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TECHNICAL ASSISTANCE AND DEVELOPMENT

Proceedings of the Truman International Conference on Technical Assistance and Development

A. I. D.
HISTORICAL
COLLECTION

The Harry S Truman Research Institute

The Hebrew University of Jerusalem

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Proceedings of the Truman International Conference
on Technical Assistance and Development, held at
The Harry S Truman Research Institute, the
Hebrew University of Jerusalem, May, 1970

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The Harry S Truman Research Institute
The Hebrew University of Jerusalem

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FOREWORD

The Truman Research Institute of the Hebrew University has defined for itself two areas in which to work and to contribute to the progress of knowledge and thereby to the possibility of lasting peace in the world: the study of conflicts, using the Israel-Arab conflict as model, and the research on problems of the developing countries.

In keeping with these aims of the Institute, it was decided to use its formal opening as an occasion to honor President Harry S Truman who has given the world the first program of aid to the developing countries. The opening ceremony was thus followed by a symposium which endeavored to survey what has been done in the past to implement President Truman's Point Four Program, and to predict the ways and means by which his farsighted proposals could be brought into operation in the future. The Truman Research Institute has been fortunate in being the host, on this occasion, to a large number of outstanding personalities and experts both from the developed countries and the developing nations.

In submitting the Proceedings of this Conference to the public, I would like to underline the fact that the point most forcefully brought out in the discussion was the necessity (and possibility) of the mutual help of the developing countries as a corollary to the help given them by the developed nations. We hope that this proposition will materialize in due course in accordance with suggestions made and resolutions adopted at the symposium.

We are planning to organize symposia on the same and related subjects from time to time also in the future, since I believe that the serene spiritual atmosphere of this city of Jerusalem has contributed to the success of the meeting.

Jerusalem, 1st August 1971

Ernst D. Bergmann

Session I Opening Addresses

THE TRUMAN INTERNATIONAL CONFERENCE ON TECHNICAL ASSISTANCE AND DEVELOPMENT AID – BACKGROUND PAPER

Dr. Jacob Kaplan

Twenty-one years have passed since President Truman proposed in his Inaugural Address that the United States "should make available to peace-loving people the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life". This rudimentary idea evoked a profound response within the United States and well beyond its borders. In time, it led to assistance to poor countries in the form of capital and food as well as materials, expertise and training. Private enterprises and private voluntary organizations as well as universities, governments and international organizations, have lent talents and energies to the cause of developing less affluent societies.

Yet, after so many years of persisten effort, "international support for development is now flagging", to quote the Pearson Commission. "In some of the rich countries its feasibility, even its very purpose, is in question. The climate surrounding foreign aid programs is heavy with dissension and distrust". All manner and variety of foreign assistance, including technical assistance, suffer from this malaise.

It is therefore both timely and appropriate that a conference on the occasion of the dedication of the Truman Research Institute should evaluate the events that followed the announcement of the Point Four doctrine. Moreover, if justice is to be done to the magnificence, as well as to the magnanimity, of the basic conception, the evaluation should be both critical and constructive.

There is much to be learned from two decades of experience in aiding the development of less affluent societies. Some of the unfortunate climate that now envelops assistance programs undoubtedly stems from failure to assess properly the favorable as well as the unfavorable experience. Much of the doubt is attributed to impatience with a process that should be expected to take many decades before a convincing record of positive achievement is established. Given only twenty-one years since the beginning of technical assistance, disagreement is inevitable about how the experience thus far should be interpreted. But perhaps even more regrettable is the absence of consensus concerning the lessons to be applied to continuing programs or to proposals for new programs.

The purpose of this paper is to suggest some common threads for the conference. It is limited to the role of technical assistance in promoting development. It provides some facts and figures concerning the magnitude and variety of technical assistance efforts. It highlights changing and perhaps debatable conceptions about both the nature and the importance of technical assistance in fostering development. Finally, it outlines issues and problems, raising questions to which the participants in the conference may wish to address themselves.

The paper is intended to help participants focus their preparations, presentations, and conclusions concerning the relationship between technical assistance and development. The conference itself should provide the forum for a pointed exchange of experience, viewpoint and judgment. Hopefully, some consensus will emerge about how technical assistance may contribute more fruitfully to the Second Development Decade.

I. THE EVOLUTION OF TECHNICAL ASSISTANCE IDEOLOGY

The Antecedents

Technical assistance was an integral feature of the relations between colonies and their metropoles. It was conducted essentially by providing administrators, teachers and technicians to organize the life of the colony and to build and maintain an infrastructure base for attracting private investors. The private investors themselves brought their expertise and experts and they trained local labor. Each governing power undertook programs of public education and training that largely reflected the educational institutions and theories of the metropole. The United States assumed similar responsibilities in its territorial possessions.

Early in the 1940 decade, the United States inaugurated training programs in agriculture, health and education for Latin America. A similar effort was undertaken for Mainland China at about the same time. These were the first technical assistance programs extended to independent foreign sovereignties.

Early Point Four Concepts

The Point Four doctrine of 1949 proposed a quantum jump beyond these precedents. It explicitly accepted responsibility for helping to accelerate the pace of development in all poor countries willing to participate, not merely in those with which U.S. ties were close and traditional. It identified the transfer of technology as the primary vehicle for fulfilling that responsibility. And it promulgated a doctrine, however simplistic it may appear in retrospect, that identified how and why such a transfer could and would contribute to accelerated development.

Early Point Four doctrine was rooted in the notion that the introduction and diffusion of production methods widely practised in developed societies would lead directly to major increases in production in less developed countries. The transfer of "know-how" would be accomplished through (a) expert advisors who would pass their knowledge on to local counterparts and (b) trainees who would go abroad for vocational or professionally-oriented courses. The government of the less developed country would contribute by meeting all local currency costs -- salaries for local counterparts, supplies, facilities and even equipment. Such contributions would demonstrate the mutuality of interest in the activity and would give tangible evidence of the host country's dedication to "self-help". The transfer of know-how under government auspices would be confined essentially to agriculture, education, health and public administration.

Private enterprise was expected to take care of the transfer of industrial technology. Indeed, accelerated progress in raising skills and improving health, in expanding agricultural output and providing better administrative services would attract a growing volume of private capital to the developing lands.

The foregoing propositions provided the U.S. technical assistance programs with their rationale, ideology and a set of operating rules that flowed as theorems from the professed doctrine. When subsequently the United Nations and its specialized agencies initiated and expanded their own technical assistance programs, they were heavily influenced by such propositions and generally accepted the same philosophy.

Subsequent experience and new insights have combined to bring into question the adequacy, if not the validity, of these tenets. The need for qualification and flexible administration of the rules for operating programs has long been indicated. Moreover, many developing countries have reached the level of development at which the more obvious kinds of technical assistance are no longer appropriate.

The Need for Flexibility and Pragmatism

The first modifications came out of necessity, as the simplicities of the doctrine came face to face with the realities of less developed countries. Perhaps most fundamental was recognition of how extensive and varied a reality is encompassed by the term "developing country".

In the poorest countries, it proved necessary to provide commodities and supplies if expert advisors were to function effectively. In some countries, ample skills already existed but inability to diffuse and apply them formed the significant obstacle to accelerated development. Western technology frequently proved to be ill-suited to the conditions prevailing in developing countries. The labor-saving techniques of high wage countries were not necessarily the most efficient way to organize production in lands suffering from population pres-

sures and massive under-employment. Everywhere, the adoption of new methods encountered difficulties rooted in local culture and tradition.

Transferring advanced Western skills to local counterparts sometimes proved to be neither a very urgent requirement nor a very manageable undertaking. The most pressing needs of many countries were for operational personnel and for classroom teachers. Middle-level manpower – whether supplied from abroad or trained at home – came to be regarded as their technical assistance priorities.

The Need for Capital

The need for foreign public capital – grants or loans from the governments of developed countries -- soon became apparent. Transfers of skills and know-how were manifestly not enough by themselves to stimulate growth. Nor did private capital rush to follow in the wake of the new technical assistance programs. Indeed between 1957 and 1967, the annual flow of private capital from developed countries failed to increase, while running well below receipts of investment income from the less developed world. Accordingly, by the late 1950's, interest and emphasis was directed primarily at the need for large amounts of appropriated aid.

Whether because the effort to raise and transfer such large sums to developing countries required so much attention or whether because the new development theorists were so preoccupied with what one author called "the procreative power of invested capital", the importance of technical assistance in the U.S. aid program was relegated to secondary status. Its technical assistance programs continued to function and even expand as did those of the United Nations. Many small countries inaugurated and emphasized such programs. However, on the whole, theoreticians and practitioners, governments of developed and developing countreis alike focused their efforts and energies primarily on increasing and improving the flow of capital. For a full decade after the mid-1950's, the flow of public capital did indeed increase significantly. Nor was emphasis on stimulating private capital flows discouraged simply because the amounts failed to increase.

Much of the thinking about technical assistance in the late 1950's and early 1960's focused on its association with this flow of public and private capital. Pre-investment and feasibility studies came to be recognized as essential features of a technical assistance program that hoped to interest private investors and public financing institutions in the opportunities offered by less affluent societies. As government capital was made available, it became evident that technical assistance had to be arranged as an integral part of loan projects if the dam or highway was to be properly built, managed and maintained. Seveveral unfortunate instances occurred in which new enterprises were financed through publicly-guaranteed suppliers credits without adequate provision for

training in the installation and use of the equipment. They served to emphasize the importance of explicit provision for technical assistance even when foreign private financing was involved.

The Brain Drain Problem

With developers preoccupied by capital flow problems, technical assistance suffered more from neglect and the absence of constructive criticism and evaluation than from outright opposition. The "brain drain" problem reached staggering dimensions before its existence was even acknowledged. Once recognition came, the loss of trained and highly skilled manpower to the developed world induced the first serious questioning of the value of much that had been undertaken under technical assistance programs. Early easy assumptions about the virtue of any and all kinds of education and training opportunities had to be re-examined.

In principle at least, it has come increasingly to be accepted that education through the college level should be provided in the student's homeland or in a neighboring country whose environment more closely resembles that of his homeland. The development of institutions for this purpose has thus come to be regarded as a high priority use of resources, involving funds for construction, equipment and even maintenance as well as for training and hiring of faculty, curriculum advice, etc. As for advanced training abroad, short courses offered to mature individuals who already have established positions in their native land appear to offer less risk of permanent loss of skilled manpower to a richer society.

Institutions for the Transfer of Skills

Technical assistance proliferated as more and more governments and international agencies joined the endeavor. Virtually every developed country and many of the more advanced developing countries now offer bilateral technical assistance to others.

The largest inter-governmental technical assistance program is the United Nations Development Program, which finances most of the technical assistance provided by the U.N. proper and its specialized agencies such as FAO, UNESCO, WHO, and ILO. U.N. regional bodies such as ECLA and ECAFE also make significant contributions. International institutions outside the U.N. family play an important role, notably the OECD, the Colombo Plan and the Organization of American States. Less well known is the Selective Migration Program of the Inter-governmental Committee for European Migration which brings technically skilled or professionally qualified permanent migrants to Latin America.

The international financial institutions have all found technical assistance to be an indispensible adjunct of successful lending operations. The

I.B.R.D., the European Investment Bank, the Inter-American Bank, the Asian and African Development Banks are all heavily engaged in such activities.

This growth in the number of institutions for transferring skills has proceeded without much doctrine about an appropriate division of labor or degree of specialization. The needs have been so vast that evidence of duplication and over-lapping activities is remarkably scanty. Nevertheless, the institutions themselves want to improve coordination of their activities, in order that they may reinforce each other, better identify priority needs and gain greater effectiveness.

Increasingly, multilateral forums have been used by technical assistance giving institutions to exchange experience and ideas. The transfer of skills accompanying private investment has also figured in many panels, including a conference in Amsterdam in February 1969 sponsored jointly by the U.N. and the Dutch government.

Coordination has probably proceeded furthest in Latin American where the various programs of the Alliance for Progress benefit from an overall regional planning agency (CIAP). Close working relations are maintained between the regional technical assistance program under the OAS, the loan project-related technical assistance under the IDB, and the U.S. bilateral program as well as those of the regional technical assistance agencies within Latin America itself.

Institution Building and Social Reform in the Developing Countries

While the flow of both capital and technical assistance increased dramatically between 1955 and 1965, the development process itself appeared to falter in many of the recipient countries. Both managers and analysts of develpoment programs began to look more deeply into what were in fact more fundamental obstacles to modernizing less developed societies. The role of motivations and attitudes – and the social and political institutions that influence them – received more attention. In the process, the importance of technical assistance has again come to the forefront, though with a broader role and different emphases.

The quality of available human resources has come to be recognized as at least as important a limitation on economic growth as the quantity of capital. Moreover, the quality of life frequently appears to be as important a goal of public policy as expanding GNP, even in poorer societies. The discovery – perhaps the rediscovery – of such basic propositions is diverting some attention from the size of the capital inflow to the effectiveness with which all kinds of investments are made and managed. Of greater consequence is a growing emphasis on better incentives for constructive human endeavor and on building a social and political environment within which opportunities for advancement are open to a broader segment of the population.

In many developing countries, knowledge and skill already available could significantly accelerate the rate of economic growth, were it only to be spread and used. In the answer to why such "know-how" is not applied may lie fundamental insights into the development process, as well as guidance for improving the effectiveness of foreign assistance programs of all kinds.

One approach directs attention to the public policies and social institutions that affect human behavior. Many developers have come to believe that political and social reform may be more important motivators of economic progress than the contributions of technical know-how and capital that preoccupied earlier theorists. Some consider such reform to be an indispensable precondition without which neither capital nor technology can be effectively used. Whether and how such reforms can or should be encouraged from abroad remains a nagging question.

Another approach looks for answers and results to the building of institutions for managing development – planning agencies, research institutes, budget bureaus, highway departments. By building a strong organization, charged with responsibility for innovating and producing better results, a mechanism is established for using both technical advisors and newly trained citizens of the developing country. The insights and experience of the advisors may thus be retained long after they have completed their assignments. The new institutions themselves become a vehicle for promoting change, for introducing the new attitudes and behavior required by modern technology, with due regard for the local environment.

Moreover, the definition of technical assistance has been further expanded to include the promotion of trade unions, cooperatives and savings and loan associations, to provide for civic development and population control programs, to embrace local governments and regional associatioans among neighboring nations. These emphases seek to promote the diffusion and application of knowledge and capital already existent within the developing society as well as that imported from abroad. They also hope to broaden horizons and intensify motivations, to expand participation in the management of the development process and to distribute the benefits of development more equitably.

The importance of assistance from the developed world, in this modernized conception of development, lies in its effectiveness as a catalyst for political, social and economic reform fully as much as in the cost of the materials and services that are provided. Moreover, the responsiveness of the developing country to the need for such reform is viewed as a more meaningful measure of its "self-help" performance than its contributions of local currency costs.

With two decades of experience, technical assistance doctrine has thus become more sophisticated, more cognizant of realities, more conscious of limitations and yet more expansive about opportunities. Experience has not made the task seem simpler; it has made the potential appear more promising.

II. THE GROWTH OF TECHNICAL ASSISTANCE

President Truman's first budgetary proposal for financing Point Four called for the appropriation of $45 million, including $10 million for continuing activities that were to be incorporated into the new program. In ten years, the bilateral U.S. program grew to about $150 million and after 20 years to about $250 million a year.

The D.A.C. uses a more comprehensive definition of technical assistance including volunteer programs such as the Peace Corps, equipment for technical assistance projects and overhead expenditures for backstopping trainees and experts. Under such a definition, the U.S. bilateral program rose from a commitment level of $413 million in 1962 to $709 million in 1968. Over the same period expenditures rose from $331 million to $657 million. The latter figure suggests that about a fifth of U.S. bilateral official aid in 1968 took the form of technical assistance.

Because of definitional changes in the scope of technical assistance and because of the rise in prices and salaries, the growth in sums of money employed is difficult to interpret. The number of individuals engaged in technical assistance is perhaps a more reliable measure of its expansion. By 1959, the U'S' Point Four program was financing 6,800 U.S. technicians at work in developing countries. By 1968, the number of educational advisors alone totalled 1,500, in addition to almost 9,000 advisors in other fields. Moreover, over 17,000 volunteers – half of them teachers – were working in developed countries in 1968 under U.S. government programs.

The increase in the number of students and trainees in the United States is no less impressive, totalling more than 16,000 in 1968. Only 7,000 were reported in 1962. Despite the brain-drain alarums, the high cost of education and training in developed countries and the recurrent reports of underutilized capacity in the institutions of higher education of the developing countries themselves, there appears to be little diminution in the desire of students to attend American colleges or in the willingness of the U.S. government to finance such attendance. Students and trainees in their own country who were financed by the U.S. government dropped from 701 in 1962 to only 184 in 1968.

Technical assistance trends for other members of the D.A.C. reveal a pattern comparable to that of the U.S. (see Tables 1, 2, and 3 for summary data). The sums of money involved have increased spectacularly, as have the numbers of students and trainees. Money spent for study and training is used overwhelmingly to bring people to the donor country. The number of teachers, advisors and volunteers sent to developing countries has also been expanding rapidly. Operational personnel and administrators supplied by the former col-

onial powers have declined as the former colonies develop capacity to manage their own affairs.

To such figures must be added the technical assistance contributions of multilateral agencies, the Communist countries, private foreign investors, private voluntary organizations and foundations as well as the direct sale of consulting and contract services to the governments of developing countries. Moreover, some of the developing countries themselves provide very significant technical assistance to other developing countries.

For these other sources of technical assistance, statistics comparable to the elaborate data developed under the D.A.C. reporting system are not readily available. It is nevertheless clear that the number of people involved in such programs is very large, though they may not be strictly comparable in either the direction or the extent to which they increase the functional capabilities of the local societies.

A study undertaken by the O.E.C.D.'s Development Center estimated the manpower supplied to developing countries from such other sources at some 180,000 in the early 1960's, more than twice the number of experts then supplied by O.E.C.D. members. Foreign private investors alone were believed to be supplying 100,000 middle-level and high-level experts a year to developing countries. The United Nations has, in recent years, been supplying about 9,000 experts and financing 6,000 to 7,000 trainees. The Communist countries are currently bringing about 15,000 students a year to their lands and have more than 20,000 experts abroad. Of the developing countries, Israel alone provided 640 experts and received 1,749 trainees in 1966. Greece, Taiwan, India, Pakistan, the Philippines, Argentina, Brazil, Mexico and Venezuela are some of the other developing countries that provide technical assistance under bilateral or regional programs.

Half of all bilateral technical assistance takes place in the field of education. Africa is the principal recipient of technical assistance, absorbing two-thirds of the manpower involved under bilateral programs. A full third of all bilateral assistance to Africa is in the form of technical assistance; the rest of the developing world receives 10 to 15 percent of its bilateral aid in this form. The sectoral breakdown of operational and advisory personnel provided by O.E.C.D. countries in 1966, apart from education and volunteers, is shown in Table 4.

III. PROBLEMS AND ISSUES

Expanding the size and scope of technical assistance has multiplied the number of problems and issues. The relevance and urgency of any one of them will vary with the eye of the beholder. Obviously the provider and the recipient will have different concerns. The local institution seeking assistance from

abroad is unlikely to identify the same priorities as its economic planning office or its education ministry. Nor will the same issue be stressed by the managers of bilateral and multilateral programs or by the administrators of international organizations where technical assistance is an adjunct to capital assistance and those where capital assistance is an adjunct of technical assistance. A university, a private contractor of technical assistance services, a private enterprise investing in less developed countries, a foundation or voluntary organization – each is apt to be preoccupied with different issues and problems.

Inevitably therefore, the following suggested list of questions for discussion is arbitrary. It seeks to marry the technical assistance doctrine developed earlier in this paper with the concerns and interests of the different participants in the conference. Given the broad range of donor and recipient institutions represented, such a selection of topics is intended to encourage the presentation of a variety of significant experiences while retaining a common basis for discussion and debate.

1. Determining technical assistance goals and priorities.
   a. Should priorities be based on manpower plans?
   b. Can technical assistance priorities be derived from overall development plans – from sectoral plans?
   c. Should the goals be quantitative or directional?
   d. Should developing countries be urged to establish a national program of priority requests for technical assistance, to be made available to all donors?
   e. Can there be more coordination of priorities at the regional level, using a planning body like CIAP to influence the programming of all the bilateral and multilateral donor institutions?
2. How valid are the consensus views about priorities?
   a. Education
      i. Low priority for mass illiteracy campaigns, foreign language training, elite training, college education in developed countries, graduate institutes in developing countries, quantitative expansion of primary education.
      ii. High priority for secondary education, vocational training, qualitative teacher training, reform of curricula and educational structures, use of new instructional media.
   b. Agriculture
      i. The means of transmitting existing and new techniques – extension services, rural community development, cooperatives, informal education.
      ii. Marketing problems, including price policies, outlets and credit.
      iii. Research and demonstration focused on adapting technology to trpical and arid zone agriculture.

iv. Better use of "on-farm" water.

c. Health

High priority for

i. Population research and education.
ii. Training paramedical personnel.
iii. Mobile health clinics and health education.
iv. Infant and child nutrition.

Low priority for

i. Campaigns to eradicate specific diseases.
ii. Training doctors in developed countries.
iii. Large hospitals.

d. Other Major Gaps

i. Public administration operational personnel, particularly at middle levels.
ii. Training facilities for public administrators at both central and local government levels.
iii. Programs to help local industries improve the quality of output, marketing and management.
iv. Advisors on industrial development policies -- export promotion, fiscal and pricing techniques, better financial institutions.
v. The transfer of private enterprise skills.

3. Improving the implementation of technical assistance.

a. Can the programs of the numerous bilateral and multilateral agencies be better coordinated?
b. Can an appropriate division of labor be established for the institutions offering technical assistance -- bilateral, universal organizations of the U.N. family, regional organizations, and financial institutions whether global or regional in scope?
c. What time span is appropriate for the planning, programming and evaluation of technical assistance?
d. Are foreign experts more effective when employed within institutions jointly staffed by local and foreign personnel?
e. To what extent does the management of technical assistance have to be integrated with capital assistance?
f. Are specific programs needed in the developed countries to improve technical assistance personnel?

i. Strengthening the capabilities of institutions -- universities, local governments, federal agencies -- for participating in technical assistance.
ii. Specialized training facilities for careers in working with developing countries.

g. Can greater use be made of the personnel and institutions of the more sucessful developing countries to help other developing countries.

4. Issues concerning the role and effectiveness of technical assistance.
   a. Is technical assistance as a means of increasing international understanding and accommodation being neglected by the emphasis on its role in promoting economic and social change?
   b. How can foreign assistance aimed at reforming social, political and economic institutions be made acceptable?
   c. How can technical assistance accelerate the development of more responsible and more responsive political institutions?
   d. Are small unrelated programs ineffective because their results are localized and difficult to measure or dramatize?
   e. Is the effectiveness of foreign advisors significantly impaired if they have little or no control over capital assistance allocations?
   f. Can the bilateral and multilateral agencies contribute to the effectiveness of the large volume of technical assistance provided by private enterprise?
   g. Should the multilateralization of technical assistance programs be accelerated significantly?

PEACE, DEVELOPMENT AND ECONOMIC GROWTH

David Horowitz

The main objective of this Institution is the advancement of peace – society's paramount quest in this age and the precondition to all other human progress.

Peace is a universal ideal, but for this country and for this nation it assumes particular significance as a millenia-old continuation of a basic tradition and national value. It is no coincidence that the slogan "And they shall beat their swords into plowshares" was coined in this country and by this people.

The problem with which we are confronted is whether there is a connection between peace, development and economic growth; whether an interdependence can be discerned between these elements of history and human activity; and whether a policy embodying the interaction of these factors could determine the pattern of world development and the shape of things to come.

The test must of necessity be an empirical and pragmatic one. An analysis of events since the termination of World War II reveals a world divided into three main blocs: the Atlantic community, comprising North American and Western Europe; the Soviet Bloc; and the Third World aof the underdeveloped nations of Asia, Africa and Latin America, with China occupying a special position outside these three blocs.

In the Atlantic community, political stability – internal and external – was greater during this quarter of century than in any other period of its history. The principal features characterizing this region are a rapidly expanding economy, rising standards of life, high incomes, accelerated economic growth, and – as their concomitant – political stability in a pluralistic and democratic society and absence of wars and revolutions, with political and economic conflicts being resolved through negotiations and compromise.

In the Soviet Bloc, there have been few disturbances of stability, notably the conflicts in Hungary and Czechoslovakia. Here, the prime stabilizing factor is the absolute hegemony of Soviet Russia, which practically precludes any violent conflict within the bloc, which the totalitarianism of its regine precludes any violent eruptions of internal opposition. Economic growth and development is quantitatively similar to that in the Atlantic community, but qualitatively less able to sustain an economy with high consumption standards and to raise the stan-

dard of life of the public. Incomes are higher in comparison with both underdeveloped nations and with the initial period of economic development of the countries of the Soviet Bloc, but much lower than in the Atlantic community.

In the underdeveloped nations, the standard of life and income per capita are abysmally low, on the average 15 to 20 times lower than in the Atlantic community. Economic growth in most of these countries is fairly rapid, but its benefits are largely nullified by the "population explosion". It leads, with few exceptions, to the formation of authoritarian and semi-authoritarian regimes, with frequent and violent convulsions in the political and social spheres. *Coups d'état*, revolutions, assassinations, internecine wars and violent conflicts are common occurrences. External conflicts and wars are stimulated and fanned by the global conflict between the Atlantic community and the Soviet Bloc.

With their internal ferment and discontent, the nations of the Third World are a political no-man's land, for whose allegiance the two hostile blocs – with some Chinese intrusion – are vying, sometimes more or less peacefully by propaganda and psychological warfare, and at other times, when these prove ineffective, by more violent methods.

Such an unstable region, which in the course of time could join either camp, offers a large field to the Big Power blocs in their competition for influence and domination. These countries are turbulent and discontented, a prey to upheavals. In the long run, economic development and favorable economic conditions are the best means of promoting their political stability, internal and external. Under favorable conditions, they might cease to be a no-man's land and thus no longer a threat to peace, open to subversion and violent internal clashes and turmoil.

The revolutions in Africa, the wars and revolutions in Southeast Asia, the turbulence in Latin America, all tend to support this analysis. An almost perfect correlation, reflected in a graph, could be drawn between the level of income in the three blocs and the degree of political stability, internal and external, frequency of revolutions and wars, *coups d'état* and armed conflicts.

However, such a mechanical view would be superficial and erroneous. Economic development alone cannot assure world peace, particularly in the short run. The cultural and educational levels, the impact of nascent nationalism and the passions engendered by these particular historical conditions, all play a significant role in the turmoil plaguing the Third World. First of all, economic development is slow; secondly, even if greatly accelerated, it would not immediately eliminate the sources of tension. It will take a long time for the passions of the present period to subside, not until a new social and economic structure evolves. Economic growth cannot, under any circumstances, be immediate; its contribution to peace and internal stability is a matter for long-term planning. Nevertheless, such growth is essential if a change is to be wrought in the emotional, ideo-

logical and psychological superstructure in the Marxian sense – a social fabric that persists and is perpetuated long after the underlying conditions have been eliminated.

In the long run, the tranquility of the Western world, disturbed only by mild forms of internal and external conflict, is certainly not entirely divorced from the economic conditions and standards of life presently prevailing in these countries. To be sure, they are beset with numerous problems, spiritual and physical – air and water pollution, the spread of crime and delinquency, the growing use of drugs, racial and class conflicts – but their socio-psychological stance is, on the whole, one of a rather non-violent approach to the problems of life, an approach not unconnected with a degree of comfort and hedonistic tendencies.

In the severely uniform and regimented regimes of the totalitarian Soviet Bloc, with the tremendous armed predominance and absolute hegemony of the Soviet Union, the raising of living standards and elimination of political tranquility, particularly as it is reinforced by a uniform ideology.

All these constraints are non-existent in states making up two thirds of humanity, states where the average income per capita is estimated at about $120, where scarcity is widespread and poverty is not abnormal but the rule.

As the President of the World Bank, Mr. Robert McNamara, pointed out in one of his addresses:

> *The average annual per capita income in some forty of the world's poorest countries today is roughly $120. That is less than 35 cents a day. The annual per capita income in the United States is nearly $3000. That is about $8.00 a day. That is more than a 2000 percent difference.*

These figures, it should be stressed, are averages, representing the difference between the ricksha-pulling coolie at the one extreme and the maharajah, at the other.

This tremendous gap is not decreasing. According to most recent data, it is even widening, since economic growth per capita in the developing nations is only 2.3 percent per annum, while in the developed world it is 3.6 percent. A 2.3 percent increase in an income of $120 represents only a few additional meals per year.

The conclusions are obvious. The progress of the underdeveloped world toward a tolerable standard of living is so agonizingly slow as to be almost irrelevant in shaping its pattern of political life. The gap between the developed and underdeveloped nations is growing ever wider, and in view of the effect on the Third World of the huge differential in living standards, reinforced as it is by modern media of communication, this gap exacerbates every conflict between nations. Because economic growth in the Third World is so sluggish, its contribution to peace at the present moment is practically nil, except in a very few countries undergoing unusually rapid economic development.

The only possible road to political stability and conditions more conducive to peace is accelerated development and a redivision of labor between developed and developing countries. This would constitute an advance from a revolution of expectations to a revolution of performance.

The first precondition to such a new departure is population control. With the present proliferation of populations in the underdeveloped world, the gap between developed and underdeveloped nations will inevitably assume enormous proportions. At the end of this century, for every person in the developed world, there will be four in the underdeveloped world instead of two as at present. This will aggravate the task of development to an unprecedented degree, since the developed nations will have to provide, at least initially, the skills, know-how and capital goods for transforming the economies of the developing world.

The importance of population control is clearly reflected in the fact that, while the gross national product of the underdeveloped nations is increasing at the rate of 4.9 percent a year – ascribable in large measure to the low base level – the population explosion cuts this growth down to 2.3 percent per capita. In the developed nations, on the other hand, the annual growth is slightly lower – 4.7 percent – but it represents a 3.6 percent increase per capita.

A new division of labor between the developed and developing nations is second in importance only to population control. At present, about one billion persons live in the developed and two and a half billion in the developing nations. The percentage of persons engaged in agricultural production is approximately 65 percent in the developing nations and 12 percent in the developed world. However, agricultural productivity in the former is extremely low. If it could be brought up to only half of the level in the developed world, the need for the developing nations to import $4 billion of foodstuffs a year could be largely eliminated and the supply of food for their starving and undernourished populations substantially improved. Furthermore, the percentage of the population engaged in agriculture would decrease at a spectacular rate, so that hundreds of millions of workers could be released for other productive endeavors.

The disproportionate size of the rural populations leads to a disturbing degree of unemployment and underemployment, which is being greatly aggravated by the age composition of the populations in the developing nations. Large numbers of young people are entering the labor force, increasing the rate of unemployment and further depressing the level of agricultural productivity.

A change in the world-wide division of labor can be greatly facilitated by the new technological departure in agriculture, the so-called "green revolution", which has increased crop yields in some developing nations by three to five times. It has introduced new varieties of wheat, rice and sorghum, and produced crops many times larger than those hitherto obtained in these countries. The combination of new strains, proper application of fertilizers and new methods of irrigation – introduced in some countries on an experimental basis and in others already on

a commercial basis – has completely transformed agriculture, resulting in larger yields and, together with the growing degree of mechanization, has freed large numbers of workers from the drudgery and backbreaking manual labor of farming.

But this new departure, while positive in itself, creates new problems. Even today, the migration from village to town, the agglomeration of half-starved and unemployed proletarian masses in the urban centers, constitutes one of the gravest problems of the developing countries, and is certainly not conducive to internal political stability and external peace.

These masses must be provided with productive work in both newly-created and expanded industries. The "green revolution", if not accompanied by rapid industrialization, creates more problems than it solves.

The process of industrialization in turn involves new problems of capital, skill and markets. At present, up to four-fifths of the capital transformation in the developing nations is financed from domestic sources. This is a mixed blessing. First of all, the productivity of half-starved masses cannot be improved substantially without bettering their economic conditions; therefore, the raising of consumption levels, even from the purely utilitarian viewpoint of productivity, is just as important as the provision of capital. Secondly, the expansion of internal markets is an indispensable condition for the establishment and expansion of industry. This does not mean that the rate of saving in these countries should be reduced. Rather, the aim should be an absolute increase in the volume of external aid, part of which would be diverted to raising the abnormally low consumption levels.

Thus, a transfer of capital on an incomparably higher scale than at present is imperative to promote a new division of labor.

The present net inflow to the developing countries amounts to $10-12 billion per annum, including both public and private investment. However, the debt explosion looming on the horizon may, perhaps as early as the late seventies, nullify even this limited transfer of capita. Debt repayments will then equal capital imports by the underdeveloped nations, and the result will be a zero level of economic aid to these nations.

The limited infusion of capital has resulted in an investment gap between the developed and underdeveloped nations. Investment in the former now amounts to $354 per capita, and in the latter to $42.

Yet, this small and almost static transfer of capital represents a declining share of the developed world's GNP, which is increasing at an annual rate of approximately $100 billion and presently aggregates a stupendous $1,800 billion and by the end of the century will probably reach an astronomical $6,000 billion.

The political, economic and psychological response of the developed nations to the call for a more balanced distribution of the world's income and a

program of economic development that would not only rebound to the benefit of the underdeveloped nations, but would substantially increase their own income as well, has – to say the least – been inadequate.

Even a modest scheme to augment the flow of capital to the underdeveloped nations, such as the so-called Horowitz Proposal, is making but slow progress. Although over $40 billion a year is being made available for economic development through the issue of fixed-interest bonds on the capital market of the developed world, the developing nations have as yet derived little benefit therefrom. This plan was endorsed by an international and highly authoritative committee, the Pearson Committee, and recently by two high-level committees appointed by the President of the United States – the prestigious Perkins Committee and the Petersen Committee.

In its quest for new liquidity to meet the growing needs of the international economy, the world is ceasing to rely on the mining of gold ("this barbaric relic", as Keynes called it) to create new liquidity. The "Special Drawing Rights" of the International Monetary Fund are deliberately creating liquidity, independent of any physical basis. These Special Drawing Rights could serve as a channel for the redistribution and transfer of capital in the world economy with a view to stimulating and financing economic development. Thus, the technical means for the transfer of capital are available; what is missing is the political will to use them.

Capital itself, cannot, of course, provide a sufficient remedy for the problems of the world. The transfer of know-how, skills and managerial techniques is no less important, and it is here that technical assistance, to which this conference is dedicated, comes in. A transfer of skills and know-how is indispensable in the initial stage – through training institutions in the developing nations themselves, the training of students from these nations in seats of higher learning in the developed nations, and the provision of experts. These programs could provide, in the course of time, an additional source of technical skills. Such a transfer of skills and know-how is greatly facilitated by technical assistance, as embodied in the Point Four program of President Truman.

Technical assistance has proved to be the most effective way of providing skills to the developing nations. Moreover, experience has amply demonstrated that the human element is of paramount importance in development, and that the rapid economic growth of some countries, in contrast to others, can be explained only in terms of the quality of their human material and motivation for development.

But assistance cannot be confined only to the technical or technological aspect of the human element in development. The environmental, social and cultural background seems to be no less significant in determining the motivation and driving force for development.

In the developing nations, particularly in Southeast Asia, the population flowing from the rural areas to the urban centers is creating one of their most urgent and distressing problems. Only if accompanied by industrialization and adequate training of the labor force, along with a determined effort to change the social and environmental pattern of its life, can urbanization make a positive contribution to the redivision of labor.

At this point, permit me to deviate and mention with pride the record of my own country in the provision of technical assistance to developing nations. During the past decade, thousands of Israeli experts have served in those countries, while some 2,000 trainees have come here each year to study. It has been estimated that the technical assistance extended by Israel to the developing nations is, relative to its population, about twice that extended by the twenty wealthiest nations of the world organized in the OECD.

One other condition essential to the program of development which we have tried to adumbrate is an expanding market to encourage a new division of labor.

Rapid technological progress, spurred on by mounting labor costs, has enormously expanded the demand for capital. The shortage of capital is reflected in the high rates of interest prevailing in the international financial markets. Capital goods are to a great extent the physical form of capital, and – in response to increasing demand – the production of capital goods is expanding more than any other industry.

The capacity to produce capital goods must be increased in the developed nations. At the same time, the accelerated development of the Third World would intensify the demand for capital goods, so that, in the developed countries, production would concentrate on capital goods and sophisticated industries, such as electronics, certain chemicals, pharmaceuticals, computers, atomic energy, and the like, for their own needs as well as for the rapidly expanding industry in the developing world. Such a focus in output would shift a substantial part of the labor force from industries producing staple goods to those producing capital goods and highly technical products. Since the latter industries are capital-intensive, with the highest wages and earnings on investments, the income level in the developed countries would go up rapidly.

At the same time, industrialization in the developing countries would be concentrated on the production of staple goods, fostered by an expanding internal market and rapidly rising demand from the developed countries. To facilitate this redivision of labor, the developed nations would have to abandon the manufacture of staple goods, and institute "unilateral free-trade" by eliminating customs and quota barriers on the industrial products of the developing areas.

This is an idea propounded by some of the more far-sighted statesmen of the developed nations. But at the present juncture economic nationalism is ram-

pant the world over. Customs barriers, quotas and administrative restrictions are applied to limit the import of textiles and other staple goods from the developing to the developed nations. This runs counter to the advancement of a new division of labor.

To sum up, economic growth and development, which in the long run is conducive to both internal and external political stability, and in the final analysis to peace, is predicated on the implementation of the following measures:

– Control of population growth, to eliminate the danger of a population explosion.

– A new division of labor between the developed and the developing world. This would result from (a) the "green revolution", which increases productivity in agriculture and reduces the percentage of the population engaged in farming in the developing nations; (b) industrialization of the developing nations, which would attract to manufacturing the surplus labor released from agriculture and enable these countries to take over the production of staple goods; and (c) expansion of world production, which would draw into the orbit of efficient, modern production the unemployed, underemployed and low-productivity labor of the developing nations.

Such a redivision of labor and the redirection of surplus labor in the developing nations can be made possible by (a) the massive transfer of capital from the developed to the developing nations; (b) access by the developing nations to world capital markets; (c) the use of the new liquidity created by the IMF for developing purposes; (d) the transfer of skills and know-how to the developing nations; and (e) the opening of markets in the developed world to the manufactures of the developing nations, by eliminating administrative restrictions and customs barriers on such problems.

All these measures should go far to galvanize the tremendous potentialities and dormant factors of production in the developing world, thereby promoting peace and progress and the creation of a new society with a human face.

"Joel Bernstein No. 5"

"POINT FOUR AND AFTER . . ."

Keynote Address

Dr. Joel Bernstein

This is a time of world wide reappraisal of cooperation between the more and less developed nations - of examination on all sides of where we have been and where the world community needs to go in assisting the less developed countries to improve the lives of their peoples. We already have the reports of the Pearson Commission and of Sir Robert Jackson, and in my own country the recent report of the Peterson Commission. There are the UNCTAD reviews and the reassessments in the various regional organizations. Other national and international reviews are occurring, and still others will occur. So we here are not alone. It is very timely to draw together the collective wisdom of those present and to offer the product as further guidance for the major decisions that lie ahead.

The place chosen for this dialogue is indeed appropriate. For we meet in a country that has experienced well both sides of the development assistance relationship. It has used such assistance magnificently, and has become a generous donor in its own right.

And how fitting it is that we meet on the occasion of the dedication of an Institute devoted to the cause of peace and honoring the name of Harry S Truman. For the launching of technical assistance as a broad dimension of international affairs, dedicated to the peaceful progress of the world community, will forever be associated with his name. Never to be forgotten is his ringing call to his fellow Americans and to peoples everywhere - in Point IV of his Inaugural Address of 1949 - to pool their knowledge and energies for the betterment of mankind.

Moreover, the rightness of the occasion is enhanced by participation in this reappraisal by representatives of countries said to be "developing" as well as those from countries said to be "developed".

The times in which President Truman floated his Point IV proposal were turbulent and threatening. Two years earlier, in the middle of his first administration, he had successfully proposed military and economic aid to Greece and Turkey, then under strong communist pressures. The European Recovery Program, launched in mid-1948, was scarcely six months old when he spoke of Point Four, and Congress was not yet convinced of its value. When the Marshall Plan was proposed, for example, Speaker Martin of the House of Representatives spoke for many colleagues when he said, "It will do no good if in helping others we bring about a financial collapse in our own country. We must put under the microscope the ever-growing demands of foreign governments".

The years 1947-48 were also the time of the Russian blockade of Berlin and of other manifestations of Soviet hostility. The hopes placed earlier on the United Nations as a guardian of the peace were dimmed. These events reversed the postwar trend in aid appropriations wherein economic assistance had dominated and under which, between mid-1945 and mid-1950, less than $1.4 billion had gone to military aid out of a net total of $26.3 billion of assistance. It was not an auspicious time for new foreign aid proposals.

In the face of these troubles, Mr. Truman proposed a four point foreign policy program for his new term as President. It is significant to recall all four points, because they tell us something of the times in which Point IV was launched - while providing a measure of Harry Truman's historical role.

Point One in Mr Truman's recital of the proposed elements of his foreign policy pledged continued support of the United Nations. Point Two concerned his resolve to persist in support of the European economic recovery program - the Marshall Plan. Point Three projected the American initiative and commitment to collective defense that became the North Atlantic Treaty Organization. And Point Four, as we have recalled, was the familiar charter for American technical assistance in the underdeveloped free world.

There it is in a nutshell. Despite great and immediate security threats, heavy preoccupation with traditional relations with Europe, and growing disillusionment with international cooperation and its demands on the U.S. budget, the President had the vision and courage to start down a broad road of long-range constructive help for the two thirds of mankind who were struggling to enter the modern world.

The times are illuminating, to me at least, because they tell us not only about the sea of troubles on which Mr. Truman set sail, but about the virtues of his patient persistence in adverse circumstances. In fact it is in this area that I find the keynote for this keynote address. I suggest that the real lesson for this conference, expressed in words Harry Truman certainly might have used, may be: "Don't stop just because the going is rough".

In the perspective of history and man's long search for peace, the President who saw the need for Point IV and the Marshall Plan, who provided the spirit, support and energy that gave them life, stands very tall. This university chose well in associating Harry S. Truman's name with a research institute dedicated to the advancement of peace.

Let's look a little further at how the President came to his proposal of Point IV.

Like most great ideas, the origins of Point IV are murky. It undoubtedly represented the interacting thought of quite a few people. In his book "Present at the Creation", former Secretary of State Dean Acheson credits Clark Clifford, then Counsel to President Truman, with putting forward the idea of expanding technological help for developing countries on a world-wide basis. You may remember that

the United States had a program of this type already in existence in the Western Hemisphere, begun under President Roosevelt's "Good Neighbor" Policy, and carried on through the Institute of Inter-American Affairs.

Mr. Clifford recalls that for a year previous to the 1949 Inaugural he had discussed informally with a State Department officer at the third or fourth level the idea of a broad, world-wide technical assistance program. Nothing concrete, however, developed during that year - 1948. After Mr. Truman's re-election - again I draw on Mr. Clifford's recollection - the President felt that there were more than domestic implications in the election results, that his upset triumph was a mandate to continue U.S. efforts to improve the world environment.

Mr. Truman felt that the world, most of it still trying to recover from the effects of World War II and much of it struggling to emerge from centuries of poverty and ignorance, was looking to the United States for continued leadership and new areas of hope. He felt something dramatic and significant should be forthcoming from the United States - some statement that would assure the world that the United States not only would assist other peoples in defending their liberties, but would help them attain a better life.

The idea that Mr. Clifford had been discussing with others informally seemed to fit the President's requirement. It was accepted enthusiastically by Mr. Truman and was incorporated into the Inaugural Address as "Point IV".

Mr. Truman had asked for something "dramatic and significant". The statement more than fulfilled expectations. "Point IV", in Mr. Clifford's words, "rang around the world", as the President hoped it would. It felt the pulse of millions of Americans and their humanitarian instincts, and gave tangible shape to the idea that they really cared about the rest of the world.

What did the President actually say? It is instructive to quote from his 1949 Inaugural Address, emphasizing those portions telling us that 21 years ago he saw the development problem steadily and whole, particularly the special functions of technical assistance. Much of what we think we've learned over the intervening period was right there in his initial formulation.

"Fourth", said the President who had just enumerated his three other foreign policy imperatives, "we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.

"More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. *Their poverty is a handicap and a threat both to them and to more prosperous areas.*

"For the first time in history humanity possesses the knowledge and the skill to relieve the suffering of these people.

"The United States is pre-eminent among nations in the development of industrial and scientific techniques. *The material resources which we can afford to use for the assistance of other people are limited. But our imponderable resources in technical knowledge are constantly growing and are inexaustible.*

"I believe that we should make available to peace-loving people the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. *And, in cooperation with other nations, we should foster capital investment in areas needing development.*

"Our aim should be to help the free peoples of the world, *through their own efforts,* to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens.

"We invite *other countries* to pool their technological resources in this undertaking. Their contributions will be warmly welcomed. *This should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable. It must be a world-wide effort for the achievement of peace, plenty and freedom.*

"*With the cooperation of business, private capital, agriculture and labor* in this country, this program can greatly increase the industrial activity in other nations and can raise substantially their standards of living.

"Such new economic developments must be devised and controlled to *benefit the people* of the areas in which they are established. Guaranties to the investor *must be balanced* by guaranties in the interest of the people whose resources and whose labor go into these developments.

"The old imperialism - exploitation for foreign profit - has no place in the concepts of democratic fair-dealing.

"*All countries, including our own, will greatly benefit* from a constructive program for the better use of the world's human and natural resources. Experience shows that our commerce with other countries expands as they progress industrially and economically.

"Greater production is the key to prosperity and peace. *And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge.*"

It is all there, or nearly so. The emphasis on people. The notion of self-help. The pre-eminent place of technical knowledge. The complementary function of capital investment. A large role for the private sector, but with due regard to avoid exploitation. The concept that development is mutually advantageous to donor and recipient. And finally the stress on a framework of international cooperation, in which every country does what it can in an integrated way and where possible through international organizations.

Of course, the provision of training for people of less-developed countries

was not a new practice. It had been provided in substantial measure by Western countries to people in politically dependent areas, both to discharge political responsibilities and for missionary motives. Point IV was launched as a departure from such paternalistic efforts. It proposed technical cooperation between sovereign states, to assist the efforts of the poorer nations to provide a better life for their peoples. This was revolutionary.

By any standard, Point IV was a milestone. It is noteworthy that the phrase survives in many developing countries where it has entered colloquial language as a generic term for any U.S. economic assistance. The people, it seems, have an instinct in such matters. In Iran there is a documented case of a male child whose name is Point Four. In some Latin American countries, "Punto Quarto" was still emblazoned on vehicles and signs, along with the seal of the Alliance for Progress, well into the '60s, long after it had been dropped from bureaucratic lexicons.

After the Inaugural Address in January 1949, it took some 16 months for the preparation, submission and Congressional review and approval of authorizing legislation for the Point IV program. Twenty days after the first appropriation, South Korea was attacked from the north and Congressional preoccupation with military matters gained the ascendancy to which it already was tending.

And at this point of time we are given another example of the stature of President Truman. A colleague of mine recalls that in June, 1950, in the very week the Korean War broke out, the President addressed a Newspaper Guild convention in Washington. Naturally, he had some important references to the new crisis in the Far East, but the main thrust of his talk in that grim and frantic week - when he might well have excused himself from any public appearance at all, and when he might reasonably be expected to be fully concentrating on battle plans - was Point IV. He argued that, despite the urgency of the military situation, America must not lose sight of the need for social and economic development in the underdeveloped world.

Harry Truman plainly was a President who kept his eye on the big picture.

My point is that a man less stout of heart, less far-sighted in his vision of the world's future, less sensitive to the world's needs, might have hesitated to propose Point IV when he did, might have delayed in pressing it home, and might have tabled it in favor of more immediate matters. Our own business calls for the same kind of vision and persistence in the face of difficulty.

From the seeds planted by President Truman, technical assistance as an official concern of the governments has blossomed into a major dimension of international relations - with large bilateral and multilateral programs. There has been a parallel expansion of private technical assistance. U.S. Government appropriations for Technical Assistance grew from the provision of $31.9 million for Fiscal Year 1951 to over $550 million that will be used for the current Fiscal Year 1970. The share allocated to United Nations organizations also rose steadily to $109 million for the current Fiscal Year. Using a broader definition of technical assistance

applied by the Development Assistance Committee - an organization of the 16 major donor countries - its members spent $9.3 billion during the seven years through 1968. The annual level rose steadily to $1.8 billion in the last year. The U.S. share for the 7 years was 35 per cent.

By now, most countries of the world have participated in technical assistance activities as donors or recipients - some as both. On the broadest definitional base, there may be something like 320 - 350,000 foreign experts of public and private organizations now working in developing countries - 40 per cent or more from public sources.

While I have stressed the clarity of vision that underlay the launching of Point IV programs, it must be said at the same time that the complexity of the undertaking was scarcely recognized. The early supporters and practitioners alike had rather simple images of the process of transferring skills. Skilled people would "show and tell" the unskilled in the field. Or the unskilled could be brought to training institutions, either in their own countries or in the United States or elsewhere. A few pilot projects would inspire emulation that would induce large scale application. This was conceived as a low cost, largely technical and "grass roots" endeavor. The emphasis was on health, education and agriculture - areas of development which touched the lives of people directly and stressed human involvement. A favorite description was "shirt-sleeve diplomacy". From this relatively simple prescription, development was expected to flow.

As it has turned out, the task is much more complicated. The teaching of technology, by itself, is the easiest part. What is infinitely more difficult is identifying what knowledge is relevant, and fitting its use into existing *systems of human effort* so as to produce the types of change that are the goals of the particular country's development policy.

The systems of human effort for which new technology is sought are in turn integral portions of complex and highly varied social and political systems, which in turn reflect a great range of historical experiences of the societies and individuals being exposed to the new technologies. Each technical innovation changes the relative position and welfare of many people, and the effects of this must be attended to. The whole context of values, policies and institutions must support or at least allow the intended changes. Finding the right combinations may take much time and investment, and also good luck.

The process of influencing these factors - of guiding social change - is of course difficult at best, even for those with authority in the societies where the change is occurring, whether they are developed or developing countries. Finding effective and acceptable systems for external participation in this process has required much learning.

Moreover, it has turned out that the developed countries have comparatively little knowledge that is directly applicable to the problems of the developing countries - that is, little that can be applied without considerable further technical development or adaptation, and the creation of locally fitted policies and in-

stitutional devices for applying the knowledge. Thus, technical assistance has had to become much more research oriented.

It has also had to recognize, increasingly, the interactions and interdependence of all aspects of development. What is faced are problems of inducing and supporting desired changes. To bring these changes about requires closely coordinated applications of physical resources or capital, and of technical services. Experience has indicated that effective assistance for this process requires an ability to participate in or influence the whole sequence of actions and resource applications that affect the desired outcomes, so that separate manipulations of capital and technical assistance often become artificial and inefficient. From this experience has come the concept of *development* assistance, deploying in an integrated fashion whatever packages of capital and technical services are appropriate to achieve the assigned purpose.

These and many other lessons have had to be learned the hard way, by trial and error.

In short, development assistance has turned out to be a more complex, expensive and long term process than was envisaged at the outset. But it is not my purpose here to elaborate the many complexities and difficulties of technical assistance that experience has revealed. These are well rehearsed in many writings.

What I do wish to stress is that despite the complex dimensions of technical assistance that have been revealed since Point IV was announced by President Truman, and despite the great importance for each nation's development of the aggregate of resources available to it - a concern that has preoccupied development planners - development in the end must concern itself with people - with their perceptions, abilities, behaviour and well being. In stressing this point, the basic concept of technical assistance has from the start been sound, even if its applications have been too unsophisticated.

People are, after all, both the principal *means* and the *end* of development. What does this mean?

People are the prime movers of development - the most important productive resource. Every country has an accumulation of productive resources of all kinds that is many times greater than the comparatively small increment that is added each year. How much production it realizes each year and how much of the benefits reach its people depends on how well the available resources are combined - on the quality of use of productive resources - more than on the increments of capital than can be added each year to the total supply of productive resources.

But it is people who make the decisions on the productive and social uses of resources. The fact underlines the importance of the principal goal of technical assistance - helping to equip people in the developing countries to improve the quality of *their* decisions on the use of the productive resources available to them. Increasingly, technical assistance has also been concerned with the closely related

set of decisions affecting the breadth of participation by the people of each country in this decision making and in enjoyment of the fruits of development. It is people too who design and operate the policies and institutions that establish the environment of incentives and opportunities that, in turn, determine what the people at large can do with the available resources. The quality of these resource-use decisions is the prime determinant of the success of developing countries' efforts to provide a better life for their people, and of foreign assistance for this purpose.

It seems self evident that the desired end result of developmental activity is the well being of people. Their primary needs are for productive employment, health and psychological adjustment.

Productive employment is needed to generate income and provide for consumption needs and wants - food, shelter, clothing, recreation, and so forth - and to meet psychological needs. The need for health - for positive adjustment by the individual to his internal and external environment - is a two-part requirement. It includes developing a strong resistance to environmental conditions - such as the presence of disease agents, irritants, ignorance, instability, insecurity, and so forth - that threaten the effective functioning of individuals and groups, as well as the reduction or elimination of such conditions, as feasible.

Of particular concern in a rapidly modernizing world is man's need for positive psychological adjustment. For this, he must have a *sense of security*, must feel reasonable assurance that he and his family will be safe, free to pursue their lives without threat of bodily harm or harrassment. He also requires a *sense of equity* or propriety about what is happening around him. The society in which he lives must seem to him to function fairly - to operate as it should. As modernization proceeds, this requirement is linked increasingly with a need to feel that he has adequate opportunities to participate in decision making on matters that determine the future of himself and his family, in the activities of his society and in the enjoyment of the fruits of these activities, as well as opportunity for himself or his family to improve their position in society. This need for a *sense of participation and opportunity* is greatly accentuated by the modernization process and its undermining of the values of traditional societies. Thereby arise some of the most difficult developmental problems.

Other goals of development can be regarded as intermediate or means to achievement of these three fundamental concerns of people everywhere - for productive employment, health and positive psychological adjustment. Thus improvement of education can be seen as a cardinal means of achieving all three fundamental developmental purposes. Similarly, accelerating the rate of growth of national output is justified basically as a prime necessity to make much progress towards the same three aspects of human well being. The concerns about the rate of population growth and food production likewise can be seen as derived from concerns about how to meet these three basic human needs.

Thus, the instinct of Point IV - its focus on what happens to people as the crux of development - has been sound.

If I may diverge for a moment, it seems to me fitting at this point to pay tribute to the role of another great pioneer of Point IV - Dr. Henry G. Bennett, the first administrator of this program. Although he did not have the opportunity to learn the more sophisticated aspects of technical assistance, Dr. Bennett needed no reminder of the paramount role of people in development. He insisted repeatedly that "we must start with the people where they are, help them to use what they have, but help them to help themselves". That is what one would expect from a distinguished educator in the tradition of American agricultural extension who, by the way, died in an Iran plane crash in 1951 as he went about his work in a country where the Point IV days are still remembered with affection, by peasant and cabinet minister alike.

There have been periods since Dr. Bennett's untimely death when development assistance programs may have lost sight of the importance of building human capabilities through technical assistance - through joint personal involvement of professional people from developed and developing nations in problem solving activities, as well as through the expansion of suitable training opportunities. Development planners may have focused too exclusively on the needs for resource transfers to developing countries.

