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AN A.I.D. DEVELOPMENT
ASSISTANCE STRATEGY
FOR
LATIN AMERICA
1980-1999

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Introduction

The paper that follows outlines a Strategy for A.I.D. in the countries of Latin America, for the balance of this century, and a program budget for the next ten years. This strategy emphasizes eradication of the absolute poverty of the poorest half of the peoples of the Region, and, in addition, deals with the problems that these essentially middle-income countries face in their attempts to avoid slipping backwards in the development process as it becomes more technologically demanding. The strategy confirms the phase out of the A.I.D. Missions in Uruguay and Chile, but proposes that A.I.D. Missions, focusing on rural poverty, be maintained in Colombia and Ecuador and that Appalachia-like, "depressed area" Poverty Programs be developed with Mexico and Brazil. Also proposed is a cooperative Advancement of Science and Technology program, administered from four regional offices and AID/W, in which all of the countries of the Hemisphere may share. This program aims to deal directly with the issue of achieving enough technological advances to keep pace with the new problems development itself generates, including how to increase exports so as adequately to service external debt.

SUMMARY

I. The Problem

Although the economies of the countries of Latin America have achieved substantial growth, as evidenced both by an average annual 5% growth rate and by GNP per capita levels of over \$550 a year, extreme poverty remains increasingly prevalent in all of these countries. This problem of the persistent poverty of the majority is one that the countries of the Region have not yet been able to solve. The situation is aggravated by the external aid agencies using misleadingly high per capita income levels to justify reducing or cutting off aid, thereby crippling further the efforts to fight poverty.

GNP per capita data mask the fact that, in reality, over half of each country's population, and the majority of the hemisphere's total population of 300 million have per capita incomes below \$125 per year; the poorest one-third less than \$70. Economic growth per se never has reached the rural poor. In fact, the gap between the urban industrial and the rural sectors continues to widen. For the majority of Latin Americans the realities of life include underemployment, low calorie intake, high infant mortality, low life expectancy, high morbidity, illiteracy, and high fertility. The results of pervading poverty are growing pressures from, and in behalf of the poor; to which the various power structures are responding variously -- some by concessions, some by repression, and some by progressive efforts to achieve more equitable growth, though none of these have yet met with any real success.

External aid has not so far helped, either, to restructure economic machinery so that it provides more benefits to more people. Where major restructuring has been tried, as in Chile and Peru, the results have been economic disaster. Growth has proven to be a fragile thing, especially when the effort is made, awkwardly, to skew its benefits toward the poor majority. This dilemma of growth without equity is no longer tenable. It is also a dangerously misleading model for the more recently developing countries of Africa and Asia.

Despite the view of some that, with resources reflected in GNP per capita rates in excess of \$500, the countries of Latin America should be able to solve their own problems alone, they cannot resolve this dilemma by themselves.

The reasons why they can't solve them alone are:

(1) Substantial economic and social evolution-cum-revolution, are required to effect the essential structural changes. But Latin American societies are typically traditional, the poor have little voice, it is not easy to get a national consensus (especially among

those whose influence counts) to change structures rapidly at what they regard as their own expense. While important enlightened elements exist who can see that the costs of change now are less than if the lid were to be kept on too long, these elements do not yet reflect a preponderant view, and their influence has had only spasmodic positive results thus far.

(2) Even where there is national consensus for change and progress toward a more egalitarian society, the countries of the Region do not command the technological tools necessary to eradicate absolute poverty, and to meet Basic Human Needs without endangering the growth gains they have made. This short-fall in economic skills has been demonstrated in Chile under Allende, by Peru today, and by Cuba and Jamaica, to mention only the most obvious cases. Technical inadequacy relates to the core problem of rural poverty. Neither they, nor we, yet know how increased incomes and living standards can be brought to all the rural poor through the concerting of better farming and marketing methods, rural infrastructure, education, and health measures, etc. A.I.D.'s 35 years of experience in these areas has given it clues, and superior R&D approaches and methodologies that can be of value in cooperating on rural project design and management. But essential technological break-throughs in these areas, needed for success on a national scale, do not yet exist. Thus, the Latin American countries are not in a position to solve their poverty problems alone, even where they want to.

(3) The invoking of a GNP per capita means test as a measure for extending or withholding economic aid has become a deterrent to adequate external assistance, both from the I.F.I.'s and from A.I.D. Both the amounts have, as a result, been inadequate and the terms hardened.*

Yet, the inadequacies of per capita income as a measure of the welfare of a country's inhabitants, or its development, are clearly evident in the case of Latin America. Per capita income fails to reflect real income distribution. It hides the poverty of the Region's majority. It fails to provide a reliable indicator of a government's will to deal with poverty by mobilizing resources and investing them in equity producing development programs. Per capita income tells us nothing about the quality of a government's administrative structure and its technical capacity to design and implement programs for meeting basic human needs, either way -- high absorptive capacity or low. Natural resources wastage, environmental pollution, urban poverty problems, unemployment, energy costs, and lack of scientific and technological resources needed to break increasingly sophisticated development roadblocks, cannot be measured by per capita income.

* Moreover, loan repayments to the U.S. now exceed the annual A.I.D. lending level to Latin America. Receiving more than we lend will increase until A.I.D. loan levels rise.

Likewise, per capita country income tells nothing about the importance of particular countries or regions to the U.S. The use of per capita income as the principal decision-making tool for economic cooperation isolates U.S. development assistance from vital national objectives and provides decision-makers with an overly simplistic method for differentiating among LDCs. In many cases, per capita income provides distinctions among countries where there are not in fact significant differences, and it masks important development problems in some countries, of vital concern to the United States whose highlighting, and our attention to them, are critical. The results of the per capita means test, less external aid on harder terms have further impaired an effective attack on poverty.

(4) The "Second Generation" Science and Technology Problem:

While the huge, indigestible, residual poverty problem is their biggest headache, the Latin American countries are also encountering, increasingly, more sophisticated and difficult "second generation" problems as they move along the stages of development. In general, these problems relate primarily to the need for higher levels of technological capability than the countries' own growth experiences have been able to provide them. Foremost among these problems is that of how to manage an economy so as to keep it growing and stable, while engaging in social reform. Equally unavoidable technological problems that arise as development progresses include resources conservation and development, urban growth and blight, national technology levels in both public and private sectors equal to fostering the design and production of goods competitive in world trade, environmental problems, inadequacies in science and technology education, inadequate R&D institutions and programs in Science and Technology, and inadequate capabilities to plan and organize national science and technology up-grading programs.

(5) Special Problems, identified particularly with the larger countries, such as Mexico and Brazil, are of critical concern both to them and to the U.S. and cannot be solved without our help. They include the growing problem of labor force migration to the U.S. which is in reality a problem of the inadequacies of development in the Latin American countries. Even the largest countries have failed to solve their rural poverty problems. In fact Mexico and Brazil alone account for half of the poverty of the poor in the hemisphere. Their job creation efforts, especially Mexico's and the Caribbean countries, are falling far short of meeting the needs of the new entrants into their labor markets. The streams of close to two million people a year heads north, and west. This flow will grow until significant new advances are made in Latin American economic development, especially in Mexico.

(6) The Debt Burden Problem: Also of mutual critical concern is the growing external debt burden of the larger countries (as well as of countries like Peru and Jamaica) and the implications of this problem in terms of the world-wide need for restructuring international manufacturing and trade patterns so as to allow these LDCs to earn enough through exports to meet their debt servicing requirements -- all in the context of the permanence of high oil prices. Countries like Brazil, Mexico, Peru, and Jamaica are victims of the irony that at the very moment in history when they have come to wish to alter course toward meeting the basic human needs of all their peoples, they are progressively constrained from doing so by the need to expend upwards of 30% of their export earnings on external debt servicing.

II. Why Solving These Problems is Important to the U.S.

We believe that there are several reasons.

(1) First, because unattended poverty is a violation of human rights and we have accepted, as a nation, the obligation to protect and promote such rights, including economic human rights wherever they are endangered. Half a hemisphere, our hemisphere, below the poverty line is not an acceptable situation in this regard.

(2) We have strong, literally vital, ties to Latin America -- a binding common heritage; crucial trade, investment, security, and cultural relationships; and they have many vital resources that we must import.

(3) The U.S. exports more to Latin America than to the rest of the developing world combined, almost as much as we export to the European Economic Community. U.S. direct private investment in Latin America represents over 70% of our investments in the entire developing world.

(4) In the years ahead, the Latin American countries will assume growing importance as leaders among the countries of the developing world, strongly influencing how the new international economic order evolves.

Large issues are at stake as the world economic order inexorably changes to accommodate permanently high oil prices and a global restructuring of industrial production and trade to permit oil-dependent LDC's to export enough to service their growing external debts.

These are issues of tremendous import to the U.S. We cannot simply close casually the chapter on economic cooperation with these countries while they struggle to continue to defeat poverty and to produce and export themselves into basic economic health.

III. A.I.D.'s Ability, and Hence Obligation, to Continue Economic Cooperation in Latin America.

A.I.D. and the I.F.I.'s together have the ability to make significant contributions toward solving the development problems that beset the Latin American countries. It is their obligation, therefore, to utilize those abilities. The I.F.I.'s are essential as providers of the large capital transfers necessary to continue macro-economic growth and lay the base for its more equitable distribution.

The role that A.I.D. can best play, with special reference to the attack on poverty, is that of collaborator with the Latin American countries in experimental projects and programs designed to find out how to achieve higher rural (and urban poor) living standards, while still also encouraging over-all economic growth and stability.

A.I.D. can play this role better than any other agency for at least two reasons:

(1) A.I.D.'s resident staffs, dedicated and respected U.S. technicians, make it possible for A.I.D. to identify and support groups within the country, through whom a consensus "pro-development" can be engendered. A.I.D. has been doing this in Latin America in recent years with considerable success.

