

INTRODUCTION

This report is an outgrowth of a mission that I undertook to Central America to attend the installation of the new U.S. Director of the Agency for International Development's Regional Office, Central America and Panama (ROCAP), and to review the plans and progress of the Central American economic integration movement.

For over a decade the five Central American countries—Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua—have worked quietly and persistently to create an integrated economic unit among themselves. Their overall objective has been to turn five small markets into a larger, more efficient one.

At present the populations of the five countries are: Costa Rica, 1.4 million; El Salvador, 2.8 million; Guatemala, 4.2 million; Honduras, 2.1 million; Nicaragua, 1.6 million. Together, these represent a potential market of over 12 million people.

The complex economic factors involved in the Central American undertaking do not inspire dramatic headlines. Yet the fact that five nations with a history of internecine feuding are managing to put the common good above national prejudices is an exciting development that merits attention.

While credit for the heartening developments in Central America rests squarely upon the Central Americans themselves, the United States has played a significant complementary role. In recent years, the United States, through the Agency for International Development (AID), has lent sympathetic encouragement to the Central American integration movement, demonstrated by the more than \$83 million made available for Central American Common Market purposes. How effectively those funds have been utilized is, of course, of concern to the Congress and the American people.

The following report is devoted largely to the economic integration movement. During my stay in Central America and Panama, I also observed two other matters that I believe may be of interest to the committee. These concern our binational centers and certain housing programs in Panama and El Salvador. Consequently, I have included some observations regarding these programs.