I can assure you that Dr. John A. Hannah, the current Administrator of U.S. development assistance, has no such problem. Understanding the need for integrated country assistance programming of mutually reinforcing capital and technical assistance, he nevertheless keeps his eye where Dr. Bennett did - on the people. In an address in 1952, when he was serving on a panel of distinguished private citizens set up to advise and consult on Point IV policy, Dr. Hannah struck the following keynote for the program. He said:

> *"It is the function of Point Four to help the underprivileged develop the strength they need to cope with their environments, and give them the vision they need to look up from the ground and see the stars as we have glimpsed them here in America, and in the other free nations of the world. We appeal to man's pride; we appeal to his desire to better himself, to his desire to build for his family, to his creative instincts, and to his inherent sense of dignity as an individual".*

This stress on building the opportunities for people to better themselves naturally led Point IV programs over the years to put primary stress on educational activities, both formal and informal. This was seen as the principal means to provide new horizons - new sensing of the possible, the desirable and the feasible - new capabilities to reach for a better life - new appreciation of the breadth, nature and interlocking of societies and of the responsibilities of individuals and societies to each other.

But education tends, inherently, to be conservative. It tends to teach about things "as they have been". Herein lies, I believe, the Achilles Heel of technical assis-

tance. For the most pressing requirement today is to learn how to adapt to rapid change, while striving to meet the basic human needs that I described earlier.

There is an old saying that change is the law of life. This has never been so true, or terrifyingly real. Education and technical assistance must focus realistically on things "as they will be". To the traditional concerns with inculcating the "three R's" as tools of learning and personal development must be added a concern with the relevant implications of three new "R's" - the exploding revolutions in technology, biology, and human expectations that are the source both of the greatest opportunities and the gravest problems for mankind.

Let us dwell a bit on this broad theme, for I believe that it helps to reveal the ultimate historic role of the Point IV concept. It underlines the logic of associating Harry S. Truman, Point IV, a research institute seeking to promote peaceful international cooperation, and a Conference on Technical Assistance and Development.

The basic problem of individuals, governments and social groups of all kinds today is not scarcity, per se, so much as it is how to adapt to the dual pressure of the accelerating pace of change and the rapidly increasing crowding in their environment - crowding in the sense of time and space distances between people. No biological species has adapted very well to extremely rapid changes in its environment. Man obviously is severely strained by his accelerating adjustment needs.

This strain is visible at all levels - the individual, family, cultural group, nation, and international community. On the one hand, the triple revolution has encouraged individuals and groups to seek greater freedom or scope to realize their aspirations for self-fulfillment. They realize increasingly that, as players in the game of life, they can keep calling for a new deck of cards, and can change the dealer and the way of dealing. And they are striving for a satisfying personal adjustment both to this internal drive for betterment and to their rapidly changing external environment. On the other hand, the same factors that are producing accelerating change and crowding, and driving men to seek greater freedom to pursue their mounting goals, inevitably mean that they must accept increasing restraints on their freedom to do whatever they wish. Unless there are increasing social restraints, men will inevitably impinge on each other more and more, so as to mutually frustrate each other's action desires.

The traditional societies, long used to the restraints of custom and authority, may find it easier than modern societies to adapt to new types of social restraints forced by the dizzying change in our environment. However, we should not underestimate the global infectious power of the Declaration of Independence - particularly in the world of modern communications. Many of you have heard its voice, as I have, in the remotest huts of Africa and Asia. The traditional societies too will face the powerful conflict between the mounting drives for greater personal freedom and the increasing needs for social restraints.

Thus mankind faces a great paradox. As I have said, the factors that are stimulating men everywhere to strive more and more actively for freedom to pursue

ever widening aspirations, are also imposing on them the necessity of accepting greater social restraints on their freedom of action. This suggests two momentous questions.

First, is there any way to avoid the dilemma - that is to separate the two opposing effects of our changing environment? Without argument here, I will merely assert that the answer is "no", however much some in our midst may struggle against this conclusion.

Second, is the dilemma then unresolvable – must we go on in a final Greek tragedy of mankind to an inevitable doom of the human race, in which pressures for freedom and change in status press against an increasingly rigid social context of restraint until a final great explosion occurs, fed by man's newly found powers of global self destruction? I say "no" again. This tragedy is possible but by no means inevitable.

How then can the opposing trends of social forces be reconciled - how can the pressure be taken out of the boiler? This can be done by learning to use the vast possibilities opened up by the new "three R's" - the revolutions in technology, biology and expectations - to provide individuals and groups with ever expanding opportunities for making meaningful choices about their own lives, even while they are accepting greater restraints on their freedom to do as they will.

If we can not consume and dispose of whatever we want, where and when we want, we *can* have a great increase in choices of what we consume and of where we go to consume - or to work - or to live. It may be better to have a park where there was none before, even if we must accept new rules governing its use. If we accept more limits on our choice of school or career, or of people in authority, we may still have many more choices to make than before. I believe that it is possible to make the necessary psychological adjustment and meet the growing material requirements of mankind, *if* we can replace each degree of social restraint with two degrees of ~~previously~~ non-existent opportunity for meaningful personal fulfillment and *if* we can accomplish the social engineering that is required to accommodate to rapid changes on both sides of this equation. That is the great problem and challenge for us all. No one can say that it is easily met. Yet we *must* learn to live together on our planet in ways that will accommodate man's powerful drive for at least a *net* gain in his freedom, in the unsettling environment of increasing crowding and accelerating change.

In this context, the concept behind technical assistance takes on new meaning. It is *not* simply a process of transferring static skills from those who have them to those who do not. Rather it is part of a historic drama of global dimensions - the drama of mankind, heretofore separated in relatively self contained and limited communities, coming together to cooperate in seeking solutions for basic problems facing us all. Technical cooperation should be viewed as a process of solving *common* problems, of adapting to rapid change and reconciling conflicting demands for both greater self fulfillment and greater social restraint. In fact, some of us first recognized these problems of adapting to rapid change in the

course of our development assistance work overseas. And later we realized that we were seeing basically the same problems emerging in developed countries, however different the levels of development.

Thus Point IV has launched us into a process of learning to work together across international boundaries to exchange and pool knowledge on how to cope with the increasingly inseparable pieces of the global problem that I have already described. These pieces may focus on developmental action here or there on the face of the earth, but it has become a truism to note that such actions taken anywhere affect what can be done subsequently everywhere. John Donne's admonition, three and a half centuries ago, that "No man is an island. . ." never had more meaning than it does today.

While the element of governmental or social subsidy and leadership in this process of joint work on development problems is, I believe, an essential component, it is only incidental. The fundamental requirement is for broader and better means to extend this process of bringing people and organizations of all kinds together to work across the oceans on problems of common interest, involving the management of social change and the applications of technology thereto. Moreover, we can foresee for the 1970's a less mechanistic approach to development problems than was typical of the 1960's - a less exclusive concentration on piling up investment and national output and more direct concern with achievement of the purposes of expanding resource capabilities - with such humanistic goals as distributive justice and the quality of life.

Looking ahead to where we go from here in the spirit of Point IV, what I have been saying is that we may envisage a gradual transition from technical assistance to technical exchange. In this transition, we shall need to explore and encourage better ways of relating foreign and host country professional organizations and individuals in joint problem solving activities of mutual interest. The rising levels of training and sophistication of developing country personnel make this partnership or technical collaboration approach more feasible and necessary. So do political considerations. Moreover, there will be growing prospects for benefit in the developed countries from such collaboration overseas. The experience can provide improved insights on how to handle a wide range of domestic development problems, useful technical knowledge, and a strengthening of the knowledge base and private linkages overseas that the developed and developing countries both need to cope with their ever growing interactions with the rest of the world.

By now, there is no lack of institutions in this business. There is also a great stock of experience on which to draw. The need is for a more deliberate process of sharing and learning from this experience, and a renewed sense of dedication to the task ahead. What better way is there to learn how to live together in peace?

So we see, that what President Truman began in 1949 was more than technical assistance, in the limited sense of a unilateral sharing with developing countries of knowledge available in the United States. He began a process that is of critical importance for all of us who share this planet - a process of expanding collaboration

among men of all nations in working on common problems of adjustment to our vastly changing world. Such problems are not solvable simply on a political level - via the United Nations, alliances, diplomatic relations, and so forth. Nor are they solvable simply by adding the dimension of trade, with its implications of arms length dealing and *caveat emptor. People around the world must learn to work together on all levels,* sharing the common problems of a shrinking and rapidly changing world community and sharing the responsibility for working them out for the common good.

That, I submit, is what the concept of Point IV is all about. And we have only begun to learn how to operate this concept effectively. Let us return to the lesson taught to us by President Truman and persist in the face of whatever difficulties.

Session II Strategies for Development Assistance

GOALS AND PRIORITIES IN STRATEGIES FOR DEVELOPING COUNTRIES

Prof. Somsakdi Xuto

Since President Harry S. Truman launched the so-called Point Four Program twenty-one years ago, the role of development in which the United States Technical Assistance has had a significant impact on developing societies, has perhaps undergone a transformation, particularly in terms of goals and priorities. Re-examination of these questions is overdue and this Conference, international in concept and composition, provides an excellent opportunity for critical re-evaluation.

After the ravage and destruction of the second World War, the idea of development naturally centered on economic reconstruction and countries endowed with economic wealth unaffected by the War were called upon to assist the war-torn countries. Economic aid became synonymous with development and the idea of aid-giving and aid-receiving countries developed. Development was predominantly regarded as a one-way aid from developed to less developed nations. In fact, the grading of countries into developed, developing and underdeveloped has been influenced by this thinking. In this context, technical assistance from developed countries played an important and even crucial role in the development of less developed nations.

What has been the result of this concept of development? Generally speaking, prewar industrial nations whose economic infrastructure and strength were weakened and even destryoed by the War have been able to achieve rapid economic recovery and growth. The transformation of Western European countries and Japan in Asia from economic dislocation resulting from the War into highly developed economies is a good example. On the other hand, the majority of developing nations – mostly receiving their independence after the War and whose economies are predominantly agricultural – has been much less fortunate. Agricultural economy by nature has a hard time in catching up with industrial economy and furthermore, most of the postwar developing countries have had to meet with challenging and difficult tasks of nation-building. It is highly questionable whether economic development alone would be adequate to cope with these complex and complicated problems of nation-building. For example, could political stability, one of the prerequisites of nation-building, be attained and maintained merely through the increase of GNP? Added to these burdens of the inability to achieve rapid and spectacular economic growth and the problems of nation-building are two more serious challenges faced by most developing nations:

the alarming rate of population growth and the revolution of rising expectation. The first challenge has been the result of ignoring and neglecting the importance of adjustment of social value in the formulation of predominantly economically-oriented development plans and the second has gained strength through the very notion of economic developmetn as propagated to the general public of developing countries through development of mass communications media. It is, therefore, no wonder that the revolution of rising expectation in developing countries is threatening to become the revolution of rising frustration with all its explosive political and social repercussion. Development, primarily conceived as economic development, does not seem adequate to deal with mounting problems in developing societies.

In the case of new developing nations of the postwar world, it seems fairly clear that this notion of development has not proved to be a success. But, paradoxically, the goal of development conceived primarily as a process to further economic growth has also been called into question in developed societies. As economies in these developed countries keep on expanding in terms of growth until there seems to be no limit to economic expansion, social problems and dissatisfaction seem to have multiplied. If we look at contemporary highly developed societies, we could not fail to see these problems, such as the seemingly endless acquisition of more and more private material wealth, less and less needed, in order to keep the economy expanding; the worsening human relationship where the generation gap is widening; the alienation of youth; the problems of deteriorating environment and the vacuum of value – the dying away of old values with better ones still to emerge. In short, highly developed nations are facing a crisis of social and human value which development conceived as an ever greater material acquisition could only provide a partial answer.

In this unsatisfactory situation, the goal of development needs an urgent re-examination because emphasis on economic development seems to have led both developed and developing countries to a dangerous impasse. Social value and human aspect of development must be given their due share because development, after all, should aim at the betterment of human beings in all aspects – economic, social, cultural as well as ecological. If development is to cover all aspects of human progress, then its goal must also be broadened to include the uplifting of social and human values, at least to the level commensurate with the development of material acquisition. The goal of development, therefore, is to achieve a harmonious balance between material progress on the one hand and progressive development of human values on the other. This broadened concept of development means that it is a continuing and unending process of adjustment to achieve and maintain an equilibrium where harmony exists between material growth and progress in social and human values. Development priorities must be directed towards maintenance of this 'balance in harmony' and all societies, irrespective of their levels of economic development, have to continually address

themselves to the maintenance of this equilibrium. Furthermore, this concept of development is more likely to demand continual change rather than preservation of *status quo*. In fact, it is no exaggeration to say that the only unchanging factor of development is change itself.

What then is the role of technical assistance in this notion of development? Technical assistance involves essentially the transfer of 'know-how' from developed to less developed nation preponderantly in connection with production of material progress. This is a natural and an entirely acceptable definition because developed countries are superior, more experienced and skillful than less developed countries in the production of material wealth and through their highly developed economies, they are in a good position to assist less developed societies. Within the context of economic development, the goal of technical assistance is to raise technical competence and capability of the receiving countries, hopefully within the shortest possible time, to the level where economic activities of those countries could be raised to a self-sustaining stage. As soon as this economic self-sustaining level is reached, then technical assistance could be considered to have achieved its goal. Even within this fairly simple notion of technical assistance and economic development, there have been in practice many problems between the giving and the receiving countries. But in the redefined goal of development, the question arises whether the goal of technical assistance would also have to be re-examined. Could technical assistance be of help in social and human aspect of development or is this to stretch the goal of technical assistance too far? If technical assistance is to be simply the transfer of 'know-how' concerning production of material wealth, then the degree and the extent of the injection of technical assistance into less developed countries should not disturb the 'balance in harmony' which is the goal of the expanded notion of development. I am most interested in learning how this Conference would come up with an answer regarding the proper role of technical assistance.

If we assume this changing notion of development as well as the necessity of adjusting the role of technical assistance to conform with this development concept, how could appropriate strategies in developing assistance be conceived? I do not feel competent to answer this question directly, being merely a scholar and not a practitioner of development and technical assistance. Therefore, I shall attempt only to outline what I consider to be some major issues and problems which should be looked into if sensible strategies of developing assistance are to be formulated. However, there are two personal observations I would like to make at the outset. First of all, I feel doubtful whether there are such things as the best or the most appropriate strategies in developing assistance applicable to all developing countries. Secondly, I also assume that sensible strategies could only be adopted through common understanding and mutual agreement of the giving and the receiving countries concerned.

I would like to briefly outline some major issues which should be looked into before sensible strategies with regard to the role of technical assistance can

be formulated. First of all, technical assistance has a useful function only in a development program where priorities are clearly set. Nowadays, it would be difficult to find a country without development plan and program of some kind but most developing countries have been struggling with the problem of setting their development priorities. This presents a difficult problem for the giving countries because they are uncertain as to what kind of developing assistance would be most effective. It is also tempting for the giving countries to set development priorities for the receiving countries. Technical assistance has proved to be much less effective and occasionally even harmful if development priorities of the receiving countries are not known. Responsibility for the adoption of development priorities clearly rests with developing countries and the giving countries have limited role in priority determination. In fact, the temptation of developed nations to play this role should as far as possible be resisted.

Directly related to the issue of development priorities is the question of the capacity of developing countries in absorbing technical assistance. Generally speaking, all developing countries have limited absorbtive capacity and the injection of technical assistance from outside should as far as possible not exceed this limit. Of course, there is no concrete formula which could be applied to maintain this rather delicate balance but some indicators such as increasing corruption, unnecessary augmentation of bureaucratic machineries and personnel and benefit of technical assistance clearly confined to a small minority of the receiving countries — should help in determining whether the absorptive capacity has been exceeded.

A significant issue concerns the overall aim and administration of technical assistance programs offered by developed to developing countries. In principle, the aim of technical assistance programs is to raise technical capacity and upgrading the skill of people in the receiving countries to the level which enable them to help themselves. If this sound theory is to be realized in practice, then the whole technical assistance programs should be subject to constant assessment and review. The programs should be flexible and should also be able to accommodate new circumstances and requirements. Technical assistance programs, both in the giving and receiving countries, are organized and run as part of the bureaucratic machinery of the governments concerned and it is relevant to ask whether such organizations are capable of being critical in terms of assessment and review and are able to cope with new problems and needs with necessary degree of flexibility. There is surely room for improvement here and it is also an area where initiatives from the private sector could have a greater role to play.

The last and perhaps the most important issue in connection with the formulation of sensible strategies for developing assistance is the question of politics and technical assistance. Technical assistance conceived as part of international relations among nation-states cannot be separated from politics among nations. There seems to be confusion and unrealistic thinking in both developed

and developing countries on this issue. Generally stated, developing countries are demanding technical assistance devoid of any political implication, while developed countries tend to hand out technical assistance as a kind of generosity gesture from the rich uncle or tend to offer it as a political quid pro quo. Such attitudes tend to drive the giving and the receiving countries further apart at the time when it is increasingly obvious that they should be drawn closer together for reason of mutuality of interest. Developing countries need to be less sensitive and more pragmatic in confronting the politics of technical assistance and should have more confidence in accommodating and turning political implications of developing assistance to their own national self-interest. Conversely, developed counties offering technical assistance need to be more sensitive to the feeling of developing countries which naturally resent the attitude of giving technical assistance as a kind of charity provided by the rich to the poor. What is needed to develop sensible attitudes of mutual confidence and understanding between the giving and receiving countries.

This is admittedly a partial survey of the development scene but I do hope this rather generalized account of some major issues involved in the formulation of strategies for developing assistance does not create an unintended impression that the practice of technical assistance should be discouraged. On the contrary, I would like to plead for much more technical assistance in this world of common destiny and increasing interdependence. Technical assistance, properly conceived and carried out realistically for mutual benefit of both the giving and receiving countries, is a positive contribution to international cooperation and understanding, the twin foundation of world peace and prosperity. Mistakes were made, have been made and more of them will be made in the future but they are surely not insoluble given understanding, willingness and determination of all developed and developing countries involved.

THE CASE FOR MUTUAL CO-OPERATION IN TECHNICAL ASSISTANCE

Prof. J.C. Daruvala

As I have spent forty years in speaking, that is teaching, I think the time has come when I would like to listen a little more than speak, and therefore I am going to speak as briefly as possible and I would like to listen to your reaction rather than my speaking to you at length.

May I state that I have had very little time to put my thoughts together, so I have not had time to collect any statistics. But I think all of this is included in the papers we have received, the excellent material we have been provided with, that gives us practically all we need in that direction.

The next point I want to make is that the atmosphere today is dynamic. Our entire society is under the urge for change, and this dynamism is not merely amongst the youth but all through society, and particularly amongst women. They are playing a more important role than they ever had before. Undoubtedly in the East man has ruled, but remember that women reign over man, and therefore the voice of woman is being heard whether they are educated or even otherwise. So, when we use the term *"man"*, I take it that the term *"man"* embraces women.

Today youth has become very sensitive, and they are going very often in the direction of militantism, destruction; and we have to take this sensitiveness into consideration even in the question of aid from one nation to another. I agree that there has been a little too much of the imposition of Western systems, but, while I would not reject Western systems, I think Western systems should be adapted to the requirement of societies, particularly when we are talking of developing countries aiding other developing countries, whether it refers to African societies, Asian societies or South American societies, where we have to adapt Western systems, which are undoubtedly progressive, to our own ideas and our own systems.

I would like to draw your attention to certain aspects of this problem. Yesterday, the Prime Minister mentioned human relations; I think human relations today are as important in aid as in any other spheres of life. When we talk of motivating and activating society, we should take into consideration the sensitiveness of society; we should take into consideration the human aspects.

Now I would like to mention that, when we talk of aid, we are not referring solely to economic aid, as even economic aid in itself includes sociological and psychological factors that are undoubtedly very important. For instance, take the social attitude to aid. There has been a good deal of discussion over the question of aid, how aid is taken at the receiving end. And when there is aid given from one developing country to another, this factor is of greater importance. There will probably be some reluctance at the receiving end, because nations generally jealously guard what they call their national self-respect. The term may not be a realistic term, but it exists, and we have to consider it, and this applies more so when two nations are on the same level.

Aid can be accepted in certain cases where no restriction applies, as in the cases of natural calamities, in cases of even man-made calamities like genocide or the scorched earth policy, and provided this aid comes from international societies or United Nations agencies, there is no hesitation. But when one country offers aid to another, the receiving side often feels hurt, and they do not take that aid very willingly.

Secondly, there is a certain amount of psychological rigidity that affects nations. They have predetermined attitudes arising out of causes of petty friction. There is what we call stereotype distortion; when one nation is at loggerheads with another, everything is distorted. And I may mention that in the case of my own country and our neighbour, India and Pakistan, as whatever one side does is looked upon by the other side with a certain amount of distortion. And therefore, if one side is prepared to offer help to the other, as very often they have informally declared they are, the other side is not too willing to receive it. We must take these points into consideration.

The same would apply to some other countries which I need not mention. Then there is always suspicion of the motives of giving aid. I'll give you a concrete example. Two years ago, my Council on World Pensions, which is an international body, arranged a seminar in Singapore, and we talked of technical assistance. The first question that I was asked when I had a press conference was: What is your motive in coming here to Singapore? What is India's motive? I had to reassure them that it wasn't economic domination, it wasn't trying to take advantage, but it was mutual benefit. We tried to give our industrial know-how, establish industries there, and we had to reassure them that we were sharing this with them, that we would profit by it as they would profit by it, as it was going to be mutually beneficial. Unless we accept that attitude of mutual benefit, mutual aid among developing nations is going to be a difficult problem.

Then again there is a certain amount of what we call national pride. We call it in the East *"Loss of face"*. If a country that is smaller in area, smaller in population, offers aid to a larger country, the larger country feels that by accepting this aid it will lose its international influence, and it will be a

come-down. Now, this is a case I would like to mention with regard to Israel. Israel has offered its aid – I don't want to mention the names of countries, but Israel has offered its aid to larger countries, and larger countries have not directly rejected it but said: *"Oh, this will not suit us because we have got to adapt it to our own conditions, and we will evolve our own".*

Here is a concreate example. In India we have a big desert where scarcity conditions occur every other year. Israel could help us very much in changing that desert, as it has done here, into something that is flourishing, green. But India has not accepted its offer yet.

Then again the next question that comes up is: What is aid or assistance? Is it going to be material aid? I think that the phase of material aid is rapidly disappearing. We have had what we might call a green revolution and a white revolution, the white revolution referring to eggs and poultry. We have had these two revolutions, and many other countries which suffered from a shortage of food have now either become self-sufficient or are becoming self-sufficient in the near future. And I have no doubt that they will become self-sufficient; and there has been no hesitation in taking to scientific and technological ideas that come from other countries, because this is considered to be the stock of human advancement, and therefore there is no hesitation in taking it from whatever country it stems.

There has been selective cattle breeding, selective seeds and hybrids, fertilizers, pesticide, adequate storage, proper transport, and therefore, it has brought about a change. It is not merely growing more in the same area, but it is saving or preserving. In India we estimate, and the FAO estimates too, that anything up to 40 percent of the grain that was grown was lost; a good deal of it was devoured by rodents. In India, our rodent population is much larger than our human population. And, whereas we talk of family planning and checking the population, I think we ought to check the population of rodents, and I hope something will be done in that direction. There is already a scheme to sterilize mosquitoes that will bring an end to this pest, because DDT doesn't seem to be effective now. I hope someone will bring up an idea to sterilize rodents, so that it may bring about a welcome change.

The next point is: In what spheres is assistance acceptable as between one nation and another? In technological and scientific fields, particularly in agriculture, it has already been accepted because, as I said, this comes from the world stock of technological advancement. In nutrition and food fortification this has also been accepted because, in every case, in the case of food fortification and nutrition, you have got to adapt it to the requirements of your own country; so you are not bodily borrowing it from another country, and your self-respect is maintained, or your sense of self-respect, which may be really unrealistic.

Secondly, mutual collaboration is, from my point of view, the main sphere in which there can be assistance. Collaboration is between an industrial country which is technologically advanced and another country which has the raw materials; there is a partnership between the two and that leads to what may be termed mutual assistance, which is very fruitful. And it has proved so, as generally there is no suspicion of domination, economic domination or exploitation, because both the countries are almost full partners.

Industrial expertise, industrial machinery, taken from one country to another country that needs it, as it has the resources, that is, raw materials and marketing facilities has proved to be the most fruitful field. Then again there is road-building which has come up recently in certain developing nations, particularly road-building of strategic importance, where two countries collaborate. The motives may not be absolutely above suspicion in both cases, as there may be military ideas behind it, but anyway, this is an accepted assistance.

Joint projects in heavy industries, where technological training is given by the country that provides the machinery is also generally accepted because in heavy projects, some of the countries are not in a position to bear the costs and therefore they like to have joint collaboration projects. And then exchange of personnel is becoming increasingly important. The loan of personnel is not necessarily technical personnel; it may be administrative personnel. Certain countries which have had very little experience, for instance, in elections or in certain administrative spheres, require help from other countreis, and that help is generally given and accepted.

Now I am going to do a little thinking aloud and talk about what I think will be the needs of this decade, 1970 to 1980. This, let me say, is entirely my personal approach to the problem. The first requirement of this decade is the raising of the material standard of living through proper nutrition, adequate clothing and sanitary housing, and this can come through regional cooperation.

We have heard a good deal of talk about the Southeast Asia Common Market. The talks started around 1962/63, but we have not been able to come to anything definite yet. We had the European Common Market in our minds, and we felt that, if we joined together, we might go farther and even have a common currency, and that this type of collaboration would lead to the solution of many problems that we had. And I hope it is something that will come up in the future; it can come through efficient planning and through supplementary production.

Today, in developing countries, every country wants to be absolutely self-sufficient. This idea of self-sufficiency is not going to carry us very far. We have got to accept the idea that if a country can produce something more economically, it should do so, on a non-competitive, low tariff basis, as we have

to supplement one another's industries, because if we go along the path of self-sufficiency, we are isolating ourselves and not bringing ourselves together, and the loss will fall on the whole region.

Then, the next point I think of is not education as it is today, which I am afraid is very defective and is one of the causes of a good deal of youth upsurge. But education for mental awareness of your environment, education for higher production, which would mean more leisure, less work, and the leisure hours would be occupied in certain directions which would bring about advancement of the country and of the region.

And then there is the question of motivation for non-materialistic creative attitudes. Today, all over the world, there is a thirst for sensation and sensation-thinking as escapism, as you get it in Wild Western films, in the most popular novels or pornographic books of today. But the world is feeling a certain emptiness, and this emptiness should be satisfied by certain values. We have lost the values of the past; we have not attempted to build up values of today. That is the reason why the younger generation has become rebellious and want to destroy the establishment. If we could give them new values as the old values become obsolete, if we could give them new acceptable and satisfying values, I think we could carry the world along to something which will be, from the point of view of culture and spiritualism, something that would take us further.

And, last of all, I want to talk about what Israel has been doing. I am not going to give you facts and figures again, we have had plenty of that and we know exactly how far Israel has gone. And I think Israel is going to play a very significant role in the future of developing countries. Israel modestly claims that Israel itself is a developing country; it is not a donor but it is a collaborator. Now, this is a correct attitude to be adopted. As a collaborator, you will be welcome; as a donor there will be some hesitation on the receiving end.

Then there has been progress in Israel in integration. Maybe the integration is due to the intellectual tradition of the race, to their religious values, to the idea of non-personal service which is essential in Israel today, from the point of view of its situation and its survival. If this spirit of Israel could be carried to other parts of the world, it would make a great difference.

Of course, people sometimes talk about Israel in a kind of offhand manner, "What can Israel do with two and a half million population?" Now, the city from which I come, Bombay, has over five million, double the number of the whole country here; but I can very clearly say that that five million cannot necessarily do more, or even a quarter or a tenth of what Israel can do today. The spirit is lacking; the motivation is lacking. And if Israel can spread this spirit and motivation to other countries, it would be one of the greatest works

of assistance that it could give to human society at large. It is . question of quality not quantity. Israeli aid is an aid of quality, and this aid of quality, as it goes round,, can change the attitude of people – and I feel that more people from other nations should come here and see what is happening here. If they could see this, if Israel could carry that message abroad, I think it would make a big difference for the future of the world.

DEVELOPING COUNTRIES ASSISTANCE TO DEVELOPING COUNTRIES

Dr. Shimon Amir

Thanks to strenuous efforts by the major agencies, national and international, concerned with development, within the UN system and outside it, we are today in possession of powerful intellectual instruments to guide us through the Second Decade of Development. There is general agreement as to the broad strategies for future development, its main targets, problems and sectors, among them population, agriculture, education, employment, urbanization and financing. What seems still to be the main task ahead of us is to concentrate our endeavours on the tactics of implementation, an aspect which is perhaps much less spectacular, but will be determinant in proving the worth of overall aims and methods.

Both authoritative surveys, the Report of the Commission on International Development and the Study of the Capacity of the UN System, stress that a condition of success of development programs is joint planning and interaction by recipient and donor. The very title of the Pearson Report, "Partners in Development", indicates that approach. The involvement of the recipient country in defining its own program of technical assistance to make it fit into its own developmental priorities is underlined in the emphasis on the "country program" in the Jackson Report.

Even here, however, there are scope and necessity for further elaboration of the techniques on implementation. The Jackson Report (Volume II, p. 165) defines "the logical integrated sequence for establishing a country program" in the following terms:

(a) assessment of a country's socio-economic position;
(b) identification of overall country development objectives and the strategy for achieving them;
(c) identification of the role of external aid within the strategy;
(d) identification of the role of the UN system in assisting the Government to reach the designated objectives of its development plan;
(e) an itemized UN country program, synchronized with the period of the development plan, describing in general terms the inputs that may be required to meet the objectives, and so forth.

Here again the accent is on "overall needs", on "objectives and strategies". Execution itself, even of limited and small-scale objectives, will, in the final count, depend on the individual and his capacity and willingness to accept the challenge

of change and modernization. How this ultimate purpose is met, what are the problems involved, in which order the whole process should be considered -- these are some of the urgent questions which deserve closer examination by the members of the "development planning" community and by anybody charged with administration of development programs.

Evidently, the most reliable testimony of the effectiveness of "tactics" for the successful carrying out of development projects, or for the solving of problems of "micro-development", would be that of the recipient country. That is what makes the approach of "Partners in Development" so commendable. Besides, it appears that greater emphasis should be laid on the examination of the results of mutual assistance between developing countries. *A priori*, having been themselves recipients of aid and having introduced changes, they ought to be well equipped with the expertise of sharing their own experience with others.

Israel is a case in point. It had attained swift growth in diverse spheres of economic, social, educational and other organizations. It had to cope with problems of transformation, physical and human. At the same time, for some fifteen years, it had taken part in the furtherance of development projects in other countries. Some of the comments which follow reflect the lessons of those years.

A major issue that confronts any administration which is charged with carrying through a development program is the planning of its various stages. So far as the planning process itself is concerned, every planner, consciously or unconsciously, works on two assumptions: (a) one overt and optimistic, namely that planning is good, desirable and possible; (b) the other hidden and apprehensive, namely, that plans are seldom put into total effect, that Man is never the master of his deeds and destiny, particularly not in the planning of development projects that are invariably made up of a heterogeneous amalgam of complex elements.

How then decide on priorities between different elements and stages of a programme and so ensure, from the start, prospects of the fullest possible success? How safely incorporate in the planning stage the element of a meaningful evaluation?

A document presented by the US AID delegation to the Technical Cooperation Committee of the OECD in 1969 summarized the essence of the new system of program evaluation in the AID, making the point that evaluation seeks answers to three questions: effectiveness – were targets achieved? ; significance – did achievement contribute to economic development or other comprehensive objectives? ; efficiency – was the cost reasonable?

Whilst there is no doubt of the requirement to ensure efficiency, which can be easily assessed and appraised, the criteria of effectiveness and significance are much more elusive and not by any means always concommitant.

In a hypothetical case, the Government of a developing country has set aside resources of its own, together with supplementary funds from an international agency, to launch a large program of vocational training. A survey conducted by specialists of world renown recommends extensive changes in central, provincial and district administrations, heavy inputs in buildings and machinery, and sweeping reforms in curricula of the general school system and vocational establishments alike.

The Government has to take a difficult decision respecting the sequence of implementation. Heeding the criterion of "significance", it would most probably begin with the changes in the central administration, then go down to provinces and districts. Soon afterwards, the new curricula would be widely introduced. But would the program, carried out in such a way, meet the criterion of "effectiveness"?

What is not always kept sufficiently in mind is that every change upsets an equilibrium, and that the more abrupt it is, the more violent and risky is the achievement of the desiderata.

Capital in its several forms – goods, machinery, equipment, buildings or sums disbursable for current expenses – is a fairly simple component in the planning of projects. Even so, special attention must be paid to the wisdom of modifying its forms as necessary to satisfy local condition. Quite often, foreign experts forget that their own techniques, for all their excellence, must be adapted and not adopted. Nevertheless, everything that can be imported, being basically the "hardware" of the development project, represents, by and large, the easier part. The harder part is acceptance of the concepts, systems and novelties of the project by the actual people affected by it on the "grass roots" level. Are they favourably disposed towards the change? Is it simple and practical in their eyes? Do they feel personally involved in the process of modernization which the project is to set in motion? Are they prepared to assume responsibility for its success? In sum, to what degree are they ready to identify their own will with the change to come? Unless the requisite redirection in attitude takes place, no amount of superimposed planning or directing will produce "effective" let alone "significant" betterments.

It would follow, then, that before revamping upper cadres, provincial and central administration, one must see to it that, on the ground plane, modifications are indeed feasible and acceptable. There is also the advantage that, if such infrastructural modifications, as originally planned, are neither feasible nor acceptable, they can, being of limited scope, be put right as may be needed, with comparative simplicity and also inexpensively. The contrary would be the case if the need arose to amend original plans of much larger dimension. The conclusion may, accordingly, be drawn that "micro-development" should precede "macro-development", and experimentation be conducted with restraint, always with particular concern for the cultural, sociological and psychological aspects, or, in a word, for the human aspect of the change and innovation envisaged.

An example of successful organic approach to development planning was the "El Sisal" regional settlement project in the Dominican Republic. After the preparatory survey, a pilot or experimental farm was established as a nucleus to gather the basic data on climate and soil. The next step was to transform the nucleus into a unit of production and training. The farm-hands became acquainted with modern techniques, tools and inputs. After a time, now equipped with the fundamental skills, they founded a smallholders' cooperative village, of some hundred families. This all took about three years to realize. Pari passu, an interdisciplinary team, representing five institutions in the capital of the Republic and consisting of agronomists, physical planners, hydrologists, economists and sociologists, and architects, eighteen members in all, worked out an overall general and eventually a detailed plan for the whole region to absorb fifteen hundred rural families and a further number in urban centres, one of them a small port. Some members of the team conducted a concentrated course for local farm managers and extension officers. At the moment, preparations are being made to apply to regional development the lessons of the experimental farm and of the training farm, and the smallholders' cooperative village into which it successively evolved. Today, the task is to get the funds and train the personnel for the region and activate the "multiplier" effect of the first experience.

On the other hand, what we in Israel have ourselves learnt of training for development attests that concentration on "micro-development" alone is not enough. For many years we have been seeing mainly to tuition of "middle-level" personnel, the men that do the job – such as social workers, teachers, farm-managers, peasant leaders, nutritionists, and health officers. Again and again enthusiastic trainees, having studied and observed our ways, were nervous as to implementation itself, because of a lack of complementary understanding on the part of their superiors and supervisors. Consequently, we have, in the course of time, devised a schedule of training for three distinct grades. Courses of longer duration, 3-6 months – for middle-level personnel. Study tours of 3-6 weeks – for holders of higher grade administrative appointments. Seminars and symposia, of 10-14 days – for policy-makers and top administrators. The Mount Carmel Centre for Community Development, specializing in training courses for women, has been programming its work along those lines for the last few years.

A good example of a multi-level approach to "developmental designing" is the "Service Civique" in the Ivory Coast. At the beginning of the sixties, the President of that State decided to establish a "national service" with the aim of speeding up rural progress: the term of compulsory military duty was prolonged by a year to that end. To make for comprehensive perception of the aims of the new movement and to gain popular support for it, the training and preparation of cadres were carried out at different stages. The majority of the youngsters are inducted in agricultural training bases and country camps. There they are given schooling on the elements of modern husbandry, to put their knowledge into practice afterwards in their own villages. Some are currently being settled in "model villages", which act as precept and example for the region. In

the heart of the Republic, in Boake, the Service has its central training establishment. In Abidjan, the Director of the Service ensures permanent feedback to, and exchange of information with, Cabinet Ministers.

A similar handling of a combination of multi-level changes, underlining the need to view development as an organic process which starts and ends in the "grass-roots" and practical stage, was manifested by participants in the International Symposium on Science Policy and the Organization of Research, held in Israel at the beginning of the year, under the sponsorship of the Organization of American States in conjunction with Israel's National Council for Research and Development. They asserted their faith that a purposeful policy of national science will emerge only if there is a constant interplay between policy-makers, administrators and scientists. Awareness of national objectives by all concerned ensures that the scientific community becomes problem-orientated and, of its own free will and on its own responsibility, adjusts itself to solve urgent problems of practical importance for manifold strata of the population.

For some time, a discussion went on in our own International Cooperation Division as to how to respond to requests that we intensify our assistance in the spheres of science, research and higher education. They ranged from applications, for help in organizing a new department in a university, or counsel in setting up a research and development programme in agriculture, to suggestions that specific courses be held to fill a specific academic post for a long-term assignment or that some intricate research be undertaken.

We came to the conclusion that the most effective contribution which we could make, within our means, would be to espouse the scientific projects most nearly linked to development programs already going forward in the "grass roots" and practical stage, was manifested by participants in the Interna- for a project that had to do with crops grown under programs in which we were cooperating. A principal purpose was, of course, the direct value of the specific investigation, but there was also the auxillary benefit of involving the research bodies and institutes of recipient countries in the practical side of the development which would follow.

Thus, "scientific" input introduced into a given plan of development generated double profit:

(a) enrichment of the concrete and practical results of the work done;
(b) exemplification of the organic approach to programming, in proof that on-the-spot work preceded research, but that, at the same time, research must answer the basic needs of all the inhabitants.

To overseas observers of science policy and research organization in Israel we cite the lesson of our exceptional progress in agriculture. One of the main reasons for that was, and still is, the permanent feedback between research and application, with vigorous extension services as the nexus. For each of the chief crops an institutionalized structure, a Production Board, exists. On every Board

are represented producers, research institutes and extension services, and, in periodical meetings under the chairmanship of an officer of the Ministry of Agriculture, the broad lines of production policy for forthcoming years are settled. Research institutes and extension services are methodically geared to share in the accomplishment of the national objectives and targets.

So much for the sampling of how programs are – or should be – fashioned. Two generalizations can now be formulated: (a) development, to be effective and to guarantee the essential change of attitude in those whom it will directly affect, must start from the bottom, from the living cell; (b) changes in small units, "micro-development" in itself – these are not enough, unless the senior cadres in the responsible hierarchy of Government lend their support.

We may, therefore, draw a third conclusion: if the effective change in a small unit is to become significant and yield a "multiplier" effect, it must enjoy the backing of the central authority. But how can that be taken for granted, if the planning of change has had the smaller unit, not the central authority, in perspective?

The riddle can only be answered in terms of politics and morals. A *sine qua non* of inaugurating successful and meaningful changes in our society that is in transition from the traditional to the twentieth century is a good Government, aware of the need to modernize, ready to furnish the necessary means, and, above all, conscious of the character of modernization as a lengthy process that demands patience, self-abnegation and endurance. Such a Government will plan ahead for development, starting with modest projects, enlisting the sympathetic consideration and aid of higher echelons. At the same time, it will operate a suitable feedback system to watch the ongoing of projects, ensuring feedback between aims and results and making requisite changes while the project is still on a small scale, of an experimental nature or in pilot form. In due course, the pilot project, embodying such changes and modifications as have been found empirically desirable, will be converted into a pioneer project by multiplication and enlargement of scope. It is only at that stage that the Government can proceed correspondingly to modify district, regional or national structures and institutions.

For development is a living process and must have its birth in the primary cell, in the men and women verily concerned. "Micro-development", let us re-affirm, must precede "macro-development", and is the more difficult, because it impinges on the individual. A much stronger accent must be placed on the "humanization" of the process, on finding the proper agents of attitudinal change in the individual, more involvement, responsibility for the purposes of the change and identification with them. "Micro-development" tackles concrete and practical changes and represents a vibrant reality. "Macro-development", from the point of view of social technology, is an abstract pattern of behaviour, a quality of purport to planning officers, research fellows and other small and eclectic groups in the main.

The programming of projects, taking into account the humanistic and organic nature of development, is an inescapable condition of overall success. So, too, is more and closer coordination – especially between the inputs of capital and of technical assistance. The ideal situation seems to be a "closed cycle" of development programs, incorporating several components of the recipient country and of outside aid, securely vouching for the preparation of sound and rewarding plans.

In examining projects of significance, their relative social moment should be scrutinized with special care. Not only from the ethical angle, but out of purely technical consideration, not least that of efficiency, a much higher priority should be assigned to significant projects of widely-ranging impact on society. For instance, before a clinic for curative medicine is built, simple schemes of nutrition and public health should be installed; perhaps they are less spectacular, but their greater utility and effectiveness for the people at large are undoubted. To attract young physicians to rural areas, apt incentives should be offered, including safe prospects for research and specialization in public health, so that this discipline can be certain, as it should, of an equality of professional standing and prestige.

The necessity to apply our efforts of development intensively to projects of social impact and import is perhaps the principal inference from the record hitherto of the assistance given by developing countries to their counterparts. Nothing but programs of that merit and destination can bring about more even and uniform progress in specific areas of development. Economic growth in many developing countries has been considerable, but marked contransts between strata of their populations still appear.

A distinguished economist, Dr. W. Sedwitz, Assistant Secretary General for Economic and Social Affairs of the Organization of American States, referred to this situation as "growth without development". To put it right, every development project should be an investment tending not only to the generation of extra earnings, but also, and simultaneously, to the gradual banishment of poverty and disease, of illiteracy and all other scourges of mankind, and to better distribution of resources among the different strata of society.

These of course are general and moral goals and criteria, which cannot be detached from purely technocratic considerations. The process of modernization embodied in Technical Assistance programs is not only a transfer of professional and vocational skills. At the same time it involves a permanent process of observation, and sometimes imitation or adaptation of a broad range of cultural values of the experts and instructors themselves and of the general milieu of the donor country. If it happens to be another developing country, with more cultural and societal affinity with the conditions in the recipient country, than a very advanced one, the effects of general influence might be even greater. This seems to be another important characteristic of assistance by developing countries to each other.

Mr. James Grand (U.S.A.)

Development systems have an additional objective that warrants discussion. This is the objective of development assistance to get itself out of business - that there should be, in this business of development cooperation, the concept that the developing country should reach a point of self-sustaining rapid growth, so that those countries do not longer require concessional aid as distinguished from trade, commercial transactions, and the more normal ways of doing business.

Mr. Seymour Rubin (USA)

It has been agreed by all present that development problems are not merely economic development problems. There have been numerous references, moreover, to the possibility of resentment on the part of aid recipeint countries, and that resentment, it seems, is more likely to be accentuated when one tries to bring about the social and political reforms that everyone here agrees are probably essential to a broad lifting of the level of life in the developing countries. Comments from the representatives of the developing countries on what could be the suggestions on their part as to the ways these essential social and political objectives could be achieved.

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Mrs. M. Plunkett (United States Embassy in Israel)

In none of the discussions, broad as they are has the word "woman" been mentioned. This is a very critical area particularly in the developing countries. Since development is mostly, and has up to this time been mostly the business of men, it is important to impress on the men that the effect of womens' action in these countries is going to be a very critical matter in the final success of any development program. The American specific technical assistance programs in the past have been directed towards the improvement of the skills and the status and the knowledge mainly of the male population. There is a hope that with all the development that is going on, the men will not forget that in these developing countries a high proportion of women have had very little education, and therefore will not be particularly well qualified to contribute even to the social development in their own countries. If one pushes only one part of the population, namely the male sex, ahead, give them new aspirations and new goals, and leave the women behind in practically the same place that they have been traditionally - and in these countries it has been pretty far behind - one is going to stimulate eventually internal unrest among the women, because once they get the idea of improvement, women are pretty vigorous in trying to find it for themselves.

H. E. Inga Thorsson (Sweden)

At the 25th General Assembly of the United Nations (1970), the International Community was provided with an opportunity for reassessing and reformulating the goals and strategies of development assistance. It offered a prospective on past efforts to narrow the gap between rich and poor countries in the world.

It seems that there is a general understanding of mistakes made earlier, contributing to the rather obvious lack of success in development efforts to date. One of these mistakes seems to be, to quote the United Nations World Economic Survey of 1968, that "development has not been distinguished from economic growth". It is the author's view that this has been due to the fact that in development planning, debate and action have been dominated by Western-trained economists who, in applying their school of thought to development problems in the poorer countries and using economic models developed in the Western World, have also transferred to the developing countries Western standards, systems and priorities. There is no such thing as "objectivity" in social sciences, as Gunnar Myrdal has repeatedly pointed out.

This Western approach was doomed partly because these ideas, this way of life, is not applicable to developing countries. Furthermore, the Western model has since revealed certain deficiencies and the weaknesses in its own value system and priorities. This is one of the reasons behind the deep and widespread disillusionment with economic development planning in many countries today.

The over emphasis which has so far been given to economic growth has brought with it a confusion of ends and means in development. Growth in economic production is indeed one important means for achieving development goals. However, when rates of growth rate of economic production, as expressed by increase per capita gross national product, is converted into a development goal, we are ingnoring important real issues. Even as an indicator of development, the rate growth of GNP or per capita GNP is both misleading and inadequate. It counts all kinds of production in quantified, non-evaluative terms, disregarding the quality of what is produced, the positive or negative social value of the products, or the positive or negative consequences of the production process. To the extent that negative social effects, for example, pollution, will have to be rectified by special measures, this will only "add" further to GNP growth, what is not counted is valuable and productive by non-salaried activity; nor does GNP take into account the distribution of the aggregate national income of a given country between groups or regions within that country.

H.E. Inga Thorsson (Sweden)

While GNP indicators might be useful in market economies of the Western type, the consequences of applying it to the development process in the non-Western world have proved unsatisfactory. Here the goals of development subsume the social welfare and dignity of man. Surely the development process of poor countries should be guided not by value systems imposed upon them by Western powers, but by those freely selected by themselves.

This has been increasingly recognized in the international debate on development. Thus, the United Nations World Economic Survey, quoted above, maintained that "Development as now conceived is an objective with broad social significance". Again, the United Nations Committee for Development Planning, the so-called Tinbergen Committee argued in its January, 1970, report that:

> *"While it is evident that high rates of growth of output and income have to be realized in developing countries in order to eliminate mass poverty to generate fuller opportunities all around and to finance some of the social measures, the process of development has itself to be viewed in terms of fundamental structural changes, and as much with reference to concepts and methods appropriate to planned social transformation as those customary to economic analysis and policy making".*

The year 1969 witnessed an important breakthrough for the view of development as a complex process permeating the whole society. This involved recognition of the interdependence and interaction of all elements in the development process. Goal attainment in one sector of society requires contribution from other sectors; and the achievement of goals, or the failure to do so, in one societal sector, seriously affects all other sectors of society. According to the Stockholm Expert Group on Social Policy and Planning in National Development, the idea must be recognized - of society as a single social system. As the chairman of this group, Gunnar Myrdal, has stated in another context, "Development is the movement of the whole system upwards".

This recognition leads in turn to what the Stockholm Group called "the unified approach" to development. Within such an approach, *economic* growth does not count *ipso facto* as *the* force behind development, but one of many. Whereas economic growth might be a *sine que non* of development, the critical question would be Growth for what?, and whom? and with what consequences? Within the program of the United Nations Research Institute for Social Development in Geneva, several country studies seem to confirm the importance of such a comprehensive "unified approach" which has permitted treatment of some hitherto comparatively neglected problems such as dualist social structures, inequalities, unemployment and the under-development of human resources. These studies indicate, for instance, that countries with a favorable social profile seem to achieve more rapid economic growth than countries at the same capita GNP level but with less favorable social profile. Indeed, this seems to be especially true for the least developed among the developing countries. These studies show that even considerable economic growth, if limited to certain narrowly defined sectors such as mining

or petroleum, does not automatically and necessarily lead to social progress. Finally, they seem to indicate that the effects of social factors on the economic growth are increased by simultaneously carrying out far reaching structural reforms.

The findings have prompted the designation or conditions for interaction between the different social sectors as well as between them and the economic sectors. The first of these social conditions relate to prerequisites to economic growth, which would have to be promoted. Other social conditions serving as obstacles or bottlenecks to economic growth would have to be checked and controlled, even eliminated. If, as a result of economic growth, undesireable social side effects occur, these would have to be, if possible, prevented, or otherwise remedied. Measures of this kind have to be considered as essential to development as capital accumulation or investment.

The Stockholm Group, previously referred to, laid down some operational guidelines for a development strategy based on this "unified approach". They recommended four components to be included in any model of development for the second U.N. Development Decade. These components would design a path of development that first, leaves no important section of the population outside its scope, ensuring in particular that none of the so-called traditional or subsistence sectors or regions remain outside the development process of the population, and their participation in the development process; secondly, that accepts a commitment to a social equity; thirdly, that accords high priority to the development of human potentials, especially those of children and young people.

There is an urgent need to supplement economic tools with complementary techniques of social analysis and planning, to permit the translation of this stated desire for a "unified approach" to development into a practical action. The building up of such a planning methodology will hopefully permit comparisons of social outputs, and the setting of objectives in various social sectors in a meaningful relationship to each other and to economic objectives. We might then ultimately achieve an optimum ordering of such objectives, important for maximal allocation of scarce resources and a balanced interplay between market and non-market factors conducive to self-sustained development. Most important of all, it would permit the promotion of what the Stockholm Group term engineered social change, motivating and activating wide groups of population to full and dynamic participation in development efforts, and thereby creating that push from below which constitutes the driving force behind planned formulation and planned implementation. This would imply a far-reaching social reform towards a greater amount of equity and social justice.

Session III Operation of Development Assistance

PLANNING AND IMPLEMENTATION OF DEVELOPMENT ASSISTANCE

Alfred C. Wolf

It would be superfluous for me to attempt to add to the eloquent eulogies paid through the years to the foresight of former President Truman in his enunciation of Point IV in his inaugural address of January 20, 1949, the impact of which is still being felt around the world. Nor should I, at this time, attempt to address myself to the general propositions which have been so ably stated by preceding speakers. Nor should I attempt to recount in any way the historical evolution of development assistance - a subject which has been treated agian in depth by previous speakers, and which Dr. Kaplan has summarized in such lucid fashion in his background paper.

Dr. Kaplan and others highlight on a world-wide basis some of the major development issues and problems. I believe that it would be well for me to contribute some thoughts relating to Latin America, the region of the world I know best. This emphasis is especially fitting since Latin America is unique in the joint effort that more than twenty countries together have made in planning for economic and social growth. There are many lessons for other regions of the world to be derived from a case history of the Latin American experience. In reviewing this experience, I want to make clear that I am not losing sight of my assignment: "Planning and Implementation of Development Assistance." I am proceeding in the belief that development assistance (in which I include loans made on concessionary terms, grants, and technical assistance) is meaningless unless planned and executed within the terms of development strategy and goals.

Landmarks in the Latin American Experience

In order adequately to distil from the Latin American case the benefits which might serve other regions, it is necessary for me to review some of the historical landmarks in the past fifteen or twenty years of that experience. These landmarks have contributed in a very broad sense to the formulation of a development strategy for the region and have resulted in the construction of a mechanism for the widespread promotion of the planning process and development plans.

In this review of the recent past certain developmental factors have emerged which lead to the conclusion that Latin America today possesses a philosophic and administrative framework which renders it – or could render it – unique in its capacity to thrust itself forward on the development path. This view is, of

course, an oversimplification and for purposes of exposition understates the persistence of some major impediments to development.

These are the factors:

The convergence of economic and social development goals in a broad development strategy

The evolution of regional economic integration as a developmental force

The gradual evolution of regional and national planning instruments.

The strategy of development, which in a broad fashion guides the collective effort of the countries of Latin America to move forward toward a decent life for their people, is based on the principle that economic and social investment go hand in hand, and that only through a balanced effort can this objective be achieved. Additional considerations of fundamental importance are that investment alone will not accomplish this purpose; that institutional changes are essential to assure that the benefits of progress are adequately distributed; and that realistic hope for more rapid economic and social mobility must be offered to those whose status has been unchanged for generations. Fundamental to this strategy has been the concept that the countries of Latin America themselves should make the plans and provide the bulk of the skills and the resources needed for development.

Although these concepts have emerged gradually, and over a long period, they have only within the past decade been incorporated into hemispheric policy. This new era in Latin America was initiated in 1958, when the repeatedly stated concern for economic and social progress began to be translated into proposals for balanced programs of economic and *social* investment, with concomitant proposals for the elimination or modification of institutional obstacles. In that year, the then President of Brazil, Dr. Juscelino Kubitschek, urged that Latin America mount an energetic campaign against the region's underdevelopment – "Operation Pan America". In response to this appeal, in September, 1958, the Organization of American States established a special group (the Committee of 21) to investigate ways and means of implementing Operation Pan America.

As further evidence of the collective concern of the American nations to translate principles into action, the agreement establishing the Inter-American Development Bank was negotiated in 1959, a long hoped-for practical instrument of the inter-American community for mobilizing resources for mutual improvement. This was followed by the Declaration of Newport of July, 1960, in which President Eisenhower stated that the United States was prepared to participate in a joint search for effective methods through which the Latin American states could continue to accelerate not only economic growth, but also their social progress.

In September of that year two important events occurred: The Congress of the United States authorized US $500 million to implement the Declaration of Newport, and the Committee of 21 met in Bogota, Colombia, to continue its review of methods to promote greater inter-American cooperation for development. From this meeting came the Act of Bogota – reaffirming the principle that economic development and social progress were indissolubly related. The Committee also proposed the adoption of an Inter-American Program for Social Development, based on the principle of self-help, the formulation of specific social objectives, and the adoption of essential institutional reforms. This major recommendation was made viable by the Committee's acceptance of the proposal of the United States that the resources authorized by the United States Congress should be used to finance a Special Inter-American Fund for Social Development to supplement the efforts of the Latin American countries, and to be administered primarily by the Inter-American Development Bank. It is significant to note that the Act of Bogota recommended the initiation of development plans, and suggested that the Inter-American Economic and Social Council organize the machinery whereby the development efforts of the countries of the region could be reviewed annually.

These significant efforts received major impetus in the following year, 1961. In March, the then President of the United States, John F. Kennedy, gave further structure and content to the Act of Bogota by proposing an Alliance for Progress, a joint venture of the American nations designed to cope with the fundamental needs of the Latin American people in a ten-year period. In May, the Congress of the United States appropriated for the Special Inter-American Fund for Social Development the US $500 million authoraized in 1960. Of this amount, US $394 million were allocated by President Kennedy to a Social Progress Trust Fund, to be administered by the Inter-American Development Bank. The balance was given to the U.S. bilateral aid agency and to the Organization of American States. The Fund was to be used for loans and technical assistance in support of agrarian reform, housing for low-income families, potable water and sanitation, and higher education. The overriding consideration in the use of these funds was to be the self-help efforts of the countries themselves. It is important to note that this was the first effort of external lending agencies to provide financial support in large amounts for social projects.

At a meeting of the Inter-American Economic and Social Council (IA-ECOSOC) of the Organization of American States in Punta del Este, Uruguay, in August 1961, the American States agreed to establish the Alliance for Progress. The Charter of Punta del Este, adopted at this meeting, constitutes the first collective effort of the peoples of the Americas to launch a program for which the terms of reference and specific economic and social goals are prescribed, and which provides for the planning and evaluation of development programs, and for technical services for these purposes to countries of the region. The Charter also emphasizes the need for accelerated regional economic integration in order to pro-

vide the broader markets so necessary for rapid economic development. Both the Act of Bogota and the Charter of Punta del Este are explicit in their description of the measures required of the participating countries to attain these goals — measures of performance which include not only improved fiscal and monetary policies, but also the amelioration of social and other institutional impediments to a more equitable distribution of benefits of growth.