(2) A.I.D.'s staff presence and technical qualities make it possible for it to join with groups in and out of government in serious, scientific experimental and pilot projects that jump off into the unknown. A.I.D. can take the project risks that the I.F.I.'s cannot. We have been doing this also in recent years in Latin America; winning some, losing some. Each win, however, has made possible advances in the knowledge of how to ameliorate rural poverty without deleterious economic side effects. In a laboratory sense, A.I.D. already knows something about how to do rural development. A.I.D.'s critical ability, that is to be a cutting edge of technological knowledge and methodological skill, useful in designing and proving new approaches to be then followed, and backed up by the I.F.I.'s millions, through the provision of major financing for techniques proven in A.I.D. test projects.

However, to be able to continue working in Latin America, A.I.D. must first call a halt to its drift toward the brink of withdrawal from this hemisphere. The drift began in the Nixon-Ford years of "benign neglect." It continues in the Agency's search for ways to comply with the Congressional mandate, in the face of too-limited resources. While we support that a respectable theoretical case can be made for channeling all of A.I.D.'s limited resources to only

the poorest countries, we believe that this would be recklessly doctrinaire, impractical, and not mindful of U.S. interests. We believe it imperative, in these interests, as well as the Latin Americans', that appropriate economic cooperation with Latin America be continued and revitalized. To accomplish this, we need a new strategy; -- one attuned to the realities of the present stages of development of the countries of the Region.

IV. The Strategy:

A.I.D. will continue to work in the three poorest countries, Haiti, Bolivia and Honduras, with a sharp focus on poverty, using all the weapons in A.I.D.'s arsenal. In this effort still greater attention than at present will be given to rural education and health, family planning, and to a renewed and revitalized participant training program. In addition, the Science and Technology Transfer program identified below and described more fully in the complete report will be added. It will, in these countries, be administered by the resident USAID staff.

In the "less poor" countries where we now have Missions, the country programs will also be sharply focused on poverty, using a limited number of gifted DH staff to design and implement significant experimental and demonstration projects that can show the way to larger investments by others. Secondly, a Program to deal with these countries' second generation problems through Science and Technology Transfer will be launched, where desired by the country. This program, described in the main report, would be managed by four regional offices and AID/W as described in the main report. All nations can participate.

We propose that the USAID phase-out in Uruguay be completed, but that the phase-down in Colombia be stopped, and that the limited staff complement now there be reformed to the pattern of a lean, skilled, poverty problems team, focusing on that country's major poverty pockets. We also propose that the Ecuador program be built back to the same level and conformed to that kind of focus on poverty in the Ecuadorean highlands.

In both the poorest and in the "less poor" countries we expect also to develop non-projectized, but hard-hitting assistance packages focused on high impact, host country basic needs initiatives. A reinvigorated participant training program will apply in these countries as well.

With respect to the largest countries we propose, in principal, to deal with their poverty problems, too, by appropriate means. This appears not practical in Argentina nor necessary in Venezuela, but highly important, feasible, and necessary in Mexico and Brazil. Half of the poorest of the poor in the hemisphere can't be ignored. How we will work on Poverty Problems in Mexico and Brazil without reestablishing USAIDs, which we do not propose, is dealt with in the main report. Mexico, Brazil, Argentina, and Venezuela would be offered the full Science and Technology Transfer Package.

In addition, means will be sought by A.I.D. in concert with other U.S. Government agencies and the private sector to rationalize the unfavorable debt-export ratios of countries whose economic stability is seriously threatened thereby: Mexico, Brazil, Peru, Jamaica, Guyana, and others.

In summary, the top priority objective is to leave no poverty pocket unturned in the hemisphere. We target all of the poorest people of Latin America, wherever they live.

Second priority is to help countries deal more effectively with the increasingly complex technical problems that development and economic growth themselves generate and threaten to cause serious setbacks in growth and in ability to meet BHN.

Third, we propose to face up to two over-ridingly important issues, of as great domestic concern to the U.S. as to our neighbors:

- (1) Labor Force Migration to the U.S. and
- (2) the threat of untold grief from failure to address the external debt-export ratio issue in key countries whose economic health is essential to the international economic system. Chronic illness in this area must, as much in our interests as theirs, give way to sound, permanent solutions.

In the Appendix will be found more detail on Program Components and rough cost estimates for the period 1980-89.

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A PROPOSED A.I.D. PROGRAM FOR LATIN AMERICA

1980 - 1999

I. The Problem:

The central problem is that despite impressive growth rates over the past 20 years and per capita GNP levels in excess of \$500 a year, absolute poverty remains the lot of the majority of Latin Americans, both as a hemisphere average and within each country. This problem is compounded by 3 additional problems, brought on by growth itself: (1) to sustain growth requires sciences and technologies that the countries of the Region do not possess and are not developing as their economies grow more complex; (2) to sustain growth also requires a growing external debt that needs to be financed by growing exports but isn't, mainly due to technology levels too low to produce enough export goods competitive in world trade; and misleading per capita income levels have discouraged external aid.

A. Background

When we talk about the developing countries of Latin America, it is important to recognize that we are talking essentially about some 27 countries, only 3 of which, Haiti, Bolivia, and Honduras, are "poor" enough by GNP per capita standards to qualify for IDA assistance. Some 24 less poor countries are at various stages on the road to achievement of the development goals they set for themselves in the 1950's and 1960's. Four of these countries have outstripped the others in growth and stage of development, and are also larger in size and population than the average. They are: Mexico, Brazil, Argentina, and Venezuela. These 4 countries might border on being classified as almost developed were they, too, not still plagued with the same basic development problems that beset all 27 countries. The differences are of degree. A.I.D.'s strategy for the hemisphere thus needs to be one responsive to an essentially similar configuration of problems in all countries of the Region, varied from country to country by the stage of development of each.

B. Poverty in Latin America

In the poorest countries of Africa and Asia, A.I.D.'s definitional problems are easy, because "poor countries" and "poor people" are synonymous. It can be assumed that in a country rated "poor" by the per capita GNP measure, almost all of the people are poor. In Latin American countries, the typical pattern for each country, and the composite hemisphere figure, is that one-half the population is "poor," that is, have annual per capita incomes below \$125, with the poorest third of the population at or below \$70 per year.

Is One-Half a Hemisphere in Poverty a Problem Worth A.I.D.'s Attention? We believe that it is. We believe that the U.S. commitment, and A.I.D.'s, is to deal with the poverty of poor people wherever they are. The total population of the Region's 3 "poorest" countries is only 15 million or just 5 % of the hemisphere total; yet, in all, ten times that many Latin Americans live below the absolute poverty line. Obviously, most of them live in the "semi-developed" countries.

All of these "not so poor" countries have enjoyed a long period of substantial economic growth. Why is it, then, that they have so severe a poverty problem? The answer is that the kind of economic growth the Latin American countries have experienced since World War II has generated, rather than alleviated, poverty, especially rural poverty. Why growth generates poverty is the most crucial unsolved problem of development today. There is no more vivid proof of this than the record of Latin American development over the past 30 years. Here we find the clearest cases of successful growth without equity, and, while the syndrome is reflected most dramatically by the experiences of the two largest countries, Brazil and Mexico, growth with little or no equity also characterizes most of the hemisphere's development experience since World War II. Not only is poverty, despite such "growth," a greater problem in Latin America today than it was in 1950, and hence a fit subject for continued A.I.D. concern -- the development model on which many of the countries of Africa and South and Southeast Asia are just now unwittingly embarking is the Latin America model of the 1950's and 1960's. This model must be stopped! It needs changing, both for sake of the bad example it is setting, and for the sake of the poor in Latin America who are suffering from its consequences. One of the best ways, perhaps the only way, to learn how to achieve growth with equity is to analyze what has gone wrong, and why, in Latin America, and then to experiment, in live situations, with alternative remedies. One could argue that the developing countries that are off to a later start need only to avoid the "trickle down" design to achieve equity. It is clear, in fact, that most of the African countries will try this through some form of modified national socialism. This may be all to the good as far as it goes, but it still amounts to shooting in the dark -- even more so than did "trickle down." And it may well result, as is already the case in Sri Lanka and Tanzania, in Equity without Growth, which, in the end, also generates more poverty than it prevents.

What we need to know is how to achieve growth and equity, or equity and growth -- or to add the one to the other that does not now exist. The not so poor countries of Latin America are, we believe, the best laboratories extant for learning how to devise new means for seeking equity while preserving the growth gains already achieved. Tanzania,

Sri Lanka, and Kerala, by the same token, may be regarded, also, as good laboratories for seeking answers as to how now to achieve growth without sacrificing the equity gains already being enjoyed.

In summary, we believe that the great mass of poor people in Latin America warrant our concern and attention as much as the poorest people in the poorest countries. Looked at from the family level or even the village level, the poverty predicament of all of these poor is the same. As countries, the differences between the typical Latin American country and the Asian or African countries are of percentages. In the poorest African countries, 90% of the population is below the poverty level; in South and Southeast Asia, 80%; in Latin America, 50% to 60%. (In the U.S., 20%.) While Latin America's 50% are just as poor as the Eastern Hemisphere's 80 to 90%, the process of learning how to eradicate poverty from the bottom up seems more readily manageable in the Latin American countries. Technical knowledge gained in Latin America could then speed the process in Asia and Africa and help avoid their making the same mistakes in the 1980's that the Latin American countries made in the 1960's/

C. Second Generation Development Problems in Latin America:

While poverty continues to be the major problem, other "second generation" problems have emerged as the Latin American countries experience rapid rates of economic growth. As with poverty and lack of local capacity to provide for basic human needs, many of these problems are not now being adequately addressed by Latin American governments for lack of funds, technical expertise, institutional mechanisms, and high level attention to appropriate policies:

1. Energy

Rapid increases in petroleum prices have confronted the Region with additional long-range development problems. The need to develop alternative energy sources and improve conservation measures is now widely recognized throughout the Region, yet national energy policies and programs for developing alternative energy sources are almost non-existent.

2. Urban Poverty

The sprawling urban areas of Latin America present the Region with yet another major development problem. The highest rates of population and urbanization growth in the developing world have led to the creation of enormous urban slums in all the Less Poor Countries of the Region. At present growth rates, Mexico City's population of 13 million will double in six years and reach 30 million by 1990, making it the world's largest city. Similar rates of growth in all of Latin America's major cities have created urban poverty problems more serious than in

any other region of the world, except for the Indian sub-continent. The planning and management of Latin America's largest cities -- and the development of alternative settlement patterns -- will be among the severest development challenges of the remaining decades of the century.

