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1968

1968 YEAR-END REVIEW OF THE ALLIANCE FOR PROGRESS



Prepared by The Office of Public Affairs,
Bureau of Inter-American Affairs,
U.S. Department of State



Alliance for Progress scholarship students from Nicaragua, Colombia and Costa Rica relax on the campus of the Technological Institute in Monterrey, Mexico, where they receive training in advanced professional skills vital for development.

TABLE OF CONTENTS

PAGE

2	The Alliance in 1968
3	Hemispheric Integration
9	Organization of American States
12	Inter-American Committee on the Alliance for Progress
13	Agriculture
16	Education
20	Health
23	Infrastructure
31	Cooperatives
33	Housing
34	Tax Reform
35	Inter-American Development Bank
39	International Bank for Reconstruction and Development
40	U.S. Assistance
44	Investment Guaranties
45	War on Hunger
49	Export-Import Bank
50	Peace Corps
51	Partners of the Alliance
52	Trade

CHARTS AND GRAPHS

4	LAFTA Trade -- 1961-67
6	Central American Common Market Intrazonal Trade
27	South American Roads
32	Exports, Transport, Education and Health
36	International Economic Assistance to Latin America
42	U.S. Government Assistance to Latin America
53	Latin American Foreign Trade
54	Gross National Product
54	Current Growth Rates
55	Latin America in the Free World -- Population and Production
56	Population, Area and GNP

THE ALLIANCE IN 1968

The Alliance for Progress, according to U.S. Coordinator for the Alliance Gov. T. Oliver, continues as "the boldest, the most challenging and the most rewarding new experiment in the history of international relations."

Under the Alliance, the nations of America made marked progress in 1968. More and better schools were constructed, food production increased, health facilities were expanded in both size and number and there was further movement toward new dignity and hope for the peoples of America.

There were still problems, though. Progress toward regional integration was hindered by the complexities of transforming the ideal of a common market into reality. Another problem was population growth, a factor not fully considered by the Alliance founders. Resources needed for development are being diverted to care for constantly growing numbers of people. To cope with this, a number of Latin American countries have instituted population programs.

As can be seen from the experience of the past seven years, the necessary statesmanship and patience to solve these and other problems do exist in the Alliance countries. It is hoped that this Review will indicate the progress of the Alliance in 1968 and provide some answers for those seeking information on overall development in Latin America.

December 31, 1968

HEMISPHERIC INTEGRATION

The integration of Latin America is a major objective agreed upon by the Presidents of America at their 1967 Summit Meeting. The economic and physical integration of the region is viewed as a means to accelerate Latin America's economic, social and cultural development, key goals of the Alliance for Progress.

Economic Integration

The program to bring about the economic integration of Latin America was faced in 1968 with the difficult problems involved in forming a continent-wide common market. Under the 1967 Punta del Este time table, a common market would be created beginning in 1970 that would be substantially in operation by 1985. The common market is to be based on a convergence of the already existing Central American Common Market (CACM) and the Latin American Free Trade Association (LAFTA).

The Joint LAFTA-CACM Coordinating Committee, charged with effecting a merger between the two groups, held its first meeting in October 1968 and agreed on a work program.

Before the Latin American Common Market (LACM) can be established, however, some adjustments will have to be made concerning the means of reducing tariffs. LAFTA currently has an item-by-item system of tariff reduction, whereas it is proposed that LACM institute an automatic system.

To attempt to make the necessary adjustments, the foreign ministers of the LAFTA nations met several months after the Summit, but were unable to reach agreement. A subsequent meeting scheduled for the first half of 1968 was postponed and has not been rescheduled.

Latin American Free Trade Association

LAFTA held its annual conference late in 1967 for negotiating trade concessions. Although 850 national tariff

TOTAL AND INTRAZONAL TRADE OF LAFTA COUNTRIES - 1961 - 1967

EXPORTS

YEAR	TOTAL EXPORTS	INTRAZONAL EXPORTS	
	\$ MIL.	\$ MIL.	PERCENT
1961	4,932.1	298.7	6.2
1962	5,201.3	354.3	6.8
1963	5,608.8	425.2	7.6
1964	6,095.0	557.6	9.1
1965	6,489.7	635.2	9.8
1966	7,101.0	675.3	9.5
1967 (EST.)	6,891.0	646.9	9.4

IMPORTS

YEAR	TOTAL IMPORTS	INTRAZONAL IMPORTS	
	\$ MIL.	\$ MIL.	PERCENT
1961	5,990.0	360.2	6.0
1962	5,930.9	420.1	7.1
1963	5,745.6	525.1	9.1
1964	5,981.0	645.7	10.8
1965	6,004.1	771.8	12.9
1966	6,791.8	784.4	11.5
1967 (EST.)	7,044.0	759.9	10.8

concessions were negotiated, bringing the total to over 10,000 since the founding of LAFTA in 1961, the negotiators were unable, however, to agree on a schedule of tariff concessions for a second list of products, the so-called Common Schedule. In an effort to reach agreement on the Common Schedule, an Extraordinary LAFTA Conference has been meeting since July 15, 1968. The conference adjourned November 15 without reaching agreement.

Trade among LAFTA countries increased sharply from 1961 to 1965, but has stagnated since then. The most recent figures are for 1967, which show that intrazonal exports declined slightly from 1966 to an estimated \$651 million or 9.5 percent of the region's total world trade.

Central American Integration

The Presidents of Central America, with President Lyndon B. Johnson of the United States present, met in San Salvador, El Salvador, on July 6-8, 1968, to review Central America's continuing efforts to succeed in economic integration and to plan for the future.

In their Joint Declaration of July 6, the Presidents reaffirmed their commitment to the goals of the Alliance for Progress, and pledged to:

Perfect the Central American Common Market (CACM) by further removing trade barriers and by seeking expanded economic opportunities with other countries and markets;

Unite the region by integrating their transportation, electrical and communications networks;

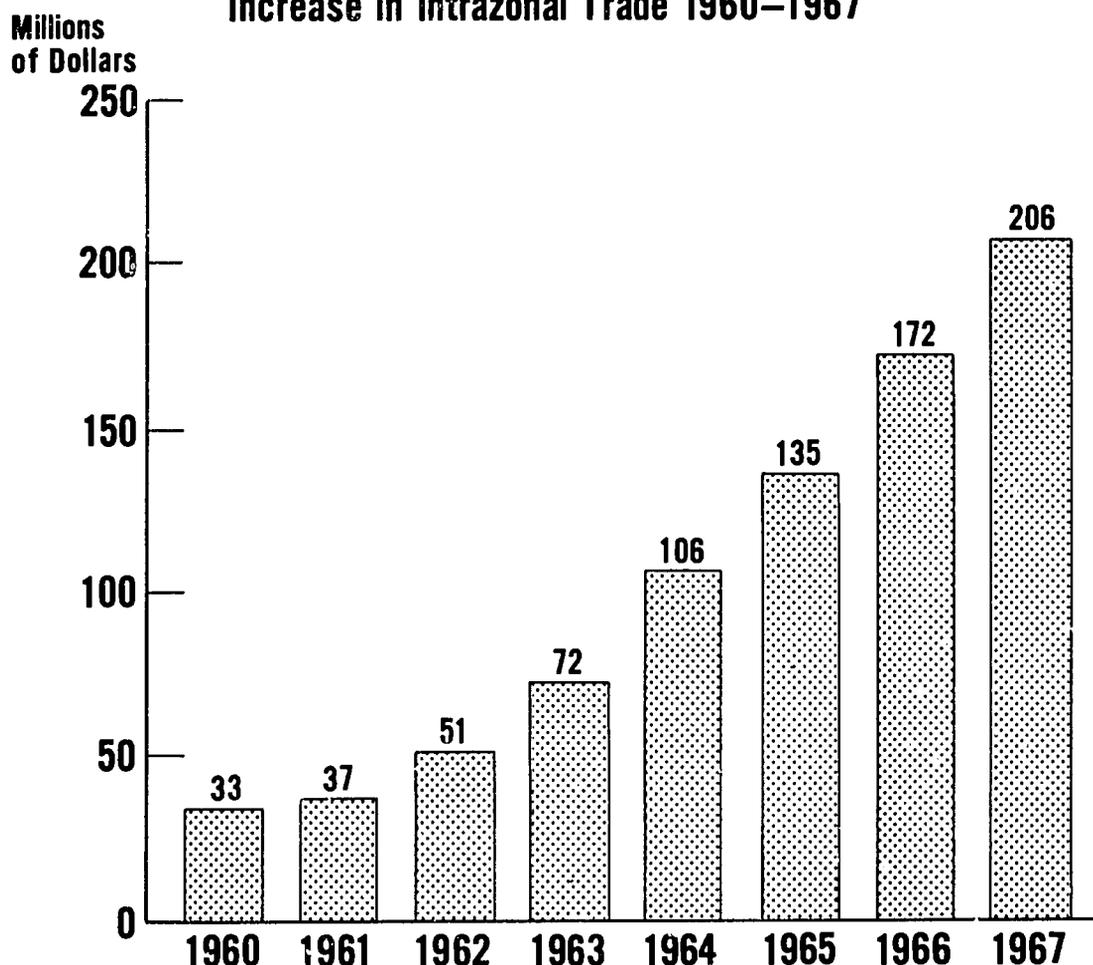
Assure equitable participation by low income groups in the benefits of development and integration;

Modernize rural life and expand and diversify agricultural production;

Combine efforts to improve educational facilities throughout the region;

CENTRAL AMERICAN COMMON MARKET

Increase in Intrazonal Trade 1960-1967



Information on Central America, 1967

	COSTA RICA	EL SALVADOR	GUATEMALA	HONDURAS	NICARAGUA
SOCIAL DATA					
Agricultural workers (% of labor force)	50	60	67	66	67
Electricity (% of population)	46	18	18	10	17
Drinking water (% of urban population)	96	67	-	65	39
TRANSPORTATION AND COMMUNICATIONS					
Paved roads (km.)	1,099	1,056	1,497	381	811
Railroads (thousands of km.)	1.2	0.756	1.3	1.3	0.434
Merchant fleet (thousands of gross tons)	92	-	-	90	-
Air transport (millions of ton/km.)	14.8	11.4	5.6	8.0	4.5
Telephones (thousands)	21.9	19.9	25	8.9	12.3
INDUSTRY					
Electric power (millions of kwh)	855	475	520	185	335
Cement (thousands of tons)	115	144	202	105	66
FOREIGN TRADE					
Balance (millions of U.S. dollars)	-40	-28	0	+10	-44
Main export (% of total)	Coffee, 44	Coffee, 51	Coffee, 49	Bananas, 39	Cotton, 44
FINANCE					
Reserves (millions of U.S. dollars)	20	62.5	62	29	65.1
Cost of living index (1958 = 100)	114	99	100	115	107

Work to improve health services for the people.

The most recent trade figures for CACM are for 1967, which show the Market continuing its rapid expansion. Intrazonal trade soared to \$206 million for the year compared with \$172 million in 1966 and \$37 million in 1961.

Other Economic Integration Efforts

Two subregional integration groups have made substantial progress. The Caribbean Free Trade Agreement (CARIFTA) came into effect May 1, 1968. Its membership comprises most British Commonwealth nations and territories in the Caribbean region. The agreement is designed to progressively lower trade barriers among the participating countries so that free trade in most products is achieved within five years for the relatively advanced members and in 10 years for the less developed members. The first tariff cuts were made on May 1.

The six Andean countries (Venezuela, Colombia, Ecuador, Peru, Bolivia and Chile) that formed the Andean Group in 1967 are in the process of negotiating a subregional agreement to establish an Andean Common Market. Bolivia, Chile and Colombia have reached agreement on a draft text of the Andean Sub-Regional Accord, but the other three members of the Group still have reservations.