The subsequent concurrence in the Charter of Punta de Este by the Council of the Organization of American States in November 1961, confirmed the role of the IA-ECOSOC as the forum for the multilateral examination of progress made by the Alliance participants in meeting the goals set forth in the Charter.

The period preceding the Act of Bogota and the Charter of Punta del Este witnessed also the initiation of other steps which contributed to the present day "developmental" framework of the region. For example, in the 1950's the pioneering work of the Economic Commission for Latin America of the United Nations set the stage for later steps toward regional economic integration, such as the formation of the Latin American Free Trade Association and the Latin American Common Market. It was also during this period that ECLA began to lend technical assistance for planning to central governments within the region.

Shortly after its creation in 1959, the Inter-American Development Bank joined with ECLA and the Organization of American States in a combined technical assistance effort to provide support for countries which wished assistance in organizing their planning process and in initiating development plans. In 1962 another landmark institution, the Latin American Institute for Economic and Social Planning was initiated through the joint support of the Special Fund of the United Nations and the Inter-American Development Bank. The creation of the Institute represented a major move toward improving the quality and quantity of professional personnel required for national planning efforts.

By resolution of the Inter-American Social and Economic Council, the Inter-American Committee for the Alliance for Progress — CIAP as it is familiarly known throughout the region — was established in 1963. CIAP represents an effort to enlist greater participation by the Latin American countries in the cooperative effort to improve economic and social conditions in the region. CIAP was designed to provide a forum within which the countries of the region and external agencies could review the development prospects and problems of the countries and the region. It was hoped that in this way both the countries and the external development agencies would benefit from an exchange of views and would be mutually influenced in the development of plans and policies.

The creation of CIAP as the key inter-American instrument for the review of development plans and the assessment of needs and available resources places an opportunity and responsibility upon all lending agencies to relate more specifically their lending and technical assistance activities to the plans and programs of each other and to the needs of the countries themselves.

The period since 1963 can be described as a period of reaffirmation of the regional socio-economic development strategy, and for the consolidation of the planning and implementation structure. In 1967, for example, the Presidents of the American nations met at Punta del Este, and confirmed again the dedication of their governments to the principles of the Alliance and to the objective of improved economic status and social development for the region. Their declaration stressed specifically and urgently the need to accelerate progress toward regional economic integration, and established a timetable for the creation of a Latin American common market to be attained through the progressive convergence of the Latin American Free Trade Association and the Central American Common Market. In addition, the Presidents placed a high priority on the creation of the physical infrastructure for economic integration through multinational projects involving transportaion, power and communications. A further objective established for the regional community was to make a combined effort to improve foreign trade earnings by expanding exports and by working toward the non-discriminatory access of Latin American products to world markets.

Progress in the Last Decade

Where do we stand at this critical point in time -- the end of the first decade of major development effort?

The broad elements of the development strategy embodied in the Charter of Punta del Este still stand as a guide for the future. Admittedly, the goals of the Charter are diffuse and unrealistically optimistic. Short-falls have been many. Self-help efforts on the part of countries have fallen short of commitments. Social inequities persist. Administrative machinery and institutional capacity are still deficient. On the other hand, there is ample evidence of progress. Although the annual multibillion dollar goal of development assistance from abroad has not been attained, it is a fact that the Washington based multilateral and bilateral agencies have invested more than US $2 billion in development assistance in Latin American from the beginning of 1961 to the end of 1969. Of this amount, the Inter-American Development Bank has lent US $3.5 billion, making it the largest single source of development resources. (This amount includes US $471 million provided by non member countries of the Bank, reflecting the increasing interest of DAC countries in the region). In addition, the United Nations and the Washington based agencies, including the USAID have provided the region with approximately US $1.5 billion in technical assistance during the decade.

Against the Punta del Este target of a 2.5 percent annual increase in per capita income for the countries of the region, the actual attainment was somewhat less than 2 percent per annum, a reflection in part of the high rate of population increase. On the other hand, some countries did exceed this goal throughout the decade. For the ten year period, the overall rate of growth of domestic product was 5 percent per year; in 1968 and 1969 the rate grew by 6 percent. Most of this economic growth was accomplished through domestic effort. The

contribution of domestic savings to the formation of overall investment in Latin America, 93 percent for this decade, was high in comparison with other developing regions of the world. The 7 percent which came from abroad, however, was indispensable to the growth effort. In the social sectors, education and health included, encouraging gains were made, often exceeding the Alliance goals and outstripping population growth.

The developmental effects of steps toward regional economic integration were significant in the 1960's, despite setbacks and some distrust and doubts which still affect important elements of the regional community. Acutally, the decade of the 1960's can be referred to as a decade of Latin American integration. Key problems have been attacked; important governmental decisions have been taken; integration institutions have been strengthened. We arrive in 1970 with three major integration regions: The Central American Common Market with five countries; the Latin American Free Trade Association with eleven member countries, and the Caribbean Free Trade Association in which the three newest members of the inter-American system participate. Recently, a new sub-regional organization, the Andean group, was formed within LAFTA to accelerate the pace of integration within that region. The various sectors of the Latin American community are increasingly aware of the economic benefits of integration. They recognize more and more the political significance of the integration process – that a regionally cohesive and economically vigorous region will carry more weight in the international scene.

Throughout the decade, the Inter-American Development Bank has been in the forefront, both as the promoter and investor in the integration process. It supported intensively the integration instruments, such as LAFTA and the Central American integration organization, including the Central American Bank for Economic Integration. It pioneered investment in projects which fostered economic relationships between adjacent countries and helped finance important components of the physical infrastructure of the region. Of signal importance was the leadership of the Bank in promoting, cooperatively with the United Nations Development Programme, the OAS, and the countries directly involved, basic studies of the five countries of the River Plate Basin.

The Current Status of Regional and National Planning Mechanisms

And, what about the current status of the regional and national planning instruments which I noted in the beginning of my remarks as one of the development factors which have evolved in the region? The planning machinery – both on the regional and national levels – is on a substantially more sophisticated level with the passage of years. Every country in the region now possesses a planning organization, and produces a development plan. The Inter-American Committe for the Alliance for Progress (CIAP) has systematized its country review process with the result that practically all countries of the region now participate in an annual review of their development programs. (The United States has recently agreed to an annual review of its own development effort.) The CIAP has in-

creasingly taken the lead in the reconciliation of national plans with regional objectives. The OAS Secretariat, which provides the permanent staff of CIAP, has been significantly strengthened since the creation of CIAP.

At the same time, through the technical assistance resources and financial support of the United Nations Development Program, the Organization of American States, AID, the Inter-American Development Bank and the World Bank, planning and program development have been assisted in practically all countries of the region. The Latin American Institute for Economic and Social Planning (ILPES) has played a key role throughout this period in training hundreds of planning officials in the broad principles of national and regional planning, as well as planning in important economic and social sectors.

It is within this planning framework that the content and direction of development assistance is increasingly influenced. This influence cannot be measured, but it is safe to say that the margin of efficiency in the use of external resources is significantly improved by the process. The continuous dialogue between donors and recipients is unique in the world, and it should be taken as a matter of course that the result is beneficial and purposeful.

And what of the implementation of development assistance? There is no doubt of the need for improvement of the agencies concerned, national and regional, in the execution of development programs. Persistent efforts have been made through the years by the countries and the technical assistance agencies to improve the capacity of the national development agencies to absorb and execute programs. And this effort is bearing fruit. We in the Inter-American Development Bank, can see it in the acceleration of disbursements, and in the growing excess of good projects beyond our capacity to finance. A major reason for this situation is the increased attention given over the past few years to the need for translating plans into action. The innovative device used for this purpose is the preinvestment loans or grants provided by the UNDP, AID and the IDB, made primarily to planning organizations in order to convert plan objectives into action projects.

This review of the recent past encourages us to believe that the strategy of development has a sound basis, that highly useful planning and implementation instruments have been fashioned, and that progress has been made.

Problems to be Faced in the 1970's

But as we face the "seventies", what of the range of problems before us? Here are a few.

Latin America's population growth rate is close to 3 percent per year, and at this rate the region will have about 370 million people by 1980. Almost half of the current population (240 million) is under 15 years of age. The region is urbanizing at a rapid rate – two to three times as fast as the rate of population

growth. By 1990 there should be about six times as many people in the cities than there were in 1950, while the rural population will double in the same period. Agricultural production – specifically food output – has barely kept pace with population growth. Acute differences in income levels persist among various groups within the region; the poorest 40 percent still receives only one tenth of the income of the wealthiest 20 percent of the population. In many countries economic progress still has no meaning for large sectors of the population who do not participate in the mainstream of national life.

This then is the picture as we face the 1970's, a decade which will demand accelerated progress, better income distribution, further social changes, and greater access for the large masses of people to the economic, political and cultural life of the region.

In the 70's Latin America must demonstrate an even more rapid rate of economic growth than in the past decade. Domestic investment, which can be expected to represent the lion's share of the total investment effort, should expand, as should external assistance.

There are several estimates of the desired rate of growth for the next decade, ranging from six to eight percent per annum, the latter rate to be reached by the end of the decade. Regardless of the growth target for the coming years, it must be recalled that the ratio of savings to GDP has not improved in the region over the past decade; consequently, for economic growth to occur at a more favorable rate than in the past, improved performance will be required in this regard, as well as in certain other aspects of economic activity.

The challenges and claims for the use of internal and external resources for development will sorely test the planning, decision making and implementation instruments of the region. Improved agricultural output, modernization of industry, extended physical infrastructure, export promotion, educational, health, and employment needs of a rapidly growing population – the pressing economic and social needs stemming from the growth of cities – the enhanced application of science and technology to facilitate change – all of these goals, needs, aspirations, must be reconciled and allotted resources. But on the basis of whose determination of priorities?

The countries themselves must decide. The planning machinery that has evolved over the years places the countries at the center. It is because of their needs and drive for development that external development assistance exists. In the final analysis the difficult process of what we call program and project implementation rests on national will, resources and organization. And it is the role of the external agencies to help reinforce these national efforts. In making their decisions the countries should be aware of the regional development strategy to

which all countries have subscribed. Similarly, the external agencies, in extending assistance to the developing countries, should be guided in their investment decisions by the priorities proposed by the countries, again within the context of the regional strategy.

CIAP is the principal coordinating instrument in the region which enables the countries and the agencies to come together and join in a dialogue on policies, goals, programs, projects – and performance – and provides the medium within which the agencies themselves can exchange views and reconcile differences. Increasingly CIAP and the other regional agencies of the Inter-American system and the United Nations are improving their capacity to assist the countries.

I would like in conclusion to touch on one important aspect of external development assistance planning and implementation. This aspect is called multilateralism – the process whereby recipients and donors participate together in decisions concerning resource allocation and use. This trend is marked by greater emphasis on providing funds and technical assistance through multilateral institutions. This is a healthy trend, but it is not exclusive. For some industrialized countries, multilateral institutions may be a decided convenience, without excluding bilateral assistance; for smaller developed countries it may be more feasible and more efficient to channel resources to developing countries through multilateral organizations.

But the choice remains for the donor to make – and it is fortunate that today he has a wider choice of instruments through which to make his contribution to the developing world.

THE FUTURE OF FOREIGN AID

Ambassador Roberto de Oliveira Campos

In his comments Ambassador Martin deals with such problems as the rivalry among donor countries, the rivalry among recipient countries and two related issues: the donor-relationship and the bilateral versys multilateral choice. I shall attempt to discuss briefly some of the controversies among and within donor countries that came to the foreground during the formulation of the Pearson Report, while trying to assess the impact of those controversies on the quantity and the quality of aid. I shall subsequently discuss the tension within the recipient countries affecting the effectiveness of aid in the process of development.

First, however, a general comment on the future prospects of aid. The Pearson Report speaks of a "crisis in aid" and attributes it to a breakdown of the political will of donor countries. The picture is not indeed an encouraging one. And perhaps the best way of tackling the problem is to commence with an analysis of the paradoxes of aid. The *first paradox* is that the target of 1 percent of GNP for the total flow of resources from developed to developing countries was closely approached in the five years that preceded its formal adoption by UNCTAD and by DAG, in 1964, and failed consistently to be obtained afterwards. Thus, while by 1961 it had in fact reached 1 percent, by 1967-68 it hovered around 0.74 percent and 0.77 percent of GNP, respectively. The *second paradox* is that this flagging of the aid effort comes at a moment when, for the first time, some measurable results, evidenced by a substantial growth achievement in several under-developed countries, become clearly visible. And this, to a significant extent, can be ascribed to international aid cooperation. In fact, the actual growth performance of developing countries during the recent decade dispelled some earlier fears and apprehensions. Growth has been proven feasible for different races, with different political systems, in different geographical environments and starting from diverse degrees of initial development. The average rate of increase of total GNP of the less developed countries in the 60's reached 5 percent per annum, even though the per capita growth, in view of the demographic explosion, was held down to a quite inadequate 2.5 percent per annum. Not less that 41 different countries have had a 2 percent yearly gowth in income per head for 10 years or more since 1955, and among these are included 14 countries in Africa, 13 in the Americas, 12 in Asia and 5 in Southern Europe.

The *third paradox* is that the crisis in aid comes at a time when the real aid burden for the developed nations was lightened in relative terms both by the fast growth in income per head and by the requited (but in some cases substantial) improvement which most of them experienced during the last decade in their

overall terms of trade, *vis-a-vis* the developing countries. Nor can any encouragement be derived from the fact that there has been a heightening of agricultural protectionism in certain industrialized countries, notably in the European Common Market, both through internal subsidization of high-cost agricultural production, and by the imposition of tariff quotas on imports from developing countries. To make matters worse, despite the agreement in principle in the UNCTAD meetings in Geneva and New Delhi, no concrete implementation measures have yet been taken to liberalize the access of manufactured products and semi-manifactures from the developing countries into industrialized markets.

The reasons for this setback in the march towards greater international cooperation are well-known and bear only cursory mention. Those reasons are psychological, political and economic. There was widespread disappointment with the apparent failure of aid and technical assistance programs to promote *instant* development. Faire analogies were drawn with the Marshall Plan. Some people forgot only too quickly that a large part of the aid has been channelled for purposes irrelevant to, or only distantly connected with, development goals, such as securing short-term political advantages or financing military expenditures. On the political side, some of the countries, notably the United States, had to face the dramatic appearance of rival internal constituencies claiming for funds for assuaging social and racial conflicts or alleviating poverty. In the face of this, the failure of aid programs to win political friends is not hard to understand. On the economic side, balance of payments problems in the United States and Great Britain led perhaps to an over-reaction. They provoked not only a shrinkage in the volume of aid, but also a deterioration in the quality of aid, because of the adoption of tied procurement schemes. This had a mimetic effect, so that even those donor countries which were not experiencing balance of payments problems sought to convert development aid into export-promotion programs. Faced with this dismal picture, the Pearson Commission, in an effort to restore the flagging political will of the donor countries, sought to blend an appeal to idealism with enlightened self-interest and economic pragmatism. It undertook to restate and place in a sharper focus the aid targets, while advocating at the same time a major change in the procedures for dispensation of aid.

I am aware of some criticisms leveled against the so-called "pious and naive" restatement of the target of 1% of GNP of industrial nations to be allocated to aid for developing countries, a target long promised and never fulfilled. Professor Singer also criticized the modesty of,and expressed doubts on, the relevance of a 6% rate of growth. He suggests that an employment target for the developing countries would be more concrete and pertinent than a growth target. In fact, the achievement of a full employment target, given the high rate of population growth in most of those countries, would require growth rates of an order of magnitude of 11 - 12%.

What can be said in defense of the Pearson Commission is that to innovate by presenting bolder targets would be dreaming of the optimum while unable even to achieve the good. The establishment of high employment targets would

indeed be an exercise in filling a bottomless pit, unless such targets were firmly linked to population and family planning programs, which unfortunately the developing countries are not yet socially and politically ready to accept.

Thus the 6% growth target of the Pearson Commission must be interpreted as a *minimum* objective, modestly designed to reconcile developmental wishes with stark political realities. Once this minimum target is attained, through more intensive mobilization of local savings and perhaps, in the future, if a more relaxed atmosphere prevails among the donor countries, afflicted by internal problems, through greatly increased foreign aid, bolder targets could and should be aimed at. As of now, we can regard ourselves as quite lucky if we manage simply to detain the declining trend of aid to developing countries, as percentage of GNP.

But the Pearson Report does not confine itself to *conventional* forms of aid. It emphasizes the need for parallel and complementary measures in the field of international trade and also tries to explore some unconventional forms of aid, less exposed to continuous political debate and conflicting claims of rival constituencies, in the donor countries. Among those complementary measures are the Interest Reflow Scheme (also known as the Horowitz Plan), debt-rescheduling and the eventual use of IMF special drawing rights for development purposes.

Enough, Gentlemen, for the general contours of the problem. It might be worth while now to look into some concrete issues that arise when broad recommendations on the volume of aid are to be converted into practical measures. While there was no difficulty among the members of the Pearson Commission in endorsing the 1% GNP target for the yearly flow of resources from developed to developing countries, or even in setting the year 1975 as the latest deadline for its implementation, there was considerable controversy on the methods and mechanisms for provision of aid. There was firstly the issue as between bilateral and multilateral channels of aid. Some of the members came out strongly in favor of multilateral mechanisms for aid dispensation. The arguments for that position are clear and well-known. The multilateral dispensation of aid assuages the political sensitiveness of aid recipients by eliminating political confrontation and bargaining with the donor. Multilateral mechanisms evince less resistance of the recipient both with regard to the formulation of performance criteria and the actual follow-up of performance. The geographical distribution of aid also tends to be less distorted by "sphere-of-influence" concepts and traditional political relationships. Other members, however, thought that the emphasis on the advantages of multilateralization would be politically counter-productive by strengthening the resistance of legislative bodies to aid appropriations in the donor countries. Doubts were also voiced on the effectiveness of some international organizations as aid manipulators. Criticism was voiced at their lack of innovative spirit, lack of flexibility and lack of speed in meeting special conditions that arise from time to time in recipient countries. In practice, intermediate formulas are now being evolved that lie midstream between strict bilateral dispensation and completely multilateral aid. There is for instance the mechanism of CIAP (Inter-American Committee of the Alliance for Progress) in Latin America. Through the work of this organization, even

though most of the American aid continues to be distributed through bilateral agreements, the aid allocations are subject to the advice, recommendation and performance monitoring of CIAP. Regional bodies, such as CIAP, seem to be able to act in a more cohesive form than fully international organizations, and are certainly more keenly attuned to local conditions and circumstances. In the end, a compromise solution between the advocates of multilateral as against bilateral aid was reached within the Pearson Commission, through the recommendation that the present percentage of official assistance channeled to international organizations, which is 10%, be doubled to 20% by 1975.

Another point of debate was the degree of boldness and generosity to be applied in debt-rescheduling or outright debt cancellation as forms of aid. Some of the members of the Commission took a generous view and commended the debt-relief method on several grounds. Firstly, debt cancellation or very generous debt rescheduling seem to be a form of aid which arouses less political debate and opposition in donor countries than fresh aid appropriations. Secondly, it is an indirect method for untying aid, by freeing export proceeds of developing countries for financing their imports from whatever sources. Thirdly, part of the unbearable debt burden of some developing countries arose from the shortage of long term funds from official international institutions, couples with salesmanship pressure from suppliers of industrialized countries themselves, willing to provide ready financing but on undesirable terms.

Those generous views, however, were tempered by the apprehension voiced by some members, on two grounds. Firstly, it was felt that an altogether too charitable debt cancellation or rescheduling scheme might, in a sense, be regarded as a reward for past financial imprudence and profligate borrowing by some governments, who would then fare better than more austere administrators. It would be, in other words, a reward for financial sin. Secondly, the periodical renegotiation of debts would afford an opportunity for reviewing the performance of the borrowing countries and for the joint study of measures to assuring financial viability.

The compromise position reached was expressed in the recommendation that donor countries define debt relief as a legitimate form of aid, and that they withdraw objections to the use of new loans to refinance existing debts. This would contribute to reduce the need for full-scale, and often humiliating and abrasive, debt rescheduling negotiations, involving direct periodical confrontations between donors and borrowers.

Despite their hopes that their exercise in aid targeting might prove more persuasive to aid-giving governments than previous exercises which remained pious hopes, the Pearson Commission did consider and debate other indirect financing schemes. One of them, the so-called "interest reflow scheme", based essentially on the Horowitz proposal, was explicitly recommended, despite the objections of some members, who thought it an ingenious but easily detectable way of by-passing yearly discussions of aid appropriations in the legislative bodies of donor countries. The recommendation, such as emerged, is that donor countries turn over, at least half of the interest payments receivable from developing countries on past bilateral loans, to the World Bank, for the purpose of subsidizing lower interest

rates on some of the Bank's loans to developing countries. The very constructive suggestion put forth by Dr. Horowitz of reconciling the desirable objective of tapping the fast expanding private financial markets with the need of the developing countries for concessional interest rates was thus given appropriate recognition.

Another proposal, which seemed to increase the options open to developing countries and which was also held to be a rational utilization of resources of donor countries, was the amplification of guarantee schemes so as to enable governmental corporations from developing countries to float directly issues in the private financial markets of creditor countries. supported by guarantees issued by agencies of donor governments. This proposal fell in face of objections that it would discriminate against those developing nations that had laboriously worked to reconstruct their financial standing in the international markets, without resorting to guarantees from the agencies of creditor countries. Another objection was that the amplified guarantee scheme might also interfere with the efforts of governments of donor countries to moderate the recent trend of rising interest rates. On yet another method for raising financial support for developing countries, a method which is both flexible and untied, the Pearson Commission has been in my judgment undesirably timid. I refer to the utilization of the Special Drawing Rights scheme of the IMF for development purposes, rather than, as it is now, only for liquidity reasons. Although some objections were raised to a more explicit recommendation on this proposal, on the ground that it would aggravate inflationary pressures already evident in some of the surplus countries, the basic reason for the timid posture on the Pearson Report on this matter was largely of a tactical nature. As is known, the Pearson Commission limited itself to recommending that consideration be given to the desirability of turning over, at some unspecified date in the future, part of the yearly increase in the Special Drawing Rights to the International Development Association of the World Bank.

The Commission felt that the SDR scheme was new and untried and that time was needed to demonstrate that it could become operational without stimulating inflationary debauchery. It was feared that to enlarge prematurely the scope of the SDR might frighten away some of its sponsors. At a later stage the SDR scheme could and should be validly expanded to provide a flexible and substantial source of development financing, with the twin advantage of being usable for untied procurement and free from the cumbersome procedure of yearly aid appropriations.

One of the most important contributions of the Pearson Report is having stressed the direct linkage between aid expansion and trade liberalization. The main recommendations are (a) the imposition of a ban on *new* quantitative restrictions on products of the developing countries, (b) the abolition of existing quantitative restrictions as rapidly as possible during the 70's, and (c) the establishment before the end of 1970 of a non-reciprocal trade preference scheme in favour of manufactures and semi-manufacturers exported by developing countries. These proposals are both bold and controversial. They sharply underline a basic phychological contradiction in the posture of the industrialized nations. The latter claim to suffer an aid burden as tax-payers, and yet they refuse to lighten this burden by becoming more lascivious importers of commodities produced in developing countries.

But, Gentlemen, consideration of these trade matters would take us far afield. I shall now veer towards the third topic of my agenda, the tensions within the developing countries, a theme which is quite relevant to the question of the effectiveness of aid. This will enable us to establish some linkage with Professor Eisenstadt's interesting paper on the role of foreign aid and of technical assistance, in institution building. I think he rightly excoriated the implicit assumptions of linearity embodied in present aid development schemes: the assumption, that is, that once the take-off is achieved, one can expect a continuous extension of modernization through a sustained and sustainable growth effort. There are many examples of relapse into economic stagnation and only too often the aircraft of economic development seems, after the take-off, to convert itself into a hovering helicopter. There are so many instances of political and social retrogression that, in addition to a theory of developmental take-off, for which by the way the empirical evidence is still inadequate, we need a theory of the "breakdown". The first chapter of this imaginary theory of the breakdown should indeed consist of an analysis of societal tensions within the developing countries.

I shall discuss briefly a few of those tensions and dilemmas, such as the population explosion, the nationalist tension, the dilemma between inflation and development, the conflict between the welfare and the accumulative society and the problem of political discipline during societal change.

Explosive population growth is a major (and only recently emphasized) source of tension. It is true that the agricultural revolution has disposed of the Malthusian devil in technical terms, though not in economic terms. For famine is now a question of poverty rather than of physical scarcity of food. But other devils appeared on the stage. Unemployment, pollution and emulative impanience, for instance. At the fast rate of population growth of most developing countries – 2.5% per year (and as much as 3.3% per year in Latin America),– and with a rate of urbanization in excess of 5%, vast resources have to be used for what Professor Sauvy calls "demographic investment" in the infrastructure of roads, schools, housing and sanitation for the population. This subtracts resources that could be used for directly productive investments in industry and agriculture, or for improving the stock of capital per head and the quality of life of the existing population. The staggering dimensions of the problem might be indicated by the example of my own country. At the present rate of population growth in Brazil, we add to our population the equivalent of one Israel or one Uruguay per annum, with all of the demands for investment, in the urban infrastructure and services that this represents. The demographic explosion does not reduce aspirations of the population. It reduces the means of satisfying them.

The second source of tension arises from *emotional nationalism*. Nationalism can exercise many positive functions. It can be a factor in nation-building and a mobilizer of energies for the acceptance of sacrifices. But it tends also to generate negative effects. It may make more difficult and slow the absorption of capital in technology. It may retard the exploration of mineral resources. Often its "rejection-effect" is greater than its "mobilization effect". And this is particularly true, unfor-

tunately, in open democratic societies, where compulsive ideological mobilization is impractical. Nationalism often degenerates into irrational patterns of behavior, such as militarism as a form of self-assertion, and statism as a defense against foreign capital, all of which lead to an unnecessary and undesirable shrinkage of the national private sector.

Another source of tension is the well-known dilemma between inflation and development. In the long run, we all accept the view that stability is not only compatible with, but indeed conducive to, stable development. In the short run, however, the attempt to accelerate development generates inflationary pressures, and in turn the effort to subdue those inflationary pressures may lead (and usually leads) to temporary recession and unemployment. Even the industrialized societies are now facing this problem rather acutely, but it is certainly much more acute in developing countries. Firstly, because in those countries the margin of compressable income is low. Secondly, because the need for continuous employment creation, due to high population growth, is more urgent and much less postponable than in mature societies. And thirdly, because social and political institutions of developing countries are less capable of handling pressures arising from this dilemma.

A further source of tension lies in the conflict between the welfare and the accumulative societies. The almost irresistible fascination of imitating foreign living standards strengthens claims for a premature welfare state to the detriment of capital accumulation. There is often a clumsy response to the problem of income distribution via the *"populismo"* of paternalistic leaders which, at least in Latin America, managed effectively to retard income-generation by ill-conceived and premature schemes for income redistribution.

A fifth source of tension is the lack of resilience of the political system for the task of articulating and vocalizing claims of emerging political groups, without a breakdown of political discipline. This breakdown has occurred in Latin America only too often, leading to military interventions purportedly to restore social discipline and attenuate political instability.. This tragic sequence of events seems to be monotonously repetitive. Social pressures arising from demographic explosion, particularly when linked to rapid urbanization, lead to populist distributive solutions that lower the possible and feasible rate of savings and development. Economic stagnation then ensues, usually accompanied by acute inflation. The political system, relying on popular elections and congressional representation, proves incapable of digesting the often harsh restrictive measure needed to curb inflation or to extract fiscal resources for resumption of development. The frequent outcome is a lapse into authoritarian revolutions of a military nature, aiming at restoring social discipline and preventing social chaos. Of course, even the best intentioned military regimes may suffer, in the long run, their own deformation. To replace the mechanism of popular communication of representative civil regimes, the military may seek popularity through a new wave of populist measures, or may report to state *interventionism* supposedly to correct the distortions of the market

economy, or again to nationalist *radicalism* directed against foreign investment.

In some countries, another important source of tension is the tug-of-war between aristocratic centralism and regional balance. While economically it might be advisable to concentrate investment resources in the most productive regions, hoping for a subsequent spill-over from those areas into less developed ones, such a rational priority scheme may raise the level of political tension in the backward areas to unbearable levels, or yet may also strengthen centrifugal forces to the impairment of national unity. Humanist dispersion of resources rather than aristocratic concentration of investment may become at times a political "must".

Last but not least, we must be conscious of the fact that aid-givers in donor countries and development planners in developing nations represent a very special and rare breed of people. They belong to what Robert Darland has called the "Weberian bureaucracy", achievement-oriented and efficiency-minded. But plans and programs have to be implemented by a "prismatic bureaucracy" – to use Fred Riggs' expression – which is status-conscious and ascription-minded. The result is that plans are often formulated in a political vacuum, representing at best a personal commitment from the President or the political leader, rather than a viable collective political program impregnated with a sense of popular participation.

This, Gentlemen, is a formidable list of obstacles indeed, which goes a long way to explaining why, as Professor Eisenstadt indicated, the assumption of uni-linear evolution after take-off is a bold one, and why so many societal breakdowns occur.

I do not purport to have any simple solution for this problem, for I am a pious believer in Professor Whitehead's advice: "Seek simplicity always, and mistrust it". My only purpose is to indicate the enormous complexity of factors to be taken into account in aid dispensation, aid administration and performance evaluation, be it donor-oriented or recipient-oriented, to use Ambassador Martin's terminology. My purpose is also to unveil some of the lurking dangers along the path of the open society in developing countries. And also to indicate that, although we have learned a lot in the last decade on international cooperation for development, much more research has to be done on one crucial issue: not how to avoid tensions, for they are unavoidable and some of them quite creative, but how to determine the level of societal tolerance to tensions, and how to minimize them through enlightened international cooperation.

Well, many people talk now of the "crisis of aid". I recall having heard some time ago that the notion of "crisis" is conveyed in Chinese by ideograms which are twin symbols: one of the symbols represents "opportunity" and the other "disaster". I hope that in the present crisis of aid we shall choose to pursue the symbol of opportunity and skip the symbol of disaster.

CONFERENCIA SOBRE ASISTENCIA TÉCNICA Y DESARROLLO

Dr. César Engaña

Sobre el papel del Experto, del Asistente Técnico, del Consultor, en la promoción, planeación y ejecución de programas de desarrollo, se ha escrito profusamente y abarcado los temas que al respecto puedan tratarse. Lo que yo diga hoy, puede no ser más que el resultado de la lectura de alguno de estos escritos y la necesaria integración de lo allí leído, con la corta vivencia personal que he tenido con diversos Expertos que han actuado en diversos programas en mi país de origen, Venezuela. Debo admitir y señalar, que siempre me causó gran impacto la lectura de un folleto editado por el Consejo de Asistencia Técnica de las Naciones Unidas en 1964, denominado "Briefing of International Consultants", por cuanto aparecen allí, criterios y conceptos sobre el difícil trabajo de un Experto, que siempre tendrán validéz y que siempre estarán al día, quizás con mayor fuerza hoy en día, por cuanto mucha de las verdades que allí se dicen no pueden ejercitarse, debido ya sea a la incomprensión del país atendido o al mecanisismo y la frialdad que han obligado a las organizaciones que prestan asistencia técnica, a adquirir, debido al violento crecimiento de sus programs, producido por la amplitud y masividad de las solicitudes que hoy en dia están realizando los paises en desarrollo y estas instituciones internacionales que tienen algo que dar y que desean dar ese algo.

La necesidad que se le presenta a un país, de utilizar profesionales de otros paises o de instituciones internacionales en calidad de Expertos, se manifiesta o se debe manifestar mediante convenios de asistencia técnica que señalen con perfecta claridad:

1. Los objectivos generales y específicos que motivan la solicitud.
2. Las diversas operaciones y actividades que son necesarias llevar a cabo, para alcanzar los objectivos planteados.
3. La redacción clara y precisa de las caracteristicas que debe poseer el Experto solicitado.
4. La especificación clara y precisa de las características de los profesionales nacionales que deben actuar junto con el Experto, en calidad de contrapard.
5. El tiempo que a juicio del pais solicitante y de la Administración que prestará el servicio, consideren necesario, para que la labor del Experto rinda el efecto que se quiere obtener.

El señalamiento y el respecto a estos puntos, son la base para iniciar un proceso de relaciones que pueden ser altamente fructíferas.

El país que recibe al Experto deberá crear las condiciones favorables, que permitan el desarrollo del convenio y que permitan al Experto poder ubicarse en el medio en el cual vá a trabajar, sin sentirse extraño, sin sentirse un extranjero a ese medio;

condición imprescindible para que éste reciba los incentivos necesarios para el ejercicio de su labor, para que tenga la posibilidad real de integrarse a la realidad nacional y para que pueda ser su trabajo objecto de evaluación justa y precisa.

Las posibilidades de desarrollar el Experto, todo su conocimiento y de influir decisivamente en el programa en el cual trabaja, viene dada por el grado de cumplimiento de una serie de condiciones y cualidades, de las cuales mencionaremos las que en nuestra opinión son las más importantes:

I. EN CUANTO AL PAIS ATENDIDO

El país atendido puede carecer de algunos o de todos los elementos siguientes:

a) Experiencia en un campo determiando influyente en su programa de desarrollo, o carencia de conocimiento de alguna technología moderna, por falta de personal especializado. Son éstas las razones que normalmente inducen a un país a solicitar la presencia de Expertos, para que presten asistencia a los programas de desarrollo, y el ámbito de los campos en los cuales se puede prestar asistencia, es tan amplio y está tan vinculado a las necesidades de cada caso, que sería inutil tratar de señalar las especialidades que pueden comprender este ámbito.

b) La carencia de equipo o de material moderno, específico para el desarrollo de algun proyecto o plan, y la carencia de personal especialmente adiestrado para el manejo de los mismos.

c) La carencia de medios de financiamiento que permita la ejecución de programas de desarrollo.

En muchos casos, el país que solicita asistencia, lo hace bajo la condición de una compensación, como contrapartida de las ventajas que algunos paises más desarrollados han obtenido de las relaciones comerciales vigentes entre las dos partes. Cuando esto sucede, es necesario comprender que la asistencia solicitada no se hace con carácter de ayuda o de asistencia propiamente dicha, sino que se plantea bajo una base deigualdad y de derecho adquirido por el país solicitante. En estos casos, puede existir la tendencia de producirse una limitación al estatus y a la libertad de acción que el Experto debe tener para la realización de su labor.

También queremos señalar una condición muy especial que se presenta y que deban enfocar algunos Expertos, producida cuando su presencia en el pais atendido se realiza como una consecuencia o una secuela de un acuerdo económico, comercial o cultural, en el cual la asistencia téchica pueda ser considerada como un elemento secundario y a veces incluso inutil dentro del acuerdo general a que han arribado las dos partes

II. EN CUANTO A LA ADMINISTRACION ASISTENTE

Muchas son las consideraciones que toma en cuenta la Administración que suministra a un Experto y entre ellas cabe destacar las siguientes:

a) En muchos casos, la Administración asistente vincula la prestación de los servicios a una necesidad latente de obtener beneficios económicos, comerciales o políticos y por lo tanto, considera la prestación de la asistencia técnica, como un hecho que debe ser rentable a la Administración asistente. En cuanto esto sucede, el trabajo del Experto puede ser orientado hacia la consecución de esta rentabilidad económica, comercial o política, lo cual puede dar lugar a diferencia de conceptos, en cuanto a la concepción que del trabajo del Experto puedan dar cada una de las partes, siendo de señalarse, que algunas veces puede producirse una gran confusión por la presencia de tres concepciones distintas, a saber: la del país que solicita la asistencia, la de la Administración que suministra la asistencia y la del Experto que ejecuta la asistencia.

b) La Administración que provee al Experto y el Experto en sí, pueden ser confundidos y llevados a participar en programas que no son los que realmente necesita el país atendido, cuando éste someta la expresión de la necesidad de asistencia a criterios fundados en la existencia de elementos de presión interna o de fuertes corrientes de opinión, que puedan no ser representativas de las necesidades de la mayoría de la población, sino la expresión de una clase predominante en esa nación.

c) En otros casos, las exigencias de la Administración que presta la asistencia, tienden hacia la solicitud de una libertad absoluta para la concepción y la acción del trabajo del Experto en determinada zona, o puede también tender a exigir el control directo sobre su funcionario, no permitiendo o impidiendo una acción de mando por el país atendido, el cual por considerarse soberano, puede no atender cabalmente estas condiciones exigidas.

d) Se presenta el caso también y es motivo de fricciones y de problemas que obstaculizan las relaciones que deben existir entre el Experto y el país at atendido, de la exigencia que se hace para que los Expertos gocen de privilegios y de condiciones económicas, muy superiores a las que tienen los nacionales que se constituyen en su contrapartida. Esta situación normalmente trae como consecuencia la presencia de un cúmulo de fricciones que impiden una verdadera integración del Experto a los problemas que debe estudiar.

Si bien es cierto que el estado atendido es soberano, también es cierto, que la administración que brinda la oportunidad de la prestación de un servicio de asistencia, debe en forma sutil, delicada y diplomática, solicitar al estado las condiciones minimas para que la labor del Experto pueda desenvolverse dentro de un marco, en el cual se pueda encontrar una cierta posibilidad de éxito, no de carácter personal o institucional, sino de éxito para el programa en el cual el Experto interviene. El estado atendido debrá ser a su vez extremadamente sincero, en cuanto a la utilidad que el Experto esté prestando con su servicio. Esta utilidad puede no darse debido a la inadaptabilidad del Experto al medio ambiente en el cual trabaje, pero también puede no darse, debido a la falta de interés, a la falta de capacidad profesional de la contrapartida, a la falta de interés real y sincera por parte del estado, el cual por lo tanto, no proveerá los medios para la ejecución exitosa de los programas que asesora el Experto, o puede darse debido a la existencia de motivaciones de carácter social y político, ubicados fuera

de alcance del Experto o de sus contrapartes. En todos estos casos, el estado atendido debe ser lo suficientemente sincero consigo mismo y con la Administración a la cual pertenece el Experto, como para no permitir que situaciones incómodas que sólo traen malos entendidos y discontinuidad de los programas de asistencia técnica, adquieran caracteres permanentes y dañen algunas veces en forma muy profunda, las relaciones que deben existir entre el estado asistido y la administración que asiste. En este sentido, no debe existir temor e incomprensión en ninguna de las dos partes, que puedan dañar una posición de sinceridad en el establecimiento de las relaciones entre las partes.

III. EN CUANTO AL EXPERTO

Los Expertos son seres humanos como los demás y deben ser considerados como tales, se ganan la vida como empleados en una gran Administración, ya sea nacional o internacional, lo cual plantea relaciones específicas, las cuales de acuerdo a la agilidad y dinamismo de dichas Administraciones, puede convitir su trabajo en un éxito o en un fracaso. Esto plantea la dificil situación de la posibilidad de dependencia del éxito a un factor que no es controlable por el Experto.

El éxito mayor del Experto consiste en arribar en aquel momento en el cual su presencia en el país atendido no es imprescindible, no porque el proceso en el cual ha estado trabajando haya dejado de existir, si no porque las personas o contrapartidas con las cuales el Experto ha convivido, son capaces de realizar la labor de estudio, análisis, presentación de soluciones y de ejecución, sin la asistencia del Experto. Sin embargo, muy frecuentemente se presentarán casos, en los cuales el país atendido, por no comprender cabalmente su importancia, no ha asignado con caracter permanente, las contrapartes adecuadas, o si lo ha heco se presentará el caso también frecuente, de que el entrenamiento recibido por la contraparte le signifique un rápido ascenso, con lo cual vuelve a quedar el Experto sólo y vuelve a existir la necesidad de iniciar un proceso ya comenzado anteriormente. En estos casos, es posible que se presente la necesidad de que el país atendido exija o solicite la extensión de los servicios del Experto. La Administración a la cual pertenence el Experto, debe entonces analizar detenidamente si la validez del programa en ejecución y si el interés del Gobierno porque dicho programa continúe y se amplíe, es un interés cierto, antes de considerar la decisión a tomar con respecto a la concesión o no de la extensión de estadía del Experto, solicitada por el estado atendido.

Nos da la impresión de que para que el Experto pueda ganarse la confianza, la amistad y el respecto de las personas con las cuales viva y con las cuales conviva en su trabajo, se hace necesario que su mente esté despejada de toda preocupación, en cuanto a sus relaciones con la Administración a la cual pertencce. Tiene aquí el Experto un doble problema, por un lado el tratamiento, la confianza y el respeto que se da a sus opiniones, por parte de la Administración a la cual pertenece, y por la otra, el poseer esa difícil cualidad de ganarse la confianza, la amistad, el respeto y el cariño de aquellos con quienes trabaja en el país atendido. En el primer caso, es fundamental la selección de Expertos que merezcan la confianza de la Administración, el conocimiento, por parte del Experto, de los objectivos, de las intenciones, de la filosofía que encuadran las

actividades de la Administración a la cual pertenece; el conocimiento por parte de los superiores del Experto, de las razones humanas y técnico-profesional que lo han movido a entrar en este difícil campo de la actividad profesional. En el segundo caso, es necesario que el Experto posea una íntima convicción que le permita aplicar algo, presente en la declaración universal de los derechos humanos cuando señala que: "Todos los seres humanos nacen libres e iguales en dignidad y en derecho, no importa el nivel social y económico en el cual se desenvuelven".

Juega papel importante el estudio, el conocimiento, la compenetración, con las condiciones sociales, culturales, religiosas, institucionales del país en donde se desempeña el Experto. Este conocimiento debe ser suministrado en primer término por la Administración a la cual pertenece y en segundo término, por el país al cual se asiste. No puede esperarse buenas recomendaciones sin un conocimiento profundo de las circunstancias que rodean y que determinan los problemas en los cuales se está interviniendo.

Dentro del complejo de situaciones difíciles en las cuales se encuenta el Experto, y que pueden condicionar el resultado de su trabajo, debemos señalar las siguientes:

a) El Experto puede llegar a considerarse a sí mismo, como un expatriado, como un ser humano que por pertenecer a una Administración de carácter international, debe cuidar las expresiones, las actitudes, la forma de vida que lleva, para no producir roces que puedan ser causa de problemas entre la Administración a la cual pertenece y el país en el cual se encuentra. Este sentirse expatriado, o éste ser expatriado, produce innumerables problemas de carácter familiar, especialmente educativo, que afecta la disposición a rendir una labor de acuerdo al máximo de la capacidad profesional que se posee.

b) Puede enfrentarse a actos de hostilidad, de indiferencia, de falta de comprensión por parte de sus compañeros de trabajo, motivado a múltiples razones, algunas de ellas provenientes de las características personales del Experto, pero otras, producidas por celos de tipo profesional y las más de las veces, producidas por un profundo desconocimiento por parte de sus contrapartes, de la verdadera situación en la cual se desenvuelve el Experto.

c) Algunas Administraciones, especialmente las de carácter multinacionales, tienen la tendencia de exigir de los Expertos, el observar y mantener un estatus y un comportamiento tal, para que el país atendido se de cuenta de ese estatus de Experto, a fin de que éstos produzca un sentimiento de respeto hacia él. Esta exigencia conduce muchas veces a que el Experto tenga la tendencia a nuclearse, a hacer bloque, a formar grupo con otros Expertos, separándose del medio nacional en que trabaja. Sin embargo, este fenómeno del agrupamiento de los Expertos puede también ser una consecuencia de la actitud de sus contrapartes, en tanto su capacidad profesional cree un clima y un ambiente que puede limitar la posibilidad de una completa y total cooperación.

La tarea del Experto, no es en realidad la de demostrar que él tiene respuestas para los problemas, sino la de ayudar a sus colegas nacionales a descubrir como pueden ellos mismos obtener respuestas, para determinar qué costumbres deben ser abandonadas o cambiadas, o cuál es el precio social que pagar y también por que no decirlo, ayudar los a descubrir en ellos mismos, la convicción y el coraje necesarios para emprender cambios que puedan crear dificultades. En este sentido, el trabajo fundamental del Experto en alguna rama de la asistencia técnica, es el de compartir y repartir los beneficios del conocimiento especializado que posee, de manera tal, que cuando él termine su misión, dejará tras de sí, personas que son más capaces de lo que eran, para comprender sus problemas de manera tal, que puedan diseñar las mejores y más adecuadas soluciones a la situación local.

THE DEVELOPMENT CONSULTANT

Mr. Aaron Wiener

The subject matter of my presentation is the development consultant. The development consultant is a professional who, having received his formal and practical professional formation in developed countries, has chosen to put his experience at the disposal of developing countries.

The thesis of my presentation is that a great deal of the difficulties encountered by development consultants and most of their failures stem from fallacious analogies between the growth requirements and planning approaches in mature economies on the one hand, and in developing economies on the other hand. The fallaciousness is the direct result of the professional formation of the development consultant and the lack of relevance of many of its aspects to the conditions encountered in developing countries.

I shall accordingly claim that, to achieve significant improvement in the effectiveness of his work, the consultant in question will have to free himself from these fallacious analogies and to adopt a new planning methodology designed according to the needs of the Third World.

Let me first outline the professional formation that this consultant brings with him into Third World countries, then review the implication of the fallacies arising from his professional formation, and finally point towards the nature of the approach that, I feel, whould be adopted to improve the effectiveness of development consultants.

1. THE PROFESSIONAL FORMATION OF THE DEVELOPMENT CONSULTANT

The professional formation of our consultant embodies four principal aspects:

- Personality characteristics
- Professional specialization
- Problem-solving models
- Problem-solving routines

(i) *Personality Characteristics*

The typical development consultant comes from a growth-oriented country in which the need for achievement is firmly conditioned and consti-

tutes a major driving force. The paramount criterion for promotion is professional performance; social – and to a certain extent, also economic – status will be mainly governed by performance.

(ii) *Professional Specialization*

The organizational structure of the professional decision process and of the underlying professional educational system stems from a subdivision of the problem-solving task related to complex tasks into highly specialized single-discipline operations. Problem configurations are subdivided into main professional aspects, and the latter into professional specializations. The taxonomy used bears a certain resemblance to those used in the natural sciences, such as Linne's taxonomy in botany. Each main professional aspect is represented by a professional guild and each specialization by a "subguild". Guilds and subguilds are organized as separate entities both in professional education and in professional practice. Inter-guild encroachment is frowned upon. The rituals for inter-guild contact are well defined and are confined, at best, to mutual adaptation.

If our problem is, for instance, town planning – i.e. the design of an environment for people to be born, live, and die in, to spend in it their period of formation, the years of work, of leisure, and the stage of fade-out, the professional taxonomy will reduce this overall problem-configuration into separate disciplines to handle specific aspects: housing (with subdisciplines for architectural, engineering and internal decoration aspects), interurban transportation, transportation within city limits, utilities (with relevant subdisciplines), services (with subdisciplines), recreation, etc. It is the fault of no single discipline if the various professional solutions do not fit together. When a crisis situation is reached through the clash of two conflicting disciplines, a new discipline will be created to coordinate between them.

What I have described here may misrepresent the theoretical thinking that has been evolved over the last decade or so, mainly in academic institutions; it is, however, characteristic for the professional environment within which practising development consultants have been formed.

(iii) *Problem-Solving Models*

The problem-solving models that underlie development planning may be characterized by the division of their emphasis between two sets of polarities:

(a) Emphasis on public intervention as contrasted with reliance on the spontaneous response of the socio-economic system. In every case where development planning has been successfully practised for some time, an initial trial-and-error approach will finally result in the adoption (by implication) of a specific balance between the two poles.

(b) Emphasis in public intervention on improving the production environment of producers as contrasted with emphasis on improving the producer himself, his decisions and responses. The former type of intervention relates to capital investments and improved current inputs; the latter, to transformation of the producer in his institutions. Here, too, a balance between the two poles will evolve in time within a specific development context, and will remain (mostly implicitly) valid for future similar operations planned within the same context.

In developed countries the emphasis will usually be put on reliance on spontaneous response and on improvement of the production environment.

(iv) *Problem-Solving Routines*

Professional problem-solving routines that enter into professional decision making are routines and evaluation yardsticks and procedures that have proved successful within a specific development context. Problem-solving routines are rooted in specific assumptions relating to the first three aspects of the professional formation.

2. DIFFICULTIES FACING THE DEVELOPMENT CONSULTANT AND THEIR FOUR UNDERLYING FALLACIES

If we wish to review the performance of the development consultant in the Third World and identify the difficulties under which he labours, the most dubious way to obtain reliable results would be an opinion poll among the members of his own profession. The opinions obtained from them would certainly be biased by the inability to step outside oneself and to see oneself as one of numerous development factors. If, in fact, we were to hold such a poll among development consultants, we would end up with a list of complaints about the inadequacies of developing countries. Such responses would imply, of course, the naive assumption that it is the developing country that ought to adapt itself to the consultant, and not vice versa.

To find out significant facts about the performance of the development consultants, we shall have to examine current or completed projects with a view to identifying common difficulties, and tracing common causes for such difficulties. My own experience indicates that the development consultant labors under four basic fallacious analogies between developed countries and the Third World which correspond to the four principal aspects of professional formation:

(i) The fallacy of assuming parallelism of personality characteristics
(ii) The fallacy of transferring patterns of professional specialization
(iii) The fallacy of transferring problem-solving methods
(iv) The fallacy of transferring problem-solving routines

The fallacy of assumed parallelism between developed and developing countries as regards personality characteristics will result in the working assumption that professionals in the Third World will be motivated in a way that is similar to the development consultant's own motivation; that the promotional system is similar; and that social status is also gained in a similar way. Because of this assumption, the development consultant will spend little effort on personality formation of the professionals with whom he works. Since, however, insufficiencies in motivation in the promotional system, etc., are among the principal weaknesses that have to be overcome in trying to initiate a sustained growth process, neglect of this all-important factor will not do. Therefore, the consultant who wishes to free himself from this fallacy will have to divert part of his effort and part of the development resources to identifying these weaknesses in personality formation in the development agencies, and to implementing the measures necessary to gradually overcome these weaknesses.

The fallacy of transferring patterns of professional specialization from developed to developing countries will induce the development consultant to transfer the discipline-by-discipline approach which might have proved reasonably successful in his own country, to developing countries. The discipline-by-discipline approach in developing countries will, however, be found ineffective. A country is underdeveloped mainly because its socio-economic system, including its role occupants, is not growth-oriented; therefore, the paramount aspect of development in the Third World is transformation of the system and its role occupants. This transformation is a complex task involving the application and interaction of a number of technical (including agricultural), economic, behavioural and socio-political disciplines. Since we are operating on a living system in operation, the planning of such a transformation cannot be confined to defining an initial status quo and a target status: we must also define the transients of transformation and ensure that the process, in all its phases, will result in viable transients.

This difficult task can be achieved only by the application of an interdisciplinary planning methodology; to the extent that such a methodology does not yet exist, the development consultant will have to make use of makeshifts which will approximate the desired more rigorous approach.

The fallacy of transferring problem-solving models is probably the one that has most vitiated the effectiveness of development consultants in the Third World. As pointed out before, development planning in mature economies relies on spontaneous responses of the socio-economic system, as opposed to the application of diversified public intervention; on allocation of resources for interventions oriented towards short-term production, as against interventions aimed at long-term transformation.

In the Third World, the emphasis will be on the opposing pole -- public intervention and transformation; the less developed the country, the more will the emphasis differ from that successfully applied in mature economies. A planning approach embracing this new emphasis will introduce into development plan-

ning such dimensions of development and association of disciplines as are usually neglected in economically mature countries.

The fallacy of transferring problem-solving routines relates to the transfer of routines acquired and proven over years of professional work in the developed countries. This fallacy might prove the most difficult to eradicate; it is the direct result of the prevalence of the first three fallacies. It will require a great conscious effort on behalf of the development consultant to recognize that an important part of his professional stock-in-trade does not fit problems encountered in developing countries. Such a retooling process presupposes the availability of an appropriate substitute planning methodology and evaluation procedure.

3. CONCLUSIONS

The almost universal prevalence of the enumerated four fallacies is probably more to blame for the relative lack of success of development programs in developing economies than the lack of capital. Economists have repeatedly pointed out the high capital-return ratio in developing economies and have attributed this fact to inadequacies in the non-investment factors: the growth of a developing economy comes about by the fusion of investment factors with the relevant non-investment factors, relating mainly to human resources, organization, and institutions; development of the former without the latter will result in spending budgets without concurrent growth. These non-investment factors develop in mature economies to a great extent spontaneously, in response to capital investment. In developing countries, their development has to be planned and consistently nurtured.

The persistence of the four stated fallacies tends to obscure the basic underlying issues, and leads the development consultant to ignoring the lacking strategic elements in the development equation. Such an attitude on the part of the development consultant is reinforced by similar attitudes of planners in the developing countries; they find the path of capital investment to be an easier way to "execute" a program than the thorny path of transformation. However, it is only by transformation that conditions can be created that will make investments operative and, what is equally important, that will awaken in an economy that had not been growth-oriented before, its capacity for spontaneous growth, i.e., its development potential. Until such a capacity emerges, a country cannot hope to achieve an economic "take-off".

After having outlined an analysis of prevailing planning approaches, the time has come for a statement of synthesis: there are numerous elements lacking in developing economies, without which investment will not reach early fruition and without which an economy will not become growth-oriented and capable of achieving "take-off". As a consequence of vicious circles operating in such economies, these missing elements cannot be anticipated to develop spontaneously, as they do in more mature economies. The most important task of the development consultant will therefore be to plan, by the provision of relevant transformation

inputs, such programs for the catalyzation of the transformation process, as will lead to the emergence of the missing elements. The planning model dictated by this objective will be different from that which has proved successful in mature economies: planning in developing economies will have to relate to transients of development rather than to the final product: such planning will have to comprise the catalyzation of the transformatión process in the human, organizational and institutional resources as well as the capital investment; it will have to be dynamic, flexible, and custom-made, rather than static, rigid and conventional; it will have to be conceived at an adequate level of abstraction. The most noble task of the development consultant will therefore consist not of the definition of an adequate investment plan, but of the planning and implementation of a process of catalyzation of the growth of numerous elements which are deficient in emerging economies and which are the main cause for their stagnation. This new type of planning will have to be carried out by the kind of development consultant who can analyze the unconscious bias and mental blocks implied in the conventional planning approach; who can define the true requirements of the planning context within which he operates, and evolve from them a relevant planning methodology and strategy. The sixty-four thousand dollar question is whether development consultants of this type exist in sufficient numbers to initiate the catalyzation of growth-oriented transformation in a world of underdevelopment.

And here, I feel, a word would be in place on the role of international institutions in transforming the profession of the development consultant, so as to enhance his usefulness in the Third World. These institutions could make it their task to encourage the spelling out of a new analysis and methodology. By adopting more adequate evaluation criteria and requirements, they could guide and direct the profession in the new methodology. By arranging for current discussion of existing and proposed methodologies, these international institutions could contribute towards the evolution and updating of development doctrines.

The new path is a long and thorny one, and not yet fully mapped out and defined; however, one thing is certain, the well-trodden easy path of least resistance, the path of capital investment without basic transformation, will not lead to our paramount goal – the creation of growth-oriented societies in the underdeveloped two-thirds of the world before the end of this century.