3. Science and Technology Lag

In the area of science and technology development, Latin America is lagging behind. Science and technology are fundamental accoutrements of modern economics. They are among the crucial tools necessary for self-sustaining economic development. Yet, growth in Latin America has not been accompanied by increased internal capacity to generate scientific and technological knowledge that can either sustain high rates of economic growth, or deal with the Region's serious poverty problems.

Inadequate scientific and technological structures have to be viewed as a critical development bottleneck. They deter growth and employment expansion and limit the development of new technologies that can respond to local endowment factors and local needs. The inability of Mexico, the Caribbean, and other Latin American countries to adapt new technologies to their labor surplus economies is one of the reasons that economic growth has not led to expanded employment opportunities for the rural and urban poor. In addition, the Region's technological dependence on the developed countries, in the face of inadequate transfer mechanisms, has caused conflict on this count between the Latin American countries and foreign sources of technology.

Meanwhile, the developed countries are producing new technologies that could be important instruments for promoting Latin American and Caribbean development. Alternative energy sources and new conservation methods are under development. Remote sensing, weather forecasting, and communications have important potentials for the Region. The technologies to mine the seas and manage fisheries are rapidly developing. Yet, in Latin America, the institutional structures and technical expertise needed to exploit and adapt these new technologies are lacking.

4. Environmental Problems

The Latin American countries are also confronting environmental problems even more serious than those in the United States, and they lack the financial, technical, and institutional capacity for dealing with them. Serious problems

of deforestation and soil erosion exist throughout the Andean countries and in Central America. For the poorest country in the hemisphere -- Haiti -- resource depletion problems have reached disastrous proportions. Rapid economic growth has outpaced governments' capacity to build sanitation systems and untreated waste is polluting many Latin American rivers, lakes, and oceans. A number of river systems in Peru and Chile are so polluted by effluent from large copper smelters that experts fear that the rich soils in regions irrigated from these systems may be seriously damaged. With accelerating economic growth, these environmental problems will increase, and they could lead to irreversible damage to Latin America's limited productive natural resources.

Like poverty, the severity of these problems tend to be obscured by the average per capita income figures that are used to characterize most Latin American and Caribbean countries. Yet these problems of energy costs, urban poverty, lack of science and technology institutions and resources, environmental pollution, and resources' wastage, all join with population growth in making unemployment progressively worse and pose a danger to the stability and economic progress of the countries in the Region. Some of them have become serious problems for the U.S. as well.

5. The Labor Force Problem

For example, there is great concern about the undocumented workers who are coming in increasingly numbers to this country from Mexico and from many other Latin American nations and the Caribbean, as well. For these countries, the migration of the poor to the U.S. is a safety valve, easing social and economic pressures at home. With unemployment running in most of these countries at 25% and higher, there are serious fears that, if such migration were closed off, domestic social and political tensions in Latin America would substantially increase.

Thus, the question of undocumented workers entering the U.S. is not solely a U.S. domestic law enforcement and labor problem. It is more a problem of Latin American underdevelopment -- the lack of employment opportunity in the countries from which the undocumented workers are fleeing. Their migration to the U.S. in search of work will continue and will increase until there is effective economic development of the rural and urban areas of Latin America.

The undocumented worker issue illustrates vividly our interdependence with the countries of Latin America. Looking at the Americas as we must, as a single, contiguous, geographic area, one can sense the great suction forces of the dynamic

labor markets in the North juxtaposed with the irrepressible push forces of unemployment from the South, propelling workers toward job opportunities, as air rushes into a vacuum. Whether we want to continue A.I.D. assistance to the developing countries of Latin America or not, we cannot ignore the growing gravity of this problem, made all the more dramatic by a simple demographic fact from just one of the countries involved: At present growth rates, Mexico's population will exceed that of the U.S. within the next 50 years. If Mexican economic growth does not begin soon to achieve more equity and to create millions of attractive new jobs, a high and increasing proportion of Mexico's growing population will have to find employment in the U.S. There will be no alternative. And when one realizes that there will then be more of them than of us, one begins to sense the enormity of the problem -- both theirs and ours. Which is to say that we are again brought back to the reality of the need to move now, throughout this hemisphere, to develop the systems that can guarantee gainful rural and urban employment at a decent income level, for all.

6. Special Problems of the Larger Countries (Mexico, Brazil, and Argentina)

These larger developing countries, too, face critically serious problems warranting special kinds of international cooperation. While these problems are present to a degree in all Latin American countries, they are acute in these large countries.

The first is that they, neither, have solved the basic problem of major residual poverty. Fully half of all of Latin America's desperately poor live in Mexico and Brazil. To profess to be dealing with the poverty problem in Latin America without being concerned about poverty in Mexico and Brazil is to be deluding ourselves.

Other severe problems of these large countries relate directly to the intermediate stage of their economic development. They include:

7. Extensive External Debt Burden and Inadequate Export Capability

The problem is: How, through a combination of capital inflow promotion, exports, domestic austerity, and as yet unknowns, to manage, service, and relieve a growing external debt. The Latin American countries' aggregate debt burden, mainly of the largest countries, at present composes more than

1/3 of the Third World's total. Some Latin American countries face the brink of disaster as they approach the 1980's. More may reach that point during the decade if ways are not found to break the vicious circle of continued excessive external borrowing that, ironically, can't be done without.

Post-1973 debt structures in the LDC's, almost all of it in eight "upper tier" countries, four of them in Latin America, are such that there will be a rapid build up of principals due before 1980. The crunch is close upon them. These LDC's have only one of two ways to go, or a combination thereof. They can stop borrowing at the post-1973 rate (since 1973 their debt has gone from 73 billion to 143 billion in four short years). Or, they can rapidly increase exports. Neither is a very sure thing at this point, yet chaos looms if one or the other or a combination is not achieved.

This whole problem of external debt illustrates how different the Latin American countries are from those just starting to develop (and borrow). Being in the development mode for 25-30 years appears to beget, along with growth, not only poverty and inequities but also an onerous external debt burden that puts the developing economy on a treadmill. Our development economists of the 1960's did not explain, then, that such, too, would be among the wages of borrowing for growth. Let Africa and Asia take note, and let them also follow closely the Latin American countries' emerging techniques for extricating themselves. The greatest irony of all -- and again let those countries less far along the development be aware -- is that the process, begun as growth per se, aided by heavy external borrowing, gladly loaned, has today yielded, at one and the same point in time, (a) a surging desire in the national body politic for greater equity and the meeting of BHN; and (b) a diminishing capacity, because of debt, to respond to these desires.

8. Mobilizing the Internal National Market

How, in addition to expanding exports by finding and producing competitive products for these markets, to expand their national markets. This is closely related to poverty eradication -- to bringing the poor from the margins into the full stream of their money economies. These latent national markets, especially in Mexico and Brazil, hold much of the secret for achieving sustained economic growth with equity.

Whenever, however, we speak of continued external assistance to the Latin American countries, there are those who ask, why can't they do it for themselves? Per capita GNP figures of \$500 - \$900, it is said, clearly demonstrate that they have the resources to solve their own problems, especially in collaboration with the I.F.I.'s, if they want to.

Why the Latin American Countries Cannot Solve Their Own Development Problems Without Continued External Assistance.

1. Because the extensive structural reforms required need external material and moral support. The argument that poverty could be eliminated by the Latin American governments if they only had the will to take effective action assumes away the political realities in Latin America. Current wealth and income distribution patterns are a product of -- and reinforce -- a variety of historical, institutional, socio-cultural, economic and political factors that cannot easily be modified. Policy changes could help, but development policy is formulated within a political economy in which various interest groups influence public policy. The poor are not well represented in this process and economic growth policies are normally biased against them. Even when politically acceptable, policies which establish highly progressive tax structures are difficult to administer effectively. It is not practical to expect non-totalitarian Latin American countries to address the problems of their poor through instant income redistribution, without outside support. A brief review of the historical background will help better to understand these realities.

No Power to the People

Although freedom from foreign control had come early in Latin America -- in the 1820's, power passed not to the people nor even to new indigenous power structures. Power, instead, remained with the economic, social, and political structures inherited from the colonial era, and this has prevailed well into the 20th century. There are exceptions like Costa Rica, of course, and they are a continuing asset. But, even as late as the advent of the Alliance for Progress in the 1960's, most governments and societies in Latin America were still conservatively ruled by a small upper crust which paid lip service to the Alliance for Progress and then proceeded to reinforce the status quo. They did embrace the 1960's concepts of development because they liked the way most of our economists described the process: "grow now, distribute later." This in turn set in motion a whole series of sub-processes whose consequences, as seen now, were worse than even the most perceptive of our experts could have imagined as they sympathetically helped in the promotion of rapid industrialization,

including import substitution industries.

The basic results were the creation of premature consumption-oriented economies dominated by urban elites. These small groups managed to siphon off most of the proceeds of growth to meet their own consumption appetites. Thus, the few at the top of the economic heap grew richer, and while their numbers grew larger as well, they remained only a tiny fraction of the vast majority whose poverty stayed constant or worsened, and whose number rapidly grew. The point is that economic power structures which had ruled static economies stacked in their own favor for generations, found the dynamic new development syndrome even more to their liking, so long as the old structures remained intact. Thus, when there were juxtaposed the entrenched traditional economic structures with the development-economics policies of the 1960's, which are intrinsically regressive, the result has been the creation of the great extremes of wealth and poverty that we have seen develop in Latin America in the last two decades.

The Poverty Pyramid

By the early 1970's the picture was basically the same throughout the hemisphere. In each country a numerically small elite had come to ride, in varying degrees of ease, on top of a pyramid of poverty in which the poorest one-third have incomes below \$70 per year, and over one-half live on less than \$125. Rural education and health services are from meager to non-existent; nutrition standards are low and rural unemployment and underemployment are wide-spread. The rural half of the population of the typical country remains on the margins of its money economy.