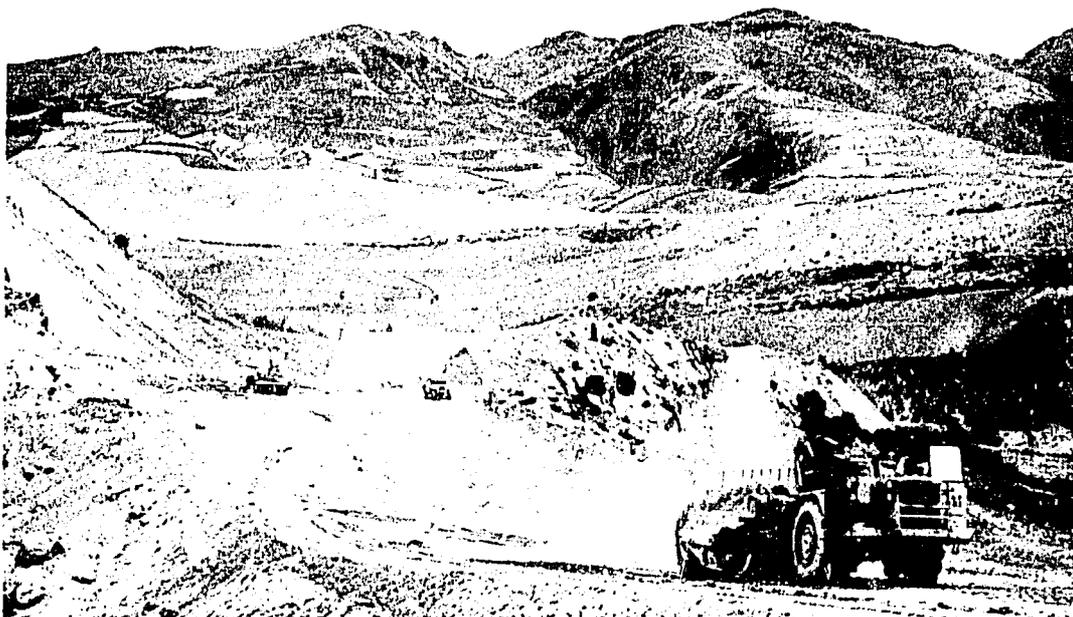
The statutes for an Andean Development Corporation were signed in February and are awaiting ratification. The Corporation will be capitalized at \$100 million and will undertake multinational projects.

Physical Integration

The Presidents at Punta del Este recognized that advancement in the areas of transportation, communications, power and the joint development of international river basins and frontier areas would facilitate the overall development and economic integration of the region. In 1968, President Johnson proposed the establishment of

a high-level hemispheric task force to review needs and draw up plans for developing the necessary physical infrastructure. Work is underway by the Inter-American Development Bank (IDB) to provide support for preinvestment studies for physical infrastructure programs and projects as requested by member countries. The IDB is also drawing up a complete inventory of infrastructure projects of interest to the countries of the region.

Although much has been accomplished toward the physical integration of Latin America, a great deal more remains to be done. Outstanding examples of physical integration projects already completed or now under construction include the Pan-American Highway, the Bolivarian or Marginal Highway which passes through the Andean republics and opens up their interiors, the Trans-Andean Highway connecting Chile and Argentina, the development of the River Plate basin (an area enclosing 1-1/4 million square miles and 50 million people) and an area-wide telecommunications system.



A link of the Pan American Highway under construction between Quito, Ecuador and the Colombian border.

ORGANIZATION OF AMERICAN STATES

The Organization of American States (OAS), as secretariat and coordinator for the Alliance for Progress, gained new strength in 1968 from a new Secretary General and from its increased responsibilities received at the 1967 Presidential Summit. The new Secretary General, Galo Plaza, reorganized much of the OAS during 1968 so it could more effectively carry out its development responsibilities in Latin America.

New Secretary General

In February, the OAS Council elected Galo Plaza, former President of Ecuador, to succeed Dr. Jose A. Mora of Uruguay as Secretary General of the OAS. Rafael Urguia, a distinguished jurist of El Salvador, was chosen as Assistant Secretary General succeeding the veteran U.S. diplomat, William Sanders.

New OAS Charter

The new OAS Charter, approved by the OAS Foreign Ministers in 1967 at the Third Special Inter-American Conference, had been ratified by twelve OAS member governments by the end of 1968, including the United States. Fifteen ratifications are needed for it to become operative. The Charter spells out the obligations of the member states in promoting economic and social development throughout the inter-American system. Under the new Charter, the Inter-American Economic and Social Council, the chief decision-making body of the Alliance for Progress, and the Inter-American Cultural Council will both be raised to equal status with the OAS Council, whose functions are mostly political.



The Colombian youth on the left works with other Latin American youths in an OAS-sponsored inter-American volunteer group that is helping Dominican farmers grow more corn.



The Alliance for Progress has opened educational opportunities to millions of Latin American children like these in Chile.

Development Programs

The most important new regional programs set in motion during the year were in the fields of education, science and technology. Following up the decisions of the first meeting of the Inter-American Cultural Council (CIC) in Maracay, Venezuela, in February, an Executive Committee of the Council (CECIC) was established with Patricio Rojas, formerly Chile's Undersecretary of Education, as Chairman. CECIC met in Washington in November and prepared its budget for the new educational and scientific programs to be launched in 1969. These programs will be financed by an inter-American fund supported by the voluntary contributions of OAS member states.

The new Inter-American Export Promotion Center was established in Bogota, Colombia, with a first year operating budget of \$750,000 financed by voluntary contributions from OAS governments. The Center's work will be aimed at opening up new markets for Latin American products in Europe, Canada and Japan.

The Pan American Development Foundation, established by OAS officials to generate private support for small-scale development projects, expanded its activities in 1968. The Foundation is now helping to set up national development foundations in each Alliance country.

The foundations will attempt to bring the private sector into the nations' development efforts. Another Foundation project continues in the Dominican Republic, where the first contingent of an inter-American type peace corps is assisting small-scale development efforts.

A new program of population studies was established in the OAS Department of Social Affairs and a new Advisory Committee on Population and Development held its first meeting in Washington in July.

INTER-AMERICAN COMMITTEE
ON THE ALLIANCE FOR PROGRESS
(CIAP)

The Inter-American Committee on the Alliance for Progress is the multilateral group within the OAS that coordinates the Alliance effort. CIAP coordinates the external financing for the Latin American countries and evaluates the self-help development efforts of each country.

By the end of 1968, CIAP had completed evaluations of the development efforts of ten Alliance countries: Barbados, Brazil, Chile, Colombia, Costa Rica, El Salvador, Honduras, Mexico, Paraguay and Trinidad and Tobago.

The reviews show that most countries are continuing their efforts to reform their tax and agrarian systems and that investment in education and other priority fields is continuing to rise, despite adverse conditions.

During the year, CIAP constituted itself as the Permanent Executive Committee of the Inter-American Economic and Social Council, as provided for in the reformed OAS Charter (expected to become operative in 1969), and began to coordinate its activities with those of the Permanent Executive Committee of the Inter-American Cultural Council, which is responsible for carrying on regional programs in the fields of educational, scientific and technological development.

CIAP noted a rising sentiment among Latin American governments in favor of more effective and long term planning of development assistance on the part of the public and private sectors outside of Latin America. The Committee also intensified its efforts to make the public understand that the Alliance for Progress is dependent primarily on loans that are repaid with interest and not on grants and that close to 90 percent of the development resources in Latin America come from governmental and private sources within the region.

AGRICULTURE

Preliminary United States Department of Agriculture (USDA) forecasts of production indicate that Latin American food output for 1968 (excluding Cuba) was up by more than 2 percent. The USDA index of total agricultural production (which includes both food crops and non-food crops such as coffee and cotton) for 19 Latin American Republics (excluding Cuba) showed an estimated rise of 2.3 percent in 1968 to 132 (1957-59=100).

Much of the region's output was influenced adversely by severe drought conditions. However, Brazil and Argentina forecast total agricultural and food production levels either the same as or slightly higher than their 1967 records, despite the unusually dry weather.

The drought which hit the central and southern Andes was considered to be one of the most severe droughts ever. However, for Chile the effects will not be noticeable until 1969. Consequently, both food and agricultural production in Chile in 1968 was expected to show an increase. Production in Ecuador and Peru was expected to decline.

Favorable growing conditions maintained strong development trends in other areas. Mexican wheat plantings were reduced by excessive rainfall but recovery in cotton and improved harvests of other crops indicated a record agricultural output about 5 percent above the 1967 record. A 3.3 percent rise in agricultural output for Central America reflects continued expansion in food crops, including sugar cane, bananas, corn and rice. Colombian food production is expected to exceed the 1967 record by nearly 5 percent due to larger harvests of wheat, rice, sugar cane, bananas and oilseeds.

In the northern Caribbean, yields of sugar cane and other early harvested crops were reduced due to drought and total agricultural output in the area was expected to decline, despite later improvement.

A northern Brazilian farmer, aided by the Alliance, prepares 10,000 eggs for market. A year ago, eggs were flown into his area from Rio de Janeiro.



Lands being cleared for agriculture in the Amazon Basin in Peru in connection with the construction of the Marginal Highway.

Strong demand and improved growing conditions have been reflected in increased investment and greater use of improved production technology during the last few years. This has been particularly true in Mexico, where wheat production records were established in 1967. Argentine wheat production in 1967 rose 18 percent over the previous year and estimates for 1968 were for a 15 percent gain over 1967. Chilean production has remained almost constant since 1963.

In spite of severe drought conditions in Peru and Ecuador, rice production for the hemisphere is expected to rise in 1968.

Larger harvests of beans, tubers, fruits and greater kills of cattle and hogs contributed to improved short run total food supplies in most Latin American countries over previous years. Declines in supplies of oilseed crops were felt throughout most of the countries. A sharp decline in coffee production more than offset a significant recovery in cotton.

EDUCATION

Vigorous development of education is an objective of the Alliance for Progress, strengthened by the conviction that meaningful citizen participation in country development can only be made possible through greatly broadened educational opportunities.

In February 1968, the first meeting of the Inter-American Cultural Council (CIC) of the Organization of American States (OAS) was held in Maracay, Venezuela. The Council approved a hemispheric development program in education and science. Followup meetings were held in Washington, D.C., in November to review and approve specific projects. An indication of the importance of the CIC for Latin Americans is the fact that, in the new OAS Charter now being ratified, the CIC will be raised to equal status with the OAS Council and the Inter-American Economic and Social Council.

During the Alliance years, education gains have been significant. The number of children attending primary schools grew by 50 percent, from 24 million in 1960 to 36 million today. Today 56 percent of primary school age children are in school compared with 49 percent in 1961. Enrollment in all secondary schools has grown even faster, from 3.3 million pupils in 1960 to over 6.3 million today. University enrollment is 1 million today, double the pre-Alliance figure. Two out of three Latin Americans can now read and write.

The number of primary school teachers is up 50 percent with more than 1 million today compared with 730,000 in 1960. The number of teachers graduating each year is up 80 percent.

U.S. cooperation in education entered a new and more intensive phase. The Agency for International Development (AID) provided several education sector loans. There was also an increased emphasis on joint planning with the World Bank (IBRD), the Inter-American Development Bank (IDB) and the Organization of American States (OAS).

The IBRD and its affiliates had loaned \$12.25 million in education to all Latin America before 1968. In 1968, however, the IBRD and its affiliate, the International Development Association (IDA), loaned \$32.4 million for Latin American education and President McNamara of the IBRD stated that, in the next five years, he believes the bank will increase this tenfold.

The countries of Latin America, working closely with foreign development and lending institutions, are making comprehensive long-range efforts to accelerate the expansion and modernization of their educational systems. The central governments of the Latin American republics, on the average, place 13.3 percent of their expenditures into education.

In fiscal year 1968, over 12 million textbooks were distributed in Latin America through the Alliance, a six-fold increase over fiscal year 1967. During the Alliance years, seven million copies of some 2,000 reference works, textbooks and booklets were published for upper secondary and university level use. A Central American textbook program has provided over 10 million copies of 14 elementary school level textbooks to approximately 1.5 million school children and 60,000 teachers in Central America and Panama.

In Guatemala, the educational facilities, curriculum and teacher training in Guatemala's primary school system in rural areas are being upgraded. Improvements are planned for the secondary and university-level schools as well.

A combined educational reform and instructional television program in El Salvador has made substantial progress. A one-year pilot program beginning in February 1969 will provide the seventh grades of 50 schools in the San Salvador area with instruction through the use of television. By 1972, the program will be expanded to include 49,000 students in the 7th, 8th, and 9th grades. After that, the program will expand to include the primary schools.

Trinidad and Tobago has an \$18.8 million program to expand and improve its secondary school system. Whereas almost all school-age children in Trinidad and Tobago attend primary schools, only 18 percent go on to secondary schools due to limited space. This program will increase school capacity by constructing and equipping 16 junior secondary schools, three senior comprehensive schools and one teacher training college.

The Teach Corps, which involves the volunteer services of U.S. teachers working in Latin America with host country teachers and administrators, continued in 1967-68 with teachers going to Costa Rica, Jamaica and Colombia. Teach Corps teams spent their eight-week tours in workshops and in-service training courses with approximately 740 Latin American teachers and administrators. The program to date has involved 53 U.S. participants and 1865 Latin Americans.

The Latin American Scholarship Program of American Universities (LASPAU) is continuing to expand its efforts in the preparation of faculty members for Latin American institutions of higher education. There are now 175 U.S. colleges and universities in 37 states participating with 106 Latin American institutions of higher education in 16 countries.