ROLE DES EXPERTES DANS LES PROGRAMMES DE DEVELOPPEMENT

Son Excellence Mamadou Coulibaly

Le sujet du "Rôle des experts dans les programmes de développement" n'est pas nouveau; d'éminents spécialistes du Développement l'ont déjà abordé avec compétence et sous divers aspects. Mais on peut affirmer, néanmoins, que l'expert, c'est à dire ce connaisseur, que confirme une science assimilée et une longe pratique, n'est pas née avec l'entrée de nos Pays dans la lutte contre le sous-développement, bien que l'assistance technique ne soit devenue effectivement un concept en vogue que depuis seulement une décade. Avant d'en discuter le rôle dans le développement économique, il convient d'essayer de situer l'assistance technique dans son contexte historique afin de déterminer, parmi ses traits spécifiques, ceux qui peuvent être considérés ou comme nouveaux ou comme les plus caractéristiques. A cet effet, il faut se demander si l'assistance technique est un phénomène moderne unique, ou si elle est simplement la version actuelle d'une histoire ancienne.

Le transfert des innovations au-delà des limites d'une tribu, d'une nation ou d'une civilisation, l'adaptation des techniques d'un milieu donné aux conditions d'un autre milieu, l'imitation des méthodes qui ont réussi à l'étranger, sont naturellement des phénomènes complexes. Bien avant la révolution industrielle, "dès le 13ème siècle, maints artisans flamands habiles ont émigré en Angleterre, sous la protection et l'encouragement de la royauté, et ont contribué particulièrement à l'expansion du commerce des textiles. Le développement des industries du bronze, du cuivre, du fer et de l'acier n'a été possible que grâce aux émigrants allemands et hollandais. Des milliers de réfugiés huguenots ont apporté les techniques et dans une certaine mesure le capital nécessaire au début à l'implantation d'industries aussi variées que la manufacture de la soie, des cotonnades, du velours et d'autres tissus de luxe, des chapeux de feutre, du papier, du verre, du cristal, des pendules, des instruments de calcul et des jouets".

A leurs tour, les pays du continent et d'outre-mer ont librement tiré profit de l'expérience de la Grande-Bretagne, première nation industrielle.

A une époque plus ancienne, certains pays déjà s'étaient inspirés des Romains dans le domaine juridique et administratif, des Portugais pour la navigation; des Florentins pour les techniques bancaires. Ces efforts de transplantation des techniques étrangères ne réussissaient pas toujours; parfois ils se révélaient prématurés; d'autre fois, ils ont été annihilés par l'invasion étrangère ou simplement mis en échec par la pression extérieure.

Cependant, même dans le meilleur des cas, ces transferts étaient faits au hasard, lents, hésitants, et sans qu'on eût une claire conscience de leur importance. Les résultats les plus spectaculaires et les plus durables on été acquis là où une société donnée reconnaît l'urgence du changement, mais se montre en mesure d'adapter le rythme et la direction de ce changement à ses besoins et à sa structure propres.

Si la technologie occidentale n'avait pas été d'une telle supériorité au cours du 19ème siècle et si elle n'était pas allée de pair avec un expansionnisme agressif, il serait tout à fait possible qu'une autre route vers la modernisation et la croissance économique ait été trouvée, notamment en Asie.

L'appel proprement dit et organisé sous forme d'assistance technique aux experts étrangers, à l'échelle internationale, a commencé lorsque la différence des niveaux du bien-être due à l'inégale diffusion du progrès technique n'a plus paru tolérable dans un monde de plus en plus conscient des disparités. L'assistance technique s'impose par l'exigence pressante d'une distribution plus équitable des richesses entre les nations, et par la crainte que cette exigence – si elle est frustrée – n'amène des conséquances dangereusement explosives pour les pays avancés eux-mêmes.

Quelle est la définition du concept de l'assistance technique?

D'après un document des Nations-Unis, qui décrit le programme d'assistance technique multilatérale, il y a cinq types différents d'assistance technique:

1. Conseils techniques
2. Formation des techniciens
3. Démonstration en vue d'améliorer et de répandre les techniques
4. Entreprises pilotes ayant pour but la recherche des méthodes et des outillages qui conviennent le mieux aux conditions du milieu:
5. Vulgarisation de l'information technique.

Quant aux objectifs principaux d'une politique de développement, ils peuvent se résumer en quatre points:

1. Créer les conditions générales favorables au développement;
2. Faire connaître au Gouvernement, aux hommes d'affaires et au public en général, les possibilités et les avantages du développement;
3. Mettre en oeuvre un certain nombre d'investissements de base;
4. Prendre des mesures de nature à faciliter et stimuler l'activité et l'investissement privés.

Le rôle des experts dans les programmes de développement peut, par conséquent, être défini comme toute contribution sous forme d'apports techniques, à chacun de ces quatre objectifs sans tenir compte du coût, de l'importance, de l'étendue ou de la localisation. Pourvu qu'il ait pour but ultime le développement économique, il importe peu qu'un projet ait pour objectif l'amélioration des conditions générales par une meilleure santé, un développpement de l'enseignement, des transports, de l'administration, ou l'étude des ressources disponibles et le calcul de la répartition optimum des facteurs, ou l'accroissement des investissements d'infrastructure tels que les routes, les centrales d'énergie ou les facultés publiques, ou la création d'occasions d'investissements rentable pour encourager l'initiative privée et attirer les capitaux locaux et étrangers. En d'autres termes; "les programmes d'assistance technique... peuvent être considérés comme un effort... pour vulgariser en même temps les méthodes de production et les normes de consommation. Plus un programme aura de succès, plus il réduira la disparité entre la conscience des possibilités de consommation et la compréhension de production".

Mais il faut un accord fondamental au départ

C'est l'un des axiomes de l'assistance technique qu'elle n'est, en principe, accordée que si elle est demandée. Il appartient donc au pays bénéficiaire de choisir les projets, de fixer leur priorité, leur domaine et leur localisation. Seul celui qui porte les souliers sait où ces souliers lui font mal et il serait présomptueux, pour ne pas dire haïssable, pour le pays donateur de déterminer unilatéralement dans quel secteur leur aide doit porter. Chaque fois qu'on fait appel à un expert étranger, les conseils doivent passer par les autorités locales et recevoir leur approbation avant de devenir un projet définitif.

Les conditions idéales sont réunies lorsque l'assistance demandée ne porte que sur une partie d'un plan d'ensemble pour le développement économique. Dans ce cas, chacun des projets s'articule dans un ensemble plus vaste qui, lui-même, a pour but de modifier les structures existantes au profit de la croissance économique.

L'assistance intellectuelle trouvera alors naturellement sa place dans le plan; on n'a pas à se préoccuper ni du moment où elle doit être mise en oeuvre, ni de la durée, ni des effets dérivés puisqu'on peut supposer que ces problèmes ont été déjà résolus à un stade antérieur, c'est à dire par les planificateurs. L'assistance technique est simplement demandée pour combler les vides.

Si l'on se tourne maintenant vers les projets isolés qui ne font pas partie d'un plan d'ensemble et qui sont donc jugés d'après leurs propres mérites, la mesure de leur influence peut se faire par la profondeur de leur "*pénétration*" et l'étendue de leur "*acceptation*". Par "pénétration", on entend la compréhension réelle par les individus des caractères essentiels et des potentialités d'une innovation donnée. Le sens d'une telle innovation peut être acquis à des niveaux divers.

Il peut être tout à fait superficiel et n'engendrer que des réactions mécaniques du comportement. Il peut, au contraire, entraîner une révision fondamentale des conceptions et conduire ainsi, spontanément et logiquement, à des extensions, toute une réaction en chaîne de nature à préparer le terrain pour une introduction fructueuse et rapide de nouvelles innovations. Par *"acceptation"*, on entend la mesure dans laquelle une innovation donnée se diffuse à l'intérieure d'un groupe, d'une société ou d'une civilisation, ce qu'on peut décrire comme son *coefficient de contagion.*

A quelques exceptions près, il est vrai, en général, que l'économie de l'Occident diffère profondément de celle de la plupart des autres sociétés car elle est basée sur l'effort individuel alors que dans les autres peuples, c'est la vie communautaire qui domine. Dans les sociétés non industrielles... les individus agissent surtout en tant que membres d'un groupe, groupe fondé sur la parenté, le lieu de résidence ou même les deux.

Les projets d'assistance technique doivent, par conséquent, agir sur les variables-clés, aussi bien culturelles qu'économiques, afin d'atteindre les résultats économiques optima. L'ordre dans lequel ces variables doivent être attaquées dépend de la nature de chaque projet et de la situation dans laquelle il fonctionne.

Dans tous les cas, on épargnera beaucoup de temps et de peine en faisant une étude préliminaire des structures économiques et sociales. Il est en tout cas dangereux de penser que toutes les innovations seront bien accueillies ou reçues avec gratitude. L'acceptation dépend largement des outils et des techniques choisis. Evidemment, les machine onéreuses, exigeant pour leur achat des années d'épargne, dont l'entretien est compliqué et qui, au surplus, ne seraient pas pleinement utilisées, n'ont pas d'attraction dans un pays sous-développé.

Quoi qu'il en soit, lorsque l'on fixe un but, ce serait une erreur que d'adopter un idéal calqué sur des normes étrangères et de mesurer le degré de succès d'après la distance qui en sépare. Une méthode plus appropriée consiste à comparer le résultat obtenu et la situation qui existait auparavant; on l'interprète alors comme un progrès absolu et non simplement relatif.

En fin de compte, on doit noter que l'évaluation est désirable non seulement pour le pays bénificiaire de l'assistance technique, mais également pour le donateur, comme l'a dit *Gunnar Myrdal* qui affirme, et je cite:

> *"L'assistance technique est devenue le moyen reconnu universellement pour aider les pays sous-dévéloppés à promouvoir leur croissance économique. Jamais une dépense d'envison 20 millions de dollars – le montant du Programme élargi des Nations Unies – n'a entraîné autant d'éloquence. A cause de la Propagande nécessaire pour obtenir cet argent, on a créé l'impression dans les pays sous-développés que quelque chose de substantiel est fait pour les aider. Mais on ne doit pas cependant cacher le fait que le Programme*

d'assistance technique est désespérémment inadéquat. *D'ailleurs, la popularité si grande qu'il a obtenue dans les pays riches s'explique précisement par le fait qu'il est un moyen "tellement bon marché d'aider les pays pauvres".*"

Bon marché ou non, on attend des résultats et il est politiquement dangereux d'en admettre l'échec sans raisons valables. Meilleur sera l'instrument d'évaluation, plus convaincante sera l'interprétation donnée aux obstacles, et plus facile sera le plaidoyer pour l'échec apparent.

Il n'est pas question de résuire la bonne volonté et de tarir la générosité en supprimant l'optimisme. Il est préférable, cependant, d'expliquer clairement la simple réalité que de laisser naître les illusion et aboutier à d'amères déceptions quand on se heurtera à des obstacles insurmontables.

Logiquement, les projets d'assistance technique doivent aboutir en fin de compte à leur suppression: ils doivent, pour être efficaces, supprimer les causes qui les ont fait naître.

Le technicien en mission se trouve dans la situation d'un spectateur qui donne des conseils. La plupart du temps, il ne peut faire autrement que de soumettre des rapports et des recommandations. Mais nos pays sous-développés ne commencent-ils pas à en avoir assez des programmes qui ne contiennent que des conseils? Si dans un premier temps, on peut donner des conseils, dans un deuxième, il faut fournir les capitaux nécessaires à la mise en pratique de ces conseils.

C'est ce manque d'apport concret qui a pu faire dire à un dirigeant africain et je cite: *"Nous en avons assez d'être étudiés, nous voudrions être aidés".*

Sans coute est-il vrai de dire que *"la fin (c'est à dire la finalité) de l'assistance technique, c'est la fin (c'est à dire la cessation) de l'assistance technique".*

Mais après ces quinze années d'exprérience, nous ne sommes plus autorisés à considérer, comme on l'a fait avec quelque optimisme au moment où le Président *Truman* a formulé son point 4, qu'il suffit d'envoyer dans les pays en voie de développement des experts hautement qualifiés, leur apportant les techniques expérimentées dans les pays économiquement avancés, pour que soit obtenu, dans une période relativement courte, le développement souhaité.

L'assistance se révèle donc une tâche à longs termes, mais il faut faire une distinction entre les différents types d'assistance technique et des pays bénéficiaires. Certaines formes d'assistance technique, telles que celles qui consistent à confier à du personnel étranger les postes pour lesquels il n'existe pas de nationaux aux palifications suffisantes pour le moment dans le pays, pourront être abandonnées avant d'autres.

Certains pays partent *"de zéro"* en ce qui concerne le personnel ayant des qualifications modernes. Alors que d'autres pourraient même arriver à exporter du personnel qualifié. Depuis la compétence technique étant offerte telle quelle et sans discussion possible de la part des responsables des pays en voie de développement, trop souvent ce *"tranfert forcé"* n'est actuellement précédé, d'aucun effort d'adaptation des connaissances en cause aux besoins du pays concerné.

La tâche en sera achevée que lorsque les établissements de formation et de recherche des pays en voie de développement pourront subvenir à leurs besoins.

Les importations des connaissances techniques ne doivent être, en effet, comme tous les produits importés, qu'un complément de la production locale, et, dans le cas qui nous occupe, la production locale est assurée par le système de formation – scolaire et extra-scolaire – et par les institutions de recherche du pays. S'il est inconcevable qu'un pays soit auto-suffisant dans le domaine des connaissances, il n'en doit pas moins posséder ses propres cadres, auxquels il incombe de veiller à son développement.

Nos petits pays en voie de développement ne peuvent, évidemment, aspirer à effectuer des recherches dans tous les domaines; les moyens financiers et humains nous font défaut. Il ne faut pas, à l'inverse, que les pays industrialisés qui sont actuellement les plus grands détenteurs des connaissances techniques se cantonnent dans leur rôle actuel; ce serait adopter une attitude de néo-colonialisme intellectuel. Ces pays doivent aider les pays en voie de développement à grouper leurs efforts et à s'organiser afin de poursuivre en commun des recherches qui seront alors à la portée de leurs moyens. Ils devront notamment apporter leur soutien technique et financier aux établissements de recherches créés à cette fin dans les pays en voie de développement. La vraie coopération part de là.

Parlant de formation, nous venons d'aborder l'aspect plus particulier des relations entre les *"experts"* et les hommes qu'ils assistent.

Dans ce domaine, c'est l'importance valorisante du contact humain qui permettra avant tout de connaître les motivations des hommes, leurs potentialités, afin de pouvoir transférer valablement des connaissances, des expériences ou du savoir-faire.

Il est, en effet, plus important, à notre sens, d'apprendre aux hommes des pays sous-développés à résoudre eux-mêmes leurs problèmes que de les faire résoudre par des experts étrangers. Nous aider à nous aider nous-mêmes, tel doit être l'objectif de tout expert engagé dans l'établissement de nos programmes de développement.

Le rôle humain des experts est peu souvent évoqué – comment en serait-il autrement – dans une époque où toute une machinerie technocratique

finit par nous dissimuler, hélas, ce qui doit malgré tout demeurer à l'homme.

Pour réussir dans sa mission, pour remplir entièrement son rôle, que l'expert doive être un technicien accompli, personne n'en peut douter. Mais l'assistance technique est autant un problème de psychologie que de technicité. Il est essentiel que l'expert sache mettre ce principe en pratique.

Ce serait une erreur fondamentale de vouloir réduire le rôle d'un *"assistant"* à celui d'un technicien. Si elle n'est que technique, l'assistance est boiteuse. Elle ne peut atteindre son but.

En effet, aux différentes étapes de cette vaste entreprise du développement, on retrouve bien cette nécéssité des qualités humaines des experts. Les voies et moyens, aussi bien que la finalité d'un développement harmonieux, l'exigent.

Quelles sont pour l'essentiel ces qualités?

– facilité d'adaptation, de contacts: l'expert apprendra d'abord le pays, sa société, ses hommes, pour pouvoir y adapter son savoir et ses méthodes.

– humilité intellectuelle, dont il saura faire preuve pour aborder les problèmes;

– fermeté de caractère: il saura parler loyalement du possible. Un conseiller doit être l'opposé d'un courtisan.

– Que lui permettront plus spécialement ces qualités dans l'accomplissement de son rôle? Elles lui permettront:

– de se persuader que le véritable développement nécessite la croissance de l'ensemble des activités économiques et qu'il ne détient pas une sorte de monopole, que sa seule mission, aussi importante soit-elle, ne peut que contribuer à ce développement.

D'où la nécessité pour les experts de ne pas travailler dans un splendide isolement, en compartiments étanches, mais au contraire de coopérer largement, les tâches de tous se coordonnant, se complétant.

Les qualités humaines de l'expert lui permettront en outre:

– de ne pas faire référence immodérément aux mécanismes économiques des pays développés.

– de prendre conscience des différences fondamentales qui séparent certains pays;

– de savoir qu'améliorer les techniques, c'est d'abord améliorer les hommes.

Tout cela les experts n'en ont une conscience aïgue qu'en se faisant une règle d'or de ne jamais ignorer les facteurs humains. Faute de quoi, je laisse parler ici Monsieur Maurice *Nellis,* Ingénieur agronome: *"Conçu comme une froide mécanique sans âme, un programme mis en exécution... échouera et le technocrate dira: on n'a pas respecté mon plan, on n'a pas respecté* les exigence humaines bien plus importantes que les exigences techniques".

Sans ces rapports humains, il y aura peut-être *"croissance"*, mais certainement pas *"développement"*.

C'est ainsi que les experts pourront contribuer efficacement aux programmes de développement. Car c'est seulement de cette façon, qu'ils seront pleinement en mesure d'aider les Gouvernements à trouver les moyens de s'attaquer aux causes fondamentales du sous-développement, à susciter, à encourager l'effort intense opiniâtre qui, seul, en définitive, peut donner toute leur valeur aux apports de l'aide extérieure. Et parce qu'ils pourront alors aider chaque peuple à tracer son propre chemin, à trouver sa propre voie vers le développement.

Et c'est dans ce sens, que nous ne saurions manquer pour terminer d'évoquer le programme appréciable d'assistance technique mis sur pied par Israël, qui assure à de nombreux pays des experts et des moyens de formation dans des domaines très variés. L'Etat d'Israël a acquis une expérience pratique considérable des problèmes de développement économique et d'adaptation sociale. Ses experts savent susciter l'enthousiasme devant les besognes difficiles, enseigner de nouvelles connaissances pratiques, improviser des méthodes d'organisation convenant à un pays nouveau, dont les ressources sont rares. C'est un pays qui a beaucoup en commun avec certains des nouveaux Etats d'Afrique. Les vastes connaissances linguistiques de sa population lui confèrent également une supériorité très grande. Il lui est aussi beaucoup plus facile qu'à d'autres pays d'assurer le concours d'experts ou de dispenser des cours de formation pratique, car la population israélienne a un sens aigu de la solidarité nationale et les services gouvernementaux, les organisations privées et les particuliers sont tous disposés à contribuer à l'oeuvre entreprise.

De nombreux facteurs militent donc pour qu'Israël soit plus en mesure d'exécuter un programme d'assistance technique, que la plupart des autres pays en voie de développement.

Voici, Mesdames et Messieurs, éminents congressistes, les quelques réflexions, qu'avec l'autorisation du Gouvernement israélien, j'ai tenu à vous livrer, et je ne saurais terminer sans renouveler mes remerciements pour votre invitation, pour votre accueil et pour l'aimable attention que vous venez de me prêter.

Que vive et se développe sans cesse la coopération entre les Nations et que s'établisse la Paix ici, là et partout dans le monde.

Prof. Julius Stone (Australia)

It seems a natural thing when we are faced by the overwhelming problems to move towards criteria and activities which are not subject to quantitative testing. And I have the deepest sympathy with my friend, Shmuel Eisenstadt's feeling for tradition and the need for its preservation, but we must try to be very careful not to try to have it both ways on this issue. If we are going to subject operations of development to some kind of check by reference to tradition, if tradition of a people is going to be in some important way a measure of what can be done, then we can't also make tradition something that is capable of manipulation.

Now, Prof. Eisenstadt did suggest that we shouldn't regard tradition as fixed and forever rigid. I agree with this. But on the other hand, determination of the potentialities of tradition in relation to development objectives is not a thing that can be left to chance. And when we come to the question of by whom shall tradition be adapted so as to allow its full potentiality in the development field, we are then faced with another very basic problem which has already been raised here, namely, mustn't the developing nation be itself in control of these most intimate aspects of its individual and its corporate personalities?

Mr. Ami (Israel)

I am afraid there is too much search for panaceas. The recent one that is being repeated all the time is multilateralism, trying to point out that in contrast to bilateralism, multilateral cooperation doesn't suffer from the political disease.

Let us not forget that multilateral cooperation is slow, is less efficient than bilateral. If I'm not mistaken, the Jackson Report mentioned that only about 50% of the projects reviewed were implemented. In other words, executive efficiency is not inherently present in multilateralism.

Mr. Keymar

I should like to make two very small points. One was to clarify a point that Mr. Ami had made earlier, in which he mentioned the Jackson Report. The fact is that many multi-lateral agencies have a great deal of difficulty in maintaining a time-table for carrying out their technical assistance functions. However, the Jackson Report did make the point that the World Bank group in particular did keep to its deadlines, to its program, to the cost of its projects.

The second point I wanted to make was on this question of the local currency financing and the counterpart funds that have to be put up by developing countries. This is something that the World Bank adopted rather mechanically in its early years, limiting financial support to the foreign exchange component of a project, except in exceptional circumstances.

Session IV Development Assistance in Societal Transformation

SOME REFLECTIONS ON THE ROLE OF FOREIGN AID AND TECHNICAL ASSISTANCE IN INSTITUTION BUILDING

Prof. Samuel N. Eisenstadt

Technical assistance and "foreign-aid" came into being under this term, in the period after the Second-World-War – first in aid from the U.S. to Europe, then extending to other parts of the world – to so-called underdeveloped or developing nations, and it was indeed within the context of those countries that the specific assumptions and orientations of many of the activities of foreign and technical assistance became crystallized.

These assumptions of foreign aid have become very closely related to the entire approach to problems of development which has been in the forefront of social sciences and public thought since the Second-World-War and the whole approach to technical assistance has necessarily been greatly influenced by the assumption and orientations of these developments.

In the following pages we shall try to analyze some of these assumptions.

1. Some of the basic assumptions of the initial sociological studies of development

The initial spate of sociological studies of development have been based on several – often implicit – assumptions about these relations.

The first such assumption was that of the primacy of the economic sphere in development and modernization, of the central importance of the economic solvent for the development of viable modern societies and political regimes.

The second such basic assumption was that of the very close interrelatedness of almost all of the major aspects of 'development', or of modernization in all these major institutional spheres of the society.

Third, was the assumption of the relative assurance of the continuity of modernization, of 'sustained growth', of continuous development in any institutional sphere – be it economics, politics, or in the sphere of social organization – after the initial 'take-off'.

It may, of course, be claimed that the first assumption – that of the primacy of the economic sphere in development – was discarded relatively early in the game, when some, at least, of the economists discovered that the conditions of development and effective functioning of a modern economic system could

not be understood in economic terms only, and when the analysis of the noneconomic preconditions of economic development became one of the major problems of research in this field. However, the very concern with the preconditions of economic growth tended to reinforce the implicit assumption that once such initial economic level of development is attained, development or modernization are more or less assured also in other spheres. Thus, interestingly enough, the second assumption – that of the interconnectedness of the various institutional aspects of modernization – predicted that the process of modernization in the different institutional spheres – be they economic, political, or in the sphere of social organization – are closely interrelated, so that they tend necessarily to go together and to coalesce in relatively similar patterns, even if their concrete contours would differ from the typical Western ones.

The third assumption – that of the assurance of continuous development, or modernization, once the initial 'take-off' stages have been attained – could be found with different degrees of explicitness in many economic and political analyses – whether in Rostow's Stages of Economic Growth or in the first analyses of the development of political institutions in emerging nations. While it was usually fully acknowledged that such conditions may not yet be ripe in many of those nations, yet it was often implicitly assumed that if such political institutions can be implanted in these countries in the first stages of their independence, their continuity and working can perhaps be assured. It was only lately that systematic analyses of the crises and breakdown of political modernization or economic development after the initial 'take-off' have become more numerous.

The lack of concern with this problem of possible breakdown after the initial 'take-off' was also, to no small degree, due to some additional implications prevalent in research and especially to the relations between the development of modernization of cultural premises of modernity, of sustained institutional growth on the one hand, and the two major indices of modernization – the 'socio-demographic' and the 'structural' one – on the other.

Many researches which took off from the preceding considerations led to or were based on the – usually implicit – assumption that the conditions for sustained growth, for continuous development and modernization in different institutional fields are dependent on continuous extension of these various socio-demographic and/or structural indices of modernization. According to this view, the more a society exhibits or develops the basic characteristics of structural specialization and the higher it is on various indices of social mobilization, the less traditional and the more modern it would be, i.e. by implication the better it would be able to develop continuously, to deal continuously with new problems and social forces and to develop a continuously expanding institutional structure.

In the initial stages of these researches relatively few analytical distinctions between these different problems were made. Thus, initially, in many of the works which dealt with this problem, the preconditions of emergence of modern societies were very often described in the very same terms which denoted their characteris-

tics (e.g., in terms of universalism, achievement orientation, etc.) – thus in a way neglecting the more specific questions about the conditions of emergence of modern societies, of the processes through which they emerge -- or fail to emerge -- successfully from within the premodern societies.

These implicit assumptions about the conditions of continuous modernization became shattered through the experience of the late fifties and early sixties when more and more countries which seemed to have 'taken off' into modernization were tending to 'break down'.

Out of the first encounter with these problems of breakdown there developed the fourth assumption – which attempted to explain the breakdown of modernization in terms of the development of continuous internal warfare and conflict between different groups within the society, the development of extreme antagonism and conflicts within a society. Such unresolved conflicts over various issues – be they economic, regional, cultural, ideological, or simple conflicts of narrow economic interests – which developed continuously among the most active or vocal groups in these societies were seen as important causes of such breakdown. These conflicts, the details of which have, of course, greatly varied from case to case were also usually closely connected with continuous economic crises and very often growing uncontrollable inflation, which were in their turn very often fed by these very continuous conflicts and by the lack of consensus and any clear policy of how to deal with them.

2. The accumulation of research and the necessity to revise these assumptions.

But the accumulation of research has necessitated far-reaching revision of these assumptions -- revision which is also very important from the point of view of implications for development policy and planning.

The accumulation of research in this field has shown that although some minimal development of various socio-demographic indices within a society can be seen as a necessary condition for the development of any modern structure, yet the further extension of these indices does not necessarily assure the continuous extension of modernization, i.e., the creation of a viable social, political, or social structure which is capable of sustained growth, of dealing with continuously new social, economic, and political problems.

In many cases – such as several Central and Eastern European, Latin American, and Asian countries – a negative correlation has developed – at certain level – between a high degree of development of various socio-demographic indices like the degree of literacy, spread of mass media, of formal education or of urbanization, and the institutional ability to sustained growth.

Thus the implicit assumption that existed in many of these studies – namely that the less traditional society is more capable of such sustained growth –

has been proved incorrect. The various socio-demographic or structural indices of modernization indicate only the extent to which traditional, self-contained societies or communities become weakened, or disintegrated, the extent to which – to paraphrase the title of Dan Lerner's book – Traditional Society is Passing. But they do not in themselves indicate the extent to which a new viable, modern society which is capable of such continuous growth, may develop or exactly what kind of such a society will develop and what its exact institutional contours will be.

Similarly, it became clear that the mere destruction of traditional forms of life does not necessarily assure the development of such a new viable, modern society, and that very often the disruption of traditional settings – be it family, community, or even sometimes political settings – tends to lead more to disorganization, delinquency and chaos rather than to the setting up of a viable modern order.

There was a continuously growing awareness of basic historical facts that in many countries modernization has been successfully undertaken under the aegis of traditional symbols – and even traditional elites. In such countries as Japan, or even England, many of their traditional symbols – be it the Emperor, the Japanese Crown or the symbols of aristocracy in Britain or the traditional symbols of provincial life in Holland – were retained. In many cases when the initial impetus to modernization was given under the aegis of anti-traditional elites – there soon followed an attempt, even if in a halting way, to revive some of the traditional symbols.

All these considerations have also contributed to the undermining of the assumption about the assurance of continuity of growth after the 'take-off'. In both the economic and political spheres it became quite obvious that an assurance of such continuity does not exist. The Argentine in the economic sphere, Burma or Indonesia in the political sphere, are among the most pertinent examples of the possibility of breakdowns after some initial – or even sometimes relatively advanced – stages of modernization have been reached.

These examples, however, have also shown that the relation between processes of change, which tend to undermine or destroy traditional societies, and the development of a viable modern society, are not simple. The one does not always necessarily lead to the other. The awareness that a great part of contemporary history in general and of contemporary international relations in particular, which is in a way the history of breakdowns or of stagnation of political regimes or economic systems – which have seemingly 'taken-off' into modernity but yet have been unable to continue to fly at all or to attain higher altitudes – slowly became accepted as fact.

But the more paradoxical outcome of these processes was that such breakdowns or stagnations did not necessarily lead to the total collapse of these new regimes or to their return to some traditional social and political form. Such

policies and societies certainly differ in many ways from the 'older' (Western) modern ones nor do they necessarily develop into the direction of these 'older' societies. Yet they are by no means any longer simply traditional societies. Moreover, however stagnating or unstable these regimes are, they evince some capability of reorganization and continuity and they develop various internal and external policies which aim at assuring for themselves the conditions of such continuity – and it is they that continuously face problems of development which are of crucial importance for policy-planning.

3. The major directions of the revision of these assumptions.

The variability and diversity of patterns of development.

Many of the orientations and activities of foreign and technical assistance were often very closely related to these assumptions and in a way guided by them. Hence, the undermining of these assumptions has also necessitated a revaluation of the role of technical assistance in the processes of institution-building, especially in non-European societies.

The starting point of such revaluation should be the recognition of the fact that "development" or "modernization" do not constitute an "unlinear" demographic, social, economic or political process which leads up – even if haltingly or intermittently – to some plateau, whose basic contours – whatever the differences in detail – are everywhere the same.

Rather, development has to be seen as a process or a series of processes with a common core which generates certain basic problems to which different answers are possible.

The most common of these cores is the development of growing social differentiation, social mobilization and breakdown or weakness of traditionality, unparalleled in the history of human societies. These processes create societies in which the possibility of continuous changes is imminent, and which face, therefore, certain basic problems. The most important among them are those of finding ways of regulating the various continuously developing and newly emerging groups and the necessarily increasing conflicts which develop among them, of integrating these groups within some common institutional framework and of developing some new *foci* of collective national identity in which tradition, modernity and change are to some extent combined. But the most general and common problem attendant on modernization – in which all these others tend to merge – is that of the ability to develop and maintain an institutional structure which is capable of absorbing changes beyond its own initial premises and of dealing with continuously new and changing problems.

But although these processes of change and development and the problems to which they tend to give rise have some common cores, yet the structural and cultural conditions under which they arise may vary greatly among different societies.

It is these different conditions under which the breakthrough to modernity takes place that explains that both the intensity of these common problems of development and the ways of dealing with them necessarily vary between different modern or modernizing societies.

Thus the scope and extent of the processes of differentiation and change, and hence of the acuteness of the problems attendant on modernization, may greatly vary between different modern or modernizing societies, especially according to the starting point of modernization in any society. The process of development may take off from tribal groups, from caste societies, from different types of peasant societies and from societies with different degrees and types of prior urbanization. These groups may greatly vary with regard to the extent to which they have the resources, and abilities necessary for modernization, for the regulation of the more complex relationships between different parts of the society which are attendant on the development of the complex social differentiation and the extent to which they are willing or able to become integrated into new, wider social frameworks.

But the great variety of structural forms accompanying the processes of development in different countries is not influenced only by the resources and orientations of the various social groups and strata. Any such level of resources or orientation, may, as it were, be directed or moulded in different ways – and the exact way in which it is so moulded depends to no small extent, although certainly not entirely, on the policies of the more active elites of a society, of those groups which have been called the "modernizing elites".

The recognition of the crucial importance of such elites in the moulding and shaping of the process of modernization has been one of the most important advances in this field.

Here several basic considerations apply: first, the existence within a society undergoing processes of modernization of such an elite – a leading group with the will or ability to modernize – cannot be taken for granted.

Second, when some such active modernizing groups tend to develop, their approaches to the problems of modernization may greatly vary. Kerr has shown, even if in a preliminary way, that different elites tend to develop different strategies with regard to some major problems of social and economic policy, such as the pace of industrialization, sources of funds, priorities in development, pressures on enterprises and managers, the educational system, policies of agriculture, methods of allocation of labor. and many others. This insight of theirs can be generalized also to other fields – and is, of course, of special importance for development of policies.

But in order to understand the attitudes of the different elites to the process of development it is necessary to remember that they are rooted in their own traditions and they tend to develop through the continuous interaction between

their traditions and the impact of modernization – and not only as "recipients" of models of development.

The initial spread of modernity through the impingement of Western economic, political and cultural forces on the former traditional political and cultural systems developed within them many social, cultural, and economic features similar to those developed in Western European countries and posed before them problems not dissimilar from those which faced these (Western) European societies. But on the other hand, in these societies, the details of these problems and characteristics – and especially the ways in which they have coped with them differed greatly from those of the West. Later on such differences could also be found from other modern models which impinged on traditional societies – be they the Russians, Japanese or Mexican ones.

Thus, in the study of modernization we have to distinguish first, among the impingement of forces of modernity and the consequence undermining the existing traditional settings; second, the "breakthrough" to modernity, on the structural and cultural levels; and third, the ways in which the new emerging social systems tend to deal with these problems, and their capacity to deal with them.

Given the historical spread of modernity from the seventeenth-eighteenth centuries until today, almost all traditional societies have been, or are being caught up in it, in the sense that modern forces "impinge" on them, undermining their existing settings in at least three different ways.

First, they tend to impinge on many of the bases of the various existing traditional institutional spheres – economic, political, or community life or social organization – make various new demands on them and open up new vistas before their members, although obviously there exist very great differences among various modern and modernizing societies with regard to the intensity of this impingement and its specific institutional location.

Second, these forces create a new international system within which differences in strength in modern (economic or political) terms are a major determinant of relatively international standing.

Third, the forces of modernity tend to impinge on many traditional societies in creating the vogue or demands for a growing participation of the citizen in the center, most clearly manifest in the tendency to establish universal citizenship and suffrage and some semblance of a "participant" political or social order.

These different forces may impinge on varied constellations in different historical cases, and each of these constellations tends to create different types of breakthroughs to modernity and institutional and cultural problems with which these societies and their new emerging structures have to deal. They tend also to give rise to different types of responses to these problems.

Various developing societies vary not only with regard to the degree of social mobilization and social differentiation that tend to develop among them, but also with regard to more symbolic aspects of modernity.

They may vary with regard to the very basic perimeters of modernity – in the conceptions of the cultural and social orders, the degree of commitment to their continuous change and to participate in their formation; so may also vary the relative autonomy of the individual vis-a-vis these orders; the relative autonomy of the social, cultural and political orders.

Closely related to such possible variations in the symbolic aspects of development and modernity are some important structural variations, such as the degree to which there develops a tendency to congruence between the cultural and political collectivities and centers, as well as in the concrete patterns of organizations and these centers.

Similarly, there may develep important variations in some of the basic aspects of the social hierarchy, in the system of stratification – not only in the degree of class cleavages, and conflicts, but also in the very conception of such hierarchy – in the attributes according to which different hierarchies, groups and people are evaluated, or in the degree to which conflict is seen as a basic ingredient of such hierarchy.

4. The diversity of patterns of development as background to policy and planning considerations. Basic attitudes to change and development

It is the recognition of these different dimensions of variability of responses to the impact of modernity and of the ways of coping with problems of development that should constitute the starting point for policy and planning implications, and it is out of these considerations that some of the basic theoretical problems, the answers to which may help us in the analysis of such implications, can be formulated.

One is the problem of the factors which impede as against those which facilitate the development of new, non-traditional, viable social and cultural orders and systems. Second, the explanation of the various aspects of variability of such systems. And third, the analysis of the conditions under which such new post-traditional or modern systems are capable of absorbing change, and of the concrete ways in which they do so.

What are the implications of the preceding analysis, for development policy and for the preparation and evaluation of development plans in general and of foreign aid in particular?

Several such implications seem to stand out. One is that no such plan should be based on an unidimensional and/or totalistic conception of development or modernity, to assume that there exists any one road, pattern or model of development.

Nor should it be based on the assumption that development has to take place, to the same extent and at the same time, in all parts of a society, in all its institutional parts or groups, although it should investigate the impact of the changes in one sector on all others.

It should rather attempt to specify the different attitudes to development which may tend to develop within the specific tradition of a given society and gauge the relative strength of the different responses to such problems which may develop from within it.

It should thus first aim at identifying those parts or sectors of any society which are most resistant to change, how to isolate or segregate them and how to minimize their hostile reaction and effects on other parts.

Parallel to this, it should identify those sectors of the society which are most promising, from the point of view of a positive attitude to development, with the various reservoirs of free resources which can be mobilized for development, and of elite leadership which has the greatest innovative potential and can effectively use and organize these resources for *different* development goals.

But any such plans should not assume that the same elite or leadership will necessarily be able to, or be suitable for, the implementation of all development goals in all sectors of a society.

Rather, any such plan has to aim to identify the different leadership or elite groups which are most capable of innovating the implementation of different goals in different sectors of the society and for the mobilization of the resources and clientele most appropriate for such different goals.

Any such plan should also aim at identifying the conditions which can assure the establishment of institutional frameworks which can provide legal and administrative framework, within which such goals and organizations can be continuously and securely provided. It should drive at identifying the conditions which can assure the provision of adequate credit to such organizations, as against those which tend to undermine – by too strong control or by too intensive populistic demands – the bases of such credit.

Any such plan should also evaluate the effects of various development policies in the various sectors of the society on the development of attitudes to change, on the generation of new, unanticipated forces and of reactions to them.

Last, any such plan should also aim at the identification of the condition which may help in the creation of an appropriate climate of public opinion favorable to the implementation of such plans.

5. Some specific implications of foreign aid and progresses

These considerations apply to all development plans, but they are of special significance from the point of view of programmes of foreign aid and technical assistance.

They indicate that such problems of foreign and technical assistance cannot be seen as either purely technical ones, or as simple direct spread of knowledge, or as providing simple uniquely adequate models for activities in their respective spheres.

Rather, they have to be seen as part of the internal process of institution-building of the recipient societies even if their more technical aspects have to be considered in the framework of these processes.

It is only in so far as they are so considered that their positive contributions for institution-building can be maximized.

Otherwise they may indeed often even be counter-productive -- either because their institutional assumptions differ from those of the recipient societies, or because of their being perceived as external and as being imposed by foreign, more powerful powers and forces, and as being against their own tradition. Or, in other words, planners of the foreign aid ought to be sharply aware of the difference between Westernization and modernization, a difference which was sometimes overlooked in the first stages of the development of the research on these problems. The modernization of these societies tended to be equated with their Westernization instead of seeing Westernization either as the central force of modernity which impinged on these societies or as just one – and sometimes as superficial – aspect of their response to this impingement in terms of building up new institutions or customs.

To sum up, we have to recognize that "development" or "modernization" do not constitute an "unlinear" demographic, social, economic and political process which leads up – even if haltingly or intermittently – to some plateau, whose basic contours – whatever the differences in detail – are everywhere the same.

Rather, development has to be seen as a process or a series of processes with a common core which generate certain basic problems – to which different answers are possible.

This process has several cores, the most common core of modernization is the development of growing social differentiation, social mobilization, and breakdown or weaknesses of traditionality, unparalleled in the history of human societies. These processes create societies in which the possibility of continuous changes is imminent, and which face, therefore, certain basic problems. The most important among them are those of finding ways of regulating the various continuously developing and newly emerging groups and the necessarily increasing conflicts which develop among them, of integrating these groups within some common institutional framework and of developing some new *foci* of collective national iden-

tity in which tradition, modernity and change are to some extent combined. But the most general and common problem attendant on modernization – in which all these others tend to merge – is that of the ability to develop and maintain an institutional structure which is capable of absorbing changes beyond its own initial premises and of dealing with continuously new and changing problems.

But beyond these common core problems, societies differ not only in the intensity of these problems but above all in the organization and crystallization of responses to them.

These are influenced by the traditional settings of societies, by the structure of the situation of change, and by attitudes to change which develop within such situations.

It is one of the main objects of sociological analysis and research to provide the planner in general and those engaged in foreign aid in particular, with as full as possible an analysis of the complexity of these situations and to specify those aspects which are most crucial for the understanding of the dynamics of different situations of change and development.

INSTITUTION BUILDING IN DEVELOPING AREAS

Prof. Ranji Kothari

I

The broad ideas behind President Truman's Point Four programme and subsequent developments in the field of technical aid and capital flows are quite alright, and in some respects laudable. A small idea has now grown into a powerful trend. At the same time there is need to take in new insights brought by both empirical research and practical experience and to question some of the early simplistic assumptions. Looking back, it appears that the aid programmes have been dominated by a rather technocratic and positivistic view of the development process: the unilinearity mentioned by Professor Eisenstadt seems to follow logically from assigning dynamism to technological and economic factors alone. Thinkers and strategists in the Western countries seem to have been sold on the assumption of an economic panacea for the world as a whole, forgetting their own earlier traditions of political economy and more comprehensive institution-building.

Second, there seems to have been a presumption of a necessary sequence in the development process, the choice of the sequence being largely drawn from the Western experience and the experience of countries like the Soviet Union – such as the feeling that a sizable economic surplus and things like urbanization and industrialization must precede the diffusion of political rights and the fulfilment of egalitarian goals.

Third, there has been a general neglect of the destabilizing, inequitous and *status quo* - reinforcing role of the prevailing economic model based on aggregate indicators of progress (as against a differentiated treatment of sectors and levels).

Finally, there seems to have been a considerable neglect of ideological, leadership and institutional dimensions of the development process. With the benefit of hindsight, there is now a growing realization of the need to modify this perspective. But we have yet to develop a clear philosophy of technical and economic aid and to work out the implications of such a philosophy in concrete areas of policy.

II

Before commenting further on the institutional dimensions of foreign aid and technical assistance, I would like to draw from the Indian experience certain trends that appear to me to call in doubt some of the perspectives that have dominated past thinking. Despite considerable emphasis placed upon economic development and centralized planning by the leadership, an emphasis that has been reinforced

by the foreign aid and foreign policy perspectives of the developed countries of both West and East, the really powerful trend that has emerged in India has been more in regard to the creation of a new political system, a diversified democratic order and an egalitarian ideology. Economic development seems to have been only an aspect of this larger process of institutionalization of a democratic policy.

Secondly, as this development has proceded, it seems that the Western prototype sequence has been belied. For one thing, the extension of political rights has not awaited the creation of a minimum base of economic resources. Furthermore, while there has been a policy of industrialization as in all countries, there has been a simultaneous need to stress the role of agriculture and rural development, and to under-stress urbanization, mass media development and mass literacy which are considered to be the *sine qua non* of the development process. Also, the role of the social and regional diversities in institutionalizing the development process has increased rather than diminished and has posed some of the more important challenges for policy. Even the official ideology has had to put in increasing emphasis on decentralization of initiative and sub-system autonomy.

Similarly, the presumption of functional interelatedness between various indices of modernization does not seem to be confirmed by the Indian experience: whereas mass participation in politics, spatial and structural mobility, and penetration of the forms of modern government have gone on rather rapidly, the growth in urbanization, literacy and mass communications has been rather slow. In fact, some of the studies carried out by the Centre for the Study of Developing Societies indicate that political stability and the ability of the government to mobilize men and resources in the development process owe in no small degree to this slow pace in the growth of the usual Western-type indices of development. Finally, the Indian experience suggests that institutional development – including the development of its more formal aspects – is the dynamic agent, *par excellence,* of social and economic modernization.

On the other hand, it appears that the economic development process itself has generated considerable disequilibrium in the social system and a mounting scale of disparities and inequities. Technical and capital aid from outside have in no small part contributed to this process, partly by reinforcing the social and political *status quo* and partly by distorting the nation's priorities. The situation as it is developed now seems to suggest that economic planning based on Western type growth models and their presumptions of unilinearity and unidimensional growth have not been in tune with these larger institutional developments. As a result there is a growing tension between political articulation of different sectors of the population and the consequences of a borrowed economic model. There is some evidence that the political and institutional developments mentioned above, and especially the growth of an indigenous political elite from the grass roots of society which is more in tune with the urges of the people, are modifying the distorted perspective of the earlier economic model. But the lags that have already developed between the two sub-systems are quite serious and call for resolution.

III

Let me now turn to some of the institutional themes that are germane to the development process and the contribution of the assumptions of technical aid to these themes. The technical aid package as it has developed till now has certain implications for institutional growth. First, there seems to have been an accent on centralization of the political and economic system in the underdeveloped countries. The notions of national integration, the idea of an over-riding "national identity" and the model according to which a strong and centralized state is a pre-requisite of economic development have all contributed to this perspective. In reality, such a transfer of doctrines from Western nations (where indeed a centralized state was created before the era of economic modernization and political democracy set in) to highly plural societies of the contemporary underdeveloped world with an acute scarcity of resources has only meant an increasing load on the centre of the political system on the one hand, and on the other hand a woeful neglect of the development of human capabilities at various levels in the wake of a bureaucratized and impersonal state which is insensitive to the individual and his pressing needs.

The second doctrine underlying foreign aid programmes is the accent on a particular pattern of industrialization and urbanization with the relative neglect, until recently, on the role of agriculture and the modernization of rural areas in economic development. A corollary of this doctrine is the notion that human wants are more or less unlimited, a notion which is a direct outgrowth of the agressive commercial culture of affluent Western economies. It is a notion which is increasingly shared among the Westernized elites of the developing countries. Hence the emphasis among academics everywhere on "bridging the gap" between the developed and the underdeveloped worlds rather than realizing minimum standards for the people based on minimum requirements of freedom and decency for human beings. Such an export of a commercial culture alongside the package of foreign aid has made the whole package rather problematic for the development of the underdeveloped countries. It is slowly creating a situation in which every increment in economic prosperity is being offset by the powerful demonstration effect from the Western countries, and the consequent pre-emption of the fruits of development by the upper middle classes acting under strong psychological pressures.

Third, there seems to have been a curious combination of the neglect of a well thought out strategy of institutional development on the one hand, and a tendency to subjugate economic ends to the foreign policy considerations of great powers on the other, leading to an insensitivity to the larger institutional context of development and the still larger human context to development. The general result is a decline in both the credibility and the effectiveness of foreign aid. The great power compulsions of the politicians in the developed countries have found a convenient ally in the theoretical compulsions of the economists in the same countries. Hence the fact that foreign aid has gradually become an instrument of the "industrial-military complex" of the *status quo* powers in the world. Hence also the fact that the ideal type models of development that are being presented to

the world are of such countries as Pakistan and South Korea, Venezuela and Lebanon. There has been some disillusionment of late in regard to backing political regimes that are allies in some military pact without taking account of the nature of the regime and its degree of popular support, political autonomy and institutionalization. But no alternative strategies seem to have emerged.

There is now need to frankly face up to normative and institutional issues involved in the development process. There is need to perceive the larger dimensions of social reform and the development of democratic institutions; the goals of individual freedom and human potentialities; the availability of requisite leadership and the growth of viable institutional mechanisms for the management of social tensions arising out of development; the need to recognize the developmental role of social pluralities and intermediate structures in the process of nation-building; and, finally, the need to invest with a greater sense of urgency in the larger educational and cultural processes that are more likely to lead to order and prosperity without sacrificing elemental human freedom and social justice. Aid should be conceived as a catalyst of these larger institutional and human capabilities, not their substitute, and certainly not their detractor.

Further perspectives will have to emerge from such a confrontation with basic issues. Hard policy choices lie ahead for decision-makers. Should there be a normative content to the aid effort? Should there be an emphasis on larger institutional, political and human developments based on the basic philosophy of the Point Four doctrine? What implications do such normative and institutional [illegible]s have for (a) the *spread* of the aid effort and (b) the sectors of activity [illegible] ought to be emphasized? On the first of these, there is need to think clearly and to dissociate international aid policies from the foreign policy and military perspectives of the great powers. This will call for a more viable institutionalization of the aid effort itself. On the second, there will be need to weigh investment in human capabilities and selected dimensions of institutional development that would ensure a long run consummation of the development process as against economic aid *per se*. In short, there is need to concede that foreign aid can act only as a catalyst of indigenous patterns of response to the challenge of development, and that it cannot hope to go very far except by attending to the contextural and institutional dimensions of the growth of human capabilities in which national elites and specialists must have a determining role. This will necessarily involve the maintenance and strengthening of the political autonomy of various levels of the international order, rather than their subjugation to either the short run power concerns of aid-givers or the fancied theories and models of aid consultants. It will not be easy to effect this change in perspectives – for both power patterns and theoretical models are often deeply entrenched in history – but history also tells us that outmoded models have a tendency to persist well beyond their utility and that so-called "power considerations" may often be no more than a rationalization of the *status quo ante*. It is the task of innovative thinking to provide necessary correctives in regard to both. To the extent that such thinking is unable to influence the decision-makers in aid programmes, foreign aid may cease to be a legitimate instrument of progress.

RESPONSIVENESS OF LOCAL ENVIRONMENT TO AID PROGRAMS

Kasem Snidvongs

It is well known that most developing countries depend heavily on external resources to increase their per capita income whether it be in the form of development aid or technical assistance. The net flow of external resources from advanced to less developed countries has been estimated at about $9 billion per year. After the Second World War aid was given perhaps for rehabilitation and humanitarian and political reasons. Since then the motive of aid giving countries has changed profoundly, but now both donors and recipients agree that their primary objective is economic and social development. The question then lies in the effective utilization of external resources in order to secure rapid and sustained economic and social development.

I will therefore focus upon the successes and failures of foreign assistance to Thailand and the responsiveness of the Government to administrative changes so that effective implementation of aid could be obtained. It will be divided into two parts namely:

a) Technical Assistance, and

b) Development Loans.

The flow of technical assistance started in 1950 between the U.S. and Thailand with the aim to promote economic growth and the well-being of the Thai people. From 1950-1960 USOM obligated $567 million in assistance funds. In the early 1950's emphasis was based on the development of infrastructure such as transport and communications, power, harbor facilities etc. Health and education have also been other areas of emphasis. Since 1965 the U.S. aid policy has shifted to rural areas, particularly in the North and Northeast regions where communist subversive activity has become more serious. Therefore the goals of U.S. aid have been changed from those of purely economic and social development to counterinsurgency bias – indeed a non-economic goal.

Over the same period of 1950-1969 GNP grew at an average rate of about 5 percent per annum during the early 1950's and increased to an average of about 7 percent at the late 1960's and the per capita GNP from $63 million in 1951 to

$1.1 billion in 1969. At the same time, Thailand has been able to accumulate its foreign exchange reserves equivalent to about 9 months of imports. However one cannot overlook an important factor that contributed to economic growth and modernization in Thailand, the political stability, in contrast with instability prevailing in many parts of Asia.

In addition to economic changes the inflow of technical assistance has brought about institutional changes in the Thai decision-making structure. The creation of central planning agencies – National Economic Development Board, the Bureau of Budget and the Department of Technical and Economic Cooperation have improved the allocation of both the domestic and external resources. The Government's interest in the rural development has brought about the establishment of the Office of Accelerated Rural Development (ARD), and the Community Development Department of the Ministry of Interior.

During the middle of the 1950's it can be said that technical assistance played a major and perhaps catalytic role in determining the future trend of economic and social development in Thailand. It was a time when Thailand had the internal capability to make new policy departures, a time when external circumstances warranted some action, and a time when developed countries were prepared to assist the Thai Government in order to promote the economic development and the social well-being of the people. It was evident that roads, railways, irrigation etc., were extremely underdeveloped. The bottleneck at that period was the absorptive capacity and institutional capability. The goals therefore were to devise an approach that would have the greatest immediate effect on the development of the economy and on national integration. The joint efforts proved to be successful; improvement was made to the infrastructure along with the increase in efficiency of governmental departments and agencies.

Apart from the overall performance of aid program we must examine closer the effect of technical assistance in various sectors of the economy and some specific programs. Due to time limitation in this discussion, we shall be looking into the agriculture sector and the ARD program only. Thailand, like many other countries in Asia, is predominantly agricultural. This sector therefore is a key to economic growth. About 80 percent of the labor force engaged in agriculture and 30 percent contributed to the GDP while other sectors – the commercial, services, transport etc., very much depend on it. Thailand has long been a leading rice exporting nation, and in spite of continuing efforts by both the Thai and foreign organizations to promote agriculture, this sector remains one of the most underdeveloped. The output per acre has not shown marked improvement and remains well below the world standard. The pressure of population on cultivated land reduces yield substantially as less and less fertile soil is brought into production. The problem is becoming more aggravated with the discovery of "miracle rice", as it seems likely that many importing countries will become self-sufficient in the very near future, thus reducing the market for Thai rice.

In the last decade much of agriculture development consisted of crop diversification and extensive farming. However, a decline in the availability of new land to be brought under cultivation is forcing Thailand away from extensive farming and hence the need for more intensive farming. Successful promotion of intensive agriculture will require a comprehensive scheme for teaching modern methods to farmers.

In the past, a sizeable amount of aid has been geared toward the agricultural sector but evidence has shown that much of the effort has been ineffective due to inadequate coordination on the part of extension services, failure to remove institutional barriers in the marketing process. It has been found that up to now, much of the aid has not been successful in remedying agricultural problems.

There is another area in which the impact of technical assistance should be closely examined, the Accelerated Rural Development Program. The objectives of this program are to provide effective rural development, to improve security through better relationships between people and the administration. This leads to the institutional objective of strengthening the changwat (province) administration so as to achieve decentralization of local coordination of rural programs. Prior to the creation of the ARD Office, it was felt that the existing administrative machinery was excessively centralized and inadequately coordinated. Decisions about rural development programs were taken by the departments in Bangkok and the actual implementation was carried out in the rural areas by agents of the central departments acting independently of each other, resulting in a lack of coordination at the local level. Excessive centralization indicated that these programs did not correspond to local needs, i.e., not enough flexibility to respond to urgent priorities.

Since its inception, ARD has achieved substantial decentralization of authority. Projects are mainly initiated by changwats and local officials have full responsibility for carrying them out. The creation of changwat ARD construction teams inevitably brought about a large degree of decentralization. This also brought about the weaknesses of local administrations which in turn forced the Government to pay attention to the improvement of local officials and local administration.

With regard to technical assistance, one cannot overlook the importance of aid coordination. A total of 12 countries and the Columbo Plan have contributed about an average of $50 million through technical assistance activities. The annual flow of Thai students and trainees abroad is approximately 700, while experts going to Thailand are about 300 annually. Thus, aid coordination is a necessity. At the meeting of the Development Assistance Committee in Paris, the DAC Coordinating Group for Thailand was created, with the desire to strengthen the administration of foreign aid. One of the most important activities of the Group was the "Study of Technical Assistance to Southern Thailand". At present the Group continues to exchange information with the Thai counter-

parts on the current and proposed aid programs. This information will assist to assess donor interest in the projects and to determine the best direction in which to channel requests. In addition, the Group provides the machinery with which its members may jointly focus their attention on particular regional or sectorial problems.

Furthermore, I wish to elaborate on Professor Xuto's remark on the priority approach. In many instances technical assistance had been channeled without taking into consideration by the donor countries, the projects and programs of high priorities put forward by the recipient countries. This perhaps justified political rather than economic criteria, on the part of donors, thus distorting the development strategies of the developing nations. We, in Thailand, have attempted to set priorities on our external assistance requirements in accordance with the goals and strategies of the National Plan, but unfortunately, a large number of projects and programs of high priorities were not of interest to donor countries. How then can one expect to obtain optimum economic return? I wish to propose that both donors and recipients make concerted efforts, to cooperate on this approach; otherwise inconsistency will remain in existence for many years to come.