Keeping the Lid On

Concessions to the unrest that has ensued have been limited to those necessary to keep the lid on, the situation varying from country to country accordingly. The basic pattern, however, has remained unchanged, except (a) in Bolivia, (b) in Cuba where the lid blew completely, (c) in Chile, briefly; and (d) in Peru, which has now, however, had drastically to slow its social reforms. Mexico also, in the past five years, has made a beginning with rural poverty amelioration, though with little yet to show for it. This leaves us then with a hemisphere in which much national economic growth has been achieved but without benefitting very many people. The resulting pressures are being contained, but they are building -- more so in some countries than in others, and with greater power to control the pressures present in some regimes than in others.

Slow Improvement Noted in the 1970's

Since 1970, however, this scene has been gradually changing. This decade has been one of increasing tensions and stress, brought on both by the growing disparity itself and by heightened awareness of it.

The internal pressures for change that have increased substantially in the region since 1970 have in some countries caused progressive changes to take place within the established systems. A.I.D. programs have in some cases helped bring about these changes. In some countries, slow progress is being made toward a better life for the poor majority.

To be especially noted is the fact that no regime any longer tries to deny the existence of the pressures nor the need for at least some economic and social reforms. Each country's power structure reads its own situation in its own way, but none is now either unaware or indifferent. In varying degrees, all regimes now recognize that some progressive changes, benefitting more of their nation's people, must come. The difference within countries and among them is of degree -- of relative speed of accomplishment, and of differing assessments of the possible trade offs between repression on the one hand, and concessions to reform on the other.

Reform Elements Emerging

Also of great importance is a new recognition, both by power structures themselves, and by the actors in the drama of international development cooperation as well, that Latin American societies and economies are not monolithic. It is not simply a matter of an all powerful conservative leadership guarding traditional structures and values against the onslaught of the deprived, yielding little by little, as necessary. There are, inside most "establishments," forces for change and progress -- for poverty amelioration -- for social and economic reform. These groups exist in increasingly sophisticated private business sectors, and even within the government structure itself. Inside Cabinets there can be a minority, at least, of Ministers who want to see changes favoring the poor majority. Their voices don't often prevail but they are increasingly heard, and their message, the old one -- evolution is the only alternative to revolution -- is being increasingly understood. Ministers of Education, Health, Agriculture, and Labor, egged on by their constituencies, are increasingly concerned with ending the neglect of the rural areas in their professional fields.

Thus the need for meeting basic human needs now has strong supporters inside traditional societies. Their nemeses to date have been the traditional conservative opposition and the reluctance of Latin societies to pay enough taxes to finance the meeting of the basic human needs of all their members -- especially their hard-to-reach rural majorities. On balance, then, progress toward meeting basic human needs remains painfully slow in most Latin American countries.

It may be said that the U.S. attitude toward this situation should be hands off; that the semi-developed Latin American countries could "afford" to solve their problems if they had the "will" to do so. The adoption of this viewpoint as U.S. policy would amount to our turning our backs on the dire poverty of over one-half our hemisphere neighbors. To make such a decision still less defensible, it would amount to adopting calculated neglect as a policy at the very moment in history when the forces for human rights in Latin America could, with a little help from us, redress the balance in favor of the fostering of the basic human rights of all Americans.

The U.S. Obligation to Support Progressive Forces

We hold that the U.S. has a responsibility to promote human rights in Latin America and to help secure the meeting of basic human needs. We believe that we have the opportunity to do so, supporting the forces for progress in the hemisphere that grow apace but still fall short, on their own. We believe also that only modest efforts in financial terms will be needed of the U.S., provided the I.F.I.'s may be counted on for substantial financial aid.

What we are less sure of is how can the countries of Latin America, even assuming our willingness to help, and adequate local and I.F.I. financing, successfully design and carry out the measures needed to assure the economic, social, and political human rights of all. What are the scientific and technological breakthroughs in new knowledge needed to achieve these goals? With this question, we arrive at the second reason why the Latin American countries cannot alone solve their own poverty problems.

2. Because the Technologies Needed to Eradicate Absolute Poverty, Nationally, Have Not Yet Been Developed.

This issue brings us to the brink of the scientifically unknown. It also requires facing up squarely to the realities of development's administrative and managerial limitations. Even if the laboratory answers were known to "how" to increase rural incomes and living standards, there would still be grave problems of implementation on a national scale.

In order to deal with these problems the countries of Latin America will need to mobilize the best efforts of their own societies, cooperate with each other, and seek the collaboration of the I.F.I.'s of the U.S. and Canada. Every agency and country, local, neighboring, and external, concerned with egalitarianizing the development process should be involved. Some external agencies will also be involved in capital resource transfers. I.F.I.'s will clearly need to cooperate in transferring both technical and capital resources to all the countries with which they work. The U.S. can concentrate more appropriately on techniques of poverty eradication than on capital transfers, as such, although pilot projects themselves require the making available of both capital resources in limited amounts, and technical cooperation. The more advanced Latin American countries can also extend capital and technical cooperation to their less endowed neighbors as appropriate. Still other Latin American countries, well equipped technically but with limited capital resources, can extend technical cooperation freely to their neighbors. Such cooperation could be of crucial importance were it, for example, to be coming from a country that had just, itself, experienced a significant and readily replicable breakthrough in, say, organization for integrated rural development.

D. Why I.F.I.'s Alone Cannot Provide All The External Assistance Needed.

Several factors explain why the World Bank or the Inter-American Development Bank (IDB) do not perform all necessary external development roles adequately.

First, the I.F.I.'s have not shown particular expertise in designing and implementing projects that significantly impact on the poor. Despite impressive rhetoric and publications about the importance of directly assisting the poor, the I.F.I.'s continue to finance "safe" infrastructure projects, traditional activities like subsidized credit programs for large capital intensive industries, or agricultural projects that favor the better-off farmers. While important for economic growth, such projects represent direct transfers from the developed countries to the rich in the LDC's, with little or no impact on the poor. While improvements in I.F.I. projects are being made, close examination will show that the above generalization is correct for a large proportion of their portfolios. The I.F.I.'s continue to pursue safe, conservative, and traditional development projects that will not greatly upset existing power structures.

The I.F.I.'s have a good reason for this. They finance most of their projects with funds raised in private capital markets. The need to maintain the I.F.I.'s credit rating establishes an incentive

to channel funds into "safe" projects -- and there is an enormous demand for this type of assistance. Furthermore, the Board of Directors of the regional I.F.I. is composed of government representatives who most often represent the views of their conservative governments. Also, I.F.I. officials typically come from the upper and middle classes of the LDC's. While some are interested in bringing about changes that benefit the poor, many are comfortable with the social arrangements and privileges that now exist.

Second, the I.F.I.'s do not have the field staff structure necessary to identify and work with local reform groups on a continuing basis as is necessary for pursuing a basic human needs approach to development. The ability of A.I.D.'s in-country staff to work with and support progressive elements in host countries far exceeds that of IDB and IBRD. The I.F.I.'s' highly centralized structure also restricts innovation, experimentation and quick response. While A.I.D. is often slow and cumbersome in its bureaucratic procedures, the I.F.I.'s are usually even slower and more cumbersome. The highly centralized bureaucratic structure of the I.F.I.'s is not the most effective way of carrying out the type of innovative, experimental, and risky development approaches that are needed for dealing with poverty eradication.

Throughout the past fifteen years, it has been A.I.D. that has pioneered the new approaches to development (e.g., rural sector lending, feasibility studies, institution building, intermediate credit programs, integrated rural development, appropriate technology, small farm systems, cooperatives promotion, municipal development, etc.) and the I.F.I.'s have then followed A.I.D.'s lead, later. Many of the institutions and approaches that are now used by the I.F.I.'s for channeling funds into Latin America other than pure infrastructure were originally developed by A.I.D.

Third, the I.F.I.'s cannot provide a direct expression of the U.S. Government's concern for the poor and the forgotten of Latin America, nor the U.S. Government's willingness to help Latin America deal with these problems or its environmental problems or develop new scientific and technological resources. Given our human rights concerns, a bilateral instrument that can directly express the U.S. Government's concern for the people of Latin America is indispensable to our achieving our foreign policy goals.

II. Why Solving the Problem Is Important to the U.S.

Why, beyond their need, is it important that the U.S. modernize and strengthen its bi-lateral economic cooperation programs with the countries of Latin America?

We believe that there are several reasons.

A. First, because it is the right thing to do. We cannot turn our backs on the dire poverty of half our neighbors.

B. Ties. In addition to a binding common heritage, the U.S. continues to share with the other countries of the Region important trade, investment, security, and cultural relationships. Each year we see a growing interdependence among the nations of the Western Hemisphere. Latin America and the Caribbean provide many of the most vital resources the U.S. must import. The Region, in turn, is our third largest external market in the world. We now export more to Latin America than to the rest of the developing world combined, and almost as much as we export to the European Economic Community. The value of U.S. direct private investment in Latin America represents over 70% of our investment in the entire developing world.

C. Cooperation in World Economic Councils. In the years ahead, the Latin American countries will assume growing importance as leaders of the developing world. Key Latin nations will strongly influence how the new international economic order evolves. As the most advanced of the developing countries, the Latin American countries serve as models, for good or otherwise. Their voices will loom large in the North-South negotiations.

Beyond the outcome of the North-South dialogue, there are still larger issues at stake as the world economic order inexorably changes to accommodate permanently high oil prices on the one hand and a global restructuring of industrial production and trade on the other; the latter being required to permit the oil-dependent LDC's in particular to export enough to service their growing external debt.

In the light of these issues, of tremendous import to the U.S., we cannot afford to close the chapter on economic cooperation with these countries with a casual "c'est la vie" in response to the new kinds of development problems they face today.

III. A.I.D.'s Ability, and Hence Obligation, to Help Solve Latin American Development Problems

A.I.D. participation can be significantly effective, first, because of its record of innovative achievement, reflecting a capability -- stronger than ever today -- for solving problems through research, experimentation and pilot efforts in an environment of risk-taking, pioneering, and cooperative endeavor. A.I.D.'s predecessors, and A.I.D. since the Alliance years, have helped develop and strengthen a whole series of Latin American institutions, like Development Banks, Agricultural Universities, and Ministries of Public Works, Agriculture, Health and Education, that have become the principal organizations through which the I.F.I.'s now channel their resources into Latin America.