Other major educational areas receiving Alliance assistance include:

Educational planning: the means whereby priorities are determined. Planning assistance includes establishing manpower goals, organizing educational statistical services and developing long-range national education plans. Under the Alliance, the U.S. has given planning assistance to 11 countries and now has programs underway in Panama, Bolivia, Nicaragua and Brazil. The World Bank also plans to become more deeply involved in planning.

Secondary education: produces the primary school teachers, the middle-level skilled and technical manpower for industrial and agricultural development and students

for the universities. Recent loans have placed major emphasis on secondary education through developing comprehensive schools, curriculum reorganization, improved administration, teacher training and textbooks and other instructional aids.

Major secondary school improvement programs are underway in Colombia, Nicaragua, Ecuador, Chile, Honduras and the Dominican Republic which provide room for more than 72,000 additional students in improved secondary schools.



Thanks to the Alliance for Progress, this regional college at Temuco, Chile, has several modern buildings and laboratories, and a student body of 2,100.

HEALTH

Health conditions have improved considerably in the Americas during the 1960's. An indication of this is seen in the increased life expectancy. The goal of the Charter of Punta del Este was to increase life expectancy by 5 years between 1961 and 1971. After six years of the Alliance, life expectancy had increased by 2.3 years, of which 1 year was attributed to reduced child mortality.

Child Health

Available statistics indicate that the death rate for infants under one year of age declined by almost 12 percent between 1960 and 1966. For children between one and four, the rate is down by over 20 percent. Nevertheless, children under the age of five still account for 44 percent of all deaths in Latin America.

Health Services

Although the number of hospital beds in Latin America increased in the 1960's, the number of beds per 1,000 population remained at 3.2 due to population growth.

The number of physicians increased by about 30 percent during the Alliance years. In terms relative to the population, the increase was 11 percent. In 1966, there were 6 physicians per 10,000 population, as compared with 5.4 in 1960.

The 1960's have seen the number of medical schools increase by 41 to a total of 137 for all Latin America. Most of the new schools, 70 percent, are in Brazil, a country which had been seriously lacking in medical schools before.

The number of graduating physicians rose from an annual average of 6,800 in the early 1960's to 9,200 for 1967. This figure should rise even more dramatically when the new medical schools begin graduating their first classes.

Communicable Diseases

Although deaths from major epidemic diseases diminished considerably during the Alliance years, they still contribute heavily to the high child mortality rate and relatively low life expectancy in Latin America.

Progress in malaria eradication has been impressive during the 1960's. The average annual death toll in 13 countries (Brazil is not included) in 1960-1962 from malaria was 10,833. In 1966, the figure was 2,014. A million Latin Americans were added to those living in areas freed of malaria. The 70.7 million total is equivalent to 42 percent of the 170 million that lived in areas where malaria existed in 1954. Campaigns are now underway to protect an additional 86.2 million, 51 percent of those living in areas where malaria still exists. In 1968, a sharp reduction in cases occurred in Central America due to greatly increased funds being made available to fight the disease.

Reported cases of smallpox have declined by approximately 70 percent since 1961. In that year 9,065 cases were reported from various parts of Latin America. For 1967, 4,275 cases were reported and all but 23 were in Brazil.

Progress has been uneven in combating yellow fever, with reinfestations of the *Aedes Aegypti* mosquito occurring in several areas. In general, however, deaths from yellow fever have remained relatively low and constant.

Mortality rates from tuberculosis declined in 1961-66 by 12 percent in Middle America and by almost 20 percent in South America.

Deaths from diphtheria decreased by over 34 percent in Latin America in 1962-67. However, there are still 100 times as many deaths in relation to population in Latin America as in the United States and Canada, where it is practically eradicated.

The death rate from whooping cough has not appreciably declined during the Alliance years. Essentially, this is because large numbers of children are still not protected.

Regional Meeting

A Special Meeting of Ministers of Health of the Americas, the second such meeting held during the Alliance years, took place in Buenos Aires in November 1968. Health representatives from 29 nations and territories assembled. Their findings declared that health is a right and not a privilege. Their recommendations included the following:

that nations establish population policies depending on their national circumstances;

that rural health be stressed, in the hope that, if rural areas are made more habitable by improved health services, fewer people would go to the cities and urban pressures would abate.



University students serve as dental assistants in a free health clinic operated in a rural community by the Rio Grande do Norte University of Brazil.

INFRASTRUCTURE

The formation of a modern infrastructure upon which to build the social and economic advancement of Latin America continued apace in 1968. Roads, dams, industrial and commercial buildings, schools, power plants and irrigation systems are still needed in the region to provide the base and tools for achieving Alliance objectives.

Electric Power

Most recent statistics show that electric power production in Latin America now totals more than 106 billion kilowatt hours. Per capita output has grown by 33 percent during the Alliance years and now totals more than 440 kilowatt hours.

Alliance for Progress rural electrification projects are under way in Argentina, Colombia, Venezuela, Nicaragua, Peru, Costa Rica, Chile, Ecuador and Bolivia. During the year, Argentina, Venezuela and Nicaragua constructed rural electric cooperatives.

On December 18, 1968, the World Bank (IBRD) announced an \$82 million loan to Argentina for the construction of the El Chocon-Cerros Colorado Hydroelectric Project, the largest hydroelectric development project ever undertaken in that country. Earlier in the year, the IBRD had authorized a \$55 million loan to Argentina for increasing the electricity supply in the greater Buenos Aires area.

However, the area's largest electrification program continues in Brazil. New hydroelectric dams, thermo-electric power plants, power grids and distribution systems provide light to the cities and towns and power for Brazil's expanding industries. The cumulative total of foreign financial and technical assistance for electric power development in Brazil now totals more than \$400 million since the beginning of the Alliance.

One of the largest hydroelectric projects in the Americas, Paraguay's Acaray Dam, was inaugurated on December 16. Its 240,000 kilowatts of power will serve the needs of three nations: Argentina, Brazil and Paraguay.

A month earlier, the Guri Dam was formally dedicated by Venezuela's President Leoni. With 525,000 kilowatts of power already installed, the Guri Dam boosted Venezuela's electric generating capacity by 30 percent. Upon completion of two additional stages of construction, the Guri Dam will be one of the world's largest hydroelectric plants with enough power to provide two-thirds of Venezuela's power needs.

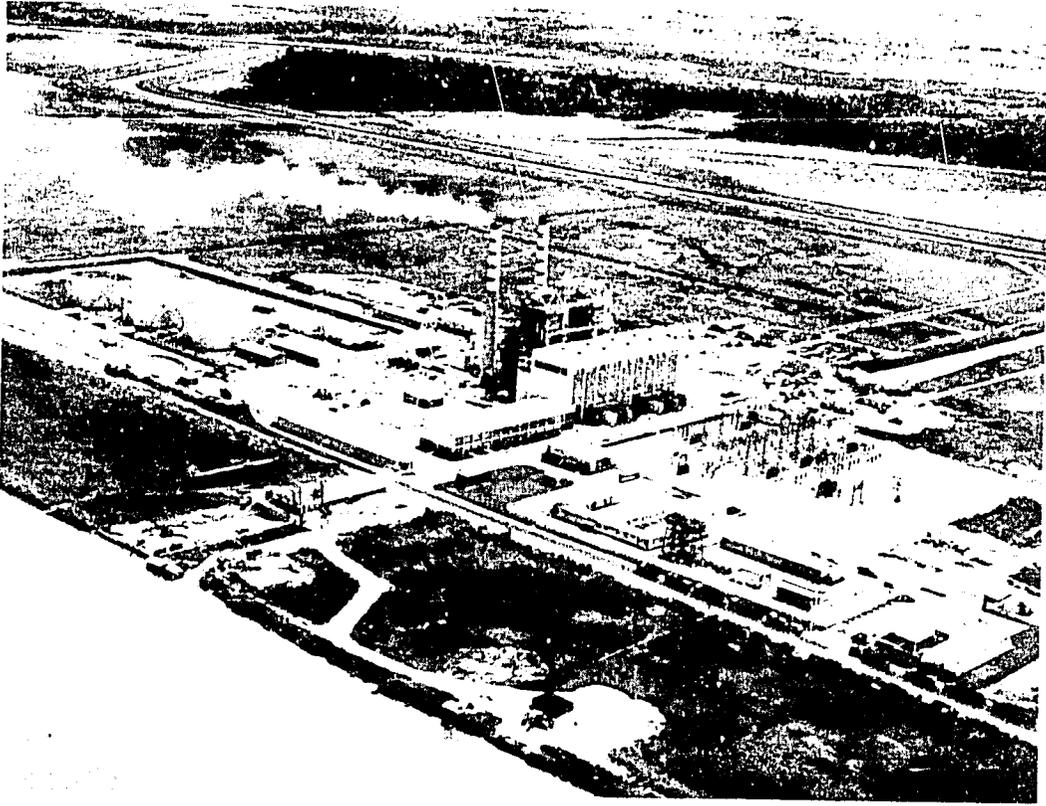
Roads

Road building continues to open up remote areas and create new opportunities for settlement and development. Total road mileage in Latin America is over 804,000 miles. Improved roads total more than 650,000 miles. For the Alliance years as a whole, road mileage has increased by 16 percent. Paved roads increased by over 58 percent from 1961 and now total over 75,000 miles.

Under the Alliance, the U.S., through the Agency for International Development, has obligated road construction and improvement loans amounting to some \$375 million. About \$275 million of this sum is helping to finance 4,000 miles of road construction.

The Inter-American Development Bank has also been active in road construction. Since 1961, the Bank has loaned \$160 million for road construction and improvements to Latin America. In 1968, the IDB authorized a loan of \$35 million to Brazil to improve major highways in the northeast.

The World Bank (IBRD) has obligated loans for Latin American roads since 1961 of more than \$350 million. In



Built with Alliance assistance, the Santa Cruz Thermal Power Plant near Rio de Janeiro was inaugurated in 1968.



A crew of young surveyors works on the Rapel Dam, an Alliance project in Chile.

1968, major road loans went to Mexico (\$27.5 million), Colombia (\$17.2 million) and Chile (\$11.6 million for highway maintenance.)

Progress continued in Latin America toward a regional highway network. The Pan American Highway is 99 percent complete, with only 450 miles in the Darien Gap along the Panama-Colombia border remaining to be completed. Feeder roads have been built out from the Pan American Highway's 45,300 miles and have opened up hitherto inaccessible agricultural lands and local production centers.

Probably the most striking international highway now under construction is the Bolivarian or Marginal Highway, extending through Colombia, Ecuador, Peru and Bolivia on the eastern slope of the Andes. The road is primarily designed to promote the settlement and development of the vast and fertile but still underpopulated Amazon and Orinoco river basins. One-third of the highway is already in operation or programmed for construction.