Prior to the First Six-Year National Economic and Social Development Plan (1961-1966), much of the capital assistance came from the World Bank, in order to improve undeveloped infrastructures such as ports and railways. During the First Plan period, foreign loans of about $230 million were envisaged. The World Bank, Germany and the U.S. were the major contributors during this period.

As the result of the Government approach to planning, the Foreign Loan Sub-Committee of the National Economic Development Board Executive Committee has been set up to scrutinize the priority projects which required foreign financing. The Sub-Committee is empowered to consider the amount, the terms and conditions, the sources of loans required, the debt burden and the debt service capacity, in accordance with established regulations. For the Second Five-Year Plan (1967-1971), the foreign exchange requirement has almost doubled. The three aforementioned contributors alone cannot fulfill the increased requirements. Therefore, the Consultative Group Meetings were held among member countries of the World Bank to find ways and means of assisting Thailand to meet the foreign exchange gap. As a result of these meetings, Thailand has been able to diversify its sources of financing, but the policy of acquiring foreign financing has to deviate from soft term loans to export or suppliers' credit due to some member countries' unwillingness to assist with long term loans.

Past experience has indicated that loans from abroad, even for development purposes, often leave undesirable features, for example, when they are used to buy equipment at too high a price or when commission has to be paid for the loans, or they give rise to irregularities. This is particularly relevant with suppliers'

credit. Here, there is a very strong element of high power salesmanship, coupled with tangible inducements. So, developing countries have been victims of the wiles of soft-spoken contractors. Many countries have become bankrupt because of an unduly heavy debt burden, because of easy buying and easy borrowing. Tied loans in which the borrower has to purchase goods and services from the loan-giving countries are probably better than suppliers' credit, but they are subject to collusion among the producers of the lending countries and high cost goods supplied can be of inferior quality.

The best kind of loan is that from the international institutions, such as the World Bank and the Asian Development Bank in which loans have to be disbursed in accordance with the rules and regulations and bidding has to be worldwide.

In conclusion, external assistance in general has created greater efficiency among departmens and agencies of the recipient countries. It induces structural changes of Government institutions, but the most important of all, it assists the Government to channel resources to better utilization. However, if we pursue further into project level, we will find that deficiencies always exist, bottlenecks and problems have not successfully been removed. Experts and advisors dispatched by the aid giving countries frequently are unqualified for the jobs. This may be due to the weakness in the recruiting system of donor countries. I believe that weakness of technical assistance lies in this level – an area where many donor countries have overlooked. It is often taken for granted that experts would be able to fulfill their roles competently. I wonder how many donor countries have really made such an assessment. Frequently, developing countries have been taken as stepping-stones for the future or an arena for acquiring experience.

As regards to loans, Thailand has been suffering from rising debt burdens due to high rates of interest and the short repayment periods offered by the lending countries. Developed countries need to liberalize their terms and conditions if they really seek to aid the developing nations.

L'ASSISTANCE AU DÉVELOPPEMENT ET SON EFFET SUR LA SOCIÉTÉ

Yves Marcel Razanamasy

Au moment où se préparent les orientations de la deuxième decennie des Natiôns-Unies pour le développement, il est heureux de constater que des responsables de divers pays puissent se concerter pour échanger leurs points de vue en matière d'assistance au développement.

Au nom de mon gouvernement, que j'ai l'honneur de représenter au sein de cette conférence, je salue d'ailleurs l'initiative qu'ont prise les organisateurs de la présente conférence de poser aussi lucidement le problème de la conception et de la mise en oeuvre des programmes d'assistance par rapport aux réalités, aux possibilités et aux incertitudes inhérentes à toute société en mutation.

De tout temps, le développement a été et sera une révolution permanente de la société. Et c'est sans doute la raison pour laquelle nos discussions d'aujourd'hui seront centrées sur l'assistance au développement et son effet sur l'environnement local, c'est-à-dire de la société.

Pour ce qui concerne le strict sujet qu'il m'appartient de traiter, j'aurai la tâche ingrate de devoir faire un bilan critique de quelques lustres d'assistance et de coopération internationale. De la manière objective dont nous entendons mener nos discussions, l'autocritique et la critique auxquelles nous sommes conviés seront comprises dans leurs valeurs dynamiques et fondamentalement positives. Vous remarquerez que c'est presque systématiquement que je relèverai ce que l'on pourrait appeler "les failles actuelles de l'assistance au développement", et que si dans ce propos, la critique occupe une place plus importante que l'autocritique, c'est délibérément que j'ai procédé ainsi. Non pas que j'ai voulu ignorer les succès de l'actuelle coopération, si ces succès n'existaient pas, personne, donateurs ou donataires, ne serait plus intéressé à ce problème et les pays du Tiers Monde auraient cessé de revendiquer sur les différentes sources internationales l'augmentation du volume de l'aide. Or, ces pays n'arrêtent pas de rappeler à la mémoire des pays nantis l'urgente nécessité d'un accroissement substantiel de cette aide, et ils réservent généralement dans leur pays de développement une place relativement importante encore que pas toujours à la mesure de leurs besoins réels et dépassant souvent la moitié des investissements totaux qu'ils prévoient.

Les multiple conférences auxquelles a donné lieu la détermination du fameux objectif d'un pourcent, la passion dont ont fait montre les pays du Tiers Monde dans leurs participations aux débats, prouvent de manière éclatante que l'assistance est un besoin effectivement ressentie par ces pays, et reconnue finalement par ceux plus nantis.

Mais j'ai pris le parti d'insister dans mon exposé sur les failles de l'assistance actuelle pour qu'ensemble ici, nous en discutions et trouvions les mesures propres à y porter reméde et partant, à accroître son efficacité.

En effet, tel que le problème nous est posé, il semble d'ores et déjà que si le développement apparaît comme une transformation et une mutation, l'assistance doit également être conçue et amenagée en conséquence. Par ces différentes phases, l'assistance doit obéir à ce cadre et à cette destination. Qu'en est-il en fait?

Au niveau de la conception des programmes, et au moment même où ces négociations sont entamées, la conception des programmes risque de compromettre par trop et leur mise en oeuvre et leur efficacité. Est-il superflu de rappeler que l'assistance s'adresse à un pays, à peuple qui tente à développer sa propre civilisation avec son système de valeurs, une préhension propre de sa vie et de son histoire. Trop souvent, cependant, peu de programmes d'aide tiennent compte de ces paramètres politico-historiques fondamentaux.

D'aucuns disent que la notion même du développement est liée à l'intervention de l'indépendance. Certes, l'euphorie de la libération a nuancé par trop l'acuité des responsabilités nouvelles. Dans l'immédiat, nous avons d'abord perçu la nécessité d'assurer le maintien de l'ordre public, la gestion des affaires courantes, en un mot, en plusieurs cas, la succession d'état.

Cependant, à cela, est venue vite se greffer cette próccupation apparemment nouvelle, mais qui est en réalité ancienne, puisque nous l'avions déjà à l'esprit sans avoir jamais pu l'exprimer: le développement.

Dès cette période s'est donc posée aux nouveaux états, le problème de l'adaptation de la structure des services publics aux activités économiques, un fait contre lequel nous nous heurtons actuellement, et la transformation de nos responsabilités de gestion auxquelles nous avons été formés en responsabilités de développement. Qu'est-ce à dire? Nos pays ont hérité d'une organisation administrative et donc de cadres administratifs dont la motivation fondamentale était auparavant la gestion d'un système équilibré, stable, voir immobiliste. La prise en charge des rênes de notre devenir par nous-mêmes impliquait au départ une transformation radicale de ces structures et des mentalités qui les animaient ou les paralysaient.

Ceci n'a pas été fait dans tous nos pays, et la raison en est principalement la différence des conditions qui ont amené l'indépendance elle-même. Point n'est besoin de nous y étendre. Le fait est qu'il s'agit là d'une donnée politico administrative, dont il serait dangereux de ne pas tenir compte.

Ceci a impliqué que du jour au lendemain; nous avons eu à prendre des responsabilités immenses auxquelles ni les structures existantes à cette époque, ni les secteurs de notre économie n'étaient préparés. Assoiffés d'indépendance politique et de libération économique, nos pays se sont trouvés en face d'une multitude de tâches inorganisées au départ. Les proposition d'assistance pouvaient en conséquence trouver un champ d'intervention prêt à accepter n'importe quoi.

Nous portons donc, quant à nous, la très grande responsabilité d'avoir accepté la mise en oeuvre de ces projets quand bien même ce n'est pas nous qui les avons définis. Cependant, les choix, les critères d'attribution, les catégories des aides accordées dès leur définition sont apparus plus conformes aussi bien à nos attentes qu'à nos exigences de développement. Les notions de pré-investissement et de financement d'études dont nous avons certes besoin semblent faire parfois de nos possibilités d'assurer la continuité. Certaines aides, trop limitées à des phases préalables du processus de développement, risquent en conséquence de ne constituer que des chiffres. On ne se préoccupe que rarement de savoir s'il n'y a pas eu déperdition de cette intervention ponctuelle. De la même façon, certains bailleurs de fond se spécialisent dans le financement de projets précis. Notre développement, dans la très grande majorité des cas, est basé sur l'agriculture. Nous le savons et on ne manque pas de nous le rappeler. Ce n'est cependant pas une raison, nous semble-t-il, pour que les unité industrielles de transformation que nous voulons implanter, soient rarement financées. Il y a là un choix de secteur *a priori* qui nous paralyse plus qu'il nous développe. Est-ce une politique délibérée? Je n'ai pas quant à moi, de réponse immédiate, mais il est tout de même étrange que les aides soient rarement globales et portent le plus souvent sur des projets précis répondant à des impératifs de prestige, qui ainsi que l'observe Olivier Richet, dans "Investissements intérieurs ou Epargnes intérieures", "avantagent systématiquement le grand projet isolé, surtout s'il est spectaculaire, relativement facile à étudier et à réaliser par rapport à la multiplicité de petites réalisations d'un coût équivalent, alors qu'en fait, ces dernières sont à la fois mieux adaptées aux pays en voie de développement et beaucoup plus faciles à diriger une fois qu'elles auront été mises en place". Cette donnée de base nous impose parfois implicitement un véritable abandon de souveraineté, et malheureusement, du fait même de notre sous-développement, nous nous sentons impuissants. Ce fait est d'ailleurs fort bien explicité dans le rapport Pearson, qui souligne en ces termes: "dans le cas des programmes bilatéraux, il s'ajoute que les pays donateurs disposent parfois d'experts spécialisés dans certains types de projets que la possibilité d'exporter certains types d'équipement peut présenter un intérêt particulier pour leurs industriels et que souvent ils sont désireux de

voir leur nom associé à celui d'un projet bien connu pour le prestige, et la publicité qu'ils en retireront." Une observation de cette compétence se passe de commentaire, mais il apparaît parfois que le pays récipiendaire ressemble à un champ d'expérimentation de nouvelles techniques qui ne tentent qu'à pérenniser les rapports déséquilibrés entre économie-foyer et économie-satellite. Certaines aides sont si liées qu'elles rappellent parfois malgré soi à l'esprit je ne sais quel pacte des temps anciens, ce qui n'est pas,contrairement à ce que certains soutiennent dans les intentions des donateurs.

Cette philosophie de l'aide entraîne une conséquence grave en ce sens que les négociations longues et difficiles porteront beaucoup plus sur des points de détail que sur le principe même des opérations. Des deux côtés, tout investissement est bon et utile par essence et dans une certaine mesure, on se garde soigneusement d'en étudier les inconvénients." La citation est toujours d'Olivier Richet.

Cette conception aboutit aux conséquences suivantes: au lieu de favoriser la nécessaire adaptation à la diversité des conditions psychologiques et de peuplement, elle privilégie l'élaboration de modèles applicables sur le plus grand nombre possible de pays inter-tropicaux.

A cet égard, il est frappant de constater les ressemblances qui caractérisent les différents projets en place dans nos pays, et financés par l'aide extérieure. Dans ces conditions, l'on ne saurait s'attendre à des réactions positives des l'environnement local. Dans bien des cas, de tels projets sont difficilement absorbés par le milieu donataire qui n'a a pas toujours participé sérieusement à leur genèse. Et cela exige un grand effort d'adaptation à nos besoins, à nos possibilités et à nos réelles préoccupations.

La détermination des contre-parties illustre par ailleurs ce qui vient d'être dit. Ces contre-parties représentent en termes financiers le degré de possibilité d'absorption des états récipiendaires. Nos finances publiques sont grevées de contre-parties que nous ne pourrions mettre en oeuvre pour une opération de notre seule initiative. Ces participations sont d'ailleurs prioritaires dans nos dépenses et c'est normal, mais à telle enseigne que le plus souvent, nos propres initiatives sont paralysées par les responsabilités énormes que nous avons prises dans les engagements internationaux.

Quant à la mise en oeuvre des programmes, nous nous trouvons parfois en face de projets assortis d'importation massive de compétences, de techniques et bien entendu, de structures.

L'importation de compétences, c'est le problème de l'assistance technique structo sensu donc de personnel. Il n'est pas rare que l'assimilation là aussi soit difficile. Je ne parlerai pas des experts compétents certes, mais attirés

par la découverte d'horizons nouveaux. Des experts sérieux viennent avec des vues sectorielles qui ne prennent pas suffisamment en considération la globalité de nos problèmes. Nos structures entre autres administratives ne sont peut-être pas adaptées, mais nous demandons que le personnel d'assistance technique le comprenne et comprenne aussi que nous ne pouvons pas faire table rase du jour au lendemain. Trop animés du désir de bien faire, d'autres experts bâtissent sur notre sol, sans être pour autant aussi efficaces que nous le voudrions et qu'ils le souhaiteraient eux-mêmes. Ceux qui viennent en disant "je vous apporte la lumière, prêcheraient dans le désert, car il faudrait qu'ils assimilent d'abord nos réalité qui ont leurs propre logique et qui en tout cas, ne correspondant pas toujours à la leur. Leur mission serait un échec s'ils ne sont pas en mesure de comprendre qu'ils travaillent pour le développement.

Une autre observation du rapport Pierson à ce sujet constate à l'expérience que l'assistance technique a sa propre vie et qu'elle n'a qu'un rapport lointain avec les objectifs du développement national ou général, tant chez les pays donateurs que chez les bénéficiaires. Fin de citation.

Il doit donc y avoir une déontologie élémentaire de l'assistance technique, qui est une aptitude et non une simple presentation de services. Cette déontologie implique au départ un réalisme qui fasse comprendre qu'il y-a des problèmes auxquels nous devons ensembles nous attaquer. De plus, il arrive que le coût des experts représente plus de 50% du coût total d'un projet. Le rapport Pierson note toujours à ce propos que les experts de l'assistance technique sont loin d'être gratuits pour les pays qui les reçoivent.

Ainsi cette déontologie doit apposer également que les experts ne cherchent pas par tout les moyens à se distinguer de leurs collègues nationaux. Ils ne feraient qu'accentuer le fossé qui les sépare. Ce qui nous amène d'ailleurs à aborder le délicat problème des homologues. Honnêtement, nous, pays sous-développés, nous devons reconnaître que nous ne sommes pas toujours en mesure de dégager les compétences nécessaires à ce titre.

Il y a un problème de formation auquel les experts eux-mêmes doivent se référer. Parfois, ces homologues sont considérés comme des adjoints, et c'est un euphémisme, plutôt que comme des partenaires. La finalité de l'assistance technique est sa propre fin, mais il semble que ce point de vue est le plus souvent ignoré ou écarté a priori. Bien au contraire, nous avons parfois le sentiment, quand nos cadres bénéficient d'une formation prodiguées par les experts ou financée par certains donateurs, de participer une fois de plus à la pérénnisation de notre situation de sous-développés. Qu'est-ce à dire?

Qu'est-ce à dire?

Nos cadres, quand ils sont formés à l'extérieur, ont cette responsabilité immense d'assimiler des connaissances conçus et practiquées dans des cadres différents des leurs, et de les reconsidérer à leur retour en fonction de contextes qu'ils ont eu le temps d'oublier, Ensuite, ayant travaillé avec des moyens et des instruments étrangers, ils seront portés à favoriser leur importantion au détriment des potentialités locales.

Enfin, et c'est le plus grave, quand ils ne se sentent plus en mesure de s'adapter à leur pays, il n'est pas rare qu'ils choisissent de s'installer ailleurs, et de préférence dans le pays où ils ont été formés. En ce moment, les études réalisées démontrent que le "brain drain" le plus important s'effectue au détriment du Tiers Monde.

Ceci étant, je voudrais assurer Monsieur Pré que j'adhère absolument à l'intervention pertinante qu'il avait faite tout-à-l'heure à ce sujet, mais l'aspect que je viens de soulever est malgré tout un aspect spécifique.

Dans le domaine de l'apport de techniques, nous ne ferons que rappeler brièvement le problème.

Pour prendre un exemple précis, dans quelle mesure les pays donateurs comprennent que la révolution de la culture attelée doit passer avant celle de la culture mécanique. Les tracteurs qui nous sont cédés au cours des cérémonies de manifestation grandiose de l'amitié qui lie donateurs et récipiendaires se retrouvent après quelques mois, sinon quelques semaines, relégués quelque part dans un musée de l'histoire de la coopération internationale. Ce qui n'empêchera pas qu'ils figureront dans le tableau des aides considérables qui nous sont accordées.

Il faut également reconnaître que nous, pays aidés, portons là aussi une lourde responsabilité d'auto-satisfaction. Le fait de voir entre nos mains des instruments révolutionnaires est l'occasion de séances collectives d'auto-félicitations.

Moins voyante, mais plus q'inquiétante est l'importation des structures. Elle est d'ailleurs liée à la sélectivité des aides. Faisant fi de nos propres structures, certains programmes nous proposent, pour ne pas dire nous imposent, des systèmes conçus ailleurs. Il y a chez les pays donateurs d'aides une motivation idéologique sur la supériorité évidente des idées et des formes d'organisation dont on dispose soi-même. C'est ainsi que parle André Piatier, dans un article intitulé "Aide au Tiers Monde et coexistence pacifique".

On nous propose des structures rationnelles, mais a rationnalité n'est pas l'apanage des seuls bailleurs de fonds. Certes, la mise en oeuvre d'un programme économique implique une mutation structurelle. Mais s'il ne s'agit en aucune manière de prendre un parti d'archaïsme, nous avons simplement l'ambition d'édifier notre société de demain et d'après-demain à partir du génie de nos peuples, sans chauvinisme, bien entendu, mais avec la volonté de réussir un épanouissement qui ne soit ni artificiel, ni superficiel, parce que sans attaches réelles.

La population concernée n'est pas souvent étudiée en elle-même, dans son monde d'existence propre. Ils ont fait comme si elle était le personnage d'une pièce dont la trame aurait été pensée en termes étrangers. On extrait de la globalité qu'elle incarne un certain nombre d'éléments qu'on réinterprète à travers un cadre d'analyses toute préfabriquée. Aussi n'est-il pas étonnant que d'un diagnostic partiel et inadéquat résulte une thérapeuthique souvent inefficace.

La société traditionnelle est perçue comme un obstacle, un frein au développement. On la caractérise par l'intertie, la passivité, la routine, l'amentalité d'assister, le manque de réceptivité. Le dynamisme propre des sociétés traditionnelles reste en fait non découvert.

Les projets financiers à grands frais engendrent un gigantisme évident ou en devenir. Ce gigantisme, en ignorant nos propres structures, apparaît comme une enclave économique dont nos paysans ne sauraient profiter. Il cherche à nous absorber, mais par cette tentative de dénaturation, demeure en fait extérieur à nos problèmes, car nos pays ne peuvent se développer de cette manière déracinée.

En conséquence, la mise en oeuvre de ces programmes devrait obéir à nos préoccupations réelles, à nos possibilités et à nos potentialités sans chercher ni à les dénaturer, ni à les écraser, mais en acceptant d'en faire le fondement de notre développement.

Pour ce faire, nous devons quant à nous établir un plan cohérent de notre développement. Nos première tentatives de planification ont été riches d'enseignement en ce sens qu'elles ont mis en évidence le défi auquel nous avons à répondre, et les termes opposés dans lesquels se pose la recherche du démarrage économique. Nécessairement, inévitablement le plan doit englober des orientations de politique économique et une programmation de l'utilisation des ressources en fonction et sur la base des axes fondamentaux ainsi définis. Les premiers plans ont eu ce mérite d'avoir fait apparaître d'une maière éclatante que notre problème essentiel est de mettre fin au caractère dualiste de notre économie, c'est-à-dire non seulement de moderniser le secteur rural et traditionnel, base du devenir de la nation, mais aussi de naturaliser le secteur moderne, exigence du développement.

C'est là une question qui n'est pas à l'ordre du jour, mais à l'ordre du siècle.

C'est un problème de civilisation. Qu'avons-nous en effet à espérer des apports étrangers en tant que tels puisque notre seule chance est aussurément de pouvoir trouver et circonscrire notre faculté propre d'accomplir des miracles? Il s'agit pour chaque pays de redécouvrir et de redéfinir son propre génie pour relever le défi de notre temps. La dicchotomie réside en ce sens que nous ne pouvons y répondre avec nos seuls moyens.

A l'heure actuelle, nous avons la responsabilité d'intégrer les aides accordées dans nos plans de déterminante. . Les pays donateurs comprennent-ils qu'il s'agit là d'une condition dirimante si réellement l'on veut que le programme d'assistance soit efficace. Plus précisément, acceptent-ils que leurs intérêts soient subordonnés aux nôtres dans nos pays? Les futurs plans tendront à comporter davantage de précisions fondées sur nos besoins réels. C'est dans ce cadre donc que nous aimerions voir la matérialisation de la collaboration de plusieurs sources d'aides au développement intégré d'une région. Il restera à savoir si les donateurs consentiront à ajuster chacune de leurs interventions.

Cette programmation cohérente nous amène des lors à poser le problème réel de l'assistance au développement, en définitive quelle est sa destination finale? Nous avons déjà eu l'occasion d'évoquer l'incongruité de certaines enclaves économiques qui ne servent que la publicité de la coopération internationale. A partir d'un

seuil facilement repérable, les coûts d'investissement et surtout de fonctionnement deviennent considérables. Ces coûte, toujours sous-estimes, lors du lancement d'un projet, conduisent à une détérioration continuelle de la santé financière du pays. Bien plus, si nous avons eu des difficultés pour dégager les contre-parties en sacrifiant certains domaines de notre initiative propre nous nous trouvons en présence d'un cadeau empoisonné au moment de la relève. Soit que ces projets demeureront à fonctionner indéfiniment sur aide extérieure, ce qui n'arrange ni le donateur, ni le bénéficiaire, soit qu'ils se détérioreront pour ne plus être que le souvenir de notre coopération.

Nous en avons déjà parlé précédemment, mais maintenant nous voudrions faire prendre conscience que là est le véritable noeud du problème.

Il y a problème de la relève financière, problème de la relève en compétence, mais en définitive, dans quelle mesure admettons nous que l'assistance au développement vise sa propre disparition par la transformation de nos économies en économies modernes. C'est à ce niveau que se pose en réalité le problème de l'assistance et de l'environnement local. Et c'est à la fin de l'assistance que les faits se confirment ou non. Dans quelle mesure les bailleurs de fonds acceptent de réussir avec nous une révolution des mentalités? La question n'est pas de principe, elle est très concrête.

En effet, une mutation de mentalité, dont la découverte d'horizons nouveaux provoquera très certainement une prise en conscience des situations conflictuelles qui caractèrisent les relations économiques dès lors à remettre en cause.

Dans quelle mesure nos partenaires acceptent-ils que notre développement exige une révolution des structures? C'est là un problème de choix et de refus de la part de nos pays d'être le champ de bataille des différentes idéologies.

Cela voudra dire également que seront remises en cause les importations de de structure sans essais d'adaptation.

Assurément, et puisqu'il n'est pas ici dans notre propos de jeter de recettes d'une meilleure efficacité et d'une réelle profondeur des programmes d'assistance, j'espère ardemment que nos débats seront fructueux en ce sens. Il s'agit là des principes élémentaires qui doivent nous guider tous.

Il appartient aux pays bénéficiaires de traduire dans un plan cohérent sa politique de développement. Il doit lui revenir d'utiliser et d'ajuster en conséquence les aides accordées. C'est là sans doute qu'en définitive, pour en terminer, nous arrivons à la réalité du dialogue entre les peuples. Cette recontre et la volonté de travailler en commun ne doivent plus prêter à confusion. Nous voudrions rendre tout son sens à la coopération.

Nous vivons actuellement une ère que nous avons collectivement la responsabilité de pacifier. La nouvelle division du monde, qui est apparue éclatante à New-Delhi, fait en sorte que par la force des choses, les moins nantis se trouvent opposés, du point de vue des intérêts propres, et au point de vue de la responsabilité, aux peuples surdéveloppés. Cette opposition a modifié les termes de la paix internationale elle-même. C'est en ce sens qu'une meilleure

compréhension de nos problèmes augmentera nos chances de paix. Tant que les uns chercheront à sauvegarder, sinon à accroitre des privilèges acquis, tant que les autres se sentiront spoliès, la paix dans le monde demeurera précaire. La division entre pays riches et pays pauvres correspond à la dialectique de l'histoire: les termes de l'échange, les flux commerciaux, la règlementation des assistances forment une vaste super-structure maîtrisée et dominée par une oligarchie classique.

La coopération vraie nous donne une chance de solution de cette donnés objective. Deux milliards d'êtres humains commencent à réagir quand aux rapports de force qui régissent le monde.

En définitive, la lutte des classes s'est transposée à l'échelle planétaire. Nous sommes condamnés les uns autant que les autres à favoriser et à réaliser de manière vraie, et par delà la façade de sourires diplomatiques ou commerciaux, le développement du Tiers Monde qui constitue désormais le garant le plus sûr de la paix.

Monsieur le Président, je suis heureux que les présentes réflexions se déroulent sous l'égide d'un Centre International pour la Paix.

Mr. Keymar

I should like to make two very small points. One was to clarify a point that Mr. Ami had made earlier, in which he mentioned the Jackson Report. The fact is that many multi-lateral agencies have a great deal of difficulty in maintaining a time-table for carrying out their technical assistance functions. However, the Jackson Report did make the point that the World Bank group in particular did keep to its deadlines, to its program, to the cost of its projects.

The second point I wanted to make was on this question of the local currency financing and the counterpart funds that have to be put up by developing countries. This is something that the World Bank adopted rather mechanically in its early years, limiting financial support to the foreign exchange component of a project, except in exceptional circumstances.

Mr. Campos (Brazil)

I am very thankful to the two speakers, Professor Eisenstadt and Professor Kothari, precisely because their contributions were so brilliant that they dazzled me. I find myself in an utter state of confusion. I believe that one of the main thrusts of Professor Eisenstadt's remarks was the negative contribution of foreign aid and assistance in excessively diluting traditional elements of the society that have some developmental value and should be properly preserved.

Professor Kothari, on the other hand, accused foreign aid of being manipulated to serve the interests of preserving the *status quo*. So, according to one of the speakers, aid would have a stagnating effect on social structure. According to the other speaker, it would be a major dilutor of traditions.

One thing that seems clear is that there is no philosophical principle governing foreign aid. Foreign aid has been evolving very fast; even in the American case we can differentiate in the post-war period three quite different phases. During the Truman Administration, and immediately after, in the Dulles era, one could talk of politically motivated aid and technical assistance programs. Those programs were related to political goals and were regarded as a form of reward for political allegiance. In the Kennedy era, it veered the other way around, much more in the direction described by Professor Kothari. Aid became really an instrument for social reform. There was an abundance of social reformers in Washington with all sorts of prescriptions – the Punta del Este charter applicable to the Latin American States, for instance, was a compendium of prescriptions for social reform, democratic institutions, egalitarian goals in income distribution, agrarian reform etc.

Although those social reform objectives were very laudable, in the short run they did increase tensions, and in some cases actually exercised a negative effect on development.

In the third phase of technical and foreign aid assistance, encompassing the Johnson Administration and stretching into today, the approach is much more pragmatic. The emphasis is not really on social reform or structural change in the recipient country, but on its degree of performance. This is perhaps a much wiser concept, although there is the immediate and vexing problem of who should judge performance. For this one would really have to rely much more on international institutions of a multilateral nature. In the Latin American context, the CIAP is doing this kind of work, namely, trying to evaluate the performance of receiving countries. Clearly, however, it appears desirable to let the dispensation of foreign aid be guided largely by performance rather than by some abstract enunciations of desirable goals in terms of historical and political transformation.

Professor Eisenstadt, perhaps rightly – although I think we are here falling prey to a fad and fashion – accused economists of exaggerating the importance of economic development as the primary solvent of societal transformation. While I can sympathise with this viewpoint, we run the opposite danger: instead of having primary solvent we may have an indetermination of the solvent. I think sociologists may have switched the other way around altogether too fast, so that we are having fewer precise notions of what really is the major instrument in societal transformation. To my mind, economic development is the primary solvent. Where perhaps the confusion arose is that in order to achieve economic development or merely to reach the take-off stage, other than economic elements do loom large in the picture.

Clearly, if economic development starts, it is likely to be a very efficient solvent. But for it to start, we have to look for sociological and psychological factors. More and more, at least in Latin America, we are convinced that the first job of the development promoter has to deal with motivation and institutional aspects. The motivational aspect is most important for the mobilization of savings, both on the private and public sectors.

A second institutional aspect, which is terribly important if we are to have any solvent at all, economic or political, is a certain amount of political stability. Reasonable political stability means that a minimum of administrative continuity can be preserved for the implementation of plans and programs, for establishing general principles of economic policy and also to erect a framework of rules for a private sector.

Those are very basic ingredients for economic development. Once economic development is under way, once the rate of growth is fast enough, we are likely to find in it if not the most important, certainly a very important solvent conducive to societal transformation. If we dilute our goals by trying to achieve immediately economic development, social reform and welfare distribution, we are likely to have not a competent choice of solvents, but a dangerous interdetermination of the solvents.

The problem is, of course, very complex. Even a point which would seem rather simple, for instance, the desirability of preserving certain traditional forms of economic production, may encounter deep objection in developing countries themselves. Professor Singer has pointed out to the mania that is now emerging in several of the recipient countries against what they call "colonialistic technology". So if the foreign aid expert comes to a recipient society and, moved by respect for the local culture, emphasizes the need for preserving certain basic skills and trades, he is liable to provoke abnormal resistance, being accused of trying to maintain technological colonialism.

We are thus really in a quandary. It would seem so logical, tidy and nice to respect the cultural values of the society, but in doing so we may arouse much more suspicion than one would think possible or reasonable. We have an example of this in the controversy over nuclear proliferation. My own country, Brazil,

wants to reserve its right to undertake peaceful nuclear explosions for the development of explosives for peaceful uses. Most of our economists think this is completely irrational. We do not possess the means or possibilities of producing peaceful explosives in any meaningful economic sense. Still, if any aid expert tries to explain in developmental terms that there are more useful applications for our talent and technology, he may well be accused of condemning us to "technological colonialism". I think India is suffering from the same extreme push to modernization, by wanting to go nuclear.

The gist of my remarks is to express sympathy for whoever undertakes the difficult task of aid-giving. And to utter a plea for a very pragmatic approach.

I do not think we can distribute rewards or punishments or even enounce a philosophy of foreign aid, for this was tried before without much success. In terms of noble enunciation of principles for foreign aid, I know of nothing better than the Charter of Punta del Este for the Latin American countries. Still, as I told you, in some of our countries it has encouraged premature welfare measures which have dissipated savings and proved inimical to sustained economic development.

In the Punta del Este charter a clear option was made in favour of a political system: representative democracy, dedicated to preserving human dignity, human freedom and all that. But who is to judge which political system at which particular time is the commendable one? Even if we use such well-known and attractive words as human freedom, democratic liberties etc., we are liable to be at cross purposes with reality. Some dictators are popular, let us face it! Fidel Castro is a very tough dictator, if I ever saw one. But he is popular and has achieved major societal transformation. So if the democratic criterium is popular support, one should not have any objections to a very stiff dictatorship such as he is conducting in his own country. If one were to talk not only of objectives but of performance, then he would be liable to condemnation; it is sufficient to include in addition to social factors the economic development performance for us to visualize the utter inadequacy of Castro's regime. He would in fact be charged with having pushed economic reforms to the point of confusion, with a consequent decline in the standard of living, while exterminating political freedom.

The more I think about these matters, the more I am restive and unhappy at the easy generalizations which we economists formerly used to make and which I believe sociologists are beginning to make.

A pragmatic aid approach, which gives weight to political development, social reform and economic growth but does not prescribe rigid formulas for societal transformation and accepts the view that some important objectives may be temporarily sacrificed to others would seem to be the best bet for a humane and reliastic aid policy.

H. W. Singer (U.K.)

There are two basic political dilemas that have emerged to the fore and that have yet to be adequately dealt with. If you talk about the importance of fostering traditions and not overriding national traditions, building on tradition as Prof. Eisenstadt did, you come up, as Prof. Kothari told us quite rightly, not only against the naiver type or technocratic idealism of the West, contrary to real economic experience of the West, but also against the political suspicions of the underdeveloped countries. This implies a technocratic colonialism that in the long run will increase international inequalities.

The second dilema goes back to the frequent reference to President Truman's emphasis on people. The Jackson Report places emphasis on country programming. It makes deep bows to the national sovreignty of the recipient countries, and this was also partly reflected in our present discussions. If you have a good government the kind of government that we all like and support, that does not only think in terms of growth of GNP, but is generally concerned with the welfare of their people, this may be all right. But what to do when we have governments as many as goverments are, both of the developed and of the underdeveloped countries, hardly the true representatives of the welfare of their people? Do we work with governments and through governments, or do we try to bypass and address ourselves directly to people?

Here is the dilema. If we work with and through government, and we respect national sovreignty and a strong desire for independence, we may betray the people, and Prof. Kothari will tell us we support the trend to centralization. Here aid and technical assistance become a matter of power politics. On the other hand, if we bypass government to develop people-to-people programs, we may rightfully be accused of disregarding national sovreignity and independence.

General multilateralism, through genuine international multilateral organizations, might perhaps be the answer to some of these dilemas. Once we have such genuinely multi-lateral international institutions, these institutions could override national sovreignty and national governments to establish some kind of international priorities in our aid and technical assistance programs, it could then proceed even to bypass governments. We could then, perhaps, return to the Truman vision of an international assistance program that addresses itself directly to the welfare people.

Alfred Wolf (USA)

I am taking this opportunity to point out Prof. Singer's remarks, that he simply helped dig the hole a little deeper. I see nothing in the kind of pattern of multi-lateral institutions which will accomplish the purpose which Prof. Singer and I and many others here hope for. Unfortunately, we are all victims of the establishment. We are all creatures of governments, and whether we have a form of multi-lateralism, as we have in the American Development Bank, or in the World Bank, or even in the United Nations, we still are confined, and confined seriously.

Prof. Bergman (Israel)

I believe that the whole problem of the transformati .. of assistance into cooperation depends on the technical ability of the developing countries. As long as the receiving countries have not got their own experts in the field in which they wish to develop, there can be no real development. I therefore believe that one of the main problems which we have to solve on an international scale as quickly as possible, is the rapid training of experts for these countries lacking them.

There are, of course, several possibilities of training and I think one of the most important ones is the establishment of international institutions which deal with certain defined problems common to many countries. Examples include the International Rice Institute in the Philippines or the Institute which has recently been established in Kenya for the study of ecology and physiology of insects.

There is another possibility, sending trainees abroad. Both ways should be utilized. I believe that if developing countries will have at least a cadre of experts, they will be in a position to transform "assistance" into the "cooperation" which we all desire.

Dr. Singer (U.K.)

An idea has taken root that the local costs of aid projects, including the costs of local counterparts to visiting experts, must be covered by the recipient country itself. This very often imposes not only a great burden on developing countries, but further creates an unhealthy relationship between the visiting expert and his local counterpart, and very often distorts the priorities of the country involved.

In this respect I must support Mr. Amir in arguing that multi-lateral programs seem to be worse, more rigid, than bi-lateral programs. At least under the British Aid Program, it is definitely much easier to finance local costs and also the local cost of technical assistance projects, than it seems to be in multi-lateral programs, especially United Nations programs. In fact, we have now reached the absurd situation that some of the best assistance that can be given to underdeveloped countries is aid to help them to cover the local cost of multi-lateral projects. Now, this is an absurd situation, that bi-lateral aid should make its best contribution in helping out to cover weaknesses in the multi-lateral program.

What has emerged from our discussions is a belief that the absorptive capacity of a country to make good use of the assistance which it gets should not be measured by its contribution to local costs or counterpart experts. Rather, we would therefore advocate that a great deal more aid be given in the form of program aid and general budgetary aid, instead of being tied to specific projects.

Session V Case Studies: Agriculture

PROBLEMS OF TECHNICAL ASSISTANCE AND DEVELOPMENT IN AGRICULTURE

Prof. Yoshiaki Ishezuka

First of all, we must establish our philosophy of technical assistance for developing countries.

Technical assistance for developing countries in the field of agriculture should be strictly a kind of assistance. It should not be charity.

Accordingly, the principal way should be assistance for general education. When we try to build a large building we have to solidify the foundation, just as a high mountain generally has a wide skirt area. We must not try to construct a big monument without constructing a stable basement, that is general education.

It looks quite circuitous; however, in the long run, it is the most effective and steady way to achieve development.

I am confident in the potential ability of developing countries. Japan's situation is not an exceptional one in Asia.

Though we call them developing countries, at the present time, most of them have splendid heritages of civilization which were constructed many hundreds of years ago. No one can deny the latent ability of these nations!

At that time, the driving force or motive to draw out their ability was religion under the feudal system.

However, in the present age, the driving force should be economic and scientific interest created by a general education.

Developed or industrial countries should never forget the wisdom of the developing countries.

However, I must restrict my presentation to technical assistance in the field of agriculture.

The purpose of developing countries in accepting foreign aid will be:

1. To try to bring about a self-sufficiency of staple foods to make those nations free from hunger.
2. To raise or to improve the living standard of farmers.
3. To promote exportation of agricultural products to improve the financial situation of the country, as well as the welfare of those nations.

1. **To bring about a self-sufficiency of staple food.**

To achieve the above purposes, the first priority should be, "How to increase the quantity of agricultural production".

There are two approaches of bringing up the level of agriculture of developing countries to that of developed countries.

a) To introduce advanced agricultural techniques in developing countries as a stimulant for farmers, and to draw out the intentions of both farmers and leaders.

b) To purposefully bring up or to gradually improve the present techniques in each developing country.

A. There are two types of rice plants. One is the Indica type and the others are of the Japonica type.

The Indica type is leafy and the ratio of the ear to that of the leaves and stem is very low, and the yield is small. On the contrary, the Japonica type is not so leafy, and the ratio of the ear to the leaves and stem is comparatively high, the yield also being high.

It is common sense that when we want to obtain more yield in cereal crops, we must apply fertilizers, especially nitrogen.

This is true in the case of Japonica rice, and we can expect more yields by the application of nitrogenous fertilizers such as ammonium sulfate or urea.

However, by the application of nitrogen, Indica rice becomes more leafy and consequently, by mutual shading of leaves, photosynthesis becomes further insufficient compared with respiration. Consequently, the yield becomes rather low.

To introduce Japonica rice directly to tropical countries where Indica rice is predominant, is almost impossible. It is not only from the point of the botanical characteristics of Japonica rice, which originated in the temperate region, but it is also a matter of its taste, which will not be favorable to the people of tropical nations.

Therefore, there is no other way to improve Indica rice, so as to be tolerant and responsive to fertilizer nitrogen.

Scientists of the International Rice Research Institute have succeeded in breeding a new Indica variety named IR-8, which has high responsiveness to heavy application of nitrogen.

The IR-8 is expected to have a yield of six tons per hectare compared to that of one to two tons of the local variety. This is the reason it was called "Miracle Rice" and propagated in tropical regions.

Introductions of this kind of new variety and advanced cultivation techniques in the developing countries will be the best way to provide an adequate amount of staple food in order to make the nations free from hunger.

However, we have to remember the fact that an excellent race horse will only be able to exhibit its ability through the efforts of an excellent horse rider.

A minister of agriculture of a developing country told me frankly his impression on IR-8. He said it is a Prima Donna.

It is really said to be a Prima Donna. She is quite attractive, but she requires a mink coat, which means chemical fertilizers, and she requires a Cadillac, which means a well-arranged irrigation system.

We will not be able to deny the fact that a hasty introduction of this kind of new variety will bring about a dual construction in the farmer's society, because only rich farmers who have enough funds to buy fertilizers, under well developed irrigation systems, will be able to introduce such new varieties, and will be able to get more income as a result. Thus it brings about a deeper dual construction than that already present in that region. Rich farmers will become richer and poor farmers will become yet comparatively poorer.

However, I am convinced that to make peoples free from hunger, the introduction of this kind of new variety is indispensable. It is not a defect of the new variety itself. It is a responsibility of agricultural politics. How can we absorb the shock which is unavoidably a temporary phenomenon, when we try to introduce this type of new variety? And we have to think of types of politics so that the poor farmer can accept this kind of new variety; for instance, consolidating the irrigation system by the government, or the providing of some kind of loan to buy fertilizers for indigent farmers.

B. To cover this weak point, it will be necessary to raise the level of farmers, who cannot directly accept a new variety, or advanced techniques, by other procedures which are acceptable even at the present time.

The development of the agriculture of a country will not be achieved instantaneously only by introducing capital or techniques from an advanced country because the major part of agriculture of that country is managed by peasant farmers.

Accordingly, the interest in and intention of improvement of the individual farmer will decide whether it is a success or a failure.

Under this circumstance, it is necessary to create a system of technical cooperation so as to reach and consolidate those peasant farmers.

This system has already been established in Taiwan and other countries. In Taiwan, they call it a "Regional Demonstration Farm for Better Agriculture". The areas covered are from a small group of farmers to a village. The committee consists of three groups, representatives of farmers, regional extension specialists

and staffs of agricultural experiment stations. First, they make a blue print to obtain the highest yield in the region by using techniques which ordinary farmers can accept, mostly recommended by the agricultural experiment station. Then all the farmers of that village can take care of the cultivation and observe the growth, keeping all data on record. After the harvest, they have a meeting for reviewing the results obtained during that year and prepare a blue print for the next year.

We have to evaluate the wisdom of farmers who have more than one thousand years of experience in that region.

Once the techniques reach all village farmers, they will create a motive to try the new techniques recommended by the agricultural experiment station, and try to actively improve their cultivation method further.

Though the change is not so dramatic and speedy, this procedure is steady and practical in raising the level of ordinary farmers to a higher level.

The above two approaches have to proceed in parallel in the developing countries.

2. To raise the living standard of farmers.

The other purpose of technical assistance in the field of agriculture is to improve the living standard of farmers by getting more yields.

Though we call them simply the developing countries, the pattern of need for staple food and the economic situation is quite different among them. Moreover, there has been a general tendency that the yields of agricultural crops are increasing steadily in all countries. Accordingly, when the pressure of increasing population is not so serious, it will change gradually from the demand of quantity to quality. It requires: (a) Increase in demand for animal husbandry and fishery products as a supplier of protein, and (b) cultivation of high protein and high oil crops such as soy-beans, peanuts, and corn.

At this stage, it becomes inadequate to restrict the activity only to the improvement of the individual techniques of farmers. It becomes necessary to extend this activity to the improvement of not only technical problems, but also covers all the other agricultural problems, including processing, marketing, financing and social problems such as land reforms.

Thus the need will arise to expand the activity to improve the social, economic infrastructure.

Problems of technical assistance become quite critical and serious when faced with these problems.

When an expert from a developed country tries to build a utopia which he could not realize in his own country, or tries to change the infrastructure impetuously, it results in confusions in the developing country because it destroys not only the program, but also destroys the tranquility of those whom he seeks to help.

Each nation has its own philosophy. Though it looks unreasonable and unscientific, the change of philosophy and social structure must be done by the people of that country, by themselves, never by the people from other countries.

Though it looks circuitous from the side of an advanced country, it is the inevitable pathway for developing countries.

For this approach, an establishment of model villages or a new plan of regional development will be a kind of trial. And now, one part of assistance aims in this direction, establishing farmers' associations in connection with the plan.

3. To promote exportation of agricultural products.

The development of agriculture will be promoted by the harmonious progress of research, education, and extension. However, it is difficult for developed countries to establish a research institute to study fundamental problems on tropical agriculture such as tropical climate, tropical soils, tropical crops and the way of cultivation, as well as agricultural management and economy, because almost all developed countries are located in the temperate or cool regions. They are geographically unsuitable for the study of tropical agriculture and also the stored knowledge on agriculture which they have is that of the temperate zone, and not directly applicable to tropical regions.

That is the reason, I think, the Rockefeller and Ford Foundations established the Institute for tropical crops in tropical regions. By this means, they made splendid contributions in improving tropical crops. Thus, research is the fundamental practice in bringing improvement and progress to tropical agriculture.

Accordingly, at this stage, I wish to propose the idea of establising an International Institute for Tropical Agriculture supported and managed by the developing countries themselves.

The purpose of this idea is not to compete either with the Institute already established, or with the agricultural institute and experimental station in each component country.

As already stated, the release of stored techniques only has already become insufficient to promote the exportation of agricultural products, and to further develop tropical agriculture.

Accordingly, it becomes more urgent to study tropical agriculture fundamentally and to draw out general principles governing tropical agriculture.

The purpose of this Institute is not to lead the agriculture of each country directly, but to supply information to the agricultural leaders, such as the experiment stations and extension agencies.

In the case of extension work, once in a while an extension specialist from an advanced country tries to improve farmers' techniques directly, relating to farmers in a village.

Though it is a way of improving the techniques, I would rather prefer to take an indirect way.

When an advanced country is required to participate with extension work, extension specialists have to keep their positions under the government of the recipient country and to do their jobs always with extension people of the recipient country, and not independent of the activity of the recipient country. Otherwise, it brings unavoidable confusion among farmers and creates confusion in the whole program in the long run, or destroys their efforts when they go back to their home country.

To summarize:

1. We should never underevaluate the potentiality of developing countries, and we must think of how to make them create a spirit of self-dependency.
2. Though it takes a long time, the fundamental approach is for the development of general education, so as to make them literate.
3. The present approach has two ways: One is to give advanced technology directly to a developing country and the other is to try to gradually raise or improve the present techniques of developing countries by themselves, corresponding to the scientific progress and economic development of that country.
4. It is necessary to establish an international research institute on the fundamental problems of tropical environment and social and economic problems in developing countries, by the efforts of developing countries by themselves, to supply the results of research to each component country.
5. In the field of agriculture, research, education and extension must proceed in parallel lines making harmony among them. Extension should be done by each country itself, and experts of advanced countries should encourage them as advisors. The above mentioned facts should be the limit of technical assistance offered.

ISRAEL'S AGRICULTURAL CO-OPERATION WITH DEVELOPING COUNTRIES

Dr. Yitzhak Abt

For the overwhelming majority of the population of developing countries, agriculture is the basic mode of subsistence, while for the countries themselves, it is the mainstay of their economic structure.

Attempts to by-pass agricultural and rural development by diverting the development effort to industrialization have not usually been successful. The fact that in a number of Asian and Latin American countries pursuance of the policy of industrial fundamentalism has actually led to economic regression, has been recognized by a number of eminent development economists and was particularly stressed at the Rehovoth Conference on Comprehensive Planning of Agriculture in Developing Countries in 1963.

The leaders of most developing countries are well aware of the crucial importance of rural agro-technical and social development as a factor in the gradual transformation of the traditional subsistence economy to market-oriented production. The fact is that agricultural development is the necessary first step for stimulating modernization and can then prime general economic development.

Planning the complex and slow process of agricultural change involves recognition of the interdependence of a number of fundamental factors making development possible. On the physical side is the ecological aspect and the questions of the availability of land and water. Then there is the question of finding capital, of creating markets, and of disseminating knowledge. From the social point of view, there is the farmer himself, not only as a producer, but also as a member of a society and of a local community with an established set of values, often rigid institutions, a status system and a leadership.

One of the main obstacles to change is the conservatism, born of insecurity, of the subsistence farmer. Reluctance to accept innovations can, however, be tempered by the demonstrable advantage of change in terms of greater income and/or greater prestige. Another great hindrance to development is the inability to pay for the implements, improved livestock, animal feeds, commercial fertilizers, etc., required for a modern agriculture. In many cases institutional rigidity limits the farmer's initiative and receptiveness to change. Nevertheless, these institutions, if judiciously modified in their systems of operation, can and should be made use of in the practical attempts to reach the farmer and increase his receptiveness to innovations.

It is important to influence the institutions and those who represent them on the local and national level. On the local level, influence should be exercised through the family, through maintenance institutions in more economically developed societies, through local government representatives, schools and religious institutions, and through neighbourhood and community groupings. Since it is the latter which serves as a framework for the formation of public opinion, programs with community-orientation have the greatest chance of success.

On the national level, it is important to secure the sanction of the group of administrators and technicians, which in most countries includes national and rural leaders with the status and prestige to help launch and sustain programs of change and improvement.

Keeping the above conditions and general aims in mind, Israel's cooperative aid program was established, based on the fundamental role of agriculture development and on the Israeli experience of economic transition as well as on the fruitful dialogues we have had with collaborating countries on these problems. However, the objectives in our technical cooperation programs had to be scaled down and related only to those fields where Israeli experience and technical proficiency were available. The translation of the objectives to actual projects were further affected by the limited manpower and financial resources available. They are designed to start small but to be able to expand as local manpower and resources become more involved and enthused in them.

Broadly, Israel's cooperative aid can be divided into two independent categories: Socio-economic and agro-technical.

Socio-economic objectives

a. to encourage the channelling of agricultural development effort to fields which are potentially most beneficial to the future of the countries concerned.

b. to assist in the technical planning and execution of agrarian reform wherever a government feels that the prevalent land-tenure system should be changed.

c. to assist in the training of professional cadres capable of sustaining development.

d. to encourage active individual participation in institutions dealing with production, distribution and consumption; to encourage the emergence of leadership.

e. to encourage change in nutritional habits, with the aim of facilitating transition from extensive monoculture to mixed farming, including livestock, and eventually, to specialized farming.

f. amelioration of extension, credit, marketing and other services.

g. development and settlement of new areas.

Agro-technical assistance comprises

a. communication of technical skills through demonstration.

b. introduction of modern agricultural methods, including intensive use of industrial in-puts, with the aim of raising yields and production of traditional crops.

c. introduction of new crops and improved varieties.

d. introduction of traction animals, agricultural implements, and of suitable machinery when practicable.

During the past fifteen years, Israel has sent more than 1,800 agricultural experts to developing countries, who have made a small but significant contribution to the countries' agricultural development. Conducive to the steadily growing demand for their services is the relative success of rapid agricultural development in Israel itself, including the agricultural settlement of many groups of people previously alienated from farming and rural living patterns. Israel has striven, and to a large measure has succeeded in closing the traditional gap between the rural and urban standards of living. In fact, it has developed a system of rural educational, public-health and other services of a standard which in some cases is superior and most often as high as that of the urban centres. The fact that Israel's experience in the field of rural development and cooperatives is of recent origin possibly makes it even more attractive to development experts in developing countries.

The organizational structure of the Israeli agricultural sector, its substantial supporting system, particularly of the various types of cooperatives, both at grass-root and national levels, has proved highly productive in providing experts suited for work in developing countries, whose identification with development problems of other countries makes them acceptable to policy makers and professional circles of other countries as exponents of some positive social values, and not only as technicians. Experience gained by Israeli experts through practical work and association with local institutions and representatives abroad has contributed to their growing awareness of some of the important problems which could be solved by research. This opens the way to possibilities of scientific cooperation in various fields of agriculture.

Joint methodologies with developing countries have been evolved in recent years for the settlement and consolidation of peasant communities, generally within a pattern of individual family farm units. These production units are economically and physically planned to derive the economic benefits of scale by the use of cooperative services. In addition, directed credit systems, linked to organized market schemes and outlets, have been established, and farming patterns, geared and organized for regional agricultural processing industries, have been set up. Some very encouraging results in the fields of cooperative rural development can already be seen in joint programmes in Latin America, Asia and East Africa. Primary cooperatives have been established following a preparatory stage during which villages

were organized to manage their own affairs. Such villages were set up only after policies were evolved by government agencies for the establishment of village institutions and a less rigorous selective credit system.

In the future the growing demand for services of agricultural experts will, most probably, necessitate joint financing of bankable agricultural development projects by groups of donor countries and international finance agencies. Such co-operation is capable of making a valuable contribution to agricultural and, eventually, general progress of many developing countries.

Complementary to its diversified aid activities abroad, Israel has set up an educational network for training students from developing countries in various phases of rural development work. During the past decade, over 12,000 technicians from Asian, African, Mediterranean and Latin American countries have been trained in Israel. Of these, some 5,000 participated in agricultural courses and many of them are today actively engaged in the projects undertaken in joint technical cooperation programs in their own countries.

The experience which has accumulated in the Centre for Agricultural Co-operation with Developing Countries of the Ministry of Agriculture is based on the extensive development implemented in this country as well as on projects carried out in all continents on behalf of the International Cooperation Division of, the Ministry of Foreign Affairs. This expert knowledge is placed at the disposal of countries that may require it, and of international organizations through whom such knowledge and expertise can best be put to use.

Israel's technical co-operation programs in agriculture have concentrated mainly on efforts to demonstrate and promote approaches and methods whereby traditional agriculture can be modernized as the *first tier* of development. Activities have therefore been channelled into three types of projects in relation to the basic concepts for agricultural development and change which were previously discussed.

These major types are:—

1. Production campaigns and specialized projects;
2. Modernization and management of commercial experimental or demonstration-cum-training farms;
3. Modernization of family holdings and rural communities.

1. **Production campaigns and specialized projects** involving a single crop, agricultural branch of institution: Generally such projects pursue two sets of objectives:—

   a) Introduction of improved technology in the cultivation of traditional or subsistence industrial crop;

   b) Diversification of agriculture and development of multi-cropping systems through the promotion of newly introduced cropping and husbandry practices where conditions permit.

The principle aim of such activities is to increase regional or national production through greater productivity resulting in higher yields. Generally, production campaigns have been backed by price support programs, subsidiation of commercial in-puts and the improvement of credit and marketing arrangements. Often the only requirement for attaining improved technology has been found to be in better organization of extension services linked to a timely and judicious supply of in-puts. One of the merits of such campaigns is that they permit the concentration of human and financial resources for the fulfilment of a defined objective, with considerable success in some cases. Israeli assistance has been forthcoming, even in crops and branches not undertaken in Israel, made possible through arrangements with research stations specializing in those crops, whereby Israeli technicians, before beginning their mission, have been given the opportunity to study crop technology hitherto unfamiliar to them.

In this way, Israeli technicians have been able to develop rice production campaigns in Laos and Cambodia, applying technology and using new varieties evolved at the International Institute for Rice Research at Los Banos in the Philippines.

A striking example of technical assistance to improve crop technology has been the case of cotton cultivation in El Salvador. There, a program is now being undertaken to improve the profitability of cotton cultivation by reducing expenditures of spraying. This is effected through efficient field inspections and an attempt to restore the biological balance by the introduction of conditional spraying.

This was doen by vesting inspection and control in local teams each comprised of entomologists, inspectors and extension service personnel for a delineated crop area. The total cotton area, which had been reduced from 400,000 hectares in 1964 to 120,000 hectares in 1966 is gradually being increased again and will assume its former importance in the national economy, besides offering a less hazardous livelihood to the traditional cotton pickers. The system introduced by the Israel advisory team has already brought about a 30 percent reduction in spraying outlays, making the crop reasonably profitable.

Other campaigns have been introduced elsewhere frequently involving the introduction of new crops and branches such as sugar beet and cotton in Iran, dairy farming in Trinidad and citrus development in the Malagasi Republic, cotton growing in Turkey, fodder production and conservation in Colombia, etc.