By the late 1960's there had begun to emerge from A.I.D. experience new development theories, analytical techniques, and operational programs for identifying priority sectors and for guiding the design of projects that deal with poverty. Experimental and small-scale rural development projects involving cooperative development, peasant leadership training, land redistribution, rural education, small farmer credit, and other new development activities began to emerge in countries like Ecuador, Guatemala, Panama, and Costa Rica. More ambitious rural sector loan projects brought major advances in agricultural production in Colombia, Brazil, and Chile.

As a result, A.I.D. has, in the past several years, developed a unique role among donors in Latin America. It has specialized in developing and institutionalizing new, small-scale, pilot approaches to development programs which other donors could not. It has used its unique combination of on-the-spot field staff and grant and loan resources to identify and support the innovative and reformist elements within host country institutions; it has demonstrated the value of new small farm, education, health program approaches and, then, through lead off loan funding, has induced host countries to expand the approach on a broader scale, seeking large-scale follow-on assistance from the I.F.I.'s.

A.I.D. has been developing in Latin America a strategy of working incrementally toward reform and toward the restructuring of health, education, and technical and systems to deliver the benefits of development to the poor. A.I.D. provides the progressive elements in the host country -- public and private sectors with professional support and funding. Projects are mounted that reinforce already existing -- but often isolated -- efforts to change central government policies and programs so that these benefit the poor, or address new development problems. In some cases A.I.D.'s

efforts have been undertaken in the context of authoritarian governments, conservative bureaucracies, organizational vacuums, and other impediments. But, here, too, they have worked to soften, even to alter, reactionary stands against change and to create institutional and administrative competence in the place of policy and organizational vacuums.

It is recognized that the impact of most of A.I.D.'s project successes has been marginal when viewed against the needs of the 300 million people of Latin America. Continually declining assistance levels for Latin America have made it difficult to achieve broader impact from our programs. We have not, alone, been able to have a significant impact on national aggregates, such as income distribution and unemployment levels. This will have to come from the joint efforts of the host countries and the I.F.I.'s, following the leads provided by successful host country-A.I.D. experimentation.

However, to be able to continue so working in Latin America, A.I.D. needs to stop its drift toward withdrawal from this hemisphere. The malaise began in the Nixon-Ford years of "benign neglect," when we increasingly turned our backs on the critical and growing development problems, noted earlier, of growth without equity. It continues in the Agency's search for ways to carry out the Congressional Mandate, in the face of too-limited resources. One sobering result of this is that Latin American country loan repayments to A.I.D. already exceed A.I.D. loan levels. Their paying us more than we lend them will escalate continuously in the years ahead, unless and until A.I.D. lending levels to Latin America are raised. While we recognize that a respectable theoretical case can be made for channeling all of A.I.D.'s limited resources to only the poorest countries, we believe that this would be recklessly doctrinaire, impractical, and not mindful of U.S. interests. We believe it imperative, in these interests, as well as in the Latin Americans', that A.I.D. modernize, strengthen and extend its economic cooperation with the Latin American countries through the remainder of this century.

To accomplish this, we need a Strategy.

IV. A Strategy for 1981-1990

A. Program Substance

We propose a hemisphere-wide attack on the Region's development problems on three fronts, as follows:

- (1) An Attack on the Massive Poverty Problem of the Poor Majority in every country in the hemisphere (except as may be indicated otherwise for exogenous reasons in the detailed strategy). This program will focus on rural development in the poorest and in the semi-developed countries of the Region; it will also deal, integrally, with the related problems of unemployed labor force migration to the U.S. plus internal national market development possibilities. These two issues are, the one, a critical problem and the other a crucial opportunity to solve that problem, internally. In this effort, appropriate technology approaches will be stressed.

- (2) An Attack on The Second Generation Development Problems of All of the Latin American Countries through a Program of Science and Technology Transfer and Development. In this connection, special emphasis will be placed on alternative energy source programs for oil-importing countries, on the invention of new appropriate technologies, on export capabilities, and on resource conservation and environmental problems. In this connection A.I.D. would support key scientific research and development institutions, help promote better science research and teaching in universities and secondary schools, and help finance specific R&D projects of significance to development. To accomplish this, relations like those possible under Title XII will be emphasized. A.I.D. would also promote direct relationships between U.S. and Latin American private industry in the exchange of technologies, technicians, patents and licenses, and in support of the training in the U.S. of Latin American industry technicians, research scientists and managers.

- (3) A Program to Maximize U.S. Cooperation with Those Countries in the Region Suffering So Severely from an Inadequate Ratio of Export Earnings to Debt Servicing and Other Development Finance Requirements that Adequate Support of Poverty and BHN Programs are Threatened. The role here must be complementary to those of other U.S. Government agencies. It is, however, of a not inadequately appreciated importance -- particularly A.I.D.'s ability to help improve export performance and its general economics expertise.

B. Program Tools

For salients (1) and (2) (Poverty, and Science and Technology), the full panoply of A.I.D.'s tools would be available for use: e.g., Loans, Grants, PL-480 Titles I, II, and III, as appropriate, Guarantees (H.I.G. and P.C.G.P.), Title XII, R.D.P., O.P.G.'s, D.P.G.'s, PVO Matching Grants, etc. The mix will vary, obviously, from country to country. A new tool that needs to be developed in support of the Advancement of Science and Technology is one supportive of closer ties between U.S. business and industry and their Latin American counterparts. We need to go far beyond the I.E.S.C. and beyond patents in the public domain. We need to create a business relation analogous to the inter-American PVO relationship. How, is the next question.

For salient (3) (cooperation in relieving external debt burdens through increased exports), the appropriate tools need still to be developed, in concert with other U.S. Government agencies and the private sector. In this connection, much thought is being given currently to the problem of how "trade" can relieve the need for capital "aid" inflows as the advanced developing country tries to wean itself from so much external borrowing and earn its foreign exchange from increased trade. This has been a noble goal thus far beyond reach. It is easy to say "export" to the LDC. It is easy also to say to the DC "open your markets." While both are much more easily said than done, it is important for the several relevant U.S. Government agencies, including A.I.D., to persist in and to increase our focus on this crucial goal of ending the need for external development aid.

C. Program Organization -- Delivery Systems

- (1) In the three poorest Countries, there will continue to be full service USAIDs, utilizing all of A.I.D.'s Program tools, as appropriate, and covering all three fronts -- poverty, science and technology, and development financing problems.
- (2) In all the other countries in which A.I.D. now has USAID Missions or A.I.D. Representatives, or A.I.D. Affairs Officers, there will continue to be a leaned-up A.I.D. staff focusing on POVERTY PROBLEMS and utilizing the full spectrum of available A.I.D. tools to impact on the host country's Poverty Problems.

These small DH staffs will be augmented as needed by TDY help, contract services, and judicious use of local and third country national technical staff.

Because there is no significant difference between the problems and the needs of Colombia and Ecuador and those of the other Latin American countries where we have Missions, we propose to halt the programmed phase-down in progress in these two countries. Uruguay has achieved enough equity with its growth to warrant our withdrawing from poverty program support in that country. All three countries will be eligible for the regionally administered Science and Technology program.

- (3) Except for the three Poorest Countries, the Science and Technology Transfer Program will be operated from Regional Offices located in Lima, Rio de Janeiro, San Jose, and Barbados -- supported by AID/W. Regional operations will be facilitated in the countries having small, poverty-oriented Missions by resident USAID staff working in a liaison relationship with the regional experts in Science and Technology, R.D.P., Energy Conservation, Appropriate Technology, and Environment Problems. P.V.O. experts would also be located in the Regional Offices to assist country missions, especially with local P.V.O. projects. They would also develop and monitor P.V.O. projects in those countries where we do not have Missions or Representatives, or A.I.D. Affairs Officers, either directly or through cooperating U.S.-based or international P.V.O.'s, or both. The Regional Units responsible for Science and Technology, R.D.P., Title XII, P.V.O.'s, etc., in the several countries within their jurisdiction will be an integral part of the USAID accredited to the country in which located. They will function under the direction of the USAID Director and will be serviced by that USAID's administrative services unit. In Rio, where there will be no USAID, the Unit will be attached to the U.S. Consulate General there. This Regional Office would service Paraguay, Argentina, and Uruguay, as well as Brazil.
- (4) For Poverty Programs in the largest countries, we suggest the following:
 - (a) that in reference to Mexico and Brazil, we consider as our first priority the devising of a means for identifying, assisting, and monitoring projects,

without making loans or grants directly to the national governments. Alternatives include loans and grants to the States of these federal countries, with or without national government guarantees; or working entirely with private organizations. The focus would be on the large seas of poverty in these countries. Conveniently, these seas of poverty tend literally to be geographic region-specific; e.g., North-East Brazil contains most of Brazil's rural poor. Projects could be negotiated directly with North-East Brazilian entities such as SUDENE or with the eight States comprising the Region, or both. In Mexico, the problem of rural poverty is concentrated in eight Central States north of Mexico City and in several far southern States.

To coordinate these efforts designed from AID/W and implemented in the field by on-site project staff, heavily host country nationals in number, there would be in the U.S. Embassy an A.I.D. Representative or A.I.D. Affairs Officer.

Another alternative for either or both countries could be a Bi-National Commission on Rural Poverty representative of the U.S. Government and the host national government, or with a mix of government and private sector representatives on both sides. Still another alternative may be represented by an initiative now being taken by the newly created New Coalition, composed of the Nat. Governors Association, Conference of State Legislatures, U.S. Conference of Mayors, and National Leagues of Cities and Counties, and the Council of State Governments to offer directly to their Mexican counterpart organizations the technical and material cooperation of the U.S.'s States, Counties and Cities. Subjects to be dealt with in an initial visit to Mexico this year will include cooperation on such mutual problems as energy, agricultural development, trade and investment, environment, transportation, cultural exchanges, Hispanic emigrants and U.S. schools, and issues arising from the flow of undocumented workers to the U.S.

(b) that in the case of Argentina we defer consideration until more stability has been achieved, and that in the case of Venezuela we limit cooperation to R.D.P.