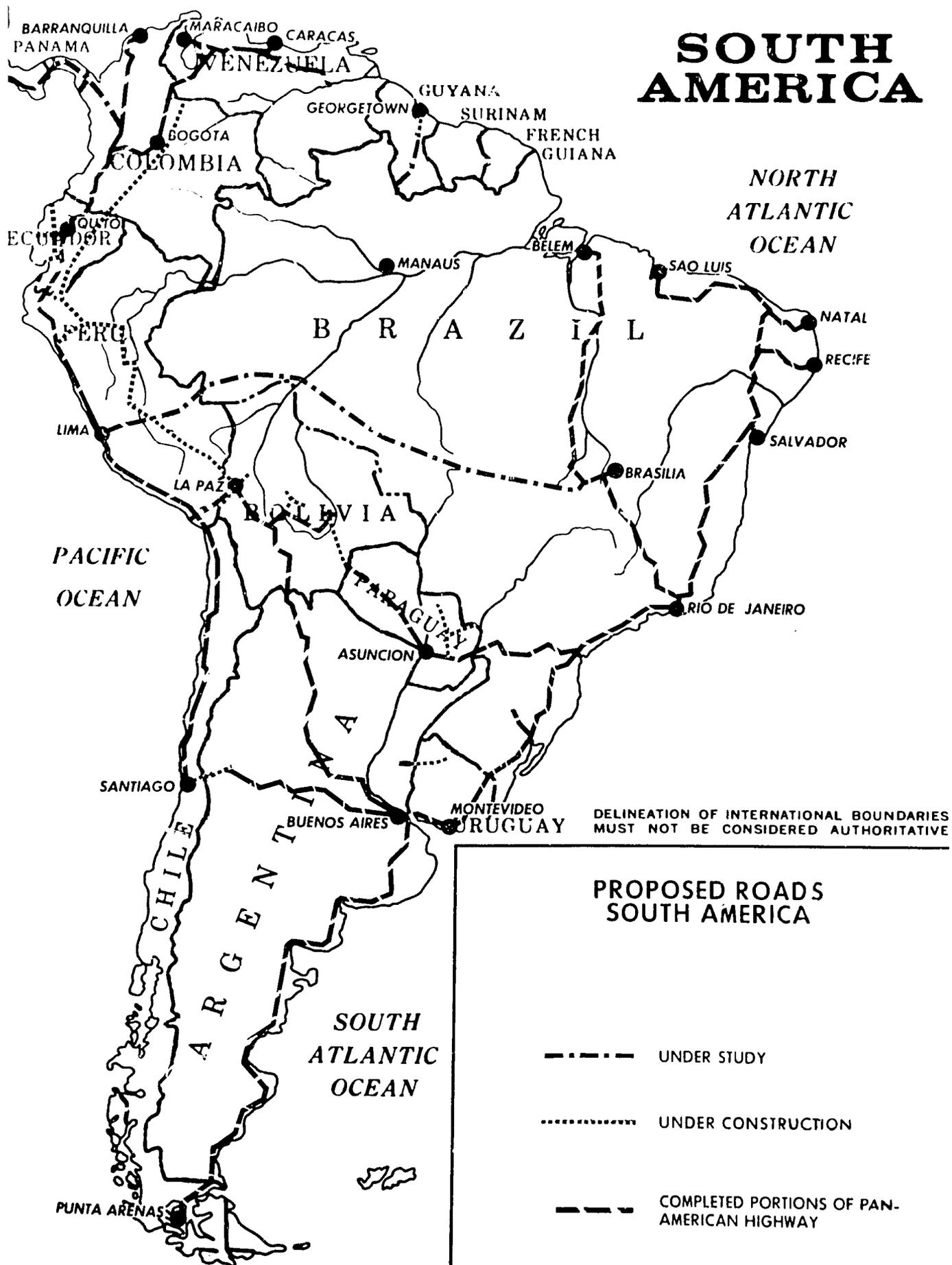
Further south, Argentina and Chile are constructing the Trans-Andean Highway which, when finished, will allow travelers to go from the Pacific coast to Buenos Aires. Argentina is also building or improving major roads and bridges on routes connecting Argentina with Bolivia, Uruguay and Brazil.

Airports

Although many roads have been built and a rudimentary rail network extends through much of southern South America, the isolation of urban centers in Latin America is such that air transportation still remains the most practical means of transportation.

Following are some of the year's achievements in air facilities:

SOUTH AMERICA



Chile's Concepcion Airport was completed and operating by the end of the year. Modern navigational aids and communications systems will be completed in early 1969;

In Paraguay, construction was started on a new 11,000 foot runway and other improvements for the President Stroessner International Airport at Asuncion;

Carrasco Airport in Montevideo, Uruguay will improve its navigational and communications facilities through equipment and services procured through an AID loan;

The rehabilitation of Atkinson Field, near Georgetown, Guyana, was completed, including the construction of a new terminal building.

Water and Sewerage

A major goal of the Charter of Punta del Este calls for the provision of adequate potable water supplies and sewage disposal systems to not less than 70 percent of the urban and 50 percent of the rural populations by 1970. The latest statistics (mid-1967) show that 70 percent of Latin America's urban population and 16 percent of the rural population already receive water either from taps in the home or from nearby public hydrants. Thus, a total of 114 million people in Latin America now have adequate potable water supplies.

From 1961 to 1968, more than \$1.3 billion was invested throughout Latin America in the construction of water and sewerage systems. This benefitted 62 million people in both urban and rural areas. Of the total cost, hemisphere governments put up \$800 million and international lending agencies \$550 million, with the Inter-American Development Bank providing three-quarters of the latter.

Individual developments during the year included:

A preliminary study for a great aquaduct system in the southeastern provinces of Argentina was completed --

a system that would provide water to 125 towns in the region;

Feasibility studies for improvements in the water and sewerage systems in Tulua and Palmira, Colombia, and six towns in Nicaragua are either completed or are nearing completion;

Improvements and extensions to the water and sewerage systems of Lima, Peru, begun in 1963, were completed in 1968 and are in operation;

Panama plans the construction of a new water supply system for Panama City and work was started on the extension, repair and maintenance of existing water and sewerage facilities;

The rehabilitation and improvement of existing water treatment and supply facilities in San Jose, Costa Rica, was expected to be completed by the end of 1968 and construction was begun on a new water supply system for the city;

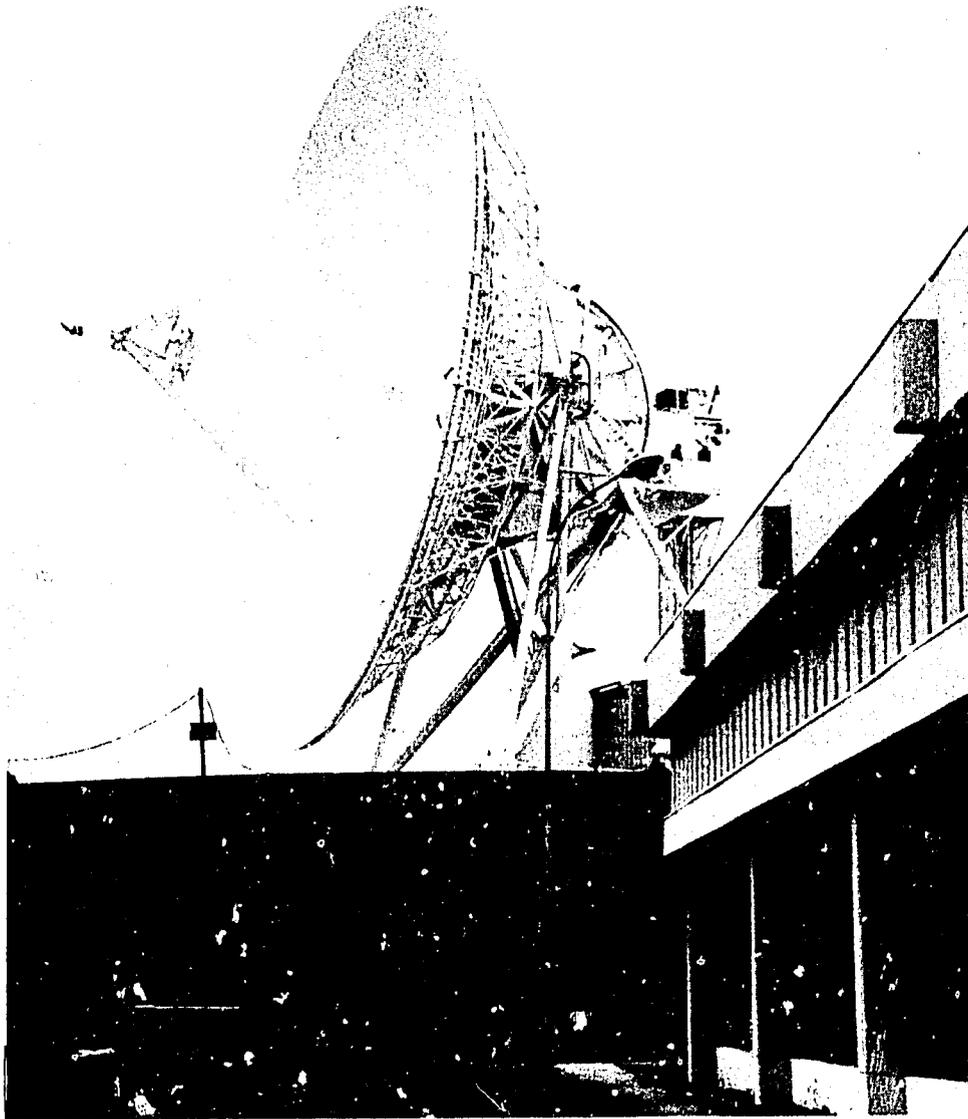
In Colombia, improvements to the Bogota sewage system were underway. In Medellin, a new sewage collection system was designed and begun during the year. Improvements to Cali's sewage system were nearing completion.

Telecommunications

Telecommunications in Latin America currently consists of a number of fragmented systems.

Some Latin American nations are making progress, however. Chile, Mexico and Panama have ground stations already operating for use with communications satellites. In addition, Argentina, Brazil and Peru have ground stations under construction and other Latin American nations have either definite plans for construction or are seriously considering their use.

The Inter-American Development Bank (IDB) is working to establish an integrated system of telecommunications for all of Latin America. In 1968, the IDB authorized telecommunications loans to Bolivia and Central America.



This permanent ground station in Chile will be used with communications satellites. It is one of several already operating in Latin America.

COOPERATIVES

The Latin American cooperative movement continues to grow rapidly. Most recent statistics show that Latin America has more than 27,700 cooperatives of various types with an estimated 9.3 million members. Total paid-in capital amounted to at least \$1.5 billion and was probably much more, since reports had not yet been received from Brazil (2,893,000 members) and Mexico (760,000 members). In 1962, there were fewer than 17,000 cooperatives in Latin America with 5.7 million members. Since that time, more than 1 million people in Brazil alone have joined cooperatives and 800,000 in Argentina. In 1962, total paid-in capital amounted to just a little over \$700 million.

The cooperative movement encompasses every type of cooperative: agricultural, consumer, credit (unions), fishing, insurance, electrical, housing, industrial, school (where a community or group of parents build and run a school for their children), artisan and transport (such as when bus drivers and employees own the company for which they work).

In 1962 the most developed sectors of the cooperative movement were agricultural and consumer, comprising about 50 percent of the total number. Credit unions accounted for another 17.5 percent. Since 1962, all have expanded, but credit unions have grown the most, almost doubling their numbers from 2,400 in 1962 to over 4,000 today. During the same period, agricultural cooperatives grew from 5,009 to 8,056 and consumer cooperatives from 4,667 to 5,520.

Cooperative banks are formed by cooperatives for their own use. In 1962 there were none at all in Latin America. Since then, cooperative banks have been formed in Ecuador, Chile, Argentina and Peru and are being formed in the Dominican Republic and Colombia. Legislation favoring the cooperative movement was enacted in Chile, the Dominican Republic, Colombia, Peru, Ecuador and Venezuela between 1962 and 1966. Guatemala, El Salvador and Nicaragua voted favorable legislation in 1967 and Costa Rica in 1968.

EXPORTS, TRANSPORT, EDUCATION AND HEALTH*

COUNTRY	EXPORT TRADE		TRANSPORT		EDUCATION			HEALTH		
	Leading Export		Miles Improved Roads	Motor Vehicles ^b	Literacy	Primary School Pupils	Secondary School Pupils	Primary School Teachers	Life Expectancy	People Per Physician
	Item	Percent 1964-66 Exports	Per 1,000 Sq. Mi.	Thousands	Percent	Thousands	Thousands	Thousands	Years	Number
19 REPUBLICS TOTAL			90	6,230	66	34,270	4,520	1,080	57	1,740
Argentina	Grains/Meat	55	116 ^a	1,265	91	3,449	184.0	174.1	67	670
Bolivia	Tin	69	30	25	32	563	96.0	17.9	50	3,570
Brazil	Coffee	47	104 ^a	1,980	61	10,695	1,805.0	393.0	55	2,290
Chile	Copper	70	122	216	84	1,681	169.0	41.4	59	1,570
Colombia	Coffee	67	60	241	62	2,408	320.0	67.8	55	2,330
Costa Rica	Coffee	65	189	41	84	296	48.0	11.2	63	2,000
	Bananas									
Dominican Republic	Sugar	52	274	40	64	588	63.5	11.0	58	1,680
Ecuador	Bananas	59	68	46	68	851	70.0	22.5	53	2,990
El Salvador	Coffee/Cot	68	309	41	48	434	38.6	12.5	58	4,430
Guatemala	Coffee/Cot	65	169	56	38	447	36.0	12.3	49	3,810
Haiti	Coffee	51	140	16	10	296	19.0	6.1	40	14,000
Honduras	Bananas/Cof	60	33	22	45	331	18.2	11.3	46	5,400
Mexico	Cotton/Cof	25	53	1,310	71	7,396	891.0	157.0	60	1,810
Nicaragua	Cotton/Cof	61	42	30	50	224	25.0	6.8	54	2,560
Panama	Bananas/Oil	79	65	41	78	211	38.0	7.0	59	1,990
Paraguay	Meat/Lumber	48	11	12	68	373	30.4	13.7	55	1,850
Peru	Fishmeal/Copper	47	28	203	61	2,157	363.0	60.4	53	2,030
Uruguay	Wool/Meat	77	76	197	91	367	100.0	11.4	69	850
Venezuela	Petroleum	93	63	445	80	1,502	207.0	44.5	66	1,210
OTHER L. AMER.										
British Honduras...	Wood/Citrus	37	93	3	89	27	2	1	60	3,700
Guyana	Sugar	34	11 ^a	15	80	139	8	3	51	2,110
Jamaica	Bauxite/Alu	68	1330	55	85	324	34	6	65	2,040
	Sugar									
Surinam	Bauxite	79	14	9	80	66	9	2	n.a.	2,240
Trinidad and Tobago	Petroleum	81	2100	72	80	207	34	6	64	3,820

* - Data based on most recent information available.

n.a. - Not available

a - All roads.

b - Registered.