In many countries, production campaigns produced results other than those which can be statistically assessed. For example, government encouragement of farm commodity production has in some cases restored farmers' confidence in government policies. They have paved the way for the establishment of primary producer associations, making the achievement of "immediate income targets" possible. This was the case in an Israeli co-operation program in Nawalpur, Nepal, where the main emphasis was placed on the production of mustard seed. This, in

turn, enabled planners to proceed with the programming of further investments for the production of mustard oil and, thereafter, the gradual diversification of farming with the introduction of a multi-cropping system.

Whatever the success of production campaigns in terms of material benefits, their socio-economic residual effect has been significant. They have enabled farmers to become acquainted with modern in-puts and their use. Frequently the campaigns have led to the bolstering of the rural credit and marketing systems in which Israel had had some gratifying experiences. They have, in some cases, stimulated the initiation of ecological and economic regional research, as is the situation at present in Israel's endeavors to breed specific crop varieties related to nutritional consumer habits, market specified requirements of agricultural processing industries.

For instance, under the aegis of the Vulcani Agricultural Research Institute, breeding work in sorghum varieties adaptable to Ethiopian conditions and the specific task of preserving sorghum preferences for "injera-making" in local varieties is now being undertaken both in Israel and in Ethiopia. The seed required for optimum local consumer acceptance possesses a good sized grain, yellow endosperm and a light cream-coloured seed coat. This can be done from selection within local varieties, intercrossing between them and subsequent seed multiplication. However, on a longer term, the same traits sought for can be evolved through the introduction of higher yielding hybrids resulting from adequate adaptation research.

Similar work is also being undertaken to improve maize varieties for selected areas in Thailand and Laos. Breeding and adaptation is specifically focussed to improve flint varieties so sought by Japanese importers. Work is also being done to select and breed for higher yielding sweet-corn varieties sought by processors in Thailand. A program is also under way to select vegetable varieties and determine optimum sowing dates suited to ecological conditions of projects jointly undertaken in Southeast Asia particularly in Thailand and Cambodia. Groundnuts is another commodity which is being gradually introduced in selected countries of Latin America, East Africa and Southeast Asia, paralleled to specific breeding work related to the ecological conditions of those regions where production campaigns are jointly contemplated.

Finally, they have encouraged the extension services to formulate specific action programmes catering to the needs of a cross-section of the farming population.

Nevertheless, the pitfalls of production campaigns are many and invariably relate to the reluctance of the traditional farmer to accept innovations if he is not convinced of their absolute profitability. Usually it is the more advanced and progressive farmers who are more receptive to new techniques, leaving the more traditional farmers to trail far behind. At the root of the problem are a dearth of extension personnel and the mammoth task of arranging the timely and economic

supply of in-puts necessary to implement national production campaigns. It perhaps follows logically therefore, that Israel has had more success in such activities in smaller countries or clearly defined regions where it has been possible to focus overall efforts on the campaign.

2. **Modernization and management of commercial, experimental or demonstration-cum-training farms:** By implication, this type of project relates to the management of larger production units for purposes of introducing modern techniques, for experiments and demonstration, and to train the farmers in a given region. In some cases these farms have been established under Israeli technical cooperation programs to pioneer specialized branches and crop production. This has been the case in the management of two state farms in Ghana, one for livestock and the other for vegetables and of a seed production farm in Petrolandia, N.E. Brazil.

In other cases, larger administered production units were incorporated as a built-in element of development schemes. For example, in Latin America, the "Fincas Esquelas" farms for demonstration and training of the practical application of modern irrigated agriculture in new settlement areas. They have trained numerous prospective farmers and have served to disseminate new techniques among farmers of the surrounding communities. Rapid turnover of trainees who spend only one or two seasons at the farms as day laborers permits training at a relatively low cost, which is to some extent recovered by the sale of farm produce. In some cases these larger farms are later parcelled out to the settlers after their viability has been proven and the newcomers trained in the techniques of modern farming.

The establishment of such farms in underdeveloped and unsettled areas has offered potential settlers the combined advantages of training and concurrent wage-employment. In the absence of experimental stations the farm staff carries out crop trials, establishing, at least tentatively, the crops best suited to the area. This has often offered the possibility of drawing up commercial crop plans which, although containing an element of risk, have frequently proved to be feasible and time-saving from a development point of view.

3. **Modernization of family holdings and rural communities:** This third type of project has become a major activity in Israel's technical cooperation programs during the last ten years. Attention has been focused on developing rural villages and stimulating their transition from traditional to more modern communities, particularly in relation to their production patterns and overall economy. At the core of this activity is the micro-planning of holdings, the physical organization of land parcels for better efficiency and the organization of village institutions in order to improve the economic bargaining capacity of the community.

Planning may be confined to the introduction of a few relatively simple innovations or extended to cover much broader socio-economic aspects of the community's life. In the latter case, activities often involve programs of new settlement or consolidation of farm holdings under agrarian reform policies.

Whatever the scope, the objectives of the activity mostly aim at raising incomes to a higher-than-subsistence level. In fact, over the years the architects of Israel's agricultural technical cooperation programs have formulated stages related to the particular socio-economy of areas in which such programs are undertaken. The classification is, broadly speaking, related to three possible stages of family income targets and technical assistance strategies are closely related to them.

1) A basic minimum family income target, closely related to the cost of a balanced, but traditional food basket which can supply the necessary nutrition needed to provide energy and incentive to farm families to work harder and to realistically aspire to still higher incomes. This minimum "take-off" stage is perhaps the hardest to attain, especially due to the restraints and fears of subsistence farmers to any innovations whose value to them has hitherto been unproven.

In this situation, the strategies jointly undertaken have dwelt around a three pronged approach involving (a) seasonal crop planning, (b) the organization of timely supply of all required in-puts and, (c) the development of tailor-made extension, market and credit services for the community.

In a certain African village the projected benefits derived from the introduction of basic in-puts and traction animals, with some unsophisticated improvements in extension and market services, were such that with a modest investment of about $500 per holding and the timely supply of basic in-puts and instruction in their application, annual family incomes would rise from the present $100 to $325. In addition, there would be a dietary intake of 2,400 calories and 80 grams of protein per capita instead of 2,200 calories and 66 grams of protein per capita previously consumed.

Experience has shown that the seasonal planning of traditional crops on farms and the timely supply of in-puts is the best way to ensure the effective utilization of commercial in-puts. Each farm unit benefits from the services provided by such a directed credit system. This system is a non-selective one, differing in this respect from its American prototype. Its principle function is disbursement of approved in-puts and services such as the centralized use of farm machinery and marketing arrangements, etc., on credit secured in lieu of the crop and repayable to a rural financing agency.

With the system's taking root, its scope can be conveniently expanded to include provision of credit for diversified community expansion programs. Marketing and transport arrangements are built into the programme and are designed to the developing community as an early bargaining capability. Initially the arrangements need not take on the form of full-fledged cooperatives; in fact, good results have been obtained with pre-cooperative types of organization. Thus, for instance, joint programs are under execution in the Hat-Dekeo area in the Veintianne plains of Laos, where excellent results have been obtained in the development of pre-cooperative associations of approximately 250 farmers, whose incomes

have risen three-fold since 1965. Similar results were obtained in the Prek-knot project in Cambodia, where 12 pre-cooperatives were established under the joint Israel-Cambodia program.

A characteristic feature of this type of project is that it necessitates a relatively high technician-to-farmers ratio, which might be as high as 10 technicians per 1000 farmers.

The joint Israel-Venezuela experience in the development of a national directed credit system for the agrarian reform programmed there, has in this regard been very interesting. It was found that a rather narrow, unsophisiticated specialization in such fields as rural extension, crop planning, book-keeping, village store-management, etc., through intensive instruction in each of these subjects, make quick training of technical personnel practicable.

2) A consolidated family income target: related to the cost of nationally acceptable food, clothing and housing standards of a country or region, and the capability of farmers to pay for the maintenance of essential social services to the same degree as that expected of urban laborers..

This stage implies the development of additional production resources over and above the three-pronged approach previously described. The Israeli experience of cooperation has shown that the principles of agricultural settlement as a multi-sided approach to rural devlopment have particular relevance to the strategies necessary for attaining this stage. Inter-disciplinary techniques are called for, covering the fields of irrigation, micro-farm planning, parcellation, rural architecture, services, extension and directed credit. Often, the multiple approach also calls for substantial changes in the operation of institutions at the local, regional and national levels, particularly to secure a link-up between planning and execution and an adequate feed-back between the project and policy-making bodies.

This phase also calls for concerted efforts to derive the economic advantages of scales in selected activities deemed feasible from a socio-economic viewpoint – amongst others in the very design of a community which from experience should comprise at least of 250-300 farm holdings. In this way, social amenities and services can be planned at a cost compatible with the income of the farm holding and their operation can gradually be taken over by the farming community. Unually, primary services are established in each village. On the other hand, schools, health clinics, recreation amenities and economic organizations – marketing, credit, transport – are set up in specially designed service centres to serve the whole community at a substantially reduced unit cost.

This approach has been applied in joint activities in Venezuela, Chile, Peru, Ecuador, the Dominican Republic, Honduras and Nicaragua, under agrarian reform programs, and in Nepal, Zambia and Thailand under settlement programs.

In Nepal, for instance, two settlement projects have been in progress for the past few years, one in the Nawalpur area and the other in the Nepalgenj area. Both have aimed at re-settling landless peasants.

Up to March 1969, about 1,200 families were settled in 12 villages of the Nawalpur area. The basic crops are rice and maize during the rainy summer season and wheat and mustard during the dry winter months. Continuous experimentation is undertaken in an attempt to introduce improved varieties for a wide selection of crops, modernization of cultural practices and the use of improved implements.

Six cooperative associations are being formed, with he purpose of gradually taking over the functions currently carried out by Government agencies. A regional centre has been set up and in it the settlers have established a mustard oil processing factory, a flour mill for wheat grinding and a rice polishing plant. These processing projects are cooperatively owned and managed by the settlers. There is a storehouse for agricultural produce in this centre where the various in-puts required for growing the various crops are also stored.

The centre also accomodates a post office, a police station, living quarters for the experts and the office of the settlement company. The settlers, moreover, have formed their own sick fund to cover the eventualities of medical treatment and in particular, preventive health measures. Although the monthly medical dues are very modest, enough money was saved to broaden the scope of the clinic so as to include a small rest home. The Nawalpur scheme originally started as a pure settlement undertaking, relatively isolated from the main centres of the country. The approach to this project was to create an island of development. The gradual development of the regional centre with its fledgling processing industry and services points the way to the possibilities of developing the area as an agro-urban industrial complex.

3) A parity family income target: related to the earning capacity of permanently employed labourers in other sectors so that the community can receive the same income opportunity and standard of services enjoyed by the non-agricultural sectors: This phase is a logical advance from the previous two phases described but necessitates carefully planned production programs related to securing markets either by marketing in bulk at guaranteed prices or at forward prices mutually agreed upon with the processors.

By this stage a revolution of technology has taken place whereby farm production patterns have progressed from traditional cropping via mixed farming to a specialized agriculture aimed at producing higher value crops. In many joint projects this *a priori* implies the introduction of multi-cropping practices, particularly where irrigation facilities can be provided. In this way programs can be advanced under relatively controlled conditions. This has been the case in programs jointly undertaken in Venezuela where, in some selected villages annual income targets have been raised from 3,000 Bolivar to 9,000 Bolivar per family

through the introduction of vegetable growing. Similar achievements are in sight in a number of other irrigation projects jointly undertaken in Central America, where vegetable production is being introduced for both domestic and export markets.

The Israeli experience will in the future be limited not only to new settlement projects or agrarian reform in this stage. Rural development projects to attain similar goals are now being planned for the comprehensive development of 5,000 hectares involving some 2,000 families in the Vietianne Plains. This project entails the development of an irrigation network to intensify farming on the *existing* holdings, with the aim of achieving parity income targets similar to those of labourers working in Vietianne for all holdings over 1 1/2 hectares. This project differs somewhat from most other projects jointly undertaken by virtue of the need to consolidate and improve farm incomes in a densely populated rural area.

A major and indispensable feature of Israel's agricultural collaboration with developing countries is her efforts at training national personnel and "building" or improving institutions required to cater to rural development. Efforts have and will continue to be expended to train counterpart personnel in the technical fields to be able to meet the professional challenges as they arise. Special attention, efforts and resources are put into inspiring the technicians to see rural development as a challenge and a mission rather than as just another job.

The training of local personnel was also undertaken to solve the problem of the limited Israeli manpower available for missions abroad, which required the unconventional approach of sending small specialized teams from Israel, with a larger counterpart component in the country of collaboration. This worked out well, especially in the countries of Latin America and Asia, with the result that it was included as an integral part of the technical cooperation programs.

A very rewarding experience has been the catalytic role of Israel's technical cooperation in the establishment of the traning centre for agrarian reform in Venezuela. This centre has trained hundreds of technicians, project managers and planners in order to realize the ambitious aspirations of that country's land reform.

The holdings of tailor-made, *in situ*, short courses in agricultural extension, in the administration of rural cooperatives, in farm planning techniques and regional development in relation to projects jointly implemented, has been another in-service training method of importance. In the final analysis, success or failure of technical cooperation programs must be measured by the degree to which projects and programs can be taken over by local personnel with a parallel phasing out of foreign technical staff occuring without any detrimental effect on the projects. Another measure of success is the degree to which projects jointly undertaken have a wide-reaching multiple effect on further development.

We have discussed some efforts being jointly undertaken to promote the first tier of development. However, Israel's policy makers in this work are becoming very aware of the advent of the "green revolution". This technological revolution

will, in the future, result in the release of agricultural manpower from farming due to greater labor and land productivity. Furthermore, we are witness to an era of greater expectations, aspirations and population mobility which tend to induce the younger generation to seek non-agricultural employment opportunities. Since there are usually no such opportunities and amenities in the rural areas of origin, the surplus labor, youth and leadership mass migrate to larger urban and metropolitan centres in order to seek them there.

Our impression is that the process of urbanization and rural exodus cannot be stopped but that measures should be taken to channellize and focus that process within rural areas in order to reduce the rate of spontaneous settlement of mass migrants around a few big cities, which in real terms cannot support vast population influx either economically, physically or socially.

The planned development of existing small – and medium-sized towns in rural areas seems to be the challenge which many countries will have to face, notwithstanding the fact that, in the past, small towns in rural areas have failed to fulfil a significant function in the development process. There are indications from Israel's collaboration with developing countries that there are both the possibilities and the need to incorporate the small town into a more sophisticated supporting system for the modernization of rural communities and the creation of employment opportunities in activities allied to that process, as a priming stage towards the development of non-agricultural activities within the rural areas. This is seen as the second tier of development whereby the development potential of larger regions can be harnessed for rural-urban integration. An example of such planning was the Lachish region in Israel, which included the establishment of a new town. Another example is the development plan which was jointly prepared for the revitalization of the town of Catamarca, N.W. Argentine.

This rural-urban development plan envisaged the provision of greater employment opportunities to some of the 3,000 technical school graduates who hitherto had to seek work in distant metropolitan areas. The plan also aimed at arresting the growth of the poor rural periphery around Catamarca by resettling these families on viable farm units in the adjacent Piriquitas valley. An agricultural plan provided a link-up of vegetable farming with a dehydration plant established in the city; in addition, livestock farming was to be linked to a meat processing plant in the town.

This phase, or second tier of development, that of industrial processing of agricultural and non-agricultural products, the provision of imported, diverse services to the farmers, and the development of greater employment opportunities in rural areas will necessitate new approaches, efforts, and investments in vocational training programs.

The two tiers of development effort are closely interrelated since the enhanced purchasing power of the peasant community will produce a greater effective demand for urban-type services which can be provided through the accelerated development of the smaller and medium sized towns in rural areas.

Hopefully, Israel will be privileged to collaborate with a number of countries in developing joint methodologies to promote rural-urban integration in the coming decades. Such activities will necessitate considerable efforts in promotion, training and research. It is a phase which development specialists must not neglect.

Mr. James Grant (U.S.A.)

The United States as the largest single bilateral donor, has recently undertaken a major re-examination of its international assistance program. While not entirely finalized yet, the Peterson Group set up by the President of the United States has submitted its report included recommendations for changes in the American aid program, Their first major conclusion is that development assistance should in future be given solely on the basis of development criteria, without being tied to other policy purposes. Where aid must be given for non-development purposes, such as economic aid to Vietnam, it should be called something else, and not called development assistance.

A second recommendation is that the time has come for the United States aid program to move from essentially a bilateral program to a program which functions within an international framework.

Thirdly, there are proposals to create an aid structure inside the United States Government that is insulated from the short-run foreign policy and immediate economic interests of that administration. One proposal would separate the development aid institution from the State Department. Another would place the funding of the development assistance on multi-year basis, thereby freeing it from the day to day pressures of Congress.

Finally, the Peterson recommendations propose that our development agency be split into two principal parts; that the capital lending part be funded separately like a bank, and that technical assistance and research be grouped into a separate institution. Now, this is in part a reflection of the problem of the dominance of bankers and economists in the handling of funds, over other types and technical assistance. There is evidently a feeling that these other aspects of assistance ought to be given more elbow room to work through some of the development problems that our present speakers have pointed to.

Mr. Marinov (Deputy Mayor of Jerusalem)

I am afraid that the immediate implications of the green revolution will be to some extent similar to those of the industrial revolution. Just as there were many workers in the Western countries, particularly in England who suffered from the Industrial Revolution, there might be many farmers in places in the world that will suffer from the green revolution. We sometimes don't pay enough attention to this point, and I question whether the world is ready for these new problems.

Another point that I wanted to raise refers to the new varieties and new techniques that are being used in the field. What determines the rate of acceptance of new varieties and new techniques by the farmers? Is it indeed the economic value of these new factors of production,or are there other attributes, including something in the tradition of the farmer, that will prompt acceptance of a new variety of rice, for example, although wheat might never be accepted?

It is not too clear that it is only the richer farmer who may benefit from innovation. Maybe the poorer farmer will also benefit, and maybe he will accept innovation even faster than the richer one. How can we make the poorer farmer accept innovation faster than the richer in order to improve the distribution of rural incomes?

Another point - what determines the rate of acceptance of the instructor, the specialists who come to help from another country? Who determines his acceptance by the rural community? What should be the degree of involvement and responsibility assumed by foreign specialists? How involved should he be? When should assistance be terminated and the advisor leave and go home? He should not stay until the development project is completed; since this may mean that the people supposed to have been trained have not had the opportunity to be on their own and work and contribute to this particular project.

Session VI Case Studies: Health and Nutrition

THE ROLE OF HEALTH IN DEVELOPMENT

Dr. Aquiles Lanza

I feel bound to say at the outset, that in speaking of health nowadays, one no longer refers merely to lack of sickness. This last concept has been utterly discarded and should be replaced by the concept included in the definition of the World Health Organization. This last defines health as a biological state of complete physical, mental and social well-being, and that consequently, there exists an ecological relation between the individual and his environment, which should be adequate and favourable.

It should be pointed out that when we speak of a relation between the individual and his environment, the ecological phenomenon, as with all living beings, is collective rather than individual. This fact is highly important when viewing health as related to the socio-economic development of a community.

I feel we cannot approach the problem of technical assistance or technical cooperation in the field of health without special reference to that definition and to the health concept we have just pointed out. It indissolubly binds the collective health problem with that of economic and social development.

When one analyzes the standard of living and the standard of health of the different countries, one finds a close relationship between such standards of health and their level of socio-economic development.

On the other hand, technical assistance cannot be considered an end in itself. It is naturally a very important means of promoting the socio-economic development of the peoples, but it should form part of or be integrated in a schedule of actions without which it can obviously never become anything more than an expression of paternalism without a really positive ulterior finality.

My own impression at this time is that financial co-operation in the international field has not fulfilled the dynamic role it should have in the social and economic development of the developing countries. I hasten to add that, as appeared later, serious mistakes were made in the development policies of many of these countries. But it shoudl also be made clear that the amount of financial cooperation was insufficient and the conditions in which it was granted were often inadequate.

The burden of amortization and refunding of capital and interest was very heavy, in such a manner that in Raul Prebisch's report to the Conference of Governors of the Inter-American Development Bank recently held at Punta del Este, in

my country, it was pointed out that it accounted annually for 19 percent of the debt officially accumulated by Latin-American countries.

On its part, the Pearson Report, beside indicating that the external debt service of the developing countries is growing at the rate of 17 percent a year, points out that in the last few years, aid has stagnated, that repayment clauses have become more onerous and terms more restrictive. Moreover, and referring to Latin America, we find that this situation is aggravated by its declining share in international trade and by deterioration in the terms of interchange that usually apply to most countries in the region.

Therefore, to transfer resources falling far short of requirements and to recover them at a premium is frankly contradictory, like obstructing the exports that are earmaked for payment of the services and amortization of capital, and for facing up to the extensive needs that development brings.

Thus, however, undoubtedly for reasons of internal policy, in many of our countries, we have adopted an escapist and not a very frank attitude, attributing to external factors alone the inadequacy of development in our own countries.

At least in Uruguay, there was no doubt about the misuse of external and internal resources, amply available in the period from 1940 to the middle 1950's, which ultimately triggered the severest crisis in the country's history, with an inflation rate up to 180 percent from June 1967 to June 1968 and from which we are beginning to emerge, before very serious social unrest sets in.

It is further indispensable that the developing countries frankly voice their intention to change their structures and attitudes, to observe a strict discipline of development with a strong social significance, and that they make that resolve known in the form of a strategy of definite objectives.

Technical and financial cooperation can only yield its fruits where there is a genuine vocation for progress. But in the same way as we must not hesitate to admit our mistakes, -- a fundamental condition as a starting point for a new stage if we seriously want socio-economic development in the underdeveloped countries -- we also feel bound to point out that the richer and better-developed countries, like the multi-national organisms, should adopt a new policy.

Only by means of a new phenomenon of leadership, shall we be able to clear a path that seems strewn with difficulties. I therefore hold that we cannot go on talking about international co-operation for development with an eye to profit, while preserving the present assistance mechanisms.

Technical cooperation should be accompanied by a substantial change in financing methods that would avoid putting an undue strain on the economies of the developing countries and make possible the mobilization of their internal resources with a view to profitable investment.

That, one might remark, has already been said, but in my opinion we should not miss any opportunity afforded by meetings between representatives of developed and developing countries to make known our views.

As regards the setting of specific objectives and priorities in the field of technical assistance, this has been frequent, since in health, as in other fields of social endeavour, there is a tendency to concentrate on simple objectives that are easy to define. For instance, the number of houses that are built, the number of persons alphabetized, the number of hospital beds provided, etc. In reality, however, this mechanism often hides from the leaders the true nature of the needs that confront them. It has tended to convert the means into the end and often has impeded mobilization of the necessary resources to attain quantitative objectives.

If those objectives attract public attention, the leaders are faced with two dangerous alternatives: 1) to devote their full energies to reaching the objective at the expense of quality, neglecting the supporting actions required for the objectives to be valuable; 2) the temptation to manipulate statistics when the real situation persists and their action has failed to produce results.

The Pearson Report points out – quite rightly in my opinion – that the donor countries, like the recipient countries, tend to interpret modernization and development in low-income countries as a scheme involving a short-term repeat of the industrial revolution. They over-emphasize the importance of profitable investment projects and under-emphasize the causes and effects of the lag.

I therefore feel it would be a mistake to set priorities – whether high or low priorities – without having previously undertaken, (though this would be difficult for many developing countries) to define a national health policy, national aims and objectives, that should be included in an overall policy of economic and social development for each country.

We firmly believe that if this procedure is not followed, the scanty resources available to the developing countries will be badly used. Concessions are made to sectorial pressures that are often unadapted to national priorities. There is duplication of effort in some fields, while others are neglected, etc. That is why each national situation calls for different priorities, limitations and opportunities for the development policy.

There are no uniform recipes valid for all. Judgment on the advantages of a certain policy, when technical and financial cooperation are required, should be derived from a thorough knowledge of the medium in which they are to be applied and of the real reasons for applying them; in some underdeveloped countries, the mistake is made of importing schemes linked with existing sanitary organizations in developed countries, and this generates added frustration in addition to that already existing in those countries.

For that reason, and since we are naturally speaking on the basis of our experience in Uruguay, my own country, it is absolutely necessary to orientate oneself in the region, in the country and in time.

Latin American is often considered a homogeneous region. That is a serious error. There are elements in common among Latin American countries, but there are also great differences between countries, and also within countries. In such manner that we thought it possible and justified to classify the Latin American countries in a typological schedule that was adopted by the CEPAL in order to facilitate the definition of priorities in the field we are dealing with, but we emphasized that its actual application should be adapted and particularized in the light of the specific circumstances of each country of this and of other regions.

To undertake this typological classification, economic, demographic and social indicators were taken into account, that led to division into 4 groups:

Type 1 included countries with a higher per capita level of production than the regional average, but with a slow rate of economic growth in the last decade. The majority of their population is urban and the middle classes account for a relatively high proportion of it. The growth of the population has been slower, suburban populations are relatively small and the rural agricultural population does not yet constitute an enormous reservoir of potential migrants to the cities.

The educational, public health and social security programs reach the major part of the population, despite its uneven distribution. These social welfare sectors absorb a high proportion of the national product and they show a strong tendency to expand further. Since the slow rate of economic growth restricts the growth of public revenue demanded for many sectors, the needs of the sectorial social services are getting more and more difficult to satisfy.

The southern countries of Latin America, including Uruguay, may be assimilated at various levels within Type 1.

Type 2 includes countries with medium per capita incomes and with a relatively high rate of growth by comparison with the regional average, with nationwide figures that conceal great internal disparities, with a growing process of urbanization and increasing middle classes, but which have not yet attained the characteristic levels of Type 1, and with numberous urban populations which may be enormously increased through the migration of the rural population and from the backward areas of the interior.

The social programs are being expanded fairly quickly, but their resources are concentrated to a disproportional extent in the largest cities and among the middle classes. Those countries have reached stages of industrialization and economic diversification, at which the shortage of professional people and technicians, and of workers with elementary education, stability and good health that industry can absorb immediately, constitute bottlenecks hampering capacity for

continued development. At the same time, their public institutions really need qualified administrators, economists and social science experts, which the educational systems are not able to provide.

In countries of this type, there is capacity to earmark greater funds for the social services. This capacity, however, is far from unlimited. That provides openings for the emergence, under public or private auspices, of a wide variety of disjointed social initiatives aimed at meeting the most urgent needs. Thus are created mainly new educational and training schemes to fill the immediate demand for skilled manpower in the public sectors and in industry, while the remainder of the educational system continues to grow in a disorderly way, with much internal strife.

Most of the larger Latin American countries are bunched together at various grades of Type 2.

In Type 3, per capita income is at about the same level as with Type 2 and it likewise has a fairly high growth rate, but industrialization and economic diversification are more limited and growth is more dependent on the exportation of a few raw materials.

Urbanization and the size of the middle classes have about the same growth rate as in the countries of Type 2, but started from lower levels. In those countries, the suburban population is less important.

The range of social programs also shows a growth rate similar to that observed in Type 2, but having started from levels that were recently much lower, the scope of such programs and their share of the national product are still low. In those countries, the apparent needs in substantial social allowances are higher and are assessed by international standards. But the internal trend toward expansion, like the internal or occupational demad for the contribution that such programs might make to the development of human resources, are moderate.

A number of smaller Latin American countries fit into Type 3.

Finally, nowadays, not more than one or two Latin American countries still belong to Type 4. They have a low per capita product, slow economic growth, a limited urbanization process, a small urban middle class. Because of slow growth, with the rural population forming an overwhelming majority, and rural poverty, a considerable expansion of the suburban population has not yet been generated. In those countries, the range of social services and the funds appropriated for the purpose are at a lower level.

Within the framework of this Latin American set-up, Uruguay, as we have said, belongs to Type 1 of this typological schedule. And I would like to elaborate further on the characteristics of my country as expressing a certain level of the status of developing countries -- characteristics that are often forgotten when problems of technical and financial co-operation are raised.

Uruguay appropriates a high percentage – 5.3 percent – of its gross national product for medical expenditure, and the dollar equivalent of its per capita health budget is comparable with that of some of the most advanced countries in this field.

There is one physician to every 400 inhabitants in the capital of the country, Montevideo, and one physician to every 2000 inhabitants in the rural areas, which gives a national average of roughly one physician to every 1000 inhabitants. The nutritional level of the population is adequate. The number of available hospital beds is not excessively low except in some sectors such as the treatment of mental disease, where we are obviously not in a good situation.

Thus, Uruguay's most serious problems are not a shortage of adequate manpower or a pronounced insufficiency of financial means. We have seen that the percentage of its G.N.P. appropriated for medical care is very high and it will be difficult for the country to increase it in the next few years. But what is happening in Uruguay, and this is undoubtedly what is also happening in many other countries, is improper use of the means appropriated for the sector. At this level, I am fully convinced that these shortcomings can only be remedied by the adoption of a national health scheme providing those elements that a modern approach to an integrated health and medical assistance service require, and relying on a socially better balanced, but also economically viable financial system.

Health is a basic right of every human being, who in turn, as a member of a community, is duty bound to safeguard his own health. That right should be effective for everyone, without any kind of discrimination. To that end, modern medicine, which is integral medicine, should develop policies orientated toward *maintaining and promoting health, recovering and rehabilitating the handicapped* individual. And it should provide this type of medical assistance to all who require it, giving the best possible quality at the most opportune moment and in the most convenient place: continuously, economically and humanely.

Within the framework of such a scheme, it is obvious that different countries have different priorities, that if Uruguay appropriates a larger percentage of its resources for this field and uses them improperly, its priorities should consist in setting up new institutions that could do a better job in planning, rationalizing and administering its financial, human and physical resources. In other countries, naturally, the problems are at other levels and there is plenty of scope for fundamental orientation of international cooperation schemes towards family planning towards the creation of mobile clinics enabling assistance to reach distant places, which do not receive assistance, or where it is impossible to provide highly sophisticated medical assistance.

It will also be necessary to give the requisite instruction to the healers of the area, who in the rural medium have traditionally provided some kind of assistance to the community to which they belong.

In some Latin American countries, inadequate resources and the geographical characteristics of those countries have resulted in instruction being given to the healers so that they are at least able to know when a case is serious, when treatment at another level is required, when the sick should be taken to the hospital and when surgery is required.

As we have fully emphasized during our exposé, the priorities in this field should be defined by the countries themselves, but, as I again insist, not in an improvized form, but within the framework of a national health plan. Otherwise, there might happen what has happened in my country, for instance, that hospitals are sometimes built through pressure exerted by an important political leader and not where they are really required. There is no proper regional distribution: services exist in some places and not in others.

We built polyclinics in places in the interior of the country where naturally, not one physician would go. Expensive equipment was bought, which of course remained unused due to the lack of technical personnel able to use it. Popular generosity is most easily manifested in the public health field. It is very easy to reach the hearts of the people in spectacular form on the occasion of some epidemic, or of some problem that focuses public attention. I insist, however, that in countries with scanty resources, that must weigh every penny they spend in this field as in others, such scanty resources can only be adequately used by means of methodology such as we propose.

That does not mean that one cannot carry out simple projects, or that one cannot set quantitative targets easy to achieve. What I mean is that they cannot constitute the only mechanism of action and that they cannot be isolated, often carried out by different agencies with duplication of effort in the same field without contact between each other, each handling one part of the problem, without anyone considering the problem as a whole.

I said it was fundamental that each country defines its intentions. It is only thus that international cooperation, multi-lateral as well as bi-lateral can be efficient. In the absence of clearly defined national aims and objectives, it will never be possible to show why the errors committed in these 10 years persist, largely converting this decade of development into a decade of frustration for many countries, which has justifiably determined this whole drive for re-examination of the problems of international cooperation. The Pearson Report and the Jackson Report did not appear accidentally, nor is it accidental that the authorities of the Truman Centr decided to convene this Conference, but because we all firmly believe that many mistakes have been made and that we can remedy them only by a critical but constructive approach.

I would like to refer briefly to something that is happening in the world in this problem that we have begun to consider in the health field. Something that shows that ultimately, the task of development is a task that devolves on the world collectively.

In the developing countries, and as an expression of that underdevelopment, many children die. People do not live long. They are subject to diseases clearly linked with environment, with its insalubrious nature, with nutritional deficiencies. Yet the consumer societies of the developed world have generated their own, completely different pathology. There, we observe with anxiety the appearance of phenomena like drug-taking on a gigantic scale. We gather from the communication media that children of 10 and 11 are drug addicts. We see thousands of young people who might be taking an active part in the development of their country, being content with escapist attitudes and on many occasions, resorting to violence that conceals merely a deep sense of frustration.

That, of course, is not the design for development that we want. That is the model for development that finally could generate as its product, those phenomena that in the field of health are seriously preoccupying the experts in those subjects in the developed countries. That is why we emphasized, from the outset, that health is not merely absence of sickness, but full well-being, which naturally means a situation far different from that of many thousands and thousands of people, who are not sick in the usual acceptance of the word, but who, one might say, stand for and express a pathology typical of the developed countries.

Perhaps in that task, international cooperation, the developing countries might offer points of view, might offer solutions that could also help to eliminate the irregular factors that appear in developed society.

All that I have said on the subject of the need to build up a national plan, to define clearly targets and objectives, to elaborate what is the level of human, financial and physical resources that are available for development in each country, in order to set international multi-lateral or bi-lateral cooperation in that framework, may seem utopic. But I feel it is absolutely indispensable to look farther ahead in order to avoid repeating the serious errors that have been made up to now.

To sum up, the path of development is broad and difficult and its aim should be man, but healthy, well-fed man, ready to continue, irrespective of light and shadow on this interminable and marvellous adventure that we are today more keenly aware of than ever through being in Jerusalem, Israel!

HEALTH AND NUTRITION

Prof. John Yudkin

I should perhaps begin with an apology for introducing a break in the thread of our discussion of general matters concerning technical cooperation. Nevertheless, in view of the repeated reference to the need to improve the nutrition of the people in developing countries, I hope I may be forgiven for dealing with some of the basic principles of nutrition. The understanding of which is a necessary preliminary to any attempt to solve nutritional problems.

These principles are based on a synthesis of physiological and social considerations. And here I am afraid I must add that, whilst most nutritionists coming from the medical or natural sciences understand the relevance of social factors to nutritional problems, it is rare to find social scientists who have made any serious attempt to understand the physiological factors. This is perhaps to be explained by a unique feature of nutrition; everyone has practiced applied nutrition for the whole of his life, and thus everyone considers that he has an instinctive knowledge of the subject.

1. NUTRITIONAL ASSUMPTIONS

For example, most lay persons "know" these facts about nutrition:–

1. If enough food is available, people will eat as much as they need.
2. If the right foods are available, people are very likely to choose these; that is, they will make a nutritionally sound choice.
3. If nevertheless they happen to be making an unsound choice, they will correct this once they are told.
4. It follows that nutritional problems will be solved automatically if enough food of the right sort is made available, though perhaps a little nutrition education may have to be thrown in.

Let us however consider what are the essentials for adequate nutrition, without making any of these assumptions. In broad terms, adequate nutrition certainly depends both on the availability of enough of the right foods, and on the persuasion of people to eat the right foods and avoid the wrong foods. But more is involved in these statements than is usually appreciated.

The sorts of comments that are being made about the "Green Revolution", have suggested that the problem of adequate nutrition is entirely one of food pro-

duction. By the application of genetics, fertilizers, irrigation, measures of pest control and the like, it has become clear that we can now produce very much larger amount of cereals and other foods than before, and this, it is supposed, will ensure food for all.

But the problem is not to be expressed only in these scientific terms. There remain a number of politico-social problems, such as the problems of distribution and of purchasing power to ensure that the foods are truly available. But even when foods are available, they are not necessarily eaten. It is then no use assuming adequate nutrition by a simple calculation of calories and nutrients in available foods, for foods that are not eaten have a nutritional value of zero.

Let me however stress that an essential prerequisite of proper nutrition is economic availability. It has been said that too much emphasis has been placed on economic development and not enough on social development. If this means that we are now asked to give second place to the economic advancement that will enable people to produce, or to import, the food that they need for adequate nourishment, then of course I would strongly disagree. It would, to me, be another example of the tendency to pay lip service to the position of proper nutrition as a basic requirement for people's health and welfare, and then to proceed to concentrate on other improvements such as education which, however desirable, cannot be so central to man's happiness and well-being as proper nutrition.

On the other hand, I would agree that we must stress the social aspects of development if this means that we must consider such questions as the equitable distribution of food, and the elimination of the continuing coexistence of food surpluses and food shortages.

2. PERSUASION

There are now many examples of people refusing to eat the right foods even when they are available; it is also becoming clear that people may be eating the wrong foods if they are available. Thus, ensuring proper nutrition may involve the solution to two somewhat different problems: how to persuade people to eat the right foods that they may be avoiding, and how to persuade them to avoid the wrong foods that they may be eating. The latter problem is in fact one aspect of a major dilemma in our increasingly sophisticated and technological age: how to prevent the increasing gap between satisfying people's wants and satisfying people's needs.

The reasons why people avoid eating the right foods are mainly sociological – culture, family, psychology. Less commonly, foods are avoided for good physiological reasons such as allergy.

The reasons why people eat the wrong food include some of the reasons just mentioned, but the main reason is palatability. This is of course only a way of saying that people eat the foods that they like, though we rarely follow through the health implications of this simple statement.

We have then to say that proper nutrition may require not only solving the problem of availability but solving the problem of persuasion. This sort of persuasion in the field of food consumption is what we usually understand by the term nutrition education. And nutrition education is a matter of persuasion of people at various levels; not only the population at large must be persuaded to eat correctly, but public administrators, legislators, and decision makers in general have to be properly informed of the importance of nutrition for the health of the people, and the nutritional principles that should guide policy.

3. KNOWLEDGE AND BEHAVIOUR

In any field, persuasion ususally proceeds in three stages, which may be summarized as knowledge, attitude and behaviour. The first stage is represented by the statement, "I know sugar is bad for my health, but it does not worry me". The second stage is represented by, "I know sugar is bad for me, I really ought to give it up". The third, and only effective, stage is reached when a person is able to say, "Sugar is bad for me, and I have now stopped taking it". Often, nutrition education and indeed other aspects of health education are considered as being simply a matter of imparting knowledge. We have clearly not succeeded in educating people as to the dangers of cigarette smoking, for the vast majority of smokers now know that this is a potent cause of lung cancer, yet the majority have continued to smoke cigarettes. And let me give you a more specific example in the field of nutrition of the difference between knowing and doing. In one of our studies, we found that four out of five English housewives know (as it happens, incorrectly) that brown bread is better than white, yet more than 90 percent of the bread consumed in England is white bread.

The records of agencies such as WHO and FAO contain very many sad examples of the failures of nutritional persuasion, in so far as they have not induced satisfacatory new patterns of nutritional behaviour. There are many reasons for such failure. Although we do not know what all of them are, or all the steps we need to take to correct them, there are some about which we should be more aware. Teachers involved in nutrition education, and in other forms of health education, must not simply be of the same nationality and speak the same language as those whom they are teaching; they must ideally be of the same class, or at least sensitive to their different cultural and social backgrounds.

A second cause of failure to improve nutritional levels lies with those in authority who determine policy. Most of us who have had experience with government bodies in developing countries have met instances where considerations of prestige have led to the refusal to acknowledge the existence of nutritional deficiency, or to accept the full implications of the steps needed to alleviate it.

4. NATIONAL PRESTIGE

Here are two examples that have come my way recently, in one country where there is a large, active and authoritative institute of nutrition. One of its activities has been to undertake nutrition surveys, in the course of which it found – not unexpectedly – evidence of quite considerable malnutrition in some of the rural districts. A report of this had been published in a scientific journal, but when the situation was mentioned in a press interview dealing with the overall work of the institute, its director was severely reprimanded by a government official.

The institute has also been involved in another somewhat acrimonious argument with a government ministry. The ministry had asked the institute to produce the least expensive nutritionally adequate diet, based on local foods. When it did so, the diet was rejected by the government as being far too expensive. The institute was requested – virtually ordered – to scale this down even though this would inevitably result in a serious hazard of nutritional inadequacy.

The fact is that frequently, there is virtually no communication between the nutritionists – or the Ministry of Health – and the Ministry of Agriculture. The Ministry of Agriculture is still often considered as being entirely concerned with commodity production, almost as if agriculture has nothing to do with food, and food nothing to do with nutrition – the first essential for man's survival.

Let me mention just one more example of social and cultural factors that interfere with adequate steps being taken to increase food availability. Policy makers – and this is true of developed as it is of developing countries – are largely from the middle and upper classes whose own personal nutritional problems tend to be those of over-nutrition rather than those of under-nutrition. One often finds that such persons are less aware of, or concerned about, the nutritional problems of their countries than are local or expatriate nutritionists.

It is imperative that those that are concerned with ensuring proper nutrition should know some basic physiological principles, without which there will be continuing error in the formulation of nutritional policies. This is not to say that the nutritionist, in his turn, always has at his command exact information about the workings of the human body, for there is still a great lack of certainty in this as in other areas of biology. On the other hand, we cannot proceed very far without some idea of the needs of the human organism in terms of both calories and nutrients.

5. PHYSIOLOGICAL CONSIDERATIONS

Nutritional requirements

We know that these needs depend on the age, sex, size and activity of individuals. We must also remember that there is a reciprocal relationship between nutritional state and nutritional needs. By this I mean that an individual that is chronically undernourished from infancy develops into a small adult, who in turn has somewhat lower nutritional requirements. To this chronic effect, we must add the acute effects of undernutrition; adults that are inadequately nourished, whether or not their requirements have been reduced by chronic undernutrition, will not be able to perform physically to the best of their potential.

The most serious chronic effect of deficiency however is that affecting infants in the first few months after birth. Even if such infants survive deficiencies of calories or of protein, their physical development may be permanently impaired, however well nourished they may be later on. This is not simply that there will be a stunting of their physical development, but that there will be a stunting of their mental development. Unless the brain of an infant receives

adequate nourishment, the cells of which it is constituted do not divide sufficiently, and once cell division is completed, there is no way in which it can be resumed. The result is a limitation in mental growth, showing itself in diminished motor activity and diminished intelligence.

There is now a great deal of evidence for these statements, though by necessity much of it is circumstantial. But it does appear that chronic malnutrition in some countries is to some extent self-perpetuating. Poor nutrition which may affect a very large proportion of infants would produce adults who have been prevented from reaching their intellectual potential. They will then find it difficult to adopt the measures necessary to improve the nutrition of their own children so that the cycle is repeated, generation after generation.

Hunger and appetite

It is important to distinguish between hunger and appetite. Hunger may be defined as an unpleasant sensation leading to the consumption of virtually any food. Appetite is a pleasant sensation leading to the consumption of particular foods. The greater the deficit in food consumption, the more important is the role of hunger. On the other hand, as the deficit in food consumption is reduced, the more important becomes the role of appetite.

Appetite is determined largely by palatability, a term which I use to include the total attractiveness of a food – its shape, taste, smell, colour and psychological connotations. In non-manufactured foods, palatability is closely linked with nutritional value, so that eating what one likes is virtually the same as eating what is good. Food technology has made it possible to separate palatability from nutritional value, so that it is no longer true that what one likes is what is good.

If food is insufficiently palatable, that is to say, is unappetising or monotonous, people will stop eating before their caloric requirements are fully met, even if the food is nutritionally desirable. No purpose is then achieved by simply making available more rice, or cassava, or whatever is the unexciting staple. On the other hand, if food is made extremely palatable, people will continue eating after caloric requirements are fully met, even if the food is nutritionally undesirable. The latter situation has already appeared. It is seen especially in the developed countries, the diets of which are characterized by a high consumption of sugar; there is evidence that this plays a part in the causation not only of dental caries and obesity but also of diabetes and coronary thrombosis. One of the distinctive features of the dietary changes now occurring in developing countries is the rapid rise in the consumption of sugar and sugar-containing foods and drinks, so that the outcome may well be the direct transition from the malnutrition of poverty to the malnutrition of affluence.

In spite of the activities of the U.N. agencies, so far we have not been very successful in eliminating nutritional deficiencies. And unless we take into account some of the considerations I have mentioned, we shall find that the "Green Revolution" will not automatically do so.

Mrs. Thorsson (Sweden)

I would like to speak about distribution of food resources in two respects: between different groups, families and regions within a given country, and within the families themselves. The figures that I have, compare families of different sizes in the developing world where there are marked and very depressing differences of food values and food intake between small families. For instance, the daily intake of animal protein in two member families is 145% higher than in six member families; the daily intake of calcium is 67% higher in two member families than in six member families. There you have an important distributional problem between families and groups between the population.

The second problem refers to food intake within the families. I think that I am right in saying that several cultures around the world still maintain a tradition (and to refer to Prof. Eisenstadt's lecture the other day, this one is of the traditions I think should not be kept) that the man as the so-called head of the family, money-earner, should have his share of nutrients first of all, and what is left over will be given to the wife and children. This means that the actual situation is even more depressing than the above quoted figures, because in a family with several children, the children will have even less than the poor average.

This is one of the reasons for nutrition education programs to change consumer habits towards more equitable distribution of food resources within the family. In this respect I am somewhat concerned about the almost exclusive emphasis in nutrition/education programs carried out by the United Nations, FAO and other bodies, on the mother of the family. I suspect that the nutrition education program will be less than effective in changing food habits and food distribution within the families, if the fathers themselves are not included. There is a real need to direct the nutrition education program to the family as a whole in order to make the family unit the basis for any reforms in nutrient distribution.

Prof. Guggenheim (Israel)

I wish to make a few remarks on Israeli cooperation with applied scientific research on international problems with Thailand. The problem was to utilize locally available food products of high nutritive value, particularly in rice brand, mon bean, flour, seasame flour, soya bean flour, - in greater quantities in regular Thai diets. On meeting in Bangkok a few months ago it was decided to approach the problem in the following way: not to concentrate on one food, which may be eaten or not be eaten and which may be of benefit only to those who consume it not to others, but to attack the problem on a broader front - to construct several foods which may be introduced into food products which are in current use in Thailand.

There is in Thailand, at the applied Scientific Research Corporation a team of very competent and highly trained food technologists who know very well, and better than people from abroad, the food habits of the Thai population, who know the taste and texture of the food required. They requested our assistance in laboratory examinations of the nutritive value of new food products, of the examination of the amino acid content, of the vitamin content etc.

This, in short words, is the program, though I am not able as yet to report on results since the program is under way only a few months. But I think that this approach can be expanded also to other countries, - to construct similar high nutrition mass consumption foodstuffs on similar basis of cooperation between Israel and other countries.

Session VII Case Studies: Education

AIMS PROBLEMS AND PRIORITIES OF EDUCATION 1970

Prof. David Samuel

In considering the world crisis in education, let us look at its dimensions – 100 million children are born every year, 30 million of whom never go to school at all – mostly these are in the developing countries – and another 30 million drop out within five years, that is, do not finish elementary school. This global dropout rate continues all the way along the line; it threatens even the 40 million who do survive long enough to enter high school and go on to higher education or technical training of one sort of another, to the training upon which so much of the burden of humanity's technological advance rests. In fact, one quarter of those who stay in school, i.e., 10 million, become scientists or technicians, but almost all of these are in the developed world. Despite this enormous dropout rate, there are today some 500 million children (approximately one seventh of the world's total population) in schools at this very moment, occupying the time and attention of about 20 million teachers. Education, in fact, involves more people than does any other sphere of human activity, with the exception of agriculture.

It is, therefore, I think, meaningful first to examine what seem to me to be the four basic aims of education in any society – be it developed or developing. These are, not necessarily in the order of their importance: to motivate, to inform, to develop specific skills, and finally to develop judgment.

Let us take the matter of motivation first: it is axiomatic that without motivation no sustained learning effort is possible. In developed nations where the shortages of teachers, space and teaching materials is not so acute, lack of motivation is the basic cause of dropouts and there are ominous signs in many countries that it is on the increase. To a large extent, motivation in school is the teacher's problem, although of course its source is in the home. It requires not only capturing and holding the attention of children, but also the inculcation of the idea of mastering knowledge for its own sake and of the concept of delayed reward.

This problem is even more acute when, for instance, in a developing country, malnutrition, lack of attention, and ignorance are often compounded. Following tests on children in slums and other deprived environments, Jerome Bruner of Harvard found "a reduced capacity for sustained attention and for distributing attention, reduced range in linguistic usage, reduced imagery, declining confidence in ability to delay reward in the hope that further effort will get him

a greater one". All this adds up to a tendency to drop out of school and to cease making an effort as soon as any concentration or hard work is required.

Sadly enough, many of the more dramatic modern teaching techniques advocated for mass education, such as the universal instructional TV now planned, for instance, for the Ivory Coast, or mass computer-aided teaching machines in use in the U.S., sidestep the crucial aspect of motivation -- and may indeed founder over this very problem. The Educational Television Authority in Israel has in fact decreased the number of televised lessons relative to the number of live classes, because, after a while, even the lure of the small screen palls when it is being used to teach rather than entertain, and in the final analysis the aims of the two are not always compatible with one another. In fact, a live teacher is needed to keep the lesson alive.

As for education's second aim, i.e., the collecting of information, there is still much debate and confusion in this regard, particularly in terms of teaching of practical subjects such as science. In very recent years there has been a swing away from science teaching for its own sake - pure, elegant, and uncompromising, championed largely by public-spirited professors who have concerned themselves with curricular reform, and who want children to study, albeit by modern methods, the principles of modern science without having to worry about its applications -- to the "new wave" of science educators concerned with environment, with health and with technology, who feel that at the present critical stage of education, particularly in developing countries, no one can afford the luxury of the "purists". Thus, many of the new school science programs are interdisciplinary ones based on geology and ecology, for instance.

One example of the applied approach is the experiment in the teaching of biology through agriculture, being tried out in the 7th and 8th grades in Israel. Here the mechanism of plant growth, for instance, is tied directly to the raising of the flowers, amongst other things, at unusual seasons of the year by changing the length of their exposure to light. This scheme has many novel aspects, not the least being its use on a trial basis in Arab schools in Israel, for which a special edition of the textbook in Arabic has been prepared.

Next, let us turn briefly to the development of judgment in school, which includes the encouragement of self-confidence in dealing with the unexpected, the understanding that there is not always only one single, correct answer to each question, the evaluation of the relative importance of different factors in a given situtaion, and the problem of decision-making and of communication of ideas and and facts. All these have increasingly preoccupied modern educators, and rightly so. Man is far more aware today of what goes on around him and of his own role within nations than he has ever been and this awareness must be reflected both in the teaching and in the learning process.

How then can international cooperation and aid of various kinds help the world-at-large, and the developing countries in particular, to attain these basic aims?

The first way is assistance in a massive attack on three initial and fundamental problems of which the most obvious is the problem of material resources – plain hard cash. The magnitude of the funding required for solving even relatively simple educational problems grows with each level of sophistication. The U.S., to give one example, has spent 100 million dollars over the past ten years in pilot projects concerned with science teaching alone and is still not sure that the answer has been found. These projects have, of course, enriched the knowledge of the whole world, but as we have found in Israel, only a part of these projects can be used outside the U.S. in their original form and a great deal more money, as well as time and effort must be spent in adapting them to local conditions. When applied to developing nations, one finds that the greater the technological gap the more it costs to bridge it.

Developing countries as a whole spend some 10 billion dollars annually on education which is roughly 4% of their GNP. Of this enormous sun, some 10% (or one billion dollars) comes from external sources – or which between 10 to 20% comes through United Nations and other multilateral agencies, another 10 to 20% from private foundations, and the remaining 60 to 80% through governmental, bilateral channels. It may be interesting to see how this external assistance to education is distributed. Apparently, some 10 to 20% goes into scholarships and fellowships for study abroad, another 20 to 30% for buildings, equipment and other "hardware" and the remaining 60 to 70% for educational experts, advisors and "technical assistance" teachers.

I do not wish to discuss in detail the ways and means of raising money for educational development, but would just like to recall that Stephen O. Awokoya of UNESCO, speaking at the 1969 Rehovot Conference on Science and Education in Developing States, suggested that many such countries should set up special ministerial offices (as Nigeria did itself) with the sole object of looking for and guiding international and bilateral funds for education into worthwhile national projects.

The second major obstacle facing any country hoping to improve and extend its educational system is the dearth of human resources. This is true in the most progressive western countries. Everywhere, people in educational circles, officials, administrators and teachers alike are fully extended in coping with the present crisis and have only meager reserves to draw on for planning the next stage. One source of talent is the university – so much maligned today. Members of university faculties everywhere are becoming increasingly concerned and interested in all levels of education from elementary school up, a trend which should be encouraged by all and any means available. I am not sure how this can be done. Gerald Holton of Harvard has suggested "seducing" or "bribing" talented profes-

sors with fringe benefits -- he may be right, but perhaps someone here can think of a better way. A second essential source of potential educational manpower and enthusiasm is the teachers themselves, often recruited through haphazard contacts and chance personal encounters. It would be far more efficient to organize and strengthen professional organizations of teachers. These teachers' organizations were the prime movers in the reform in science and mathematics teaching in the U.K., and the establishment of such organizations has now been extended to Africa with UNESCO support through the regional center in Accra, Ghana.

These two sources of manpower can coalesce into professor-teacher teams -- -- as they have in Israel -- but experience shows that one additional element is missing, the selection and training of administrative and organizational personnel needed to cope with modern educational problems. The day when elderly, experienced teachers were simply appointed inspectors, school administrators and ministry of education officials is virtually over. The needs of the present call for young, knowledgeable people both insofar as the problems of actual teaching are concerned and in terms of ability to deal with organization -- people who understand budgets and buildings, computers and teaching aids, techniques of examinations and curriculum evaluation, and the most difficult problem of mass teacher training and all that it entails. These are key people, until recently not even considered in many schemes for educational reform -- and much of the frustration and agony of trying out new methods could be alleviated if international or national agencies began to train "educational managers" on a large scale. This new type of expert is desperately needed everywhere to carry out and implement all that has been planned already in the past decade -- blueprints now lying on the shelves gathering dust.

Education is an inherently conservative system and educational reform moves very slowly even when it is on the move; however, the possibility of a head-on collision with national traditions and local cultures is very real, and its results can be disastrous. It is therefore imperative that in addition to simple plans involving money, people and methods, the broader aspects of educational change be faced and tackled systematically -- the effects on regional or even tribal customs and beliefs, forms and styles of communication, relationships between parents and children, between families and communities, all these must be studied thoughtfully in order to avoid what might be called sociological distortion. This is where expert advice is needed -- guidance from social psychologists, sociologists and anthropologists, advice that should underlie all and any large scale plans for educational reform. Lack of attention to this problem has also been the cause of the failure of many "imported" educational schemes to take root in new soil.

We have arrived at the main theme of this conference -- at discussion of the methods by means of which nations can and should help one another with their educational problems. First of all, a list of priorities is essential, since even the most affluent and underpopulated of nations cannot do everything at once. Dr. Jacob Kaplan has outlined some of the choices in his background paper.

High on the list for any nation is basic primary literacy for that 30 to 60 percent of the world population who barely finish primary school and of whom over 50 percent in many developing countries will remain illiterate forever, unless provision is made for them. At this level there can be no doubt that the curricula must emphasize "relevance", both of subject matter and approach. Even the science component in primary school must be designed to prepare these children to face problems in their own society and at the same time to initiate and encourage an attitude of enquiry.

An interesting point made at a recent UNESCO/UNSCAT Panel on Science Education in Paris was that primary education, in Africa at any rate, need not necessarily be continuous. The social and seasonal situation in many African countries is such that there is no real justification for preserving the educational systems and timetable imposed by colonial powers and a more rational and flexible system may be much more useful. A nine-year-old is likely to apply himself with greater enthusiasm to schoolwork if he is free to help bring in the harvest without having to consider school as a custodial institution, which, by forcing him to attend, inflicts an economic penalty on his family.