(5) Organization for External Debt-Relief. Both Science and Technology Interchange and Poverty Programs bear on the Debt Burden Problem. A Science and Technology program can focus importantly on export capabilities. Assistance with Poverty Program costs can help meet BHN with less drain on strained resources. Both programs can be pursued with these relationships in mind.

What more can be done to mitigate unfavorable debt service-export earnings ratios? Most alternatives lie in the areas of fiscal policy and increased export capability, including both vigorous new marketing efforts and the production of more and more desirable goods for export, competitive in world trade.

The developed countries can help, and are, by opening their markets in a deliberate effort to improve LDC export performance, but the domestic problems created here are great.

Just how the U.S. Government can best help Latin American LDC's deal with this complex problem requires further study. We, however, resolve to do so, and urge A.I.D. at large to get deeply involved in this vitally important crunch problem of development, half achieved.

D. Program Levels, 1980-89

- (1) For Poverty Programs costs are roughly estimated in the Appendix for the period 1980-89. Their base is the present program plus inflation, vegetative increases, and new commitments.
- (2) The costs of the Science and Technology Program and non-projectized BHN support, will be additional to present programs and available to all countries that qualify. Rough estimates per country are to be found in the Appendix.
- (3) The potential costs of programs designed to help relieve the debt-exports dilemma cannot yet be estimated.

APPENDIX

Attached is an Appendix including:

- (a) A more detailed breakdown of the Attack on Poverty Package, including a delineation of the tools and weapons available for use.
- (b) A more detailed breakdown of the Package for Resolving Second Generation Problems through Science and Technology Transfers and Exchanges, including a delineation of the various tools available for use. (The Roush Report is substantially endorsed and incorporated and the primary strategy for the Advancement of Science and Technology in the LDC's.)
- (c) A budget projection by country, program, and implementation tool (loan, grant, guarantee, etc.) for the periods 1980-82, 1983-85, and 1985-88.

APPENDIX

Goals, Components and Tools
of the Strategy

1. Goals of the Strategy

To assist the Latin American and Caribbean countries to develop the policies, programs, and institutional capacities that will lead

- a. to the elimination of absolute poverty problems in these countries by the end of the century;
- b. to the meeting of the basic human needs of all the peoples;
- c. to the development of the internal capacity in each country for dealing with their "second generation" development problems of energy, environment, science and technology development, natural resources development and conservation, and the economic sophistication needed to achieve continued growth with equity;
- d. By so doing, to help in the prevention of these countries' slipping backwards in the development process as this process becomes more technologically demanding.

2. Components of the Strategy

a. The First Component, the Attack on Poverty, would concentrate on activities which provide basic human needs to the poorest sectors. Irrespective of a country's average per capita income, A.I.D. would respond to requests for assistance in dealing with poverty and equity problems. In following this strategy our assistance would finance projects in agriculture, health, education, nutrition, and population, targeted directly at the Latin American rural poor wherever they are. A consistent policy of dealing with the poor wherever they are located would also argue for inclusion of urban as well as the rural poor where their predicament is comparably dire.

b. The Second Component would be a Program for the Advancement of Science and Technology and for Otherwise Dealing with Second Generation Independent Problems.

c. The Third Component would focus on helping some Latin American countries to deal with the problem of having incurred an external debt burden beyond their capacity to service, both because of the debts' growing size and because of their inadequate export capacity. This problem dramatically illustrates the grave danger and the potential tragedy of developing countries involuntarily slipping backwards in the development process because that process, by its nature, becomes ever more demanding of higher and higher science and technology skills.

The First Component - The Attack on Poverty Package

(For use in the three poorest countries; in the semi-developed countries having resident A.I.D. Missions, Representatives, or Affairs Officers; and in pockets of poverty areas (Appalachia-type depressed areas) of Mexico and Brazil.)

Loans Focused on Poverty Problem Solutions

(1) Loans would be experimental, demonstration, sector development. loans complete with control groupings:

They would be designed for investigation, analysis, results interpretation, etc.; and for their multiplication-capability by non-A.I.D. capital of their successful elements. Such A.I.D. loans would call for substantial host country counterpart; normally at least equal (50-50) financing except for unusual circumstances, (such as Peru's present inability to supply counterpart).

(2) Such loans would be focused on agriculture and rural development, integrated rural development, rural education, health, population, nutrition, and on urban poverty problems. They would emphasize innovative approaches to credit and this subject's relation to banks, government agencies, technical assistance, coops, etc.

(3) Such loans would be developed in consultation with IDB and IBRD as well as the host country. The I.F.I.'s attention would be invoked from the start; they would follow project progress, results, discoveries, etc. and plan early with the host country for expanded financing of program success elements.

(4) Such "R. & D." type loans would not be as cheap as the term "experimental" may imply. What we have in mind is piloting, not just test-tubing. Although it may be possibly misleading to generalize, one visualizes a typical loan of the kind contemplated as having a life span of 4 - 8 years and a total cost over 4 - 8 years' disbursing period of \$16 - \$20 million; thus, an A.I.D. loan of \$8 - \$10 million. Loans with a 4 - 5 year life span would be likely to require one follow-on loan to complete the experimentation. Loans for an initial 7 years or more duration would probably not warrant follow-on loans.

Grants Focused on Poverty Problems Solutions

(1) Grants for Sector Assessments: Basic to the above loans, and normally a Condition Precedent, would be Sector Assessments -- analyses of the base-line data on which the loan project would be designed and built. (As a general rule, such grants would be on a 50-50 matching basis.)

(2) Poverty Projects Grants: To carry out grass-roots level field experiments with new techniques for reaching the rural (or urban) poor.

- (a) P.V.O.'s -- (O.P.G.'s)
- (b) Appropriate government agencies
- (c) Grant Components of Loan Projects
- (d) Other, especially Family Planning Projects

(3) Institution Building Grants -- Poverty Problem Related

- (a) P.V.O.'s
 - (b) Appropriate government institutions, probably also receiving loans
 - (c) Other, with special emphasis on Participant Training in the U.S. and in 3rd (Latin America) countries.
- (4) Development Problem Focused R. & D. Grants; e.g., deep research into growth and equity relationships
- (5) P.L. 480 Title II Grants
- (6) Non-procedural support for high-impact, host country BHN programs.

(6) Educational Grants for Gifted Rural Youth to complete secondary school as well as college and graduate levels.

(7) Human Rights - Grants to Promote Human Rights

(8) Title-XII Projects Focused on Rural Poverty

Guarantee Programs -- Focused on Poverty Problems:

(1) H.I.G. - Housing for the Rural and Urban Poor

(2) Land Sale Guaranty Program for Campesinos - Hemisphere-wide Program

(3) P.C.G.P.'s - Hemisphere-wide Program

(4) A redesigned, more comprehensive program of A.I.D. guarantees for national, public and private, rural credit programs covering both agriculture and industry; and marketing, including export marketing.

(5) Student Loan Guarantee Program

(6) Other Guarantee Programs Focused on Money to the People's Credit Activities

The Second Component - A Program for the Advancement of Science and Technology and for Otherwise Dealing with Second Generation Development Problems

(1) Science and Technology Institution Building (Loans and Grants to appropriate institutions)

(2) Education for Science and Technology (Loans and Grants to universities for training and research of both graduate and undergraduate levels; and to high schools for improved basic science instruction at the secondary level)

(3) Support to high priority R. & D. projects focused on Development Bottlenecks

(4) R.D.P.

The Third Component - A.I.D. Collaboration with Other U.S. Government Agencies in Helping Relevant Latin American Countries Deal with Their External Debt-Export Earnings Ratio Problem

(To Be Developed)

3. Organization for Implementation - Delivery Systems

a. Haiti, Bolivia, and Honduras -- full service USAIDs operating all three of the above components with the tools noted, as appropriate.

b. In all other countries (with the exceptions noted immediately below) -- there would be a leaned-up USAID staff focusing on Poverty Problems and using the full spectrum of tools described above under Component 1. They would also work with the regional Science and Technology staffs described below in the day-to-day implementation of such projects in their countries, and with AID/W on Component 3.

Mission Size. The USAID Mission would be small, or the A.I.D. unit could be headed by an A.I.D. representative connected to the Embassy, depending on the size of the country and the program. Both individual project and annual program size will vary in direct proportion with size of country and degree of problem difficulty. One would visualize not more than two pilot poverty loan projects per fiscal year. This would mean, in any given year, two projects nearing approval and implementation, two or more in implementation, and two at the pre-PID stage.

Program Duration: The concept of "completion of assignment" should be kept in mind, project by project. In 15 years, or near the end of the decade, many of the problems faced today by these semi-developed countries will, hopefully, have been solved. Missions should phase their programs for conscious completion of the total Poverty Attack effort by 1990. Elements II and III, Science and Technology, and the "exporte o muerte" programs would continue indefinitely.

Staff Size: Numbers of permanent direct-hire staff should be kept low, related primarily to Component I, the Poverty Operation. A typical Mission with such program content would have no more than 10-14 U.S. direct-hires. Expertise needed beyond this should come (in this order) from: (1) host country staff and consultants; (2) third country consultants; (3) AID/W TDY consultants; (4) U.S. consultants under contract or PASA

EXCEPTIONS: Uruguay - we propose to continue the phase-out because the poverty problem there is no longer acute. Uruguay, however, would be welcomed into the Science and Technology Program and the "continued growth with stability" effort, if necessary.

Chile - excluded on human rights grounds. Eligible to be returned to the program if and when the human rights situation is corrected.

Argentina - excluded on both human rights grounds and the adequacy of its equitable income distribution system. Eligible, however, for Science and Technology Program and for Component 3 assistance, as necessary, when human rights situation improves.

Venezuela - excluded on OPEC membership grounds. However, eligible for the Science and Technology Program on an R,D.P. basis only.

Brazil and Mexico - would not have USAID staffs as such but would be eligible for all three component programs, and all tools defined above, on the bases and under the arrangements described below.

c. Mexico and Brazil Program Organization. In the body of the report, several alternative approaches to program organization in Mexico and Brazil were suggested. There are still other alternatives and further delineation of each alternative, and combinations thereof, is also possible.

