.

*AID assists the people of El Salvador in repairing roads, bridges and power lines that have been destroyed by leftist guerrillas.*

## HERE AND THERE

Of course, El Salvador is not the only Latin American or Caribbean country in which AID is working to foster social justice and economic progress. The Agency also has programs in a dozen Latin American nations, including Barbados, Belize, Bolivia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Jamaica, Panama and Peru.

A brief sampling of AID's efforts:

• In the 1970s, Costa Rica began to borrow heavily to finance its growing public sector. That came to an end in 1981 when the republic was forced to suspend interest and principal payments on its foreign debt.

After consultations with AID, the International Monetary Fund and the World Bank, Costa Rica agreed to reduce its fiscal deficit, unify its exchange rate and liberalize its economy.

As a result, Costa Rica's fiscal deficit has been cut from 14.1% of gross domestic product (GDP) to 1.5%. The government is divesting itself of many parastatal organizations. The GDP, after falling 9.2% in 1980-82, grew 10.6% in 1983-85. The inflation rate dropped from 108% in 1982 to 11% in 1985. Exports of non-traditional products rose 24% in 1985.

Also in Costa Rica, AID has been assisting the government in a housing guarantee program that has helped 3,526 low-income families acquire full-serviced building lots, with water, electricity, sewerage facilities and paved streets. AID financed 2,223 construction loans and made available 1,200 home improvement loans.

• In Honduras, AID launched health-related training and technical assistance programs in 1980 that have contributed to a decline in infant mortality and an increase in life expectancy.

Due in part to this training, 40% fewer cases of malaria were reported in 1984 than 1982. Eighty percent of the population was immunized against diphtheria, pertussis, tetanus and measles; 90% of children under

*AID has helped Africans dig wells to bring water to their villages in the sub-Sahara.*

age five received the polio vaccine. Infant mortality decreased from 88 deaths per 1,000 live births in the mid-1970s to 71 per 1,000 in 1984. This drop in infant deaths is credited largely to the use of ORT, which was introduced in Honduras by AID training programs. In one project area alone, there was a 40% drop in deaths caused by diarrheal diseases.

• In Haiti, perhaps the poorest country in Latin America, entrepreneurs in the post-Duvalier period operate in a difficult financial environment characterized by limited availability of funds, a shortage of foreign exchange and inadequate development financing. AID has contributed $4 million in loans and $1 million in technical assistance to the privately financed Development Finance Corporation; 142 shareholders contributed $1 million in equity. The project's 27 activities have stimulated new industrial and agro-industrial investment, created 2,178 jobs, earned $4.5 million in foreign exchange yearly and widened the government's tax base.

## AFRICA: CONTINENT IN TROUBLE

Nowhere in the world is there a greater challenge to American efforts to help create a sound economic base than in Africa, emerging from its most serious drought in 50 years. At least 20 million Africans are alive today because the United States and the international community provided emergency food assistance when and where it was needed to stave off starvation during the recent drought.

In fiscal 1985, American government emergency food aid and logistic support to the 20 African nations hardest hit were valued at $1.2 billion, almost half the total worldwide contribution. American churches, schools, corporations and voluntary agencies donated another $168 million and staffed many of the feeding centers. The Soviet Union contributed virtually no food; its airplanes carried ammunition, not food, in support of the Marxist Ethiopian government's war effort.

The drought and subsequent famine are dramatic reminders of the more generalized illness affecting Africa. The crisis, which has been building for more than a decade, is characterized not only by a falling water table and rising food shortages, but by economic mismanagement, severe debt problems, burgeoning populations and economic stagnation.

The central challenge is to reactivate economic growth in Africa so the continent can become economically self-reliant. Africa's future rests squarely in the hands of the Africans themselves; American aid can only support Africa's development efforts. Exports must be diversified and expanded to earn the

money to finance critical import needs and service foreign debt. Agricultural production must increase to reduce vulnerability to drought, obtain foreign exchange and promote self-sufficiency in food. Industry must grow to create jobs, increase the level of consumption of consumer goods and broaden the tax base.

Clearly, increased food production remains central to political stability and economic growth in Africa. But sustained growth also will require economic diversification and export development to provide jobs for a rapidly growing urban labor force and to generate enough foreign exchange to cover debt and import bills. The speed at which this can be done will depend upon the individual country's resources and its success in restructuring its economy.

## SOME BRIGHT SPOTS

No permanent quick fixes are likely. African rainfall is erratic, little irrigation exists, and soils are fragile. There are few trained African agronomists, and the new technologies that brought about the Green Revolution in Asia are much more difficult to adapt to African conditions. But there are signs of hope.

Dramatic increases in food production already have taken place in countries such as Malawi, Somalia, Uganda and Zambia as a result of higher prices paid to farmers and greater reliance on free market forces. In 1981, for instance, Malawi, a conservative, pro-Western republic, increased maize prices by 55%. Within a year, production had doubled, and by 1983 Malawi was exporting maize.

In Somalia, AID has used the Commodity Import and P.L. 480 programs to induce the government to eliminate most farmgate, wholesale and retail price ceilings on agricultural commodities. Farmers now are permitted to sell 95% of their output on the free market.

Recent breakthroughs by AID-funded international research centers and the Agency's Collaborative Research Support Programs (CRSPs) include a drought-tolerant sorghum variety released in the Sudan that produces increases in yields of up to 150%, a new variety of cassava with three times the yield of native strains and new cowpea varieties with short growing seasons.

AID-funded research is developing models of optimum soil/climate/crop combinations to help increase the success of technology transferred from research sites to farmers' fields.

## THE CHALLENGE AHEAD

In its first six years, the Reagan Administration has not accomplished all its foreign aid goals. There have been failures because Americans believe in aiming high. But the Agency for International Development believes it has applied the taxpayers' money wisely and fulfilled its mandate to do well by doing good.

If AID can ease the burden of the poor, create markets for American industry and agriculture and help to make this a more livable world in which freedom and free enterprise are expanded, the goal will be accomplished. If the United States does less, it will have failed. And, America does not intend to fail.