The second in the order of priorities is the secondary school, both academic and vocational, which has, in fact, been the major point of attack in many places. As far as vocational high schools are concerned, the Israeli model is worth studying. It has succeeded in combining the production, in a relatively few years, of a literate population with the production of citizens whose skills contribute significantly to those areas of national development which are most crucial – notably first agriculture and more recently, industry. Insofar as academic secondary schools are concerned, many countries (including Israel) are currently in the throes of considerable experimentation, particularly in the teaching of mathematics and science. One outstanding development in this connection is represented by the Science Teaching Centers – the regional collaborative units established mainly by UNESCO in such places as Bangkok, Israel, and soon to be set up in Brazil. The aims and working of such a center is a subject in itself and I shall avoid the temptation of going into details here – except to say that similar centers could be established in other fields such as foreign language teaching.

Finally, there is the tertiary level of education and the level beyond it. It has been suggested that in countries with at least 50 years of a universal educational system behind them, there should be at least one Ph.D.-granting university per million population. Israel, with five such institutions, has more than its share, but it is upon these centers of specialization that the future development of any country depends in the last quarter of the 20th century. From these institutions the expertise and guidance for development must come. Even in the poorest nation and whatever the cost, a start must be made, but it must be planned carefully and avoid the tragedy of prestige show-place universities producing unemployable malcontents.

Each nation must therefore establish its order of priorities and study, in depth, the various options available and make a national plan for education. Here again considerable experience, not all of it positive, has accumulated throughout the world in recent years. It is as important to learn from mistakes as from successes and mutual aid can be invaluable in this case. Perhaps two of the lessons learned both here in Israel and elsewhere are worth stressing. First, that the time scale in educational reform and planning is far slower than anyone imagined. Apart from the natural inertia of all such systems, the time needed for planning, testing, evaluating and revising a new curriculum even under optimal conditions spans from five to seven years and often takes longer. In the thirteen years that have passed since the Sputnik went into orbit causing a great shock wave to go through educational circles, we have had two such cycles and have now embarked on a third generation of educational plans, far wiser (and perhaps sadder) than before. Accepting the fact that everything takes time, the second important lesson to be learned is that, granted the importance of individuals, again even under optimal circumstance, no one man or woman can manage to do anything on his or her own, at least not for very long. The concept of "critical size" in education has become a fact of life. In planning aid, in training teachers or specialists (in any field) we must create teams in order to buttress and support each other. Otherwise, we lose the value of those who have been trained, their enthusiasm is dissipated, and all that is left are frustrated and ineffectual individuals incapable of any initiative or action. Once such teams are built up and resources made available, we can move forward. Whatever priorities are decided upon, the options must be kept open as long as possible. The technique known as systems analysis, advocated by Philip Coombs in his book, "The World Education Crisis – A Systems Analysis", published in1968, indicates one possible method of doing this. This involves the methods of operations research in deciding on the strategy needed if there is to be a breakthrough in solving the crisis in education. Coombs concludes his book by saying, "only if educational assistance is given a clear identity and visibility, will it be possible to apply a rational strategy and secure maximum support in donor nations". In addition to the known forms of aid discussed in such detail at this Conference, he suggests the "use of consortia..., or of consultative groups of international and bilateral agencies which would harmonize their efforts... for united, the nations of the world can bring under control the educational crisis which affects them all. Divided, it is most unlikely that they can do so".

I have dealt here today with only some of the questions one should ask. To find the answers one must learn to cooperate, for in no other field is international and mutual cooperation so essential. Without working together, we will get nowhere, and the time scale will slow down again to fifty years per cycle. But with good will and understanding, we may perhaps find that education is the channel most likely in the end to bring men together in the cause of peace..

"CAPITAL" AND "INVESTMENT" IN DEVELOPING COUNTRIES

Andrew M. Kamarck

"Although 'capital' would seem to have an easily accessible intuitive meaning, it is the most elusive concept of economics".

Oskar Morgenstern, On the Accuracy of Economic Observations. Princeton, N.J., Princeton University Press, 1963, p.70

We have all discovered at one time or another that human beings seem to have little trouble in maintaining two sets of mutually contradictory beliefs at one and the same time. To go further: it is quite common, not only in religion, but in many other sectors of life, that human beings profess one belief but act in a manner that is consistent only with its opposite. It appears to me that the present state of economic development theory may be a good example of inconsistency in thought and of conflict between theory and practice. This is a conclusion that I have only painfully come to over the last twenty years. Being primarily interested in economic policy and the concrete problems that have to be dealt with in the course of economic development, it has become more and more evident to me that a substantial portion of present economic development theory is not only not helpful but may be actually harmful in securing economic development. Dudley Seers, in fact, has gone so far as to say that ". . . economists are very little use working on the problems of under-developed countries, until they have done so for some years, and then only if they are unusually adaptable. . . . there is so much for the economics graduates to unlearn – and unfortunately the abler the student has been in absorbing the current doctrines, the more difficult the process of adaptation." [1]

The dominant and orthodox economic theory, which is taught to most students and is the basis of most economic development plans prepared by developing countries and by economists from developed countries for the developing countries, emphasizes capital formation as the main factor in development of the developing countries. In the Harrod-Domar and similar models, growth in production is the result of a propensity to save and a fairly stable aggregate capital-output ratio. Capital, in these models, is usually defined (or rather it is usually assumed, but not stated explicitly, as being defined) in national accounting terms as the value of the stock of physical capital goods (i.e. durable assets - machinery, equipment, roads, or docks, - with an average life of over one year plus the annual change in business inventories).

1. Dudley Seers, "The Limitation of the Special Case". *The Teaching of Development economics*, Kurt Martin and John Knapp, ed. Chicago: Aldine Publishing Company, 1967. pp. 4-5.

Now, of course, economists who have had actual experience in analyzing problems of developing countries will also in their analyses or model building make remarks about the importance of other factors, such as institution building, improvement in allocation of resources, etc. to safeguard themselves but I think it is fair to say that the central core of the conventional approach is as I have just indicated – preoccupation with investment in *physical capital* as the main force in economic development.

This is, I think, true not only of "orthodox" but most "unorthodox" economists. When Raoul Prebisch prescribes an economic development program for Latin America in the 1970's, a central feature of it is that Latin America must invest 26% of GNP to reach the desirable 8% growth rate. Investment in physical or material capital formation is at the centre of the growth process he is talking about.

The central position of investment in material capital is also the theoretical basis of the operations of the international financing agencies, like the World Bank Group, the Inter-American Bank, Asian Bank, etc. This is what we concentrate on, and when we point with pride to our accomplishments, the increase in the volume of finance that we have provided to add to the stock of material capital in thedeveloping countries is in the centre of the stage for all to applaud. This preoccupation with physical capital goods is imbedded in the World Bank practice, policy and "theology". For example, our Articles of Agreement make financing the import component of the investment in a project the normal method of finance for the Bank, i.e. what our Board of Directors recognizes as the "proper" object of finance for us is material capital goods imported from abroad needed for a "high-priority" project. A substantial part of the economic battles in the Bank turn around this point. If, in a country, for one reason or another, the import of real resources to supplement local savings is not sufficiently embodied in machinery or equipment or the durable capital goods that are imported are not used by the project we wish to finance, the Bank staff has to show that there are "exceptional circumstances" to justify either the finance of local currency expenditures or a "program" loan or adopt some roundabout method to achieve our objective.

The Bank in recent years has entered the new fields of education and family planning projects. But, in each case, the Bank finance is normally provided only for the construction of durable assets – schools or hospitals or health centres.

It follows from this that in all the attempts that have been made in DAC, UNCTAD, the UN and elsewhere to set up objective measurements of the economic performance of the developing countries, the savings and investment rates have been the focus of attention, the idea being that – if a country is able to finance out of its own savings a high investment rate this ought to be an indicator of good performance.

There are good reasons why the definition of investment as expenditure on material capital goods has been adopted and used by economists. It descends from English classical economics and was strengthened by Keynes' *General Theory*

with its emphasis on fixed capital investment. As Joan Robinson points out, Keynes' *General Theory* "analysis was framed in terms of a short period in which the stock of capital and the techniques of production are given".[1] Within this given structure of the economy, the definition of investment as expenditure on fixed capital was quite sufficient. It is not only a simple definition, easy for anyone to understand, but for the major purposes of economic policy in the developed countries until recently it was a perfectly adequate and useful definition. In addition, this definition fitted in perfectly with the growth of the art of preparation of national accounts – it is in fact ideal for this. In the standard UN System of National Accounts, investment consists of fixed capital formation and increase in stocks and is measured by "expenditure on tangible assets other than land, mineral rights and the like". (UN SNA, 1968, p. 26). I suppose the definition also pandered to what might be regarded as one of the vices of our age: that is to say, the overwhelming temptation to assume that what really counts most is that which is most easily countable.

However, in recent years in the developed countries as the focus of interest of some economists shifted to longer-run problems of growth, the definition has started to become less comfortable to live with. In the developed countries, since World War II. a number of studies have indicated that economic growth has been greater than could be fully explained by growth in capital and labor.

Fabricant, Solow, Abramovitz, Denison and others have found that growth of the capital stock and labor force accounts for only a fraction of the total growth of GNP and that the "unexplained residual factor" – improved resource allocation, technological change, improvement in the quality of human resources – accounts for as much as 50 to 85 per cent total growth.

Simon Kuznets goes so far as to say:

> *"... while the results would clearly vary among individual countries, the inescapable conclusion is that the direct contribution of man-hours and capital accumulation would hardly account for more than a tenth of the rate of growth in per capital product – and probably less. The large remainder must be assigned to an increase in efficiency in the productive resources – a rise in output per unit of input, due either to the improved quality of the resources, or to the effects of changing arrangements, or to the impact of technological change, or to all three".* [2]

Investment in physical capital may be more important in some classes of developing countries. Hollis Chenery has made the point that "This methodology (i.e. in the studies mentioned above) must be modified to apply it to less developed countries because the assumption that the relative contributions of labor and capital

1) Joan Robinson, The Accumulation of Capital, London, etc.: MacMillan, 1965, p.v.

2) Modern Economic Growth, Yale University Press, New Haven and London, 1966, pp. 80-81.

to growth are measured by their shares of GNP is more dubious: Most studies of developing countries have concluded that the labor share of income exceeds its marginal product and therefore the share of capital understates its contribution to growth. When allowance is made for this fact, capital accumulation has been shown to be much more important to the growth of middle income countries (i.e. countires with a per capita GNP above $200) and to account for 40 to 50 per cent or more of the total increase". ("Based on results for Israel (Bruno, 1966), the Phillippines (Williamson, 1967), Japan, Brazil, Mexico, Colombia and Chile (Brunton, 1967) and Yugoslavia (Horvat, 1969). Such estimates are not yet available for countries below $200 per capita income".)

At best, therefore, the provision of capital for material capital goods may account for around 50 per cent of economic growth in a developing country within a certain range of investment and growth rates. But, whether these studies are true for developed countries or not – in LDC's it is clear that development depends on much more than material capital. In the developing countries with GNP's per capita below $200, i.e. in countries with two-thirds of the population of the LDC's, development economists in analysing the development problems who are not blinded by conventional theory or models will very often identify the major development problem in such countries as being something other than the conventional need for investment in material capital goods. For example, here, probably in an extreme case is a brief analysis of the main economic development problem in Upper Volta:

"Prevalence of disease has serious repercussions on agricultural productivity in a country where the principal determinant of output is the availability of labor, particularly at critical times of the year. Malaria and bilharzia are endemic. Parasitic infections such as guinea worm are also prevalent. About 400,000 people are infected in various degrees by onchocerciasis (river blindness) and of these probably 40,000 have become entirely unproductive owing to blindness. There are said to be some 50,000 teburcular people. Government health services are seriously handicapped by a lack of medicines and other supplies as well as a shortage of qualified personnel".[1]

What this means is: in Upper Volta, economic development at present depends on health expenditures on medicines, other medical supplies, doctors, nurses and research. But, health expenditures except for a small amount for bricks and mortar and some medical equipment, in the conventional analysis are not classified as investment: they are current expenditures.

Another example: cocoa is still the dominant element in Ghana's economy. About two-thirds of Ghana's foreign exchange earnings come from cocoa – about one-fifth of government revenues directly stem from cocoa and, perhaps, 40-50 per cent indirectly – it provides 18 per cent of total employment. The development of cocoa production in Ghana is why Ghana has the second highest GNP per capita in Tropical Africa. Of the total increase in capacity of Ghana's cocoa trees between of cocoa production in Ghana is the reason why Ghana has the second highest GNP per capita in Tropical Africa. Of the total increase in capacity of Ghana's cocoa trees between the 1950's and the 1960's (approximately 300,000 tons or around 50%) the development and use of insecticides by increasing the survival rate of young trees accounted for about one-third of the total. The rest were new plantings. Under the conventional definition of investment the new plantings were investment, the expenditure resulting in the use of the insecticides was not.

1 Hollis B. Chenery, "Targets for Developments", Economic Development Report No. 153, March 1970, Project for Quantitative Research in Economic Development, Harvard, Cambridge, Mass. pp. 13-14.

the 1950's and the 1960's (approximately 300,000 tons or around 50%) the development and use of insecticides by increasing the survival rate of young trees accounted for about one-third of the total. The rest were new plantings. Under the conventional definition of investment the new plantings were investment, the expenditure resulting in the use of the insecticides was not.

Technical assistance to the developing countries has grown faster than other types of assistance and now amounts to almost $2 billion a year. It has grown in response primarily to the actual experience of the needs of the developing countries.

"It is increasingly recognized that the transfer and diffusion of improved technology is a critical element in economic development. The rate of factor accumulation tends to be substantially less than the rate of growth of total product, and the greater the rate of growth in total output, the less the proportion of growth that can be explained directly in terms of factor accumulation. Whatever its nature, the resulting increase in 'total factor productivity' is an important aspect of economic development . . .

"Beyond such statements, there is much uncertainty about the extent to which technological transfer is embodied in physical or human capital, or disembodied in the form of information and ideas. The basic problem of technical assistance policy is to focus on mechanisms that explain the diffusion of disembodied ideas, and the diffustion of technology embodied in human capital".[1]

But, how do the activities that are covered by technical assistance fit into the usual economic development theory? They are not conventionally classed as 'investment' except for any expenditure on the incidental equipment involved. Any expenditure made by the recipient government on technical cooperation is a non-investment expenditure - it is a current expenditure of government - that is to say, it is classed as the kind of expenditure that by the accepted theory should be held down in order to free funds so that "savings" can be increased in order to finance investment in material capital.

The whole treatment of technical assistance is somewhat awkward under present theory. For the DAC countries, technical assistance is an important part of their "Official Development Assistance" and "Flow of Official Financial Resources." In the balance of payments of the recipient country it shows up as a debit or receipt of services in the current account and as a credit or unrequited transfer in the transfers or capital account. In the national accounts of the recipient country it shows up not as investment but as consumption. On this basis taxpayers in developed countries revolt – here is a clear case of economic aid financing "consumption" in the developing countries. In fact taxpayers like technical assistance because they know it is production, often more than what is called "investment".

Again, while it is highly likely that economic development in many countries could be speeded up if the rate of population growth declined, the bulk of expendi-

1 Draft Paper, "Technical Assistance and Technological Transfer" by Charles Cooper, Robert Slighton and Charles Wolf, Jr., Rand Corporation, March 27, 1970.

tures on family planning programs are classified as "current expenditures" and therefore "bad", and not as investment at all.

The "Green Revolution " in agriculture that has resulted in very large increases in output of wheat and rice in some developing countries was the outcome of expenditure of money that mostly went for salaries of research workers and only a small fraction was spent on what economists classify as investment, i.e. durable capital goods. In our conventional economic theory, only the expenditure on the buildings erected to house the research workers and any permanent change in the structure of th fields is classified as capital. The countries applying the discoveries of the "Green Revolution" increase expenditure on agricultural extension agents (i.e. "current inputs"), on fertilizers, on pesticides, on improved seeds. When output goes up 300 or 500 per cent, under our conventional theory suddenly the material capital goods have become more productive. Through the capital-output ratio, this auxiliary or secondary expenditure is given the credit for the increase in agricultural output, whereas, everyone knows that what really counted was the research brains that were applied to the problems.

One conclusion that can be drawn from all this is that one simply accepts the fact that investment in material capital is merely one of the factors involved in economic development and that current expenditures on health, education, agricultural extension, family planning research, management training, etc. may be equally as important or even more important than investment in capital. Many economists who are working with the problems of development do finish with this solution. – But it is awkward.

For example, Aharon Wiener has put the matter concisely as: "The less developed the country, the more will emphasis differ from that successfully applied in mature economies. A planning approach embracing this new emphasis will introduce into development planning such dimensions of development and association of disciplines as are usually neglected in economically mature countries."

"The growth of a developing economy comes about by the fusion of investment factors with the relevant non-investment factors, relating mainly to human resources, organization, and institutions; development of the former without the latter will result in spending budgets without conconcurrent growth. These non-investment factors develop in mature economies to a great extent spontaneously, in response to capital investment. In developing countries, their development has to be planned and consistently nurtured."

". . . planners in the developing countries . . . find the path of capital investment to be an easier way to 'execute' a program than the thorny path of transformation. However, it is only by transformation that conditions can be created that will make investments operative and, what is equally important, that will awaken in an economy that had not been growth-oriented before, its capacity for spontaneous growth, i.e. its development potential. Until such a capacity emerges, a country cannot hope to achieve an economic 'take-off.'[1]

1. "Aharon Wiener, "Development Consultant", The Truman International Conference on Technical Assistance and Development, Hebrew University, Jerusalem, May 25, pp. 6-7.

The difficulty with this eclectic "allowance for many elements" approach is that it does not make a coherent theory. It does not provide a guide to action in a particular country except that of the "judgement" of different people and there is no way to ensure that the same judgment decision will be reached by different people who have had somewhat different experiences and background. One can recognize that some current expenditures are "development" expenditures and therefore good, but this approach provides no help in the most important economic policy question developing countries face – what is the optimal allocation of a country's current income among the different expenditures that are regarded as helping in economic growth? The advantage of capital investment theory to the extent it is applicable is that through the calculation of rates of return one can have a rational allocative process.

By this time, the point I am reaching for is probably becoming more obvious. *The difficulty is primarily that "investment" is defined as "expenditure on durable goods" whereas the most useful definition of investment in the developing countries would appear to be "any expenditure that results in income in the future".* The product of such investment is capital.

Such a definition has good solid theoretical foundation for it. It is essentially based on the definition of some of the founding fathers of modern economics who worked most on capital theory such as Professor Irving Fisher (*The Nature of Capital and Income*, N.Y. MacMillan, 1927); Frank H. Knight, (*Risk, Uncertainty and Profit*) (Boston: Houghton Mifflin, 1921) drawing on an older French tradition and Adam Smith and his immediate followers. Alfred Marshall, in fact, agreed that on a theoretical basis Fisher's comprehensive definition was incontestable but preferred to have a definition that was better in touch with the market place.[1]

With the principal problem in developed countries to World War II that of full employment and with the growth of systems of national accounts as a policy tool to help guide the necessary policies, Marshall's position of restricting the definition of investment to expenditure on durable capital goods was more pracicable and sufficiently met the needs of economic policy in the developed countries. But even Marshall's main argument that it is consistent with actual business in now weakened where is the real investment in IBM – in its factories or in its organization of abled and talented people. The rapid recovery of Germany and Japan after World War II showed that the real wealth was not in the material capital goods that had been destroyed but in the institutions and capable people of the two countries . .

As we have seen, even in the developed countries as the major policy interests have shifted away from control of the cycle to growth or to the elimination of poverty pockets, economists are beginning to find the existing definition crippling. Consequently, some economists have proposed classifying at last part of the expenditures on education as investment in human capital. H.G. Johnson has proposed we go back to the generalized Fisherian concept whereby "investment" would be ". . . de-

1) Alfred Marshall, Principles of Economics, Eighth Edition, London: MacMillan, 1952, Appendix E, "Definition of Capital", pp. 647-651.

as adding to material capital, increasing the health, discipline, skill and education of the human population, moving labor into more productive occupations and locations, and applying existing knowledge of discovering and applying new knowledge to increase the efficiency of productive processes.[1] Theodore Morgan has proposed giving up the use of the term "investment" and "consumption" in the design of development plans and economic policy and set up instead. . . a hierarchy of uses for resource units, from those whose social returns are highest to those that are lowest . . For any given place and time it is unlikely that a perfectly wise policy board will find a gap in the hierarchy, with "investment" above and "consumption" below. Those outlays will probably be intermingled along the scale, some conventional 'consumption' uses of resources may be at or near the peak.[2]

In my view, it is now time for economists working on problems of developing countries to accept the Fisherian definition of investment - that is, that investment is any outlay today made for the purpose of increasing future income, whatever the asset, tangible or intangible, a piece of machinery or a piece of productive knowledge, a passable road or a functioning family planning organization that is purchased with the outlay. A short-run investment is one that pays off in a short term - a long-term investment is one where the return comes in over a longer period. The whole apparatus of investment decision can be applied in this as it is now to purchase of durable goods. Once this is accepted, a lot of the messy problems that have been bothering us will fall into place. The various subterfuges that people have had to adopt in recent years in trying to get around the existing theory will no longer be necessary. (For example, in 1960 when Prof. E.S. Mason and I were advising Uganda on an economic development program we included in the program not only the conventional capital investment expenditures but also "Special Recurrent Expenditures" to cover programs mainly in agriculture and education that we regarded as having special development significance over the five years concerned.[3] This was regarded as quite unorthodox but it was also very clear to us that the "recurrent" expenditures that we included in the Development Profram were more productive than much of the conventional capital investment expenditures that no one worried about.)

So far, most of my remarks have applied mainly to the public sector and public investment policy. The conventional approach through government tax policy may also distort private economic decisions. The developing countries, in most instances, have copied the industrialized countries in passing income tax laws taxing the income of companies and corporations. Clearly, all other things being equal, this should be good policy. The taxable income of corporations has, of course, to be defined — and this means defining what is "investment". If

1 H.G. Johnson, "Comments on Mr. John Vaizey's paper", OECD Study Group in the Economics of Education, The Residual Factor and Economic Growth, Paris: OECD, 1964.

2 Theodore Morgan, 'Investment versus Economic Growth', Economic Development and Cultural Change, Vol. 17, No. 3, April 1969, p. 404.

3. IBRD, The Economic Development of Uganda, Baltimore: John Hopkins Press, Published for IBRD, 1962, p. 43.

"investment" is defined, as it usually is, as the purchase of udrable capital goods, then, only the annual tranche of depreciation can be deducted from the year's current gross receipts for the purpose of ascertaining what is the taxable income.

". . . But if we define a capital expenditure as any outlay today for the purpose of increasing future income, then it is clear that some of our most important forms of business investment are not in hardware but in research and development, the training and further education of technical, scientific, and managerial employees, 'learning by doing', and advertising. All these categories of investment are fully expended for corporate income tax purposes and are thereby given a subsidy of nearly 50 per cent by comparison with investment in hardware. The economic consequences of this are that the tax depreciation laws are not likely to have the same effect on a railroad or steel manufacturer that they have on a pharmaceutical, cigarette, or management consulting firm whose investment in knowledge (including advertising) may be more important than their expenditures for hardware."

There are, however, some negative implications of adopting this new definition of capital and investment.[1]

The first is inertia – which is not to be underrated. It has taken a number of years to get countries to adopt national accounting and to produce national accounts. Making a major change in definitions in this would not be easy – it would require re-training a large number of people, and getting even more people to re-adjust their thinking – which is even more difficult.

A second problem is that of measurement. The present definition of "capital" is much more easy to measure and this makes "investment" easier to measure too.[2] In many developing countries, investment estimates are compiled by taking the trade figures on imported equipment and machinery and adding to them estimates of construction, or applying a factor to them to represent construction. Under the new definition " investment" would be considerably harder to estimate. But, of course, the estimates would be more meaningful and at present the estimates are not, – as far as relating investment to development is concerned and in providing a guide to policy.

1. Smith, Vernon L. "Investment Behavior - Discussion", A.E.R. Papers and Proceedings of the Eighty-Second Annual Meeting of the American Economic Association, Vol. LX, No. 2, May 1970, p.29.

2. This point and the next one were called to my attention by Simon Kuznets.

Another problem for the World Bank and other suppliers of capital in shifting to the new definition is that banks, donors and laymen like to see material capital goods for the money they invest. This is why it is always easier to raise money to build buildings for a university than it is to pay sufficient salaries to build up an excellent faculty.

But if economic theory is to be really useful in guiding the developing countries to make good economic decisions, this change in our approach must be made and the "capital goods = capital" confusion eliminated once and for all.

To conclude, there is one final advantage arguing for economists concerned with economic development to adopt these new (or rather older) definitions of capital and investment. It will make it possible to eliminate the gulf that has developed in recent years in development economics – between those economists and econometricians, on the one hand, who regard quantification of economics as so important that they insist on trying to quntify even though what they turn out proves irrelevant in practice and those economists who living with day to day problems of economic development find the existing theory irrelevant and so have to resort to "judgment" factors or other kinds of essentially unscientific factors.

The proposal to change the definitions of "capital" and "investment" in developing countries will put investment back into the center of development as the driving force. It should make quantification relevant and make decision-making rational again.

The present situation in which economists spend one's time measuring what is easy to measure (durable capital goods) instead of what really matters is like the story of the drunk who was hunting on his hands and knees under a street-light on a dark night looking for the money he had lost. A policeman came along and helped him to search but he did not find any money either. Finally, the policeman asked him – "How long ago did you lose your money here? " "Oh", said the drunk, "I didn't lose the money *here*, I lost it in that dark alley; I am looking for it here because the light is better! "

If economists really want to be useful and find development for the developing countries, we have to look for it where it is, and not where it is easiest to look.

Session VIII Criteria of Assistance Effctiveness

CULTURAL IMPLICATIONS OF AID PROGRAMS

Dr. Francis X. Sutton

CULTURAL VARIETY AND THE AIMS OF DEVELOPMENT

There is a regrettable tendency for discussions of the cultural implications of aid to ascend into vapid high-mindedness or to wallow in ill-tempered accusation. In conferences like this one, serious discussion is likely to concentrate on levels and forms of capital aid, the balancing of industrial and agricultural development, or the relating of educational systems to available funds and manpower needs. In the rearward of all this serious business there come some pious utterances about not trampling on ancient traditions, avoiding cultural imperialism, and seeing that ultimate choices are made "by the people themselves". (I am often reminded of discussions of educational policy which end in hasty and belated solemnities about doing everything possible for the education of women.) In the contemporary anxiety for conservation, regrets about the disappearance of old values. skills, and settings may acquire more than trivial influence, but as yet they hardly have become the prime movers in development policy. Neither I should guess are there decisive influences from the denunciations of cultural imperialism we have long heard from nationalists and that we now hear in the angry rhetoric of the New Left in Europe and America.

But a strong case can be made that the cultural implications of aid programs ought always to be a centrally guiding influence on policy. If we ask ourselves what the ultimate aim of development should be, it cannot be a uniformly prosperous and undifferentiated world. There was an intellectual fashion not long ago that reacted against the Marxian contrast of capitalism and socialism by emphasizing the basic uniformity of modern industrial societies. I personally believe there is much to be said for this view, and it does imply a broadly common goal of the development process. But there are at least two fundamental objections to a radical simplification that puts all the peoples of the world on a narrow common course towards a uniform modern industrial society. The first of course is the sacrifice of variety itself. A world in which Osaka equals Chicago equals Bombay might be an abstractly just world, but it would be dull too perhaps like the flat and stagnant estuary that John Stuart Mill envisaged in one of his gloomier prognoses for modern society. There is also the more immediately compelling difficulty that a procrustean insistence on measuring everybody's progress along one common track means frustration and invidious distinction of sorts we should not welcome The idea of the "widening gap" between the rich and poor countries about which we hear so much nowadays is a simplified expression of various facts, among them the awkward difficulties that absolute differences in wealth are very

hard to diminish, and that the talents and opportunities of different parts of the world for development are greatly varied. A realistic projection for, say, a generation ahead must show a world in which large variations in wealth and prosperity will persist. If these variations are to be the exclusive basis of relations among nations, the world can hardly be a comfortable or gratifying place. The nations at the top can hardly escape smugness and arrogance, and those less successful, defensive reactions of a xenophobic, resentful, or truculent sort.

A better world must certainly be a richer world with less harsh contrasts of wealth and opportunity. But it ought also to be a world in which cultural incommensurabilities soften and confuse numerical comparisons. It is of course impossible to conceive a world in which differences of wealth and power would be a matter of indifference. There will consequently be a persistent shaping of the nature of national societies by international comparisons. If we credit some of the behavior of the Soviet Union and China to their efforts to "catch up" in an international environment where others are "more advanced", we gain a sense of the fundamental importance of this process. It shows also in the reactions of smaller and less formidable nations that have somehow to gain a sense of worth and achievement in a difficult and challenging international environment. Most of these countries do not have the option of insulated and autarchic efforts in modernization and development like Russia and China have made. They must live in constant communication and interaction with a world against which they can only appear as backward unless they maintain and develop a cultural distinctiveness. Any vision of a future international order which is not built around a strongly-valued cultural heterogeneity looks like a mean world in which openness means humiliation and defensive closure means crippling.

In such a perspective, the nurturing of secure and creative cultural identities for nations assumes an importance not obviously inferior to that of economic advance. But we must ask, in what measure can this nurturing of cultural development be the business of outsiders, through aid programs or otherwise? Is this not inevitably a business in which foreigners can only be clumsy meddlers? Even if we take the word "culture" in the large anthropological meaning that I am using here, had outsiders better not confine themselves to things that are presumably more mundane and universal, in short to technical matters?

The resistance of developing countries to any intrusive concern with their cultures admits of no doubt. There has long been a familiar tendency for peoples and cultures in the modern world to seek the competences which the Western world has displayed while trying to protect a domain of their own. (The classic formulation is perhaps that of the Chinese reform movement at the end of the 19th century expressed in the famous slogan: "Chinese learning for the fundamental principles, Western learning for practical application".[1] The idea of tech-

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[1] Cf. Ssu-yü Teng and John K. Fairbank, *China's Response to the West*, Harvard, 1954, pp. 50, 164-65 ff.

nical assistance as it was formulated in discussion in the United Nations and elsewhere in the aftermath of World War II has respected these conceptions. The idea has been to make available importations that were essentially technical in the sense that they were not peculiarly and indelibly a part of the culture from which they were drawn, nor implied that the receiving culture must be in some sense a client of the donor. It would thus seem that there are discouragingly narrow bounds within which any legitimate international concern with national cultures can be expressed through aid programs.

There is a grave objection to any easy acceptance of such limitations: it is that we live now in a world linked by communications and markets that assure a constant invasion of cultural influences for all but the most hermetically sealed-off places. The settings in which aid programs operate are far from virginal. They have been subjected to decades of influences from a spreading Western culture and the modernity it has taught everybody to want. Some cultures have in fact been obliterated in this great historical change, others fatally injured. Those that survive are profoundly colored by their encounter with the West, and bear the marks of it even when they appear assertively independent. These phenomena are, I am sure, familiar to all of us, but I would like to pause to quote some striking observations on them by the German Indianist von Ehrenfels:

> *The traditional cultures of former colonial peoples are nowhere left uninfluenced by the value systems of the former colonial masters. (One subtle) form of the destruction of traditional values occurs through "cultural feedback". The conception, not always or necessarily correct, that Indianists, Sanskritists, and other Orientalists made in the 19th century of certain aspects of their field of research has been accepted by Western-educated Orientals and incorporated into their thinking. The picture of Indian culture as an exclusive product of the Vedas (and possibly of Buddhism) belongs here. The distinction between what Redfield called the small and great traditions was hardly noticed until recently. Also, the accent on the puritanical, not to say the denatured, Victorian picture of the Hindu renaissance belongs here. Raja Ram Mohan Roy's "Brahmo Samaj" and his numerous intellectual follower movements from Dyanand Sarasvati or Vivekananda up to Vinoba Bhave work in this direction. On the Muslim side, a corresponding picture of Islam as a purely rational religion of prudent intellect has been sketched since Sir Seyed Ahmad Khan's reform. The Lahore branch of the "Ahmadiyya Movement" has also made its influence felt in the same puritanic, rationalistic direction.*[1]

In the face of so much past and continuing influence, it seems a finicky reticence to avoid any conscious effort to control cultural change through aid programs. Indeed, it may also seem that the cultural effects of these programs cannot be very significant in such vast seas of communication and influence. But

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[1] Umar Rolf von Ehrenfels, *Das Kulturproblem der Entwicklungshilfe im Südasiatischen Raum*, in "Indo Asia", No. 3, 1966, p. 262.

I do not think their significance need be trivial nor their deliberate and conscious concern with cultural objectives improper. The remainder of what I have to say will trace some of the cultural implications I believe aid programs have in fact had; then, responding to the great importance I have claimed for healthy cultural development, I offer some suggestions as to ways these programs may properly and effectively serve this essential kind of development.

THE HISTORICAL AND CULTURAL ROLES OF AID PROGRAMS

To discuss properly the cultural implications of aid programs, it seems necessary to put these programs into their historical setting. If I am to do this in brief compass and without climbing to an excessive level of abstraction, I shall have to confine myself to a very broad, but by no means universal, array of cases. I shall deal primarily with aid programs in the formerly colonial countries of Asia and Africa. A good case can be made that it is in these areas that the historical core of the aid process has lain, but I recognize that I shall be neglecting Latin America and a few countries elsewhere.

The great wave of independence celebrations that passed over Asia and Africa in the years after World War II brought into existence some dozens of new states that had a few common characteristics in the midst of their enormous variety. As colonial dependencies, they had acquired some of the characteristic institutions of the modern world; they had modern bureaucratic government, some of the apparatus of modern economies in firms and markets, schools, hospitals, and various other familiar types of organization. Because colonial powers jealously controlled their territories, these organizations had specifically national stamps on them; they were not random specimens of the Western cultural genus, but French or British or Dutch as the ruling power may have been.

This modern panoply was set in a social matrix that remained far from modernity. The sociologists and anthropologists have taught us that there were vast changes that went on among illiterate peasants and remote tribesmen as they coped with the intrusion of colonialism and adjusted to the opportunities it brought. Markets, modern communications, and education were beginning to penetrate into remote places by the beginning of the great era of independence, and they have of course accelerated during the most recent past. But it remains broadly true that the colonial subjugation left a large mass of people who had not penetrated into the modern institutions and ways of life that colonialism thinly spread. They were not, as the French said, *évolué*, or as it was more brutally said, "civilized". Economists have been led to speak of dual economies in these colonial settings, and one may with justification generalize the notion and speak of dual societies – in small part modernized, in large part only stirred and moved short distances from traditional ways of life.

It was of the essence of the revolt against colonialism that this duality was rejected. The demands for self-determination and political independence were made in terms of the solidarity of indigenous peoples against their foreign colonial masters. It was, nationalist leaders said, not only those who were educated and

accomplished in Western ways who deserved opportunities and respect; they demanded basically equal rights for all the people in the land and resolutely asserted their worth and dignity. This was a deep and powerful social movement but the form of expression it assumed was above all political, and it took its spatial frame of action from the existing boundaries of colonial territories. This political character of independence movements had the rather paradoxical effect of expressing the anti-colonial reaction through institutions which were culturally alien; to take over the governmental apparatus a colonial government had set up and make control of it, the symbol of independence was to seek the expression of nationhood in what had been typically the most imposing part of the modern, not the traditional, sector of these dual societies. One may say that the independence movements claimed a modern society in the name of self-determination for a popular mass of people who lay outside modernity. And it is for this reason that the transition to independence, however smoothly negotiated and celebrated, was profoundly revolutionary in its tendencies and ultimate effects. Some indigenous cultural elements were always present in the conception of a new nation, but it can hardly be claimed that the first coming of political independence ushered in an era of cultural independence. Indeed, very grave problems have been posed once opposition to the colonial power has faded as a basis of national solidarity. Colonial domination had kept very disparate peoples under one system of control, and it is not surprising that many of the new states should now be struggling in greater or lesser desperation to find the elements of a common culture on which coherent nationhood can be based.

Two basic problems have thus faced the new states, corresponding to the broad structural divisions under colonialism and the need to transcend them. These states have had on the one hand to take over, make their own, and extend the modern sectors which had been in greater or lesser degree controlled by the colonial power. The task extends far beyond government, but the transformation of what had been a colonial bureaucracy into an authentically national and effective government has been central. The new nations have had also, by the very nature of the assertion of independence, to concern themselves with the welfare and modernization of the whole population. This too has been a multifaceted task, but it has had a particularly exigent focus in education. The scale of expenditures on education, the passionate commitment to it, and the sanguine hopes for benefits from it make the spread of education almost the central expression of the democratic thrust of the new nations.

The response of the Western countries, in particular the retreating colonial powers and the United States, has generally been an acceptance in principle of the goals the new nations have set for themselves. As I have already indicated, the prevailing doctrine, hammered out in United Nations discussions between 1946 and 1950, was that the older and more advanced countries should help the new ones in ways that respected their new-found autonomy; hence the doctrines of assistance that is technical and financial aid that is without strings. Also the

principle of national self-determination is naturally accompanied by a universalistic concern with the welfare of all, and the aiding countries easily shared enthusiasm for the egalitarian internal policies of the new states.

It seems possible to classify roughly what has been done by aid programs in accordance with the dual tasks of the new states as I have described them. Official aid programs have naturally had to deal with the governments of the new nations, and they have consequently been drawn closely into the problems of transforming and strengthening these governments. In a discussion of the 82,000 people supplied by OECD countries on bilateral technical assistance in 1963, Angus Maddison points out that "Nearly all of these people were supplied to governments".[1] Such people have worked in many fields and in differing ways depending on the needs and receptivity of the countries in question. The task of transferring and maintaining the modern sector of a former colonial society has varied in difficulty. It has been particularly formidable in some of the African countries that came to independence with very few Africans possessing the education and experience necessary to taking over the existing institutions. There could hardly be a question of the immediate and radical substitution of an authentically African governmental structure for the old colonial structure, and what existed had to be carried on with the continued use of many of the officials, professionals, and technicians who had run the organizations before. It is perhaps not commonly appreciated how important operational personnel have been in the technical assistance totals of the past years. As late as 1967 the DAC figures show that some 22,000 of 112,000 people supplied in technical assistance were in operational roles. If we exclude the 25,000 in the total of 112,000 who are volunteers, this 22,000 would constitute about a quarter of the total. In particular, they outnumbered advisers, who were about 18,000 strong in that year.[2] Another great category in technical assistance personnel is of course teachers. There were 41,000 of them in the DAC enumeration for 1967 that I have been citing, and one might add some 6,000 further educational administrators and advisors. This very large concentration of technical assistance in education bespeaks a strong response to the concern of the new nations to maintain existing school systems and expand them to enable the masses of their countries to participate in the modern world.

The distribution of technical assistance personnel would not serve for all purposes as a sufficient indicator of the main thrust of aid programs. But I believe it may be a more sensitive indicator of the cultural implications of aid programs than the distribution of capital aid among various uses. Some implications of the distribution of technical assistance do seem rather clear. May I first suggest that there has been a cultural inertia in the governmental sector of these new nations which has been born of necessity and facilitated by aid? This has certainly been characteristic of those African countries which needed a considerable stif-

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1 Angus Maddison, *Foreign Skills and Technical Assistance in Economic Development*, OECD Development Centre, Paris, 1965, p. 21.

2 *Development Assistance*, 1969 Review, Report by the Chairman, OECD, Dec. 1969, pp. 322-323.

fening by expatriate operational personnel in the years immediately after independence. It has probably been less true in countries like India which had their governments largely in indigenous hands before independence arrived. Most operational technical assistance has come from the former colonial power, and indeed these have not been new men but old colonial hands who "stayed on". They have thus represented particular, national forms of Western cultural traditions and not even the variants that other Western countries could supply. Such continued tutelage has been understandably unwelcome and an important reason why everyone has been agreed that operational technical assistance is something to be eliminated as rapidly as possible, as has indeed been done in many places more vigorously than the best functioning might have suggested.

Recognizing this cultural inertial tendency that technical assistance has implied, one does not therefore have to conclude that on balance the effects of technical assistance to governments has been thoroughly conservative or "imperialistic". There has, of course, been a strong interest on the part of the former colonial governments in maintaining what they would regard as a reliably functioning government and one that they could "talk to". But a considerable persistence of professional and technical personnel (like doctors or engineers) may indeed be quite compatible with the reorientation of government that independence should imply. They may, in fact, be very important to a continuing effectiveness of government which makes its thrust towards new goals and responsibilities credible. Fortunately, there has not been a lack of competitors to the former colonial power in the provision of technical assistance. This multiplication of sources has been one of the happier effects of bilateralism in technical assistance. It has made possible an *eclecticism* for new governments in choosing alternative ways of doing the things they wanted to do. There has, of course, been much ill-humored competition among donors in this process, and we all know the alarm and mistrust that the arrival of an expert adviser under somebody else's auspices can produce. But, basically, the overwhelming bulk of technical assistance to governments has come from a limited array of nations bearing cultural variants within a familiar Western range. (Had the Soviets or Chinese mixed in this process more vigorously and spread their technical assistance more widely from their capital-aid projects, the story might be different.) The task of putting together a genuinely useful selection of Western governmental practices and ideas is of course a formidable one, but the range does not seem so great as to be intrinsically confusing or unmanageable. The new nations have been trying to make governments that are distinctly their own to do things that colonial governments before them did not try to do. But these must be modern governments, and their originality cannot be found solely in indigenous experience. Seeking the benefit of foreign example. and expertise, as they must inevitably do, they have a chance to produce cultural hybrids of sorts that may persist and flourish, and be something new in the world.

CULTURAL IMPLICATIONS OF AID PROGRAMS

Frère Christoph von Wachter

I

The relation between "culture" and "development" was long overshadowed by other themes. At the beginning of the "development era", relatively little attention was paid to it. There has been for some time now, of course, a vast library of articles on "culture and cultural change", but for the most part it was the anthropologist, the ethnologist, the sociologist, the psychologist and even the theologian who monopolised the discussion. Far more rarely was the economist heard, although it was he who had long been the advocate of development, as indeed he still is today. This state of affairs was no accident, of course, in view of the - until recently - widespread habit of equating development with *economic* development and economic development with economic *growth.* This was rightly pointed out by Dr. Dudley Seers in his presidential address to the 11th World Conference of the Society for International Development in New Delhi in November 1969.

Certainly it was recognized from the beginning that development has important cultural premises or elements. Only in recent years, however, has this question come to the forefront as one of great urgency. If I am not mistaken, the reopening of the debate on culture and development has been due not so much to scientific discoveries but rather to certain developments in the political and social sphere. The murderous civil wars in which the North Atlantic nations tore each other apart were followed by a period in which these nations experienced a new economic advance. In the Third World, however, the colonial period finally ended. One after the other, the colonial territories achieved political independence. The peoples of Asia and Africa, having taken control of their own destinies, reflected on their cultural inheritance and individuality and began to seek or to recover their national identity. But how were they at the same time to deal with the inexorable wave of technology rolling towards them from the northern hemisphere? The former colonial powers or other industrially developed and economically powerful states exercised strong pressure. Considerable tensions and difficult problems were inevitable. Many are speaking today of cultural genocide. Or again, if we turn to Latin America, it was suddenly realised that the appalling depth and extent of poverty there was directly related to outdated political, social, national, international and economic structures, deriving from the old world of Europe and no longer adequate to the realities of the Latin America of today. In the course of this process of developing awareness among the underprivileged in Latin America and among those of the *avant garde* there and elsewhere who knew just how intolerable conditions were, people also began to reflect again on the cultural distinctiveness of the Latin American peoples. The supposedly sound and healthy society

of the USA was shaken by a tremendous crisis; the struggle for civil rights against racial discrimination intensified and is today conducted largely under the banner of "black power". In the Indo-China War a growing number of people are discovering other elements besides a simple confrontation between the three great powers - USA, USSR and China. The war there, as well as other so-called "local" conflicts, is seen as a polarisation of responses determined consciously or unconsciously by racial and cultural feelings or resentments, and not only by ancient or recent political and military explosive forces. One of the most important and still unexplained internal conflicts in China was fought out on the issue of the "cultural revolution". Again, ideas which have outgrown Marxist-Leninism and which indeed could never have arisen at all without their Judaeo-Christian "pre-history", find their way back into their European places of origin and into the North American continent which had previously been spared them, via a kind of Maoist transformation, and are there adopted by enthusiastic radical students and forged into major offensive weapons in the struggle against a consumer society which is felt to be inhuman. Besides the protestors who are working for a cultural as well as a political revolution, there are others who in their opposition to a Euro-American "way of life" which has become insupportable, adopt (and practise) the slogan, "Make love, not war", and turn not only to drugs but also to all sorts of so-called Eastern spiritual and religious practices. Such phenomena as the SDS (Students for Democratic Society), LSD and hippies and so on are then lumped together by many, both committed and spectators alike, as "counter-culture".

Confronted by this evidence of cultural evolution or revolution, fundamental thinking about the purpose of development aid and the methods it employed was necessarily called for in the offices of the development strategists, in the corresponding centers of scientific research, in the teams of development helpers and technical assistants stationed somewhere in the so-called Third World to fight against hunger and poverty with the aid of the blessings of western civilization. Increasingly it was recognized that it was naïve and in the long run ineffective to put all the emphasis on economic development and merely to try to raise the standard and style of life in the developing countries to the level of western standards as quickly as possible. We had to learn to appreciate the profound causes of the "difficulties rooted in local culture and tradition" and, of course, to draw the right conclusion. Clearly, this is a subject which not even a large volume could exhaust, much less a single lecture. One can only mention a few aspects and illustrations.

After what I have already said it would seem to me to be valuable and indeed essential to look briefly first of all (II) at the question, in this Second Development Decade, what can and should be the mutual relationships between individuals, groups, nations, states which are not only divided by a massive political and economic gap but also belong to quite different *cultural* traditions and stages of development? As a working hypothesis and simply as a provisional starting point, I choose to take the term "cultural" in a very broad sense as covering everything connected with the "way of life" (as the Americans say - but I do *not* mean the American way of life!), with our understanding of human life and how we implement this understanding in practice in relation to our fellow men. Next,

(III) we shall look at world community, and at personal and national identity. Then (IV) briefly at the content of culture as lived and the view of man underlying it. We shall then (V) illustrate in more detail the themes we have broached by an example drawn from the sphere of African culture. Finally (VI), a few practical suggestions will be given as to how development strategists and development helpers can implement the "cultural criteria" today and tomorrow.

II

First, then, the question as to how people who are at various stages of material development and belong to different cultural traditions should behave towards each other: how they should order their inter-human relationships. Even the most intractable problems in history and at the world level have a simple and very human kernel. In the story entitled "Give and Take" of Martin Buber's marvellous anthology, *Tales of the Hasidim,* the author distils in a few sentences the following practical wisdom: "Rabbi Yitzhak Eisick said, 'The motto of life is Give and Take. Everyone must be both a giver and a receiver. He who is not both is a barren tree.'." Perhaps one of the reasons why many of our development programmes fail to function properly, why they wither, is that we overlook the simple basic law of mutuality, reciprocity. This may often be quite unconscious; we assume too easily that we function in the role of "givers only" or of "receivers only." The Montreal Conference sponsored by the Committee on Society, Development and Peace of the World Council of Churches and the Pontifical Commission Justice and Peace, stated in its official report, *The Development Challenge:*

> *"We reaffirm most vigorously the imperative need to increase the quantity and quality of aid, but we suggest that the manner in which it is provided and administered be such as to further the concept of world-wide community and collective responsibility for development. Paternalistic patterns of domination implied by the use of such words as 'aid', 'technical assistance' and 'free transfers' are symptomatic of the continuous tendency of the developed countries to limit or even remove the possibilities of self-determination in the under-developed countries. We suggest that use of words which to many have paternalistic and patronizing overtones, should be discontinued and that the vocabulary as well as the administration of development cooperation should promote solidarity and mutuality. If such tendencies continue, it may seem hypocritical to stress the fact that development is a problem common to all nations and that the underdeveloped countries can make a real and perhaps unique contribution to the humanisation of the life of the developed countries."*

The Montreal Conference statement certainly did ultimately have in view the economic, social and commercial structures but the passage we have quoted remind us

of the essential cultural and human implications. What matters is the spirit of reciprocity, of solidarity, of sharing. What is called for here is not just a change of opinion but a new kind of thought and behavior. Moralizing is, in any case, an ineffective method; for example, when its aim is to induce a bad conscience in the person addressed. It is dangerous pedagogy, often used by so-called religious people for instance. A bad conscience most certainly does set certain forces at work in a person and momentarily stimulates his will. But it has never made sustained effort possible.

In his book *On Becoming a Person*, the well-known American psychologist Carl Rogers, in a chapter entitled "How Can I Be Of Help? ", tells of the change which has taken place in the course of more than twenty years in his professional activity. Early in his career it was his usual practice when confronted with a patient to ask himself: How can I treat or cure or change this person? In time he learned to rephrase the question: How can I provide a relationship which this person may use for his own personal growth? His general hypothesis was now the following: If I can provide a certain kind of relationship, the other person will discover within himself the capacity to use that relationship for growth, and so the result would be change and personal development. Could not this advice of the psychotherapist serve admirably as the motto for development helpers today? How can I create a relationship to other cultures in which the other can develop, can achieve genuine growth? And this question would have to be put not only to the developer from the materially advanced countries, but certainly to people in the developing countries as well. In other words, it is in the *cultural* sphere that the principle of reciprocity can best be implemented, with the Third World giving and other parts of the world receiving.

The change in attitude which this kind of relationship presupposes includes my desire to confirm the other partner's individuality; it demands that I should see him as he is and how he is intended to become, as Buber put it. Interestingly enough, this was in conversation with Carl Rogers. "Accepting this is just accepting how he ever is at this moment, in this actuality of his. Confirming means first of all accepting the whole potentiality of the other . . . I can recognize in him. know in him, more or less, the person he has been *created* to become . . . Let's take, for example, man and wife. He says, not expressly, but just by his whole relation to her, "I accept you as you are." But this does *not* mean, "I don't want you to change." Rather it says, "Just by my accepting love, I discover in you what you are meant to become.' "

Couldn't we, on our way to a kind of world community, try to develop this kind of relationship between men of different cultural traditions? Could we not learn to accept the other culture, and they us, as what they are and what they are meant to become, in a constant and deepening cross - fertilization? In other words, to use another of the key terms introduced by Martin Buber, in the development process the nations must find a "*dialogical relationship*". Dialogue is, in this context, a mutual enrichment in energetic strides towards a goal which is not yet known or not yet clearly seen. It is a growing *partage* (fr.), an *Austausch* (Germ.), a *sharing*. In genuine meeting all who participate change, grow into .

something new. "We must all come out of our ghettos, men of all nations, races, religions" - or words to that effect - was how André Chouraki once put it. We shall then no longer be able to regard our own environment, our own cultural realm of experience, our own system of thought, as a "cultural empire" which must be defended, strengthened and extended by all possible means.

The concept of a developing world-wide cooperation, of a developing world community, here indicated, includes therefore not only a material community of property but also a sharing of spiritual, cultural wealth. The economists concerned with development problems tell us that the emphasis is shifting more and more to the problem of the *distribution* of products. This is why, for example, the World Consultation on Ecumenical Assistance for Development Projects organized by the World Council of Churches at Montreux in January 1970 defined development as "the process by which both persons and societies came to realize the full potential of human life in *a context of social justice with an emphasis on self-reliance,* economic growth being seen then as only one of the means for carrying forward this process".

III

In the economic, social and political sphere, therefore, the spirit of *partage* of sharing, is directed towards new political structures designed to promote and preserve peace, towards a *world community.* Culturally, this would mean something in the nature of a world civilization. The cross-fertilization brought about by the mass media, including the telstar satellite, will continue to result increasingly in uniformity of thought and feeling throughout the world. Here we must eliminate a misunderstanding. It is neither likely nor desirable that all individuality should vanish in the coming world civilization. Even and especially in the world community there will necessarily be cultural pluralism. There is no question of reviving the dream of the cosmopolitan utopia. The 19th century ideal of the "world citizen" is a thing of the past.

Becoming a person, becoming what one is meant to be, in the sense just indicated, links up with another expression of modern psychology, namely, "finding one's identity". Who am I? Where do I belong? Where do I feel at home? Finding one's identity is one aspect of the process of becoming a person. But no one can discover or define his identity on his own. Only in relationship, only in dialogue, only in community, do I become a person. The same applies to group identity as well. A group of men, a nation for example, will only find its identity in a continuous inter-relationship with other groups. This has always been the case and in our shrinking world of today becomes truer than ever. In other words, only when man learns to order his various affiliations and identities aright - family, race, nation, religion - does he become a person.

Only when a group of men knows how to reconcile its *particular* group-identity and its world-identity, i.e. its affiliation to the family of mankind, will it become what it is meant to be. Emmanuel Mounier once said: "We can only recover what man means by relearning what the universe means." But in fact identity is not something static, something fixed once and for all. In the life of indi-

viduals as in the history of mankind as a whole, identities are constantly changing. The current term "nation" derives from a view of history developed in Europe in the 18th and 19th centuries. It is certainly not destined to last for ever. Even in mediaeval Europe there was a different mode of self-identification: in the context of relationships in the feudal system, as citizen of a city, and so on, as a member of the Holy Roman Empire. In the world of today, there are two main tendencies, which often seem contradictory. In many countries, in the Third World in particular, a considerable strengthening of individual national awareness is regarded as inevitable. At the same time, we are becoming increasingly aware of our identity as part of the *whole* human family. This was made clear, for example, when people throughout the world watched anxiously for the rescue of the astronauts of Apollo 13. People saw those three men not primarily as Americans, but as, in some sense, representatives of the whole human race. In the service of development we shall have to keep both these tendencies in mind. But the goal must be a world community within which men know that they are united in pluralist variety to live creatively. National identity could be or become a kind of leverage for identity in the world community.

IV

If in what we have said so far we have emphasized first of all the *functional* aspect, i.e. relationship, and spoken in this connection of the process of finding one's identity, we now face, of course, the question of the *content* of the culture as actually lived. What value system underlies our efforts at development? What is our understanding of the quality of life? Culture, the way of life, cannot be thought of as neutral in terms of values. This is not the place to enter more deeply into the debate about the goals of development, but you certainly already sense here the nearness of the view, the conception, summed up in the phrase "total human development" or *développement intégral.* What is involved is the development of the whole man (body, soul and spirit regarded as a unity) and the promotion of the individual as well as that of society. If I go on to say that I have thereby indicated the anthropological and theological basis of the Christian's commitment to development, I do not think I shall find myself at odds with most people of other religions and views of life. In particular, I regard myself here as being in line with the great tradition we commonly call the Judaeo-Christian tradition. In my approach to God and man I cannot and will not, as a Christian, disown the roots of my faith which lie in Judaism. I spoke just now of God. And it is with no wish to disturb the unity and fellowship in action with others in the service of development that I refer here to the *specifically Christian* aspect. As Christians we cannot look at development aid solely in *human* terms. For us as Christians, human life, human creative activity has a source and a goal *beyond* the *humanum.* Human life is not simply partnership and dialogue between individual men or groups of men. It is also at the same time partnership between God and men. And once again we feel ourselves close here to our Jewish brothers, one of whom, Rabbi Abraham Herschel, once expressed it in this way: "The essence of Judaism is the awareness of the *reciprocity* of God and man, of man's togetherness with Him who abides in eternal otherness."

In our times of great confusion, of wars and crises, there are also many signs of hope. One such sign is the new relationship which is beginning to develop between men of different religions. Through my work in SODEPAX I have been able to experience at first hand how in spite of initially very divergent anthropological conceptions, in spite of great continuing differences in our understanding of the beginning and end, the way and the goal of human life, a consensus is gradually emerging which enables many Jews, Muslims, Hindus, Buddhists, adherents of African religions and Christians to work together from religious motives for the welfare of all mankind, precisely in the sense of a total human development.