HOUSING

U.S. Government financial assistance to Latin American housing in recent years has increasingly turned to housing investment guaranties, to developing savings and loan associations and housing cooperatives and to providing assistance through the Inter-American Development Bank (IDB). In addition, more attention has been directed toward urban development as distinguished from housing alone.

Direct assistance in 1968 to Latin American housing by the Agency for International Development (AID) consisted of two loans valued at \$7.4 million: 1) a \$3 million loan to the El Salvador savings and loan system; and 2) a \$4.6 million loan for slum clearance in Panama. These two loans brought to \$174 million the seven-year total of direct AID dollar assistance to Alliance housing.

In 1968, the U.S. Congress added \$50 million to the investment guaranty authorized for Latin American housing, bringing the total Congressional authorization to \$550 million. Under this program, a total of 80 Alliance projects comprising 64,567 dwelling units valued at \$295,748,000 have been authorized and contracts have been signed for 34 of the projects valued at \$181,102,000.

Latin American savings and loan associations numbered over 100 in 1968 and had over 600,000 members. At least 16 associations were established in 1968. Deposits totaled more than \$200 million and loans of over \$400 million have been made to 85,000 borrowers during the seven Alliance years.

Nevertheless, in spite of the great progress being made, the estimated annual increase in the deficit of approximately 500,000 units continued through 1968.

TAX REFORM

Substantial progress in Latin America toward tax reform has been made during the Alliance years. In the last three years alone, Latin American central government revenues have increased more than 27 percent in real terms, due largely to the tax reforms.

1968 was the sixth year of AID technical assistance to Latin America in tax administration. Sixteen teams of U.S. tax advisors are actively helping to upgrade tax administration, including a regional team working with the Central American Common Market countries and Panama.

The tax agencies of the Latin American governments also are given training in tax administration. Since 1963, these programs have provided instruction to more than 16,000 tax officials and technicians.

The Inter-American Center of Tax Administrators, a forum for exchanging ideas and experiences in tax administration, had its second annual meeting in Buenos Aires in May 1968.

INTER-AMERICAN DEVELOPMENT BANK

The year 1968 marked another year of substantial accomplishment and growth in the Inter-American Development Bank's support for the economic and social development of Latin America under the Alliance for Progress.

Projections indicate that, during 1968, the Bank (IDB) would approach the 1967 record lending figure of nearly \$500 million. In addition, the Bank expected another record year of disbursements, surpassing the \$243 million disbursed during 1967. In the years since its founding in 1959, the IDB has loaned \$2.7 billion which has in turn generated an additional \$4.5 billion of investment.

The Inter-American Bank also enjoyed one of its best years in the financial support it received from its member countries, as well as the world's capital markets, in raising funds for Latin American development.

Carrying out the decisions of its Eighth Annual Meeting held in Washington in April 1968, the Bank's members contributed an additional \$900 million to the Bank's capital resources.

Over half of this amount, \$500 million, represented the first tranche in a \$1 billion increase in ordinary callable capital voted at the Washington meeting. The second tranche will be subscribed in 1970. Over 40 percent of the \$500 million was contributed by the United States and the remainder by the countries of Latin America. Callable capital subscriptions do not require actual cash payment to the Bank but represent, in effect, a guarantee enabling the Bank, when necessary, to borrow cash resources in the world's capital markets for its year-to-year lending operations.

INTERNATIONAL ECONOMIC ASSISTANCE TO LATIN AMERICA

MILLIONS OF UNITED STATES DOLLARS

Fiscal Years Ending June 30	IDB	IBRD	IDA	IFC	UN Agencies ^a	EEC	DAC ^a	TOTAL
1961	66	131	27	3	39	4	86	356
1962	138	408	30	8	39	5	156	784
1963	184	123	11	10	42	7	205	582
1964	124	256	12	7	43	10	195	647
1965	238	208	19	10	55	9	231	770
1966	366	375	8	24	74	10	207	1,064
1967	445	271	2	12	48	7	189	974
1968	408	376	9	17	48 ^b	7 ^b	200 ^b	1,065
TOTAL	1,969	2,148	118	91	388	59	1,469	6,242

^a Calendar Years

^b Estimate

EXPLANATIONS OF ABBREVIATIONS:

IDB The Inter-American Development Bank, administering the Fund for Special Operations and the Ordinary Capital Fund. Figures do not include the Social Progress Trust Fund.

IBRD The International Bank for Reconstruction and Development (The World Bank).

IDA The International Development Association, an affiliate of The World Bank.

IFC The International Finance Corporation, an affiliate of The World Bank.

EEC The European Economic Community (The Common Market).

DAC The Development Assistance Committee. Members are Australia, Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Italy, Japan, Netherlands, Norway, Portugal, Sweden, the United Kingdom and the United States. Figures show collective totals of loans and grants made by the individual members (U.S. not included).

The remaining \$400 million of the Bank's new capital resources represented the second tranche in a \$1.2 billion increase in the Bank's Fund for Special Operations. The third tranche is payable in 1969. The United States contributed \$300 million of the total and Latin America contributed \$100 million.

The increases in the Bank's callable capital provided additional guarantee margins for its borrowings, which amounted to a record \$187.1 million during 1968. Borrowings included a \$70 million bond issue in the U.S. capital market (of which \$2.5 million was purchased by the Government of South Africa); long-term bond issues equivalent to \$8.3 million placed in the Netherlands, \$25 million in Germany, \$13.7 million in Switzerland, and \$6 million in Austria; arrangements to borrow \$10 million in Japan and \$11.1 million in Finland; and a short-term bond issue for \$43 million placed in the central banks of Latin America. These brought the Bank's total borrowings by year's end to \$657,241,000.

During 1968 the Canadian Government agreed to channel an additional 10 million Canadian dollars through the Bank for Latin American development. This raised to 50 million Canadian dollars the amount administered by the Bank on behalf of Canada for Latin American development.

During 1968, the Bank placed special emphasis to supporting Latin America's efforts to increase its output of foods and fibers. Of particular impact in the agricultural field were loans of \$39.2 million to finance irrigation projects in arid sections of Mexico, \$10.8 million to assist farm settlement projects in Colombia's sparsely settled eastern plains region and \$10 million to finance agricultural development projects in ten drought-stricken provinces in Chile.

The Bank also initiated a program of support for South America's long fight against aftosa. It did so by authorizing loans for \$2.3 million to Chile and \$2.8

million to Paraguay for work against the disease which causes South America an estimated \$400 million in live-stock losses each year. Similar loans to Brazil, Argentina, Peru and Uruguay are under active study.

The Bank continued its support for development of Latin America's infrastructures in 1968 with loans of \$35 million for the improvement of major highways in north-eastern Brazil, \$16 million to Venezuela and \$15 million to Argentina for the improvement of rural electric power facilities, \$22.9 million for a vast irrigation and hydro-electric project in the Dominican Republic, \$9.2 million to modernize Bolivia's telecommunications system as part of the Bank's continuing efforts to provide an area-wide telecommunications system for all Latin America, \$9.7 million for major improvements to Montevideo's port and \$11 million toward a \$170 million expansion program for Brazil's largest iron ore mining and exporting company.

Continuing its quest for solutions to Latin America's development problems, the Bank late in the year launched an "in-depth" study into the problems of Latin American development financing. The study is expected to provide specific recommendations for: 1) increasing the volume and improving the conditions of external financing; 2) improving the mobilization of domestic resources in Latin America; and 3) providing the Bank with guidance for its role in Latin America's development.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

The new President of the World Bank (IBRD), Robert S. McNamara, announced in September and October that the Bank and its affiliates, the International Finance Corporation (IFC) and the International Development Association (IDA), would greatly expand their assistance efforts to Latin America by doubling the investment rate to that area during the next five years.

President McNamara stated that, "in looking for projects to support, we shall look for those which contribute most fundamentally to the development of the total national economy...." He also said that the Bank will devote particular attention to education and agriculture in Latin America. He stated that the Bank should increase its rate of educational lending to Latin America tenfold during the next five years. This change of policy is already evident. More than \$30 million was lent by the Bank towards Latin American education in 1968 whereas, in the 5 years previous, a total of only slightly over \$12 million had been lent. In agriculture, McNamara said he hoped the Bank can more than double its lending rate in the next two years and quadruple it during the next five.

Loans by the IBRD and its affiliates in 1968 reflected this new concern for Latin America. The loans totaled over \$580 million, more than triple the 1967 total of \$170 million. Over 60 percent of the 1968 loans went into power development, however, continuing a long-standing program of the Bank in this field. Over the past 20 years, the Bank and the IDA have lent almost \$2 billion to Latin America for power development. This has assisted in the addition of over 15,000 megawatts to the area's electric generating capacity.

Other major 1968 loans to Latin America went to Brazil for aluminum processing (\$22 million) and highways (\$26 million) and to Mexico for irrigation works (\$25 million) and highways (\$27.5 million).

U.S. ASSISTANCE

United States Government assistance to the Alliance for Progress in fiscal year 1968 totaled \$1.36 billion, second during the Alliance years only to 1967's record \$1.40 billion. From 1961 to 1968 as a whole, the contribution of the U.S. Government has been \$8.38 billion. In addition, U.S. private investment in Latin America for the same period has been over \$3.25 billion and U.S. private aid* was \$273 million. Total U.S. private and public investment in Latin America during the Alliance years amounts to almost \$12 billion.

Included as U.S. Government assistance are Agency for International Development (AID) loans and grants, Food for Freedom programs, the Peace Corps, Export-Import Bank loans, contributions to the Inter-American Development Bank (IDB) and Social Progress Trust Fund loans.

In 1968, Congress appropriated \$300 million for the IDB's Fund for Special Operations for the second consecutive year. In addition, a \$412 million subscription to the Bank's callable capital was authorized and will be used to guarantee the Bank's bond sales. Half of the authorization, \$206 million, was appropriated during the same session.

Export-Import Bank long-term loan authorizations to the Alliance countries in fiscal year 1968 totaled more than \$300 million, down from 1967's \$497 million. Major credits extended by the Bank in 1968 will improve steel manufacturing facilities, increase the region's electric power production and finance jet airliners.

*Includes assistance from private foundations, voluntary agencies and the Partners of the Alliance program.

The Peace Corps increased its effectiveness during the year by increasing host government involvement in its planning, training, programming and evaluation. There are now 3,700 volunteers in Latin America, approximately one third the world total.

The dollar value of food and services provided through the Food for Freedom program expanded more than threefold in fiscal year 1968, to an estimated \$233 million, compared with \$70 million for the previous year. Major emphasis was on self-help projects. In addition, War on Hunger programs to increase the use of food from the sea were expanded. Other War on Hunger programs have resulted in the development of new high-protein soft drinks being marketed in Latin America. The agency also provides Latin American countries with assistance to their population programs when requested.

As a result of decisions reached by the Presidents at Punta del Este in 1967, AID's Latin American program has made a marked shift in focus. Agriculture, education and regional integration now receive much more attention. Education loans in fiscal year 1968 went up 250 percent from 1967 -- from \$20 million to more than \$70 million. In agriculture, the total went from \$44 million to \$74 million. These two sectors accounted for almost one third of AID loans to Latin America in fiscal year 1968.

Major U.S. accomplishments in Latin America during fiscal year 1968 included:

3,000,000 students enrolled in AID-assisted schools;

2,000,000 new acres irrigated and reclaimed;

12,000,000 people benefitting from potable water supply facilities, up by more than 10 percent from 1967;

75,000,000 people protected from malaria;

1,000,000 vaccinated against smallpox;

400,000 benefitting from the construction of new homes and apartments;

TOTAL U.S. GOVERNMENT ASSISTANCE TO LATIN AMERICA

(MILLIONS OF U.S. DOLLARS)

Fiscal Years Ending June 30	AID ^a	Ex-Im Bank ^b	Food for Freedom	SPTF ^c	Other Sources ^d	TOTAL ^e
1961 (pre-Alliance)	254	450	146	-	2	851
1962	478	63	128	226	120	1,016
1963	542	65	167	127	79	980
1964	603	168	297	42	83	1,193
1965	523	153	104	101	284	1,164
1966	637	134	188	24	288	1,270
1967	556	497	70	5	274	1,398
1968 ^f	496	301	228	5	329	1,359

a Agency for International Development.