Suggested in the main report were:

- (1) Direct loans and grants to States and other institutions in the depressed areas of these two countries.
- (2) Bi-national Commissions, mixed as to private and public sector membership, on both sides.
- (3) State, County, and City Counterpart Relationships as contemplated in the new initiative of the National Governors' Association and the related national bodies formerly the "New Coalition."

There are additional possibilities that can be explored. Some are obvious, others less so, but they will all be noted with a caveat at the end that, if we try to take on too many of them, the results could be counter-productive. Additional tools or modes, or delivery systems possibly appropriate for working with Brazil and Mexico include:

Title XII: This remarkably promising instrument, so painfully slow of movement thus far, could be a most dynamic force relating directly to all three of the Program's Components in these two key countries. It seems peculiarly well attuned to playing a key role in the Science and Technology Package. If Land-Grant University Schools could see their way clear to getting interested in the problems of poor people, Title XII could be a strong element in the Attack on Poverty. Finally, the best repository of the expertise that the U.S. has to deal with the intricate problems of development, external borrowing, trade and payment balances, capital inflows, export outgo, etc., is most likely in our universities, especially in the Departments of Economics at such universities as Cornell (Thorbecke), Harvard (Perkins), California (Fishlow), Stanford (Johnston), to name only the most obvious.

U.S. Government Departments: A kind of parallel at the Federal levels to State Governments' technical assistance capabilities. USDA already works in Mexico under an agreement with the Mexican Department of Agriculture. Interesting possibilities for collaboration exist at DOE, DOT, HUD, HEW, Labor, Commerce, and CDA. The resources of these and other agencies are of course already available under R.D.P. That narrow approach, however, could be expanded to cover more fully meaningful relationships such as USDA and the Government of Mexico already have.

It is well known that both the governments of Brazil and Mexico are interested in this kind of one-on-one collaboration among the counterpart Federal agencies of the three Federal Republics.

(The same can be said for university to university relationships.)

CAUTION: We urge, however, that we proceed along this path with caution.

A proliferation of uncoordinated foreign assistance activities outside of the purview of the bilateral A.I.D. program could be full of headaches. Already, agencies like the U.S. Department of Agriculture and the National Aeronautics and Space Administration are beginning to initiate their own overseas assistance programs, some of them directed to Mexico and Brazil. The Departments of State and Treasury are proposing new U.S. development initiatives for dealing with the employment problems of the Caribbean and Mexico that would essentially bypass the U.S. bilateral aid program. A.I.D.'s limiting interpretation of Congressional foreign assistance policy and low A.I.D. appropriation levels have promoted the creation within the U.S. Government of alternative overseas development programs that are more responsive than A.I.D. to the needs of the so-called "Upper Tier LDC's."

This is useful. The response is an essential one for the U.S. to make. But proliferation of uncoordinated efforts could easily get out of hand and lead again to the chaos of the late 1940's and early 1950's, when the U.S. Government agencies went independently into the world with their wares. The chaos was only clarified as ECA gave way to TCA, MSA, FOA, ICA, and AID, which were created to be (especially A.I.D.) strong coordinating entities under Department of State guidance on policy and under the Ambassadors' operational control in the field. However, as new U.S. Government agency initiatives are now again proliferating, oblivious of A.I.D., A.I.D. is in danger of losing coordination capability and role.

Thus, while we believe that U.S. Government agencies have much to offer Mexico, Brazil, and other countries, and it would be irresponsible not to avail ourselves of these resources, it should be done in an orderly way.

This suggests two lines of inquiry to pursue. They are, briefly:

a. The creation in AID/W, under AA/LA, of an Office of Large Country Affairs (for Brazil and Mexico only, at the start). This Office would work closely with U.S. Government agencies, as well as with States, and with Mexico and Brazil, its head serving a function analogous to the State Department's "Country Director" (I.G.) role.

b. The need for a Development Program coordinating mechanism at the Embassy level, tied to the Office of Large Country Affairs. A USAID is not contemplated, nor a large liaison, coordinating staff, but a strong one working closely for and under the Ambassador.

P.V.O.'s: No need to elaborate.

Private Business and Industry Sector Collaboration:

Ad hoc, laissez faire relations between business above and below the border are fine, but they don't go far enough. Real collaboration falls far short of potential for a variety of reasons. Some are: reticence, those with real common interests not knowing how to find each other, unfamiliarity with other cultures and cultural practices, lack of administrative mechanisms for exchanging technical expertise, for making public domain patents available to Latin America, for promoting private patent and license exchanges; and lack of programs for training business and industry technicians in the U.S., or using Mexico and Brazil as training centers for the industries of the smaller countries. We have long done well in providing participant training for Governments and Universities. We have done much less for private industry either in terms of financial or just facilitating cooperation. The potential here is now ripe for exploring to the benefit not only of Brazil and Mexico vis-a-vis the U.S. and Canada but for the benefit also of all the Latin American countries' existing industrial establishments.

Possible U.S.-Large Country Joint Donor Program

Another possible approach to cooperation with the most advanced countries would involve the U.S. (and possibly Canada) joining with them to concert efforts to provide joint assistance to the lesser developed countries of the region. For example, a joint Mexico-U.S. endeavor could be considered that would involve combining both countries' resources in order to offer scientific and technical assistance to the less advanced countries of Latin America and the Caribbean. There are four countries in Latin America that may in fact be regarded as scientifically and technologically advanced enough to join the U.S. and Canada in a technological donor relationship to the lesser developed countries of the Hemisphere. They are Mexico, Brazil, Venezuela, and Argentina. These four countries plus U.S. and Canada could join in a mutual endeavor of service to the less developed countries of the region. There could, for example, be a northern donor base located in Mexico and a southern center in Brazil.

A structure for such a donor countries' outreach program of science and technology cooperation with the lesser developed countries of the region would have to be developed. What could such a mechanism be like? We visualize it not as a bi-lateral U.S.-Mexico or Brazil entity but as a multi-lateral institution from the start. Inclusion of the OAS among the sponsors, for example, would be useful especially since the OAS already plays a role in Western Hemisphere technology transfer and has some funds and staff for this subject area. We envision the creation of something like a Fundacion Inter-Americana de Ciencia y Tecnologia (FIST) with a northern center located perhaps at Chapingo, possibly at the University of The Americas, at Monterey Institute of Technology, or at the National Technological University, or a combination thereof. And a southern center based, for example, on the Vargas Foundation. The foundation would have both funds and command of technical assistance resources to undertake projects in the Latin American and Caribbean countries: (a) in institutional development support of budding research institutions; (b) in support of specific research projects aimed at breaking development bottlenecks; and (c) in support of science education and research from the secondary level up, and of education and research in non-science but development-related disciplines such as economics, regional and urban planning and development, and social analysis. In connection with such support to university education and research, the foundation would sponsor a significant participant training program, selecting students from the countries of the region for advanced study at universities, primarily in Mexico and Brazil, but also at selected institutions in Venezuela, Colombia, Puerto Rico, the U.S., Canada, etc. This participant training program would be keyed to the personnel needs of the institutions and the research projects referred to above but would also go beyond it in an effort to expand rapidly the scientific and technical capability

bases of the lesser developed Latin American and Caribbean countries.

Having set up shop to serve the needs of the less advantaged countries and having, hopefully, in the process created a vehicle of very high quality by universal standards, donor members might consider also helping themselves and each other with their own special problems. They could use their mutual resources to deal also with the common development problems these advanced countries share, which are characteristic of countries at their stage of development. Some of these problems are being skillfully dealt with unilaterally by each country in its own way. Sharing experiences could be mutually useful, including to the U.S. and Canada which have numerous problems in common with the large Latin American countries and, in some, a lower level of expertise. Examples are bi-lingual education, low-cost housing, urban planning and development, solar energy, geo-thermal power, urban poverty alleviation, inner-city decay, and urban financial management.

BUDGET PROJECTION
TABLE

Following are tentative estimates of Latin America country program budgets for the period 1979-1989, divided into Poverty Program, Science and Technology and P.L. 480 elements. These country-by-country estimates are the minimum amounts we believe required to carry out the strategy outlined in the report.

PROPOSED A. I. D.
PROGRAM BUDGET
FOR LATIN AMERICA

1980-1989

A. I. D. APPROPRIATIONS

COUNTRY	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Bolivia	29	39	44	51	56	65	72	73	71	70	70
Haiti	17	27	33	38	39	40	44	45	43	41	47
Honduras	36	40	45	50	51	53	57	55	54	57	56
L.A. Regional	35	60	65	65	65	65	75	75	75	75	75
Andean Regional	25	6	25	6	30	0	10	12	12	15	15
Belize	0	0	0	0	0	0	0	0	0	0	0
Caribbean Regional	22	29	30	36	35	36	39	36	29	32	35
Central America Req.	17	15	5	10	10	5	5	5	5	5	10
Chile	0	0	0	22	22	22	22	16	13	8	7
Colombia	0	15	15	15	20	18	21	21	21	21	21
Costa Rica	12	19	21	26	22	19	25	21	21	20	20
Dominican Republic	13	24	27	29	28	22	25	20	22	22	22
Ecuador	0	12	15	18	21	15	19	19	14	18	20
El Salvador	9	24	24	27	22	24	21	23	18	20	20

COUNTRY	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Algeria	3	12	13	12	12	12	2	10	8	10	9
Suriname	0	0	0	0	0	0	0	0	0	0	0
Costa Rica	11	18	22	25	23	25	18	20	18	23	21
Guatemala	29	27	26	30	26	27	22	21	24	22	23
Nicaragua	5	16	17	17	18	19	20	15	17	12	15
Panama	16	21	27	26	27	25	26	25	26	25	27
Paraguay	5	11	13	12	15	15	16	14	16	12	13
Peru	17	24	22	27	30	22	22	26	22	22	24
Spain	2	2	3	-	-	-	-	-	2	-	2
United States	0	0	0	0	0	0	0	0	0	0	0
Argentina	0	0	1	1	1	1	1	1	1	1	1
Brazil	0	60	40	62	-	62	20	70	-	70	70
Mexico	0	70	40	82	20	92	20	82	82	30	80
Venezuela	0	0	0	0	0	0	0	0	0	0	0
TOTALS I.A. REGION (including shelf)	309	571	573	689	606	681	612	705	614	632	705