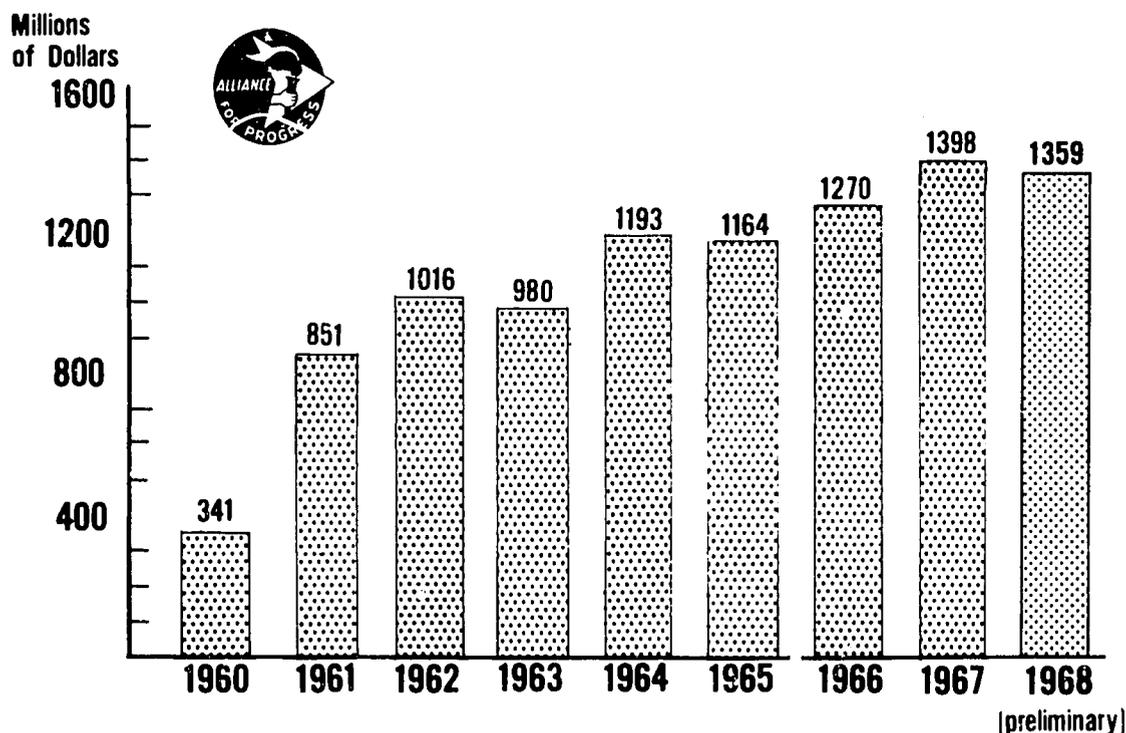
b Export-Import Bank.

c Social Progress Trust Fund, administered for the United States by the Inter-American Development Bank (IDB).

d Includes the Peace Corps, grants for the construction of the Inter-American Highway, and allocations of \$250 million per year for 1965, 1966 and 1967 and \$300 million for 1968 to the Fund for Special Operations, administered by IDB.

e Figures may not add due to rounding.

f Preliminary.



\$130,000,000 in local currency loans made to private enterprise by AID-assisted credit institutions, an increase of more than 16 percent over 1967;

Over 350,000 kilowatts of new generating capacity installed, more than double the 150,000 kilowatts installed in 1967.

U.S. Government assistance to Latin American housing in 1961-68 totaled more than \$1 billion, including funds provided through the Inter-American Development Bank, the Housing Investment Guaranty Program and AID local currency housing and urban development loans. Congress added \$50 million to the housing investment guaranty program during the year, bringing total authorizations to \$550 million.

AID in 1968 again provided assistance to the Integration Fund of the Central American Common Market with an authorization of \$30 million to assist the Fund in telecommunications and transportation projects. This brought total U.S. assistance to the Fund for the purposes of economic integration to \$85 million.

Teams from the U.S. Internal Revenue Service continued to provide assistance to Latin American governments on their tax problems. During the Alliance years, Latin American governments increased their tax revenues by 33 percent.

The Inter-American Investment Development Center (IIDC), opened in 1967 to link investment opportunities in Latin America to U.S. investors, had handled a total of 242 proposals by the end of 1968. The IIDC is operated by the Council for International Progress in Management under a contract with AID, which organized the project.

U.S. private investment to the Alliance countries was \$363 million in calendar year 1967, the most recent year for which figures are available. The direction of U.S. investment has changed notably during the Alliance years, with an increasing flow to manufacturing, followed by mining and smelting. Investments in petrochemicals and public utilities have declined.

INVESTMENT GUARANTIES

Specific Risk Guaranties

AID Specific Risk Insurance encourages private U.S. investment in developing countries by insuring against: 1) nonconvertibility of host country currencies; 2) loss from expropriation; and 3) damage due to war, revolution and insurrection.

During the first 9 months of 1968, 71 U.S. companies used AID's specific risk insurance for 87 projects in 16 Latin American countries. These companies proposed to invest approximately \$483 million in the area.

The largest project was a \$235 million alumina plant to be constructed in Jamaica. Investments in food and agriculture were involved in 28 projects. Other insured projects included a chemical plant, a bank, tire manufacture, electrical appliance manufacture, the production of automotive parts and hotel construction.

On September 30, 1968, \$3.37 billion in specific risk insurance coverage was outstanding for Latin America, well over half of AID's worldwide total.

Extended Risk Guaranties

Extended risk guaranties cover all risks except risks normally available elsewhere, such as fire, fraud and theft. For the first nine months of 1968, AID had authorized a total of \$48.6 million in extended risk guaranties for investments in 9 Latin American projects. New projects included the development of banking and port facilities and studies in agribusiness with export potential.

Investment Surveys

AID's Investment Survey Program encourages U.S. investors to study the feasibility of investing in developing countries. Since the program began in 1962, 20 projects in Latin America with an estimated investment of \$16.5 million have resulted. Ten surveys are currently in progress.

WAR ON HUNGER

Food for Freedom

Food for Freedom programs provide an interim means of using food to combat malnutrition, reduce hunger and unemployment and to carry out self-help development projects. In 1968, commodities valued at more than \$168 million were authorized through Food for Freedom programs in Latin America.

Eleven sales agreements totaling more than \$100 million were signed with Latin American countries under Title I of Public Law 480. Title I provides for U.S. Government financing of U.S. agricultural commodities for both local currency and dollar credit terms where the countries engage in self-help development activities. All of the agreements signed with Latin American countries in 1968 were on dollar credit terms -- the largest being for \$34 million with Brazil.

More than 18 million recipients in Alliance countries are benefitting from commodities donated under Title II of P.L. 480. The vast majority of these commodities were provided through schools, maternal child welfare clinics and food-for-work programs. Brazil, Colombia, Chile, Peru, Ecuador and the Dominican Republic were the principal recipients in 1968.

In Brazil, a milk distribution program is reaching more than 5.5 million children. More than 1 million are receiving hot meals also. Other ways in which the food is being utilized include community development programs in Chile, El Salvador and the Dominican Republic, and reforestation projects in Peru.

Nutrition and Child Feeding

Assistance to the Alliance countries in combating malnutrition is developing in two directions: through Food for Freedom commodities and through private enterprise.

An estimated 15 million Latin American children participate in Food for Freedom programs. One new high-protein food being distributed is called CSM and is composed of corn, soya and milk.

AID has also sponsored a program to induce private industry to develop and test-market new high-protein foods and beverages from indigenous ingredients at low cost. Through this program, Monsanto Chemical has developed a soy-based soft drink called Puma, which is already being marketed in Guyana; the Pillsbury Company is working with sesame in El Salvador; the Krause Milling Company is developing soya-fortified corn in Brazil and Swift & Company is trying to develop a milk-like beverage in Brazil based on soya.

Food From the Sea

Another promising source of high-protein food is the sea. A program to investigate the possibilities of establishing a fish protein concentrate (FPC) industry was undertaken during the past year in Chile. As an additive to foods, FPC can meet some of the needs of undernourished people in many less-developed countries. The Chilean study, financed by AID, is being undertaken by the General Oceanology Corporation of Cambridge, Massachusetts. The firm will survey the resources, analyze the market and begin limited product development. Hopefully the results of the study will induce private investors to enter the field. In addition, the study will supply the basic information necessary for investigating the FPC potential in other developing countries.



These bright-eyed pupils in El Salvador improve their nutrition - and enthusiasm for learning - with a free lunch of wholesome foods provided under the Alliance.



Under Food for Freedom's self-help program, this Brazilian carpenter is helping his neighbors build a community center in exchange for U.S. food commodities.

Population

The high birth rate and soaring population growth in Latin America are of continuing concern. AID assistance to local or national efforts in population and family planning is available at the request or approval of the national government concerned.

Research

AID is assisting materially in helping Latin America develop its own agricultural resources through research. AID financed 18 projects in 1968 that involved Latin America. Some of them were:

Analysis of data on the nutrient status of soils in Latin America, conducted by North Carolina State University;

Analysis of factors associated with differences and changes in agricultural production in the less developed countries, conducted by the Economic Research Service, U.S. Department of Agriculture;

Research in land tenure and reform in Latin America, conducted by the University of Wisconsin;

An inter-American investigation of infant and childhood mortality, in cooperation with the Pan American Health Organization;

Development of conservation processes with regard to fish by-products, in cooperation with La Molina Agrarian University in Peru;

Extending protein concentrates for child feeding by adding simple and inexpensive nitrogen sources, conducted by the Massachusetts Institute of Technology;

Lysine enrichment of wheat flour, in cooperation with the British-American Hospital in Lima, Peru;

Research in weed control in less developed countries, conducted by Oregon State University.

EXPORT-IMPORT BANK

Export-Import Bank authorizations for long and medium-term loans, medium-term guaranties and insurance and short-term insurance for exports to Alliance countries totaled \$731.2 million for the fiscal year ending June 30. Every dollar of this credit assistance was earmarked for goods and services necessary to further Alliance for Progress goals.

A continuing problem for the Eximbank in extending credit to developing countries is the ability of the borrowing nations to assume additional debt. However, 1968 was, generally speaking, a year of economic progress in Latin America, so that the prospect of continued Eximbank assistance remains reasonably hopeful. The Bank will continue to closely examine each undertaking in which it participates to insure that the financing will be used in the most effective way.

Alliance for Progress loans authorized by the Eximbank during 1968 included:

Three credits totaling \$89.7 million for equipment and services to improve steel manufacturing facilities in Argentina, Brazil and Mexico;

Seven credits totaling \$32.8 million for equipment and services to expand electric power production and distribution in Argentina, Colombia, Dominican Republic, Ecuador, Trinidad and Tobago, and Venezuela;

Four credits totaling \$25.3 million to finance purchases of jet airliners to serve transportation requirements in Brazil, Peru and Venezuela.

In each of these authorizations, Eximbank satisfied itself that the specific undertaking will enhance the economic viability of the country of the borrower.

PEACE CORPS

Nearly a third of all Peace Corps Volunteers world-wide were working in Latin America during 1968. By year's end, more than 3,700 Volunteers were in 20 Latin American countries. During 1968, Nicaragua joined the Latin American countries working with the Peace Corps.

In 1968, the major Peace Corps effort was in rural development, with more than half of all Volunteers working in food production, agricultural credit and rural public works programs. The next largest Peace Corps effort was in education and health.

Since the effectiveness of Peace Corps programs is directly dependent on the understanding and support of host governments, one of the Peace Corps' basic aims has been to increase host government involvement in Peace Corps planning, training, programming and evaluation. Thus, a growing number of Volunteers are trained in the countries where they serve, with sponsoring government agencies increasingly active in that training. In 10 countries, nationals have been hired as Peace Corps staff to strengthen liaison with participating agencies and to provide better technical support for the Volunteers.

A number of promising programs unusual for the Peace Corps have been undertaken. For example, in Venezuela there is a municipal management program utilizing Volunteer city planners, architects, attorneys and others. In Colombia and Peru, Volunteers with master's degrees in business administration are assisting and guiding small businesses. Significant numbers of Volunteers are engaged in such programs as forestry, land settlement and electrification.

The great majority of Volunteers are better trained now than before, most often in a technical skill such as sheep shearing, potato cultivation or tuberculosis control.

PARTNERS OF THE ALLIANCE

Private citizens and organizations of the hemisphere can take an active role in furthering the goals of the Alliance for Progress by working through the Partners of the Alliance. Community organizations, business firms, professional and educational societies, labor unions, service groups, state or city institutions and even private individuals in the United States, by participating in the program, can work directly with any one of numerous groups of people in Latin America trying to improve their way of life.

In 1968 the program expanded to bring together 37 areas in 16 Latin American countries with groups in 37 states of the United States. Since its inception, the Partners program has generated a flow of nearly \$12 million in material and technical assistance from the private sector of the United States to Latin America.

Activities included an exchange of teachers and students through scholarships and in-service training programs. Partners' business and industrial programs include technical and commercial relationships. There are also projects to promote food production and to strengthen democratic institutions.

TRADE

Estimates for 1968 indicate a modest increase in Latin American exports from 1967, which remained at about the same level as 1966. There are expectations that the 1968 rise will be slightly less than 3 percent.

The drop in exports in 1967 was attributed to a slower rate of growth of the world economy. It was also partly due to a drop in world market prices for some of the area's export commodities such as coffee, metal, wool and fishmeal. Commodities account for approximately 64 percent of the region's exports.

The percentage of Latin American exports going to the United States in this period remained at about 34 percent, the same level as the two previous years. Latin American exports going to Europe and Japan, on the other hand, increased from 38 percent of total exports in 1966 to an estimated 43 percent in 1967.

The United States continued to be the area's major supplier, furnishing about 44 percent of total 1967 imports. The importation of European and Japanese products, however, increased by 16 percent and accounted for almost 38 percent of total imports.

Latin American trade with the communist countries has declined in recent years and now accounts for less than 5 percent of the area's total trade.

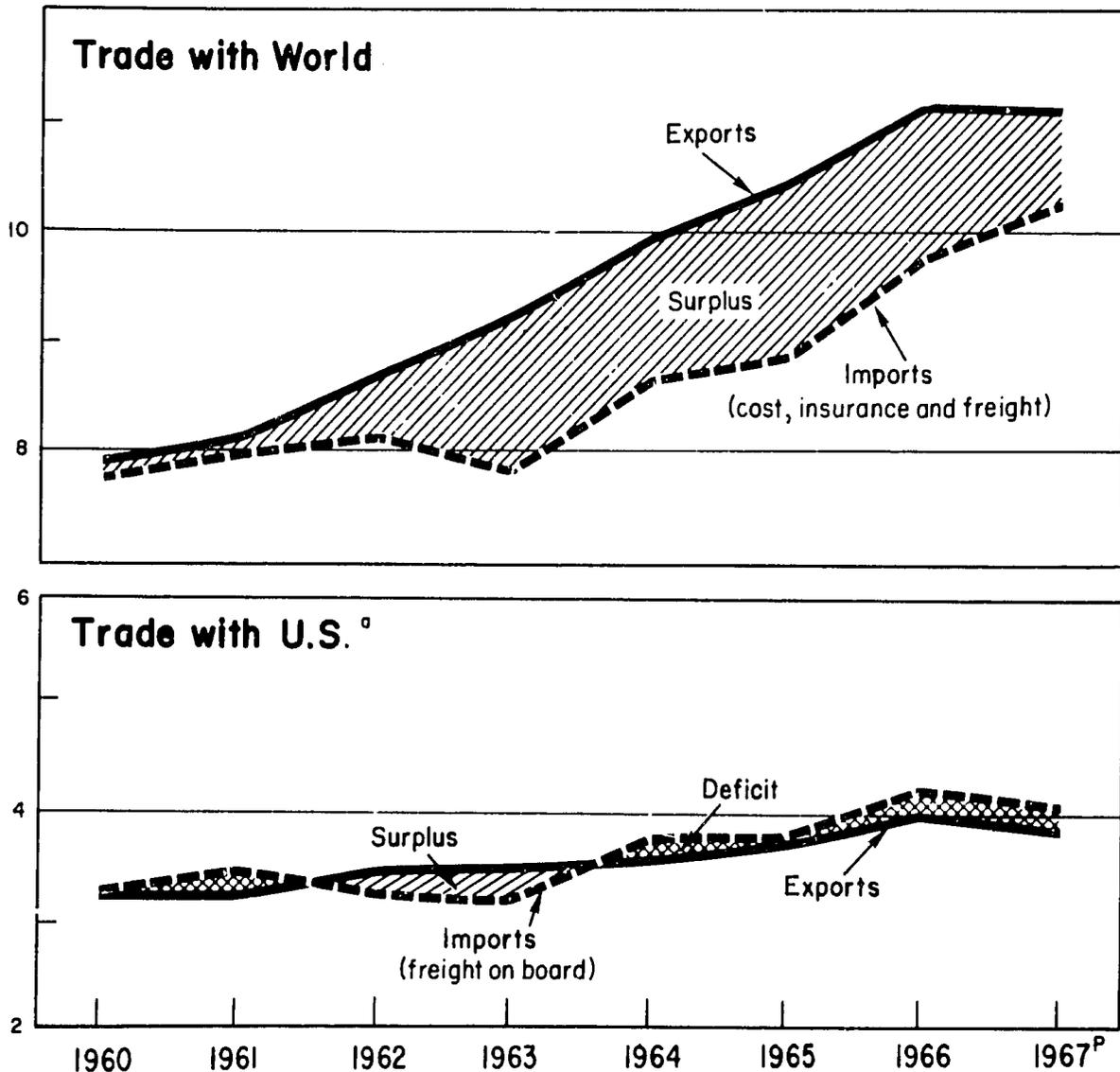
Figures for the 1960's show that the developing countries' trade has risen more slowly than that of the developed countries and that Latin America's trade has risen even more slowly than the total trade of the less-developed world. In 1961, Latin American trade accounted for 6.8 percent of the non-communist world total. The most recent figures show Latin American trade accounting for only 5.7 percent. The proportion of world trade accounted for by the less-developed world as a whole, including Latin America, dropped from 22.8 percent to 20.8 percent during the same period.

Although export diversification in Latin America is still in its early stages, it is taking place. Whereas the traditional exports (petroleum, coffee, grains, meat, hides and skins, wool, sugar, bananas and cotton) accounted for 69 percent of all 1961 exports, they amounted to only 60 percent of total 1967 exports. A wide range of industrial products and raw materials accounted for the other 40 percent of export trade.

LATIN AMERICAN FOREIGN TRADE

19 Republics

(\$ Billions)

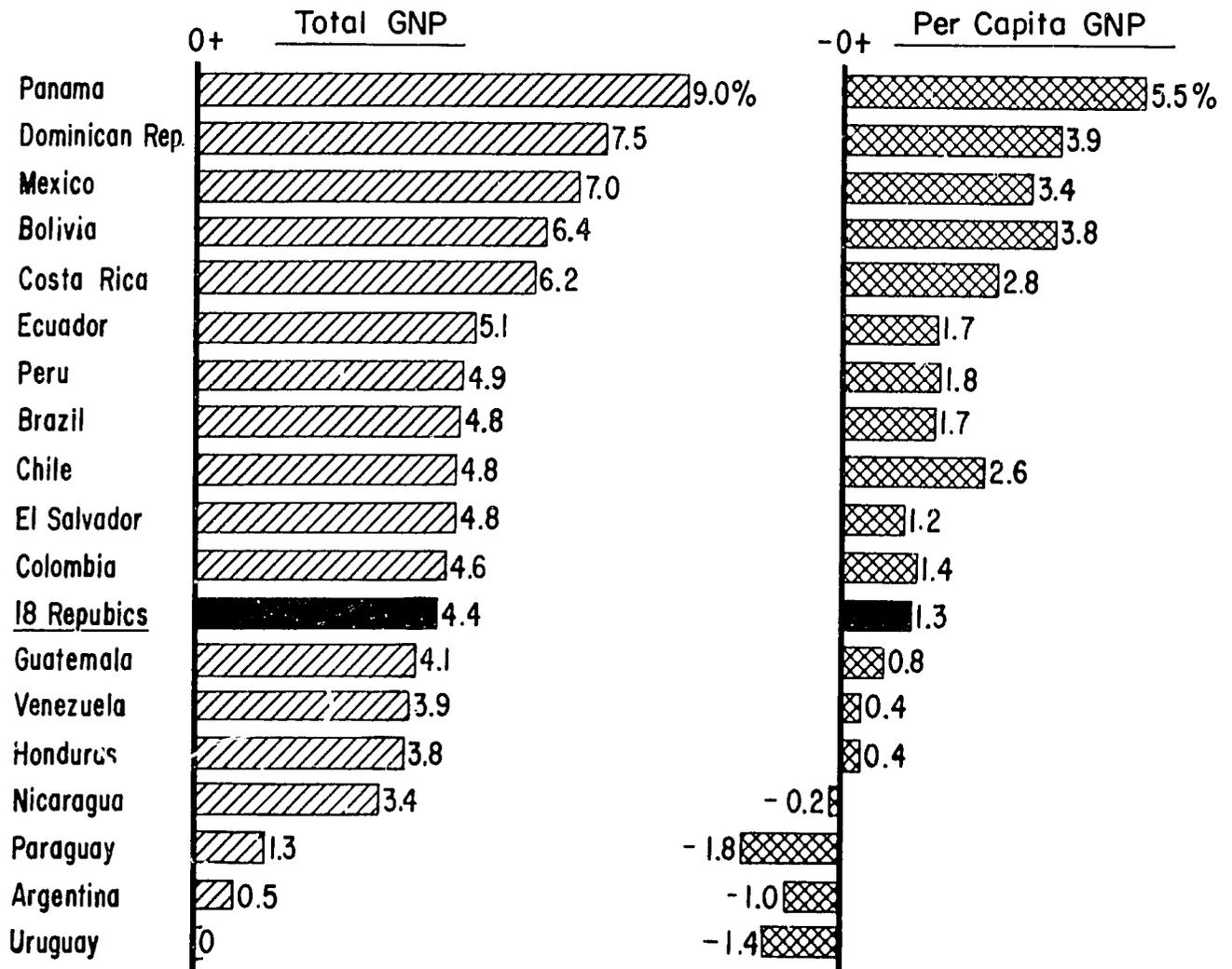
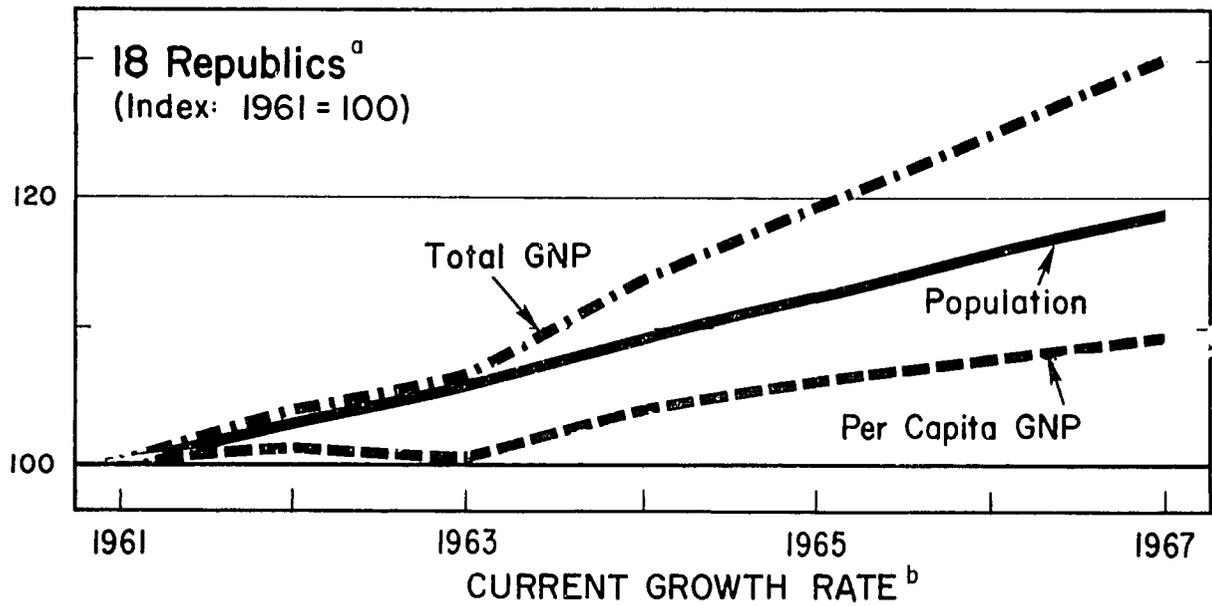


P - Preliminary

a - U.S. Customs Data.

GROSS NATIONAL PRODUCT

In 1966 Prices



^a Long term trend data unavailable for Haiti.