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
BOLIVIA 1979	29.		29.	10.7	6.5	16.	Yes	Yes	
1980	34.-	5.	39.		7.	20.			
1981	39.-	5.	44.		7.	20.			
1982	45 -	6	51		8	20			
1983	50 -	6	56		8	20			
1984	55 -	10	65	15	7				
1985	62 -	10	72	20	7				
1986	65	8	73	20	8				
1987	65	6	71	15	7				
1988	65	5	70	18	7				
1989	65	5	70	20	7				

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
HAITI									
1979	17.		17.	11.	5.	20.	No	No	
1980	25	2	27	-	6	20			
1981	30	3	33	-	6	20			
1982	35	3	38	-	6	20			
1983	35	4	39	-	6	20			
1984	37	3	40	-	6	20			
1985	40	4	44	-	7	20			
1986	40	5	45	-	7	20			
1987	38	5	43	-	7	20			
1988	35	6	41	-	8	20			
1989	42	5	47	-	7	20			

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
HONDURAS									
1979	36. (incl. shelf)		36.	1.6	3.1	12	Yes	Yes	
1980	35	5	40		4	10			
1981	40	5	45		4	10			
1982	45	5	50		4	10			
1983	45	6	51		4	10			
1984	47	6	53	2	4				
1985	50	7	57	3	4				
1986	48	7	55	3	4				
1987	48	6	54	2	4				
1988	50	7	57	1.5	4				
1989	48	8	56	1	4				

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	III G	PCGP	Other
L.A. REGIONAL 1979	35.3		35.3	-	-	-	No	No	
1980	40	20	60	-	-	-			
1981	45	20	65	-	-	-			
1982	45	20	65	-	-	-			
1983	40	25	65	-	-	-			
1984	40	25	65						
1985	45	30	75						
1986	45	30	75						
1987	45	30	75						
1988	45	30	75						
1989	45	30	75						

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
INDIAN REG.									
1979	25.		25.	0	0	0	No	No	
1980	-	6	6	-	-	-			
1981	20	5	25	-	-	-			
1982	-	6	6	-	-	-			
1983	25	5	30	-	-	-			
1984	-		0						
1985	-	10	10						
1986		12	12						
1987		12	12						
1988		15	15						
1989		15	15						

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
ARTIBAN REG. 1979	22.4		22.4	-	-	-	No	No	
1980	25	4	29	-	-	-			
1981	25	5	30	-	-	-			
1982	30	6	36	-	-	-			
1983	30	5	35	-	-	-			
1984	30	6	36	-	-	-			
1985	32	7	39	-	-	-			
1986	30	6	36						
1987	25	4	29						
1988	27	5	32						
1989	30	5	35						

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	III G	PCGP	Other
GEN. AM. REG. 1979	17.5 (incl. shelf)		17,5	-	-	-	Yes	No	
1980	10	5	15	-	-	-			
1981	5	0	5	-	-	-			
1982	5	5	10	-	-	-			
1983	5	5	10	-	-	-			
1984	0	5	5	-	-	-			
1985	5	0	5	-	-	-			
1986	0	5	5	-	-	-			
1987	5	0	5						
1988	0	5	5						
1989	5	5	10						

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	IIIG	PCGP	Other
CHILE									
1979	0	-	0	-	5.	-	No	No	
1980									
1981									
1982	12	10	22	2	3	-	Yes	Yes	
1983	10	12	22	3	2	-			
1984	8	14	22	3	2	-			
1985	10	12	22	3	2	-			
1986	6	10	16	2	2	-			
1987	5	8	13	2	-	-			
1988	-	8	8	2	-	-			
1989	-	7	7	1	-	-			

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
COLOMBIA 1979	0.		0.	-	1.1	-	Yes	Yes	
1980	10	5	15	-	2	-			
1981	10	5	15	-	2	-			
1982	10	5	15	-	2	-			
1983	14	6	20	-	1	-			
1984	12	6	18	-	-	-			
1985	14	7	21						
1986	14	7	21						
1987	15	6	21						
1988	15	6	21						
1989	15	6	21						

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	IIIG	PCGP	Other
COSTA RICA									
1979	12.5		12.5	-	.3	-	Yes	No	
1980	15	4	19	-	-	-			
1981	17	4	21	-	-	-			
1982	21	5	26	-	-	-			
1983	17	5	22	-	-	-			
1984	15	4	19						
1985	20	5	25						
1986	17	4	21						
1987	18	3	21						
1988	17	3	20						
1989	17	3	20						

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
DOM. REP. 1979	12.6		12.6	-	5.	-	Yes	No	
1980	20	4	24	-	4				
1981	22	5	27	-	4				
1982	25	4	29	-	4				
1983	24	4	28	-	4				
1984	22	-	22	-	3				
1985	20	5	25	-	3				
1986	20	-	20		3				
1987	18	4	22		3				
1988	20	2	22		3				
1989	20	2	22		3				

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
ECUADOR 1979	0		0	-	1.4	-	Yes	Yes	
1980	10	2	12		4				
1981	12	3	15		4				
1982	14	4	18		4				
1983	16	5	21		4				
1984	15	-	15		4				
1985	15	4	19		4				
1986	15	4	19		3				
1987	14	-	14		3				
1988	15	3	18		3				
1989	15	5	20		3				

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Program		
				I	II	III	HIG	PCGP	OTI
EL SALVADOR									
1979	9.4		9.4	-	2.	-	Yes	No	
1980	20	4	24		3				
1981	20	4	24		3				
1982	22	5	27		3				
1983	22	-	22		3				
1984	20	4	24		2				
1985	18	3	21		2				
1986	20	3	23		2				
1987	18	-	18		2				
1988	18	2	20		2				
1989	18	2	20		2				

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
GUATEMALA 1979	11.2		11.2	-	5.5	-	Yes	Yes	
1980	15	3	18		3				
1981	18	4	22		3				
1982	20	5	25		3				
1983	20	3	23		3				
1984	18	4	22		3				
1985	18	-	18		3				
1986	15	5	20		3				
1987	18	-	18		4				
1988	18	5	23		4				
1989	16	5	21		4				

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
GUYANA 1979	8.1		8.1	2.	-	-	Yes	Yes	
1980	10	2	12	2					
1981	10	3	13	1.5					
1982	10	2	12	2.5					
1983	12	-	12	2					
1984	10	2	12	2					
1985	8		8	1.5					
1986	8	2	10	2.5					
1987	8		8	2					
1988	8	2	10	2					
1989	8		8	2					

1979

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
JAMAICA									
1979	28.8		28.8	10.	-	-	Yes	Yes	
1980	25	2	27	11	3				
1981	25	1	26	12	4				
1982	28	2	30	12	4				
1983	25	1	26	12	4				
1984	24	3	27	12	4				
1985	20	2	22	14	4				
1986	20	1	21	12	4				
1987	22	2	24	10	3				
1988	20	2	22	10	3				
1989	22	1	23	10	3				

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
NICARAGUA							Yes	Yes	
1979	5.5		5.5	-	-	-			
1980	15	1	16	-	-	-			
1981	15	2	17	-	-	-			
1982	16	1	17	-	-	-			
1983	17	1	18	-	-	-			
1984	17	2	19	-	-	-			
1985	18	2	20	-	-	-			
1986	15	-	15						
1987	15	2	17						
1988	12	-	12						
1989	14	2	16						

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
PANAMA 1979	16.		16.		1.6		Yes	No	
1980	20	1	21		2				
1981	25	2	27		2				
1982	25	1	26		2				
1983	25	2	27		3				
1984	25	-	25		3				
1985	24	2	26		3				
1986	24	1	25		2				
1987	24	2	26		2				
1988	25	-	25		2				
1989	25	2	27		2				

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
PARAGUAY							Yes	Yes	
1979	8.1		8.1	-	-	-			
1980	10	1	11						
1981	12	1	13						
1982	14	-	14						
1983	14	2	16						
1984	15	-	15						
1985	15	1	16						
1986	14	-	14						
1987	14	2	16						
1988	12	-	12						
1989	12	1	13						

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	IIIG	PCGP	Other
PERU 1979	17.3	3	17.3	10.	6.		Yes	Yes	
1980	20	4	24						
1981	22	-	22						
1982	24	3	27						
1983	25	5	30						
1984	22	-	22						
1985	20	3	23						
1986	24	2	26						
1987	22	-	22						
1988	20	3	23						
1989	20	4	24						

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
URUGUAY									
1979	0		0	-	-	-	Yes	No	
1980		2	2	-	-	-			
1981		3	33	-	-	-			
1982		-	-	-	-	-			
1983		3	3						
1984		-	-						
1985		3	3						
1986		-	-						
1987		2	2						
1988		-	-						
1989		2	2						

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
TRINIDAD and TOBAGO 1979	0		0	-	-	-	No	No	
1980	0	0							
1981	0	(RDP only)							
1982									
1983									
1984									
1985									
1986									
1987									
1988									
1989									

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(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
ARGENTINA 1979	0		0	0	0	0	No	No	
1980	0	0	0						
1981		1 + RDP	1						
1982		"	1						
1983		"	1						
1984		"	1						
1985		"	1						
1986		"	1						
1987		"	1						
1988		"	1						
1989		"	1						

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
MEXICO 1979	0		0	0	0	0	No	No	
1980	60	10	70						
1981	40		40						
1982	70	12	82						
1983	20		20						
1984	80	12	92						
1985	-	-	-						
1986	70	12	82						
1987									
1988	70	12	82						
1989	70	12	82						

(1) Country and Fiscal Year	(2) Poverty Programs (Loans and Grants)	(3) Science and Technology Transfer Programs (Loans and Grants)	(4) Total A.I.D. Appropriation Funds	(5) P.L. 480			(6) Guarantee Programs		
				I	II	III	HIG	PCGP	Other
BRAZIL									
1979	0		0	-	-	-			
1980	50	10	50						
1981	40	-	40						
1982	50	12	62						
1983	-	-	-						
1984	50	12	62						
1985	-	-	-						
1986	60	10	70						
1987	-		-						
1988	60	10	70						
1989	60	10	70						

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