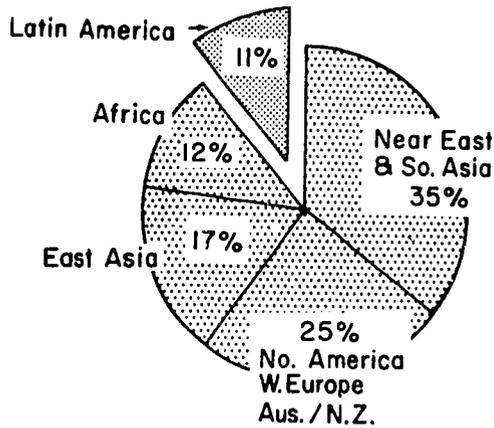
^b Arithmetic average of percent change of 1967 over 1966 and 1966 over 1965.

Data from Statistics and Reports Division, Office of Program and Policy Coordination, Agency for International Development.

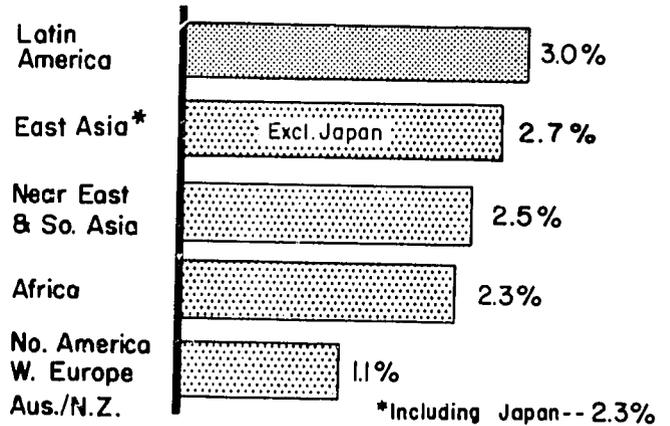
LATIN AMERICA IN THE FREE WORLD

Population and Production

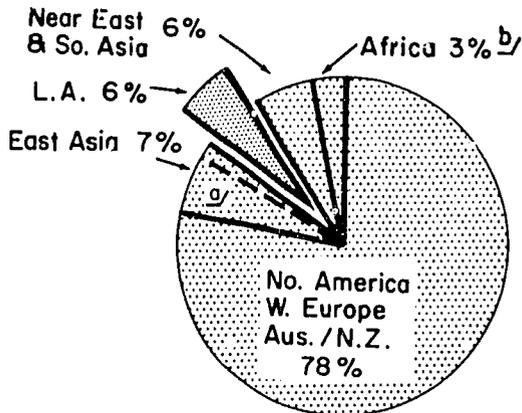
Percent of Population



Population Growth Rate

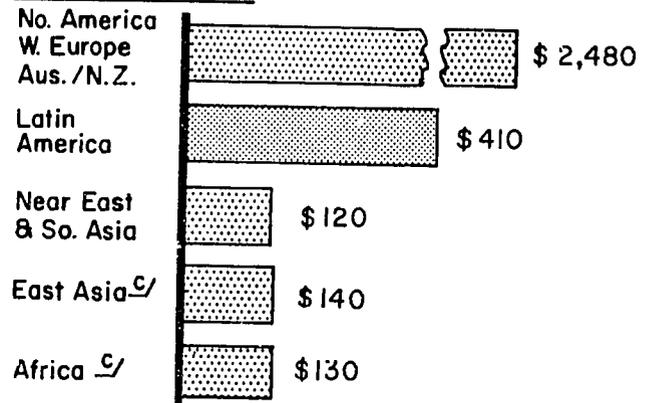


Gross National Product

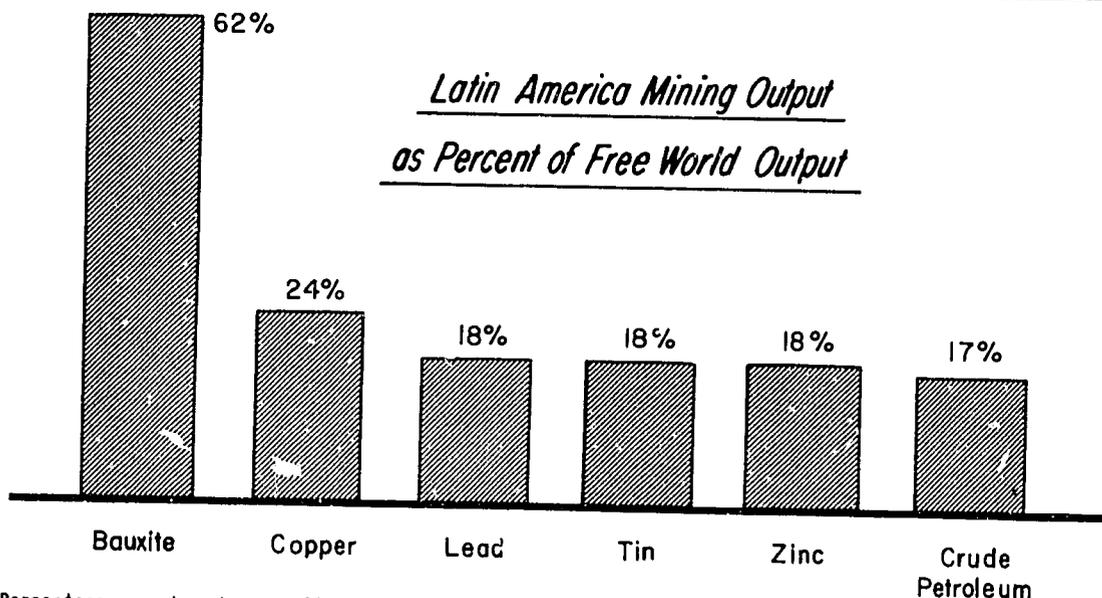


^{a/} Japan 5.3%. ^{b/} So. Africa 0.7%.

Per Capita GNP



^{c/} Excludes Japan and South Africa.



NOTE: Percentages are based generally on 1966 and 1967 data pertaining to non-communist countries. Latin America consists of the 19 Republics and other Latin America.

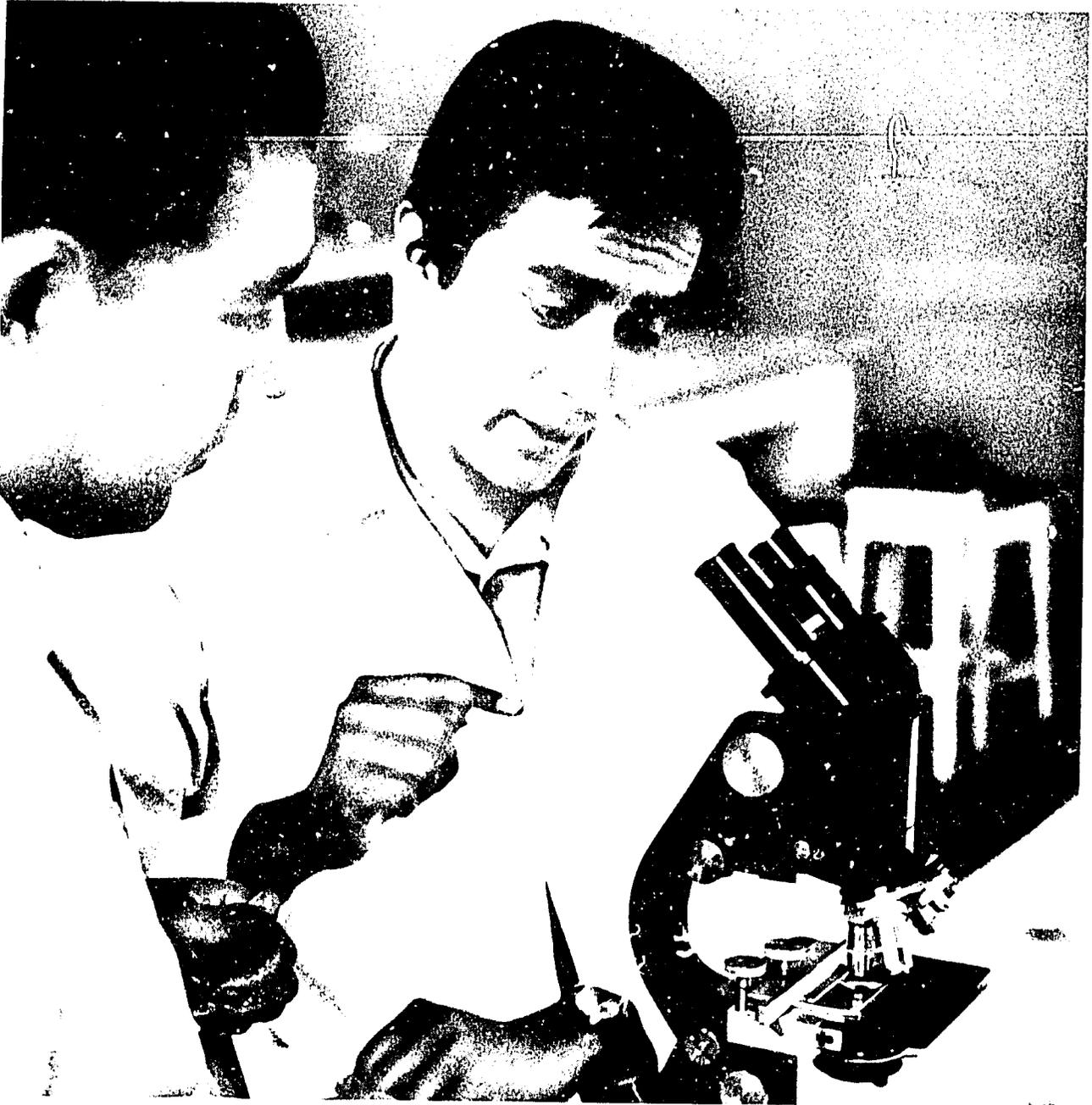
POPULATION, AREA, AND GNP

COUNTRY	POPULATION (1968)			AREA			Gross National Product* (1966)	
	Total	Rate of Growth	Density	Total	Agricultural Land		Total	Per Capita
	Mill.	Percent	Per Sq. Mi.	1,000 Sq. Mi.	Percent of Total Area	Acres per Capita	\$ Mill.	Dollars
19 REPUBLICS TOTAL	249.8	3.0	33	7,690	26	5	95,573	410
Argentina	23.4	1.6	22	1,072	50	15	16,240	716
Bolivia	4.4	2.4	10	424	13	8	661	156
Brazil	88.2	3.0	27	3,286	15	4	25,790	310
Chile	9.2	2.3	31	292	17	3	4,867	556
Colombia	19.8	3.2	45	440	17	2.4	5,457	293
Costa Rica	1.7	3.5	84	20	30	2.3	631	409
Dominican Republic	4.0	3.6	214	19	40	1.2	996	266
Ecuador	5.6	3.4	51	109	18	2.2	1,245	237
El Salvador	3.2	3.6	385	8	59	1.0	845	284
Guatemala	5.1	3.2	121	42	19	1.0	1,388	292
Haiti	4.7	2.0	437	11	31	0.5	334	74
Honduras.....	2.5	3.4	58	43	38	4	536	227
Mexico	47.3	3.5	62	762	52	5	21,770	493
Nicaragua.....	1.8	3.5	37	50	14	2.4	600	350
Panama	1.4	3.3	47	29	18	2.5	698	542
Paraguay	2.2	3.1	14	157	27	12	463	221
Peru	12.8	3.1	26	496	23	6	3,547	295
Uruguay.....	2.8	1.4	39	72	86	14	1,565	569
Venezuela.....	9.7	3.5	27	352	24	6	7,940	879
OTHER LATIN AMERICA								
British Honduras	0.1	3.1	13	9	2	1	42	385
Guyana	0.7	2.8	8	83	13	10	220	331
Jamaica	1.9	2.6	459	4	42	0.6	946	516
Surinam	0.4	2.9	7	55	0.3	0.3	155	425
Trinidad and Tobago	1.0	3.0	523	2	28	0.3	672	669

* GNP data unadjusted for inequalities in purchasing power among countries.

CAUTIONARY NOTE

Data on less developed countries are subject to numerous qualifications and in many cases represent only rough estimates or approximate orders of magnitude rather than precise statistics. Also, data may reflect source changes in definition or census methodology as well as entirely new series. The figures should therefore be used with caution in forming economic judgments about a particular country, in studying trends, or in making comparisons among countries.



The farmer's son on the right studies in a laboratory at the Agricultural University of La Molina in Peru where he is seeking an advanced degree in agricultural science.

This Review Was Prepared By

The Office of Public Affairs, Bureau of Inter-American Affairs, Department of State, with contributions from other members of the Inter-Agency Alliance Information Committee, including the OAS Alliance for Progress Information Team and the Inter-American Development Bank. Other contributors include the Pan American Health Organization, the International Bank for Reconstruction and Development, the Export-Import Bank, the Peace Corps and the U.S. Department of Agriculture.