V

A kind of new humanism is emerging. What this means in detail is for the most part still not clear. In our state of cultural confusion, development helpers have a difficult task. The general direction, however, seems to me to be clear. Let me now try to clarify what I have tried to express in more general terms by an example drawn from one particular "cultural area", the African culture. Or rather let us try to *hear* and to *understand* the description given by a young professor from Cameroun of the cultural development of his country.

This year Jean Marie Abanda Ndengue published a little book bearing the significant title: *"De la Négritude au Négrisme"*. One of the coiners of this term *"négritude"* - President L.S. Senghor - once defined it as follows: "the condition constituted by all the cultural values of Black Africa prior to the arrival of the Whites in Africa". While for Senghor the important thing was the recovery of the state of *"négritude"*, J.M. Abanda and many others regard that concept as outmoded today or at least as needing to be supplemented. The too narrowly conceived values of *"négritude"* must be enriched by the values which Africa received as a result of its contacts with the old and new cultures of West and East. The other term used by Abanda, namely, *"négrisme"* includes the Judaeo-Christian tradition, the ancient Graeco-Roman culture, as well as modern civilization and technology. According to Abanda, *"négrisme"* is *"un nouveau système de vie et de pensée du Négro-Africain, une nouvelle vision du monde s'appuyant sur les valeurs les plus humanisantes des civilisations proprement négro-africaines et des civilisations héritées de notre contact avec l'Occident. C'est l'humanisme né du mariage forcé des cultures et des civilisations négro-africaines avec les autres formes de culture et de civilisation, en particulier avec les cultures et les civilisations qui dérivent des sciences et des techniques modernes"*, (a new system of thought and life of the African negro, a new vision of the world, based upon the most humanising values of the indigenous African negro civilizations and of the civilizations inherited from our contact with the West. It is the humanism which is the fruit of the enforced union between African negro cultures and civilizations and other forms of culture and civilization, in particular with the cultures and civilizations springing from modern science and technology). Whereas *"négritude"* sees a more static and particularistic condition, the *"mouvement négriste veut promouvoir et exalter une symbiose harmonieuse de valeurs culturelles dans une optique d'originalité et non de subordination ou de consommation"* (the negrist movement wishes to promote and set

up a harmonious symbiosis of cultural values, in a spirit of creativity and not with a desire to subordinate other cultures or to swallow them, Abanda sets all this, moreover, in the framework of a really world wide view of an emergent all-embracing new humanism. For him, the true strength of African negro civilization is *"négrisme"*, namely the humanism of the negroes. *"Négritude"* and *"Blanchitude"* must give way to *"Négrisme"* and to *"Blanchism"*, *"florules de cet admirable florilège qu'est l'humanisme internationale"* (individual blooms in the lovely bouquet of international humanism).

As a European, in the service of development by conviction and by profession, three things especially strike me as I listen to this young African voice:

Firstly, he avoids here the danger of a certain romanticism to which we are all prone in a period of cultural change, thinking to protect ourselves from the unwelcome consequences of modernization (the "ills of civilization" for example) by a return to the past, frantically trying to create a pseudo-culture in our nostalgia. This is particularly important for our attitude to modern technology. We see this not as a necessary evil which inexorably engulfs us but as something to be affirmed positively and explicitly. We accept it as a gift; we use it as a tremendous opportunity to shape human life more humanely, in a better, more civilized fashion for all. Of course, in doing so we try to be realists, not only firmly resisting the immense dangers and temptations of technology and counteracting certain of its possibilities and forms, but also trying to anticipate and forestall such developments.

For example, take what the Germans call *Wohnkultur* (cultivation of the p planned design of living conditions to combine functional utility with beauty). We read a great deal about the "inhospitality" of our modern cities which Alexander Mitscherlich has described as *"Anstiftung zum Unfrieden"* ("an incitement to unrest"). In a report on Latin America recently I read how practical, how comfortable, how "sociable" the traditional Indian houses, the *bohios*, are. And how unhealthy, how dreary, how inhuman in comparison are the huts which the colonizers and missionairies and others have constructed of corrugated iron and concrete. How homely the pleasant twilight in the sunshaded *bohios* and how hateful the constant glare of electric light in the hot corrugated iron huts. It is, of course, inevitable that modern building methods and cheaper modern materials, in keeping with the rhythm of modern industrial life, should decisively influence the traditional style of housing accommodation. To resist this would be romanticism. But surely it ought to be possible to ensure continuity between the original stylistic elements and modernization? Must the use of modern materials lead inevitably to the construction of monotonously uniform concrete tenements instead of genuinely human dwellings? Is it not possible, for example, to break up the straight lines, to create variety in the form of angles, nooks, terraces, privacy for families, for the small group, instead of barrack-like tenements for the masses? In a word, cannot man be constantly concerned to humanise our environment?

Secondly, cultures are involved in constant change. Man's way of life changes constantly. There is a progressive mutual interaction, a reciprocity, be-

tween cultures and traditions. I hope you will not misunderstand me here. In adopting this dynamic view of culture, I am not following in the footsteps of Spengler with his pessimistic culture morphology. As you know, Spengler wrote, in a significant and famous book, about the beginning, climax and tragic decline of the various cultures. On the other hand, I do not wish to support any blind faith in progress, as if mankind were inevitably moving forwards and upwards, the only change being in its rate of progress. It seems to me to be an especially difficult and even impossible task to which the philosophers, sociologists, historians and even theologians apply themselves again and again today, namely, to attempt to describe the direction of our culture, to reduce the cultural history of mankind to a system or even to survey it as a whole. Day by day we are weaving the fabric, thread is interwoven with thread, but we have not yet reached the point where the entire pattern of the tapestry with its colours and shapes can be seen. This does not mean that the futurologists and scientists of the future cannot with the aid of electronics forecast more or less accurately many features and aspects of the world of the future. They have an important and promising contribution to make, providing we are also able to draw from it the necessary consequences for the organisation of our human life tomorrow and today. But in all such forecasting by scientific technological methods, unknown factors, the imponderables, remain. We shall continue to need to listen to those voices which we usually refer to as "prophetic". There have always been such voices. The voices of the gifted ones, the chosen ones, the courageous ones, who dare to speak the truth from the depth and in broad perspectives, who can interpret the signs of the times, who "publish peace" *(shalom)* and, in all this, give comfort and nourish hope.

Thirdly, Africans like Senghor and Abanda remind us that the great cultures were for the most part "mongrelized" *(Métissés)* — the Sumerian, the ancient Egyptian, the ancient Greek, and, in the present, Brazil, the USA, and the Soviet Union, are given as examples. As they see it, therefore, the coming African culture, too, can only be "mongrel". There are no *"Reinkulturen"* (pure cultures). Perhaps we should also stop speaking of "primitive" and "advanced" cultures. There are only different kinds of societies, cultures, ways of life. We can and indeed we must divide the world geographically and politically, and, unfortunately, even development-wise, into East and West, into a Northern and a Southern hemisphere. But in relation to cultures such divisions should be used with extreme caution. For example, it is a gross over-simplification and a mistake to identify the great cultural creation of the last two to three thousand years, known as the ancient Judaeo-Christian culture, with the North Atlantic Western world. Was not its starting point precisely here in this parcel of earth where we find ourselves today? In the area which is still called today the Middle or Near East, or Western Asia? And was not this culture also strongly influenced by spiritual forces which are not covered by any of the three labels, "ancient", "Judaic" and "Christian"?

VI

In conclusion, we ask, what, in practical terms, are the next steps which can, which must, be taken in order to contribute to "aid and development" in the sense we have already indicated? Namely, so as to embody in a dynamic process

the "cultural criteria" we have mentioned: relationship, reciprocity, movement towards a universal civilization without loss of the important particular identities. With these questions we find ourselves, so to speak, at the beginning of a complete new lecture, indeed, at the beginning of what would have to be an entire volume. Nevertheless, let me try to stimulate thought and discussion, in conclusion, by suggesting a few examples.

In the first place, we should underline what D. Kaplan has already said and what has, I hope, become even clearer in what I have said, namely, the need for flexibility, the acceptance of pluralism and a measure of pragmatism.

I would like to suggest three ways in which our "cultural program" can be implemented. I can speak here only of the cultural approach, although the political implications in the stricter sense are plain and inescapable. To put it more plainly: the external conditions for the process of self-realization, of finding one's identity, of becoming a person, are different for a negro in South Africa, for a Brazilian peasant, for one of the millions of Indians, for a Czech industrial worker, for a North American businessman, for a Central European schoolteacher. To achieve a more just apportionment of opportunities, definite changes are needed in economic, political and social structures. Into these I cannot enter here.

Firstly, we can examine, change, broaden or restrict our existing or planned Technical Assistance Programs, our Aid or Development Projects, in the light os our cultural criteria. We can try to adjust them, implement them, develop them in the perspective of our total view of human development in a relationship of reciprocity.

Secondly, special "cultural projects" can be introduced into our "development strategy", or, if you like, we can initiate a program for renewed cultural relationships.

Thirdly, in order to improve our understanding of existing cultural structures and factors, study programs must be developed or initiated, with a view to preparing the way for and promoting a scientific approach to sharing, with a view of helping people to find their identity, setting them in relationship and assisting them to solve their identity problem. This research work would be introduced into the study program to be set up in order to discover where and in what way present political, social, economic and commercial structures can hinder the development process and how they can be changed. SODEPAX recently initiated such a study program, beginning with Latin America but later to be extended to other continents.

What is needed most of all is a fundamental change of attitude, a sensitizing of people's awareness of the changed situation and of their new responsibility. This applies, I believe, not only to people in the developed countries but also to people in the developing countries as well, although here I am thinking mainly of the former. If relationship is to be created we must stop prescribing to others how they are to think and what they are to do. The changing of men's attitude is a slow process. It involves both heart and mind. Merely to see the need intellectually is not enough. Our world view is slowly changing, new perspectives are opening up on the life of others. Prejudices buried deep in our hearts are

slowly disappearing. This happens above all in the open encounter in dialogue *face à face.* We must jettison the poisonous generalizations - *the* negroes, *the* whites, *the* Americans, *the* scientists and so on.

How are we to initiate new opportunities of inter-human encounter? How are we making use of the hitherto undreamt-of opportunities for travel? It is not enough to organize superficial romanticizing "tourist entertainments" in order to promote a better understanding of our different ways of life. The opportunity must be used to create a more lastingly fruitful relationship between people from different cultural areas. When such deeper human encounters have been made possible, it will also be easier to speak about the problems and conflicts.

We must be inventive here. The old methods (scholarships, exchange programmes and so on) often no longer match the present need. They are often still marked by a colonialist mentality, infected with superiority or inferiority complexes. Or else they are handicapped by ponderous top-heavy administrative machinery, clauses and requirements, which impede free encounter in dynamic reciprocity and openness. Increasingly and for reasons which are easy to understand, we hear people in the Third World countries telling those in the Northern hemisphere who are ready to help them: "We want neither your money nor your people. All we are concerned with is our own development. First put your own houses in order and change the discriminatory economic and commercial structures by which your countries exploit us." In these cases where a breakdown in communication threatens we must be resourceful and inventive in discovering ways of expressing clearly the desire for solidarity.

Perhaps small teams composed of people from different cultures can establish provisional signs of *partage,* can live together in some part of the developed or developing world, forming as it were, listening posts *(lieux d'écoute)* where their ears can be cocked towards the "cultural future". And this is a spirit of *gratuité,* without any special program, without apparent effectiveness, signs of solidarity and signs of hope.

The problem of changing men's attitude and awareness leads on naturally to the problem of personnel. Neither in the selection nor in the training of those engaged in the development program are technical abilities enough. Not even a certain idealism and goodwill are enough. A cooperative relationship between people with totally different cultural outlooks and divided by a great status gap, calls for a high degree of the gift of intuition, for adaptability and modesty, combined with a natural self-confidence. Attitudes and feelings are as important as technical competence and physical condition. These people have to inspire confidence, they must be able to create a climate, an *ambiance,* in which creative cooperation can develop harmoniously.

Although idealism alone is not enough, and although on the other hand, a dash of the spirit of adventure does not come amiss, the question of motive is of decisive importance. For a task which, while it ought to be adequately rewarded, has ultimately to be understood surely more as loving service than as a

remunerative occupation, for such a task, I say, the strength must come from deep-seated conviction, from a sense of vocation. Occasionally disappointments will then become a lesson in wisdom, humility and tolerance. In the absence of these human prerequisites, and if it seems impossible to renew a team, better surely to abandon a project than by continuing it to inflict permanent psychological damage, and thereby hinder rather than promote development. I may also add that I have first-hand knowledge of encouraging experiences with select teams where the youngest "development helpers" not only worked together with administrators and professors and others, but even chose the teams themselves on the basis of their own experience.

What has to be done seems to be fairly clear. We must try to create a climate, an *ambiance,* an environment, a *milieu* in which this relationship, this reciprocity, this mutuality, is able to flourish; a cultural climate in which alone technical assistance and development can produce lasting fruit. But although the *milieu* certainly does contribute its influence on man, ultimately it is man himself who shapes the *milieu.* The really important and fundamental "air-conditioning" must be within ourselves. Acceptance of the other person presupposes acceptance of oneself. We must not only actively seek to know, we must also be able to listen, within ourselves, and to our fellow men. To this end, we must learn to be silent, to be still, to stand at a distance from the noise which drowns the heart-beats. In moments of silent thought, of alert attentive listening, in an attitude which many will want to call "meditative", we collect ourselves and prepare ourselves for fresh insights. Then a clarifying light falls on our path. New perspectives open up, perspectives which lead us beyond our circlings around our egos, lead us towards our fellow men. Then we are renewed in our commitment to total human development, in partnership, in solidarity, in communion.

Peace grows out of the quietness of the heart. And peace and joy are one. Even development and joy are one. Certainly development deals with distress and poverty, sickness and hunger, injustice and death. Nor do we have to sentimentalize poverty and fear and discrimination. But for me it is quite certain that to turn towards the suffering, the dispossessed, the oppressed is to receive much. It means to receive joy. It may be a joy which shines out from a face marked by distress and pain; it may be joy simply in experiencing the meaning of that *"simplicité du coeur" (Herzenskultur),* the heart's simplicity, which baffles description by the psychologists or the writer. Or it may be the joyful accord of hearts co-operating together with a single aim. Or in the joyful celebration of life which becomes possible in this climate of trust and solidarity. Joy intensifies and renews our consideration for one another, and this in turn is an inexhaustible source of joy. And our joy deepens in giving itself. Whoever commits himself to development faces the future confidently. Seen in this light, the most important criteria for development effectiveness are love and hope.

INTERNATIONAL IMPLICATIONS OF AID PROGRAMS

Hon. Edwin M. Martin

My title is "International Implications of Aid Programs". Of the many angles from which this subject might be approached, I shall choose four: rivalry among donor countries, donor-recipient relations, rivalry among recipient countries and the bilateral-multilateral choice. These are all complex questions to which not a great deal of attention has been given. What I say today must therefore be considered as tentative and preliminary observations. I shall look forward to the subsequent discussion with great interest.

First a definition. I shall often refer to aid as donor-oriented or recipient-oriented. By the first I mean aid intended to serve primarily the short-term interests of donors, though most of it also helps development more or less. By the second I mean aid that is designed primarily to help recipients achieve their development goals. Development and recipient-oriented will be used interchangeably. Over the longer-term the conflict is not acute as many donor interests will assuredly be promoted by more rapid development.

Competition among donors has both positive and negative aspects. Positively there is competition among countries to do more for development and to do it better than others.

More fundamental rivalries with more mixed effects include a desire for export markets, for preferred access to source raw materials, for favorable conditions for private investors or for especially close political ties, either for general reasons of propinquity or to achieve more specific international political or security objectives.

Sometimes a primary aim may be the more nebulous one of extending influence and prestige.

An example of security objectives has been the use, or attempted use, of aid by both western and eastern bloc countries to gain supporters in the "cold war". I believe that this particular motivation is less prevalent than it was. This is perhaps one of the reasons for the recent stagnation of US aid flows. Currently there remains, however, a Soviet emphasis on the Middle East and a US one on Southeast Asia, neither of which have a very direct relevance to development.

While these stimuli have undoubtedly increased aid flows and improved terms, they have also made aid more donor-centred. The geographical distribution of aid receipts, whether measured on a per capita, percentage of imports financed or percentage of GDP contributed basis, reflects neither development performance nor need. Based on average net official receipts for 1966-68, the percentage of

1967 imports of goods and services financed ranged from 217.8% for Laos to 3.9% for Argentina. To take somewhat more similar countries, for India it was 43.8%, for Malaysia 4.0%, for Pakistan 36% and Taiwan 8%, Upper Volta got 53% and Guinea 14%.

Within individual country programs there are strong tendencies to use technical assistance to spread the gospel according to the donor country's experience. National pride and the desire to spread cultural influence, which often has political by-products, result in donor rather than recipient oriented programs.

Competition for business sometimes leads to a choice of projects which companies from the donor country are in the best position to handle, or limits program loans to products whose producers in the donor country are short of orders.

Much more serious is the typing of project or program aid, de jure or de facto, to ensure that the salesmen of the donor get the business. The increasing stabilization of the international monetary system and the increased liquidity resulting from SDR's will, I fear, reveal how much balance of payments difficulties represented an excuse and not a reason for tying aid. There is encouraging movement toward permitting wider procurement in developing countries, but that is by no means the threat to using aid to help domestic business that general untying would be. This economic warfare among industrialized countries, western and communist alike, is at the expense of higher costs for the developing countries for less satisfactory products, a penalty they can ill afford.

As an example of similar attitudes in another development field, I might note that agreement on non-reciprocal tariff preferences for the LDC's is being held up not so much by reluctance to make generous offers as by the necessity for each developed country to ensure that all the others are being as generous as it is. Donor competition is the cause of delay more than reluctance to help the LDC's.

It is especially encouraging to note that the recent report of the Peterson Commission, appointed by President Nixon to review the US program, nearly 50% of the DAC total, has urged that aid for security-political purposes be recognized for what it is and handled separately from aid for development, and that the US assume leadership in securing agreement to untie aid.

The harmful aspects of these donor rivalries have important affects on the central donor-recipient relationship, to which I now turn.

The problems of this relation are accentuated by three factors: one group of countries is richer and more powerful, politically, economically and militarily than the other; aid transactions involve some of the universal psychological sensitivities between lender and borrower, giver and receiver; and, lastly, there is in some cases a hangover of the colonial master-servant relation. The first factor sometimes introduces an unfortunate difference in the level of personal and organizational sophistication between the representatives dealing for the countries of each group.

As a result, negotiations can seldom be conducted on the basis of the taken-for-granted equality and full partnership which is desirable for best results. One cannot by an act of will make equals out of those who are not. Leaders of developing countries repeatedly find themselves in the pride-hurting posture of petitioners, whether for economic aid or market access or private investment or military equipment.

Results have often been better than this imbalance would lead one to expect, largely because of the impact on donor attitudes of a combination of those self-interests listed earlier and a moral or humanitarian or neighborly spirit – different people would describe it differently – which has played an increasing role. But to a great extent these mitigating factors have operated only in areas of secondary interest to the developed countries. For example, what would be most welcome now to many developing countries would be wider access to markets for a number of labor intensive products, including agricultural ones. On this they should be able to count on some support from every citizen of the developed countries, for they are all consumers whose costs would be cut. But it is just in these areas that, despite this potential support from an internal fifth column, the overwhelming power position of the industrialized countries and of certain pressure groups within them has permitted tightening controls during the '60's rather than relaxing them. Witness the cotton textile agreement, the higher barriers to agricultural imports erected by the Common Market, etc. We have protected some of our disadvantaged groups at the expense of much more disadvantaged people in the Third World. No wonder they accept the "Third World" label.

A satisfactory partnership role is thus difficult for recipients to play, as wise concessions to outside demands come easily only to those sure of their position, sure that conceding something in their own long-term interest, or for a common interest, cannot prejudice their continued power of independent choice. Ability to compromise comes from strength, not weakness.

Before discussing some of the principles of the diplomacy of this awkward aid relation between donors and recipients, I would like to note that aid is only one channel for the transmission of developed country cultural patterns to the developing peoples. The latter face a daily, unplanned, uncontrollable invasion of life habits and values which is spreading, for good or ill, a more and more standardized technological culture throughout the globe. The problem of aid interventionism is made more acute by the tensions created by this much broader stream of modernizing pressures.

Attention focuses on the aid role because it results from public, conscious, official decisions by governments. There must, therefore, be a sense of responsibility for the changes brought about. And there is no avoiding the fact that every decision is an act of international intervention.

When a donor decides to give aid to one country and not to another, a judgement is passed which affects the future of both the successful and the unsuc-

cessful one. In deciding to give X amount to one and 2X to another, the donor creates another impact, as he does in selecting one country for a grant and another for an export credit.

Intervention becomes even clearer when he decides to fund a power plant and not a school, a steel factory and not an irrigation program, a development bank and not a sports stadium, or to train teachers abroad in donor curriculums but not send experts to reform the school system to meet local needs.

Intervention at any of these levels may be active or passive. Active intervention may be designed to serve primarily one or more of the interests of the donor as described above, or those of the recipient. When an active donor wants to distribute his aid among countries so as best to promote recipient development, complex issues arise to which I will return. Once chosen, the interests of the recipient may be interpreted by an active donor as copying the donor society, or as what an objective, well-informed person thinks the recipient government should want, or as what, after analysis and discussion, the recipient does want.

Passive intervention, aid given without thought for its consequences, is less common. It can be either aid offered routinely, reflecting the value and methods of the donor, or represent an uncritical response to a recipient request for help, or, rarely, take the form of untied funds to be spent at the discretion of the recipient, a sure way to strengthen the powers that be.

Much aid-giving is a combination of the two. The country to receive aid may be chosen to meet donor-oriented criteria but the selection and implementation of projects conducted on passive principles. Alternatively, recipients may be chosen without much regard to either donor special interests or performance, but the specific project handled from either an active donor interest or recipient need and performance point of view.

Most recipient governments prefer a passive attitude which will permit them to do what they want with their aid. But there are nearly always minorities in or out of governments that are fighting for one concept or another of modernization, or, more boldly, for power, who will seek to enlist donors actively on their side. Skillful diplomacy thus has an opportunity to play an active role without risking universal condemnation. The reverse of the coin is that donors can also often find allies who will support donor-oriented aid policies in return for aid favors.

The general preference for a passive donor attitude does not always reflect only a selfish desire to be free to spend aid money and fix development policy without outside dictation. Too often it is a reaction not only to donor-oriented aid but also to well-intentioned intervention which turned out to be wrong. Sometimes it has been too theoretical, or it has reflected donor rather than recipient conditions, or it has been based on an unwarranted confidence in our ability to manage their economies, a defect that is occasionally evident in our own countries, despite the fact that we know so much more about them.

Given these complex cross-currents of aid diplomacy, it is my present personal conclusion that the cause of development and of donor-recipient relations would be served best ideally for most developing countries if aid decisions reflected an active donor approach, implemented through a regular and vigorous dialogue with recipients. Such exchanges will give recipients a chance to uncover and reject or modify too exclusively donor-oriented or otherwise unsuitable proposals. They will enable donors to seek out and strengthen modernizing elements against either status quo elites or politicians looking to aid to finance political plums. They will help donors to ensure that their aid goes for valid high priority purposes.

To be successful it is necessary that donors acquire more humility and respect for recipient views on how their needs can best be met. Donors should give great weight to the basic goals chosen by recipients, emphasizing rather the contributions which their experience, research abilities and technical capacity can make to working out the best ways of using available resources to achieve them.

To enable recipients to persuade donors to reduce the degree of donor orientation in their programs and adapt them to their real needs, it is equally necessary that each recipient develop clearer ideas and justifications for its development goals, and be ready with competent local expertise to work with donors on the best ways of achieving them.

Much progress has been made in the '60's in this regard but rapid further improvement is required in the '70's to put the donor-recipient relation on a sounder basis. Progress is not, of course, just a matter of good economists but even more of greater political wisdom. Ministers should, of course, back the planners when they are right. But to be right they must have from the political leadership well-considered guidelines on such broad issues as income growth vs. income distribution, economic vs. social goals, consumption vs. investment, etc.

For the dialogue to be truly effective both parties must be ready to change their intentions. In the final showdown, recipients must be prepared to reject aid and donors to withdraw offers.

But as a general rule I would argue that, barring obvious major errors involving waste of scarce resources, recipients should have the benefit of any doubt.

Some recipients may object to even this limited grant of choice to donors. However, it must be judged in the context of a shortage of resources which ensures that some demands will not be met; should it not be those which will contribute least to development? If it were to be otherwise, in many donor countries public reluctance to pay taxes for assistance would increase. Also, the only alternative to this criteria will tend to be to aid only projects which clearly promote a selfish donor interest. This is the practical choice.

It has been suggested recently, by officials of some of the larger, more sophisticated recipients, that less aid would be preferable to donor dictation of aid uses or recipient policies. That is a choice any recipient is free to make but

does not strike me as a sound answer to the needs of the peoples of developing countries. I would rather take it as a useful warning against excessive donor arrogance in running other people's affairs.

Sometimes donors may object that a dialogue whose outcome may be a refusal to accept a recipient request is bad diplomacy because it will make enemies. It certainly may do so but there are nearly always sensible people in a country who will welcome the avoidance of waste, even though they may not be for the moment in political power. Moreover, the money saved by one rejection becomes available to please others by financing a good project for someone else. In any case, the object of aid is, I hope, development and not making friends.

This kind of active dialogue is, I insist, the ideal toward which we should work. But what about the many recipients who not yet able to take part on a basis of equality of power or competence and may be faced with donors who are not yet wholly development oriented?

What about the small donors, and even some of the larger ones, with widely dispersed programs who will often not be able to participate effectively in an active and constructive dialogue, because they cannot be well-enough informed of individual recipient country conditions.

For donors and recipients with these handicaps there is a major role for international organizations. They can serve not only as channels of aid but as sources of impartial, development-oriented advice to recipients in dealing with donors and vice versa. Progress has been made in establishing a network of such sources of wisdom but much remains to be done. Not only must geographical coverage be extended, but specific competence in many fields, especially critical areas like employment, family planning, education and nutrition, requires major improvement. In fact, it is only beginning to be acquired for central sectors like agriculture and industrialization.

To turn now to the practical aspect of such donor-recipient diplomacy, I shall comment only on the geographical distribution of aid and aid to education.

The decision to give aid or not to a country, and how much, may result from a chance of geography, of the personal interest of a Prime Minister or some equally persuasive factor. More likely it will reflect the kinds of donor rivalry referred to earlier – security, political friendship, economic ambitions, cultural pretensions, historical ties, or a combination of them. As we have seen, decisions on these grounds have not produced a sensible distribution.

Can we hope to move toward geographical distribution of aid better than the present haphazard pattern? I am not sure how rational we can become but I am sure we can do better if we try.

It will be almost impossible to weaken seriously the present donor-oriented security, commercial, etc. criteria without an alternative which is generally accepted by donors and not too resented by recipients. Many of the latter are not too un-

happy about their ability to play donors against each other or to capitalize on their potential export or investment markets, susceptibility to communist pressures, etc.

Clearly, if one accepts the assumption that promotion of development is the object of aid, our guiding principle should be to give aid most generously where it will produce the most development. The application of this obviously sound idea runs into a number of difficulties.

1. Is it acceptable from a humanitarian viewpoint to reduce aid to the "least-developed" of the developing countries – those with per capita incomes under $100 and illiteracy of over 75% for example – in which aid cannot hope to produce significant measurable development for many years?

2. At the other end of the spectrum, should aid be concentrated on countries blessed with abundant natural resources and thus able with relatively little help to develop rapidly?

3. If one chooses a middle ground and gives most to countries making the best use of what resources they have, is it "best" to be measured in terms of economic growth, social equity, political participation or constructive international attitudes, or, if all four, with what weight to be given to each?

4. Even in evaluating just economic self-help, different countries have grown well with quite different patterns of exports, savings, investment, economic structures, etc. How is one to guess which will do well over the next five years?

5. Or is five years long enough to try to forecast whether a proper balance has been found between investments in human and material infrastructure or between them and quick-yielding industries?

6. Looking at the society broadly, is it enough that the government has advocated or even enacted sound measures, or must the people not also support by their daily actions a national commitment to development?

It should be clear from these questions that cold statistics cannot be relied on to guide aid distribution. Acts of mature judgement which can make proper allowance for a variety of value factors-need versus self-help for example – sometimes conflicting evidence and always inaccurate statistics represent the only acceptable basis for seeking to improve present unorganized and often donor-oriented decision-making procedures.

At the same time one must accept, I think, that our wisdom is only great enough to justify general guidelines rather than precise aid quotas for each recipient. But even this, if taken into account by the majority of donors, could hardly fail to improve gradually present practices.

But it would, of course, be contrary to the principle of active dialogue which I have proposed should pervade donor-recipient relations, for these decisions

to be made exclusively by donors. Nor would it have the desired effect of promoting faster, better development. For donors should not look at recipients through field glasses as at horses at a race track and then place their bets in the form of aid allocations. Rather they should make their appraisals after full opportunity for each recipient to state his goals and how he proposes to reach them. But even more than this, donors will want in some cases to suggest different policies as more conducive to sound results. Decisions on aid distribution would thus grow out of a dialogue in which past efforts and future intentions will have been reviewed and an opportunity provided for at least a rough-and-ready inter-country comparison of self-help efforts, development prospects and need urgencies.

In reaching a fair appraisal of the overall economic and social programs of a country and of its needs for outside help, and in conducting a dialogue on future policies, highly complex and sensitive tasks, the participation of the international institutions, to which I referred earlier, becomes of particular value. Few donors have the knowledge to undertake it, or the weight to seek individually and effectively, if necessary, policy changes.

If diplomatically handled, such an approach should, over a time, be welcomed by most recipients and the modernizing elements in all countries. It offers the prospect of larger shares of the always scarce volume of concessional assistance to those working hard to make the most of their assets, but with proper considerations for those facing the greatest obstacles to development.

I feel sure that most donor public opinion would welcome such an increased emphasis on development and be willing to pay more taxes for programs so guided than to those which attempt to satisfy the shifting priorities of various special interest groups.

An active approach also requires a conscious choice of the substantive measures by which a sectoral program like aid to education will be implemented. Because it is what donors know best, because donors naturally consider their methods best and because extending donor cultural patterns satisfies an egoistic instinct and may represent scoring of points against rivals, it takes an act of conscious will and abnegation to give help of a sort which best fits recipient needs.

But it is not always easy with the best of intentions to select the most appropriate methods. Modernization is the name of the game, and what does that mean except helping to copy us in pursuit of that will-of-the-wist – closing the income gap. Moreover, too often the leaders of the developing countries fail to appreciate where their true interests lie. Suspicious of being offered second-best answers to their problems, they often insist that only the most sophisticated and latest is good enough for them.

Current educational programs suffer from most of these problems. Everywhere formal education is looked upon as a major engine for more rapid modernization. In addition it is depended on to bolster national identity and unity in the many countries where loyalty to the nation has shallow roots. And education is, of course, expected to provide the trained manpower needed to insure a rapid improvement in the quality of life.

Yet educational systems in developing countries are, for the most part, copies of those in developed countries. As such they are poorly designed to fulfill the demands made of them. As such they also do not reflect the need to adapt structures and techniques imaginatively to the far more limited human and material resources available; in fact, average costs per graduate are often several times those of developed countries. As such, they have hardly started to provide the special facilities required if there is to be even a minimum equality of opportunity for children from seriously disadvantaged homes, communities, geographical regions, or even whole social, religious or tribal groups. Nor has adequate attention been given to formal and informal adult education, an essential shortcut to providing quickly the middle level skills needed now.

This irrelevant system is in most developing countries directed by educationalists who got their training in donor universities, often a generation ago. They are thus not well prepared to lead the fundamental revolution required in curriculum, teaching methods and educational structures, formal and informal. At worst they may oppose change as upsetting comfortable routines; at best, they will feel that they are being asked to downgrade their education to a second-class level. In this they will find support from large segments of public opinion who want only that their children be able to qualify for a desk or professional job in the capital.

Donors, by example and through their assistance, continue to play a large role in this unsatisfactory situation. In 1968 DAC countries were financing nearly 50,000 teachers, over 4,000 educational administrators and 2,000 educational advisors, in addition to making substantial capital investments in educational facilities.

But we have not used our resources to encourage and assist the developing countries to undertake the urgent educational revolution called for. Instead, we have, with minor exceptions, followed the easy path of supporting copies of our much criticized systems. We have accepted the ideal of enabling students to transfer with ease to one of our schools, instead of using our research capacities to help them start a revolution based on their needs. The present situation is largely one of harmful intervention, partly actively donor-oriented, partly passively unthinking.

There are a growing number of examples of the acceptance of new techniques that suggest what is possible, but the number of pupils benefitting so far is pitifully small.

Only close international partnership can reform a bad situation in which all share responsibility.

To achieve adequate results donors must change radically their motivations for and techniques of aid in this field. Educators and researchers being sent abroad must be thoroughly retrained before they can contribute usefully to what must become quite different educational programs, adapted to the differing needs and conditions of each recipient.

Recipient countries must be led to rethink the kinds of education needed for the progress of each of them, for, of course, the developing countries must make their own decisions after hearing all the evidence. Nevertheless, the pace at which relevant reforms are being adopted may well affect donor distribution among countries of scarce educational resources. Those committed to reform must be helped generously and wisely, drawing especially on our research and planning expertize, to develop practical and economical means to achieve their new goals.

In the relations between recipients, the salient problem seems to me to arise from conflict between the need to create a strong commitment to the nation which will replace tribal and other divisive loyalties and will stimulate energetic support for national development, and, on the other hand, the need to prevent excessive nationalism from blocking increased economic cooperation between developing countries or the reduction of military expenditures.

It is in the interest of all to reduce waste of the latter sort. As elsewhere, a partnership approach by which developed countries of all ideologies refrain from encouraging rivalries and excessive military budgets in the developing world is the only one which makes sense. Their common objective should be to reduce tensions. Any other policy makes a lie of wishes expressed for a rapid improvement of the living standards of the poorer two-thirds of mankind.

Of course the savings possible by reduction of military expenditures by developing countries aren't very impressive compared to those which developed countries could contribute to human welfare.

To maximize growth prospects by creating wider markets, we might propose, as a first small step in this era of targetry, that by 1975 no developing country should have a narrower neighborhood market open freely to it than it had before it became independent. This is certainly a modest goal, except for the Latin Americans.

Copying us in this too, there is often competition among developing countries not to do the best job of planning, production and selling but to pry special favors in the trade and aid field from the developed countries. It is at best a misdirection of energy.

Finally, I come to the multilateral-bilateral question. As I have suggested at several points, there are many situations in which the relations between donor and recipient can be more fruitful for both if a larger role, advisory and financial, is given to multilateral institutions whose policies are fixed by recipients as well as donors. Rivalries between donors and between recipients, as well as the occasional abrasiveness or ineffectiveness of donor-recipient relations, resulting from inequality of power, conflicts of interest and lack of understanding, tend to be at least muted.

On the other hand, it must be noted that innovations in aid giving policies in directions helpful to the independence of recipients, like program and sector lending, have been instituted by bilateral donors and have so far found only limited

acceptance by multilateral bodies. Moreover, it is inaccurate to describe multilateral programs as wholly free from political influences.

Nevertheless, multilateral channels deserve the increasing support and flow of funds from which they are currently benefitting. As their efficiency and flexibility increase, the proportion of total resources handled by them should rise proportionately.

A number of developing country experts, aid-weary from fighting what they see as a losing battle against ill-advised or ill-motivated donor interventionism, have suggested a further radical multilateralization of the aid relationship. They would achieve this in two steps. First, donors would be required to provide the amount decided by an "objective" international authority as needed, either by accepting a legal obligation to turn that amount over to an international authority, or by approving some form of international taxation which would raise the needed funds directly.

Second, this amount would then be distributed "objectively". The most radical proposal is to distribute it automatically each year among the developing countries in accordance with a previously agreed formula, so that each country could count on being able to do what it pleased each year with a known amount of external aid resources, with no one justified in looking over its shoulder each year to decide how much it deserved to get or what it did with it. Fine wholesome democracies and torturing dictatorships would be treated alike, as would peaceful development-minded good neighbors and saber-rattling aggressors seeking to replenish their war-chests.

A somewhat more rational alternative procedure would establish global or regional committees of "impartial" experts who would apply to each country agreed international standards of performance or self-help or need which would govern the amount of assistance received.

I doubt the value of such approaches, even if they were within the realm of political possibilities in any of the major donor countries, which, at least for the first half of the '70's, they aren't.

I am not optimistic about reaching world agreement on the criteria to govern such a collection and distribution of aid funds or about finding "experts" of sufficient objectivity and impartiality that all UN members would trust them to carry out either form of such a program. Fortunately we live in a pluralistic world in which men are not yet computers but even the most "expert" have feelings and beliefs and biases that are reflected in their actions.

I fear that I am still old-fashioned enough to believe that the free clash of ideas, as embodied in the active dialogue concept, is the essential source of progress. What is required of donors to insure that this clash in the arena of international aid relationships is fruitful and not sterile is (1) to address ourselves to seeking means to solve the problems of the developing countries in the framework of their situations and goals rather than ours; (2) to believe that our position of overwhelming material power permits compromise rather than justifying dictation and

(3) to try to remember how much less is the marginal utility to us of the aid we give than to them of what they receive. I leave to spokesmen for the Third World to tell us what can be their corresponding contribution to making the aid partnership work.

IMPLICATIONS OF INTERNATIONAL RELATIONS IN TECHNICAL ASSISTANCE

Prof. Maurice Chaumont

I would like to consider with you as briefly as possible not so much the implications of international relations in technical assistance, and I fear somewhat that after an exposé with such lofty aspirations as that we have heard from Br. Christophe, my own will be very empirical and materialistic. I think, however, that even at the risk of sounding harsh one should nevertheless emphasize that we have done pretty well, in my view, in discussing technical assistance for four days and touching very little on the problems of international tensions.

It seems to me that realism consists primarily in bringing the problems up to date even if we cannot control them, for I think that one way of assessing the efficiency of technical assistance is to take into account the de-facto constraints imposed on it by international relations. I shall rely - although this is not my special field - essentially on the experience I have been able to follow in certain Latin American countries, and to a more limited extent, on the experience, as seen from my country, of certain African countries.

To evaluate this influence, I think it is necessary to define a concept one may have of development, and I will revert very briefly to what has been said here. I do not think one can hold that economic growth is the development of a society. It seems to me that one should add to economic growth the problems of nation-building, of integration within the nation and of its cultural identity.

First and foremost, one should emphasize the positive effects that the technical assistance drive has been able to exert on international relations. I think this is very important in such measure as it has introduced a new style in international relations, a new type of preoccupation, new personnel too, and new institutions. One must be realistic, however; it is all too clear that nowadays there exists not only a duality of action in relations between countries; it is obvious that technical assistance is very largely governed by the logic of international relations. And I think that in the short term, and even in the medium term, it is utopic to imagine that technical assistance can follow its own logical line and that only technical problems would remain. It seems to be that these days

we have rather fallen into this error: that of discussing technical assistance as if there were only technical problems to tackle, and that there were no problems of political choice, whether on the part of the donor country or of the recipient country.

I would therefore like very rapidly to consider three points:

First and foremost, to try and examine the implicit postulates which underlie the method of negotiating technical assistance and its relation to development.

Second, to try and characterize the cooperative relations that are considered a meeting of political projects, and not merely a meeting of generous feelings or appeals for help.

And finally, to examine the implications for development.

It seems to me that one reasons too often as if the logic of technical assistance were autonomous, and as if there remained merely problems of improving relations: to create structures for reception, try and select better, distribute resources better. Or else mutual aid in dealing with the problem of the volume of resources.

But this way of thinking seems based on postulates concerning the country of honor, the recipient country, and the relations themselves.

To begin with, from the angle of the donor country, it seems natural that the industrialized countries should be interested in the development and growth of the under-developed countries. In many a case this seems to me highly doubtful. I think one could supply many indicators that would show plainly enough that many industrial societies, beyond the ideology that they program and proclaim, show in practice not merely a lack of interest for the development of non-industrialized countries; far more, they set obstacles to such development. It is enough to recall what all the world knows: the attitude that most industrial societies adopt at international trade conferences.

Second postulate: the donor countries are supposed not to intervene politically in the countries that they control. If I take the case of my country, I find that almost five-sixths of aid to developing countries - and this is minimal for a small country - five-sixths of aid go to its former colony. The latter is also the country where we have most economic and trade interests.

It is thus evident that one must take into account the will of political intervention, which moreover is the logic of international relations. One has to be blind, I think, not to see that. And I again take the case of a small country like my own, which has little scope in the foreign policy field.

Third, one also postulates that opinion in the industrialized countries accepts that the leaders pursue a technical assistance policy. Yet experience shows that in most countries, there is no support of any kind for this type of policy; no

politician comes up or could come up with this basis, if you like, as a platform to establish himself politically.

Among the assisted countries, one also finds a number of postulates: first, one assumes that the ruling class is interested in developing its own society. Yet much research has shown that many ruling classes live politically on underdevelopment, that is, they would not be capable of acquiring a political status if there were mobilization, and if there were development in that society. That is a fact that must be taken into account; it is not self-understood that the leaders of developing countries wish to develop their society, or are capable of developing it. As a result, one is inclined all too easily to identify the interests of the ruling class, or their modernization projects, with the real problems of the people. How many times has one found that there was a gap between the projects - often over-modern - laid down by the ruling class, and the real problems facing the country. I will take a problem that I know better, that of the University. It is obvious that in many universities of developing countries we set up research centers, institutes that are entirely unconnected with the country's problems; on the other hand, however, they very much interest the intellectual élite, which has often been trained abroad.

I therefore think that we tend to identify too easily what the leaders say with the country's problems. This undoubtedly creates difficulties in such measure as it entails or might entail political intervention, but it is not a reason to close one's eyes when defining co-operation policy.

The third order of postulates involves the very relation of co-operation. In ideological speeches - if you like - the relation is reciprocity. But reciprocity would obviously imply a capacity for mutual influence. One is bound to admit that influence at any stage, whether political, technical, economic or financial, implies change. One is bound to see that in the vast majority of cases there is no possibility of mutual influence and that relations are one-way, at least from the influence angle; this entails the fact that such relations are never politically neutral.

I think that not to take up this evidence, which is not a product of very sophisticated or profound analysis, to forget it, means to eliminate - albeit from a purely theoretical, formal angle - what to me appears as one of the most important elements of constraint in technical assistance.

I would first like to consider, to characterize co-operation projects as starting from political projects; show how there can be a contradiction between a political project of the donor nation and of the recipient nation, and try also to see what contradictions there might be between these political projects and development.

First from the angle of the industrial country, and I apologize for expressing this so schematically and in such a general way. From the point of view of the industrial country, it seems to me that according to the logic of its international policy, the project is necessarily characterized by a will to re-estab-

lish, maintain, or extend a zone of influence, whether of a political, economic or cultural order – according to that country's resources and projects. It seems to me, however, that it is useless to speak here of neo-colonialism or of imperialism; I think this corresponds very logically to the nature of international relations, for any ruling political class is first and foremost responsible for its own country and it is clear that so long as there is no world-wide system of creating an overall standard of values, international relations must be approached from the angle of the national interest, and the emergence of a sense of international responsibility calls for an effort.

From the angle of the developing countries, it seems to me that a political project comes up against a contradictory situation: on the one hand, if a development project is involved, there arises the need to mobilize, the need to get the population moving with a view to modernization, to involving them in nation-building, to involving them in economic growth. At the same time, however, any political leader must safeguard the integration and stability of his society and one is bound to find that if one observes the political situation in most developing countries, there is no doubt that preoccupations with stability have very widely prevailed over preoccupations of mobilization and setting in movement. This seems to me highly important, for it will establish co-operation relations of a type within which priority will almost always be given to the projects that are most harmless from the mass mobilization and political angle.

From the angle of the relation deriving from the dual political project that I have seen, I think one can take a series of indicators that enable one to see the implications of these projects.

First, as we have just seen, there is the selection of countries, which operates, as one is bound to admit, in function of allegiance, which allows for a form of control. It is plain that technical assistance is a form of political control of the orientation and loyalty of certain under-devleoped countries.

This is also done in function of what one might call the capacity of upholding order in society. Industrialized societies do not like disorder; this would disrupt trade relations and the established political order. I therefore think that one of the main criteria is the capacity to maintain order, but the capacity to maintain order does not necessarily labor development. The point is to know what order is involved.

Selection of countries operates also in function of the strategy of the other industrialized societies and therefore not only in function of technical aids.

There is also a selection of projects and this is what I think might be most important. One is bound to say that there exists what I would call a lady-patron aspect of the action of the industrial societies in dealing with under-developed societies. Symbolically, and with much show, one gives what one very often recovers on the functional plane. This seems to be less a matter of strategy than the effect of a logical approach and of a definite moral and political attitude. I think projects are selected primarily in function of political interests - principally

those of the industrial societies, and the effect is not so much to promote the projects as to eliminate certain projects. As an example I would like to mention certain relatively well-developed Latin-American countries, where one of the most important problems, both from the economic angle (inflation) and from the angle of social integration is the problem of the workers' movement. It is practically impossible to find financial support of any kind to help build up a workers' movement, create leaders, give them the means to set up an organization. It is obvious, however, that one cannot attain a certain level of industrial development without a discipline of the working class which is not imposed by police repression, but by a working-class organization, and it is obvious that one cannot prevent this working class from ultimately acquiring a relatively ultra-privileged status in the social structure.

It is thus practically impossible to find any form of technical assistance, and I know this through working on it for four - five years, with a view to studying, imbuing with the right spirit and setting up cadres who would nevertheless be of the utmost importance from the economic, political and social angle.

It seems that projects are also selected in function of our concepts of development and of the historic experience we may have known. To me, it is always striking to note how much emphasis is put, for example, on the development of a middle class in Latin America, though everyone knows that this middle class is very numerous in most Latin-American countries; it is only relatively middle class and mainly parasitic, and far from safeguarding stability, whether social or economic.

Projects are also selected in function of the interests, I would not say material, but in the interests of the intellectual and political trends of the ruling class. As a further example, I mention the case of a country that I know well, where for years 90 per cent of finance for the cooperatives was channelled to a bogus co-operative of big landowners. Everyone knew it, and for exactly five years, 90 per cent of all funds coming into the country for the co-operatives was going to about 0.01 per cent of all that country's landowners - and they were the most retrogressive and opposed to development. That is neither surprising nor is it an aberration; obviously this class was politically more reliable, gave greater guarantees to the donor country, and anyway the others were unorganized. It is evident that in so doing they were raising further barriers in the path of the reforms to be introduced in agriculture, which happily were smoothed over.

Mr. Campos (Brazil): Mr. Chairman, I find myself more in agreement with Professor Singer than it would appear on the surface. I think we have a convergence of intentions, although a divergence of interpretation. We both want higher growth rates. But we diverge in the interpretation of what should be labelled as a realistic effort. We selected the 6% growth target as realistic because it is close to a demonstrably achievable growth, since the average rate of growth in developing countries has been 5% in the last decade, and its rise to an average of 6% would seem to be well within the realm of possibility.

Dr. Singer seems to take the view that it is not realistic because it would not assuage the political frustrations arising from the widening of the gap in relation to developed countries and would not cure the unemployment problem. In the first place, when we make exercises in gapmanship we must be clear as to what we mean by gap. Perhaps our markmanship was much more modest than this exercise of gapmanship.

There are three ways of looking at the problem. One is to set for ourselves as an objective *to close* the gap between the developing and the developed world. That is clearly impossible: it would be a romantic dream. The second objective might be *to reduce* the gap between the two sets of countries. Even that would prove romantic for a substantial part of the developing world, although it would be within the realm of possibility at least for some of the developing countries. We may finally set our mode of thought on a more modest scale: at least to reduce the rate at which the gap is presently widening. That seems to be an indecently modest objective, but one clearly achievable for most if not all of the developing countries. If that minimum is done, we will have reached some concretely desirable results.

Now, to the question of employment targets. Certainly one ought to consider whether a sub-target in terms of employment should not be set. The problem here concretely is that the donor-countries are very reluctant to commit themselves to finance any sort of employment objective, before there is some agreement, within the developing countries, on programs for population control. So you have here two problems: first to get some agreement from the developing countries to bring family planning and population control into their political and administrative programs. The second difficulty is that full employment in developing countries would depend on a substantial change of modern technology in the labor-using

direction. Here Professor Singer seems to be much more optimistic than I am on the possibilities of redesigning technology to render it more labor-intensive.

To the extent that this is feasible, I think that the Pearson Report has some constructive recommendations. One of them is that at least 5% of the R and D, that is, the Research and Development expenditures of the advanced countries be devoted to specific problems of developing countries, thus becoming recipient-oriented rather than donor-oriented. Another of the recommendations was for the developing countries to abandon a practice which they have been using, namely, subsidizing capital-intensive investment through negative interest rates. They are often only too prone to subsidize interest rates by lones from governmental bodies, or to offer overvalued exchange rates for capital-intensive machinery imports. If they eliminate those artificial measures, which distort the real cost of factors, the problem of labor-saving technology would seem much less blatant than it looks now.

Two other measures can be taken by the developed countries to help in the solution of employment problems of developing countries. It is for the industrialized countries to look out for ways of farming out, through sub-contracts, the production of intermediate parts and accessories for highly sophisticated modern equipment. Japan's experience is quite original. From a labor-surplus country before the onset of the recent industrial expansion, it began to experience a manpower crisis, and had to sub-contract with South Korea and Taiwan the production of electronic components, which are then imbedded into modern apparatuses. This farming out and sub-contracting of intermediate stages of high technology products, particularly when some of the production stages turn out to be labor-intensive, would be a major contribution by the developed countries to solving unemployment problems in the developing countries.

Finally, there is the very tough question of protectionism on which the Pearson Report is very insistent. Some of the developed countries are circumscribing the already limited opportunities of employment in the developing countries through protectionist schemes against what is quaintly called "market disruption", caused by labor-intensive manufacturers exported by developing countries.

I listed, I think, most of the measures that can be realistically contemplated. But there is no question that if we could realistically hope to reach an agreement with the industrialized donor-countries to supplement the usual aid targets, relating to income growth, with specific employment targets, that would certainly be most desirable.

Concerning Mr. Wolf's observations, I did not mean to say that the channelling of aid through multilateral organizations would eliminate the political problem. I would say that it would attenuate it. Even if in the multilateral aid organizations there is a weighted voting system, and therefore the political personality of the major donor continues to be very much in the picture, there is not anything like a direct bilateral confrontation between lender and borrower. This relationship is somewhat diluted. And the performance criteria become more easily acceptable.

To take a concrete illustration: we now in Brazil have nationalized foreign public utility companies, which were largely American, except for a Canadian concern which is still in operation. It had been nearly impossible when negotiating loans with U.S. agencies for financing electrical power expansion in Brazil, to accept a clause requiring realistic rate-making for the sake of preserving the investment potential of those organizations. But this became acceptable when clauses of this sort were imposed upon us, if you will, by multilateral bodies such as the World Bank or the Inter-American Development Bank. Such clauses were then interpreted as technical requirements for the expansion of the system, and not as a wilful scheme to benefit a foreign company. Even though foreign ownership was a thing of the past, whenever there were bilateral loan negotiations the doubt still lingered that the contractual requirement of a realistic system of rate-fixing for public utilities, to protect them from inflation, concealed the secret desire of favouring the foreign owner.

The problem now appears much simplified, because the international organizations maintain an easy dialogue with technocratical bureaucrats in most developing countries. The latter are quite conscious of the need for maintaining a decent rhythm of expansion of systems and are quite prepared to accept realistic rate-fixing as a precondition for that. While in bilateral negotiations it proved very difficult to make those concepts acceptable, much less difficulty was encountered in multilateral negotiations. As to the question posed by Mr. Grant concerning the possible effects of a collapse of the aid scheme over the next few years, I will say that the political results might be disastrous or not, depending on what is done in collateral fields. If for instance, a very substantial trade liberalization movement takes place in the developed countries, facilitating the access of produce of developing countries to their markets, this would be for a good many countries a reasonable if not complete substitute for aid. The situation would differ as between developing countries. Some of those countries just do not have substantial capabilities for diversification of their exportable production. But some of the more developed among the developing countries would really be quite happy if the collapse of aid were to be compensated by a liberal trading position on the part of donor countries. But my fear is that the two things run together. If we have a collapse of aid it is because the political will to help is lacking in the developed countries, and there is no reason to believe that would be more liberal in the field of trade. This combination of negative attitudes would certainly lead to a major political impasse.

Prof. Chaumont (Belgium)

That is not surprising, not an aberration; that class was obviously more reliable in the political sense and gave better guarantees to the donor countries, in any case better than the unorganized. But it is obvious that by doing that, additional obstacles were being put in the way of reforms pending in agriculture, though these happily were introduced later. Those characteristic features of relations, that were really too quickly and schematically outlined, enable me to draw a certain number of conclusions for development; I shall start with the most striking consequences and go on to those that seem most important in the medium term. To begin with, it seems to me that in technical assistance, for considerations of international policy, there are too many spectacular projects which are morally satisfying and politically trifling. In Latin America, for instance, any amount of money was available for years for rural activation, on condition that such rural activation did not affect production structures. A sort of community development scheme was started for young girls, who were taught to make absolutely unsaleable clothing, but at least they had a sewing machine in the village. Fantastic amounts were invested in this sort of fun, but it was very satisfying for the donors.

Another consequence of this is to create relations which are financially unsound, for when the institution has been created the country cannot keep it going, which means that too much has been invested in something which is nevertheless *"relative"* among the programmes of that society as a whole. The second implication is that there are over-frequent program alteration in technical assistance which are entirely unlinked with the logic of the program being developed, and there are sudden upheavals, as a result of internal or international policy, in program that should be spaced over a much longer time. There is also duality of action in international relations. At the same embassy, if not in the same office, one sees on the one hand an action conducted by the Co-operation people, and on the other hand, a contrary, or potentially contrary action by Embassy people who encourage people from other social groups. It also seems to me that this type of relation introduces into assistance a time factor which is not compatible with the long-term approach to development. One is induced to develop short-term projects, a series of minor projects, and one forgets that in most of those countries development is in any case a very long-term action.

Finally, it seems to me that this form of cooperation introduces mechanisms of various kinds that will perpetuate a series of problems in those countries. I have specially in mind the support often given without due reflection to élites who are absolutely severed from the problems of their society, and for whom an entire sort of super-structure is created in which they can co-opt each other and continue to live, with development at the basis of the reaction: rupture of political relations, i.e. violence; at bottom, violence is the answer to the elite's isolation in superstructures which have little to do with the country's problems. It therefore seems to me that the main thing here is that many developing countries are made to become incapable of seeing for themselves the problems that are coming up and of dealing with them, simply because they will be without an élite capable of solving them.

In conclusion, I would like to say two things: first, it seems to me stupid to reject the demands of technology or the demands of economic growth, but nothing has yet been said when speaking of the implications of technology. The important thing is to see how this technology-on-a-profit-basis is used — something one forgets too often. It is often wrong to speak of resistance to change; most of the resistance to change comes from those who have nothing to gain from deep-going changes that affect their daily lives; that is something we cannot forget. It also seems to me important that we should show fairness in realizing the limits of co-operation, and I think this is the only way to make it effective. I mean effective in such measure as we see what can be done and do not imagine that co-operation relations will dominate international relations, even if that is desirable. Let everything possible be done at a first stage to separate international political relations from co-operating policy, and at a second stage to try and ensure that international relations are dominated by this preoccupation for co-operation and these development objectives.

It seems to me that if we want to work on a medium-term basis, it would be more realistic on the one hand to get a clear idea of what can be done, and on the other hand, to develop as much as possible a political drive to ensure that ideas of justice and development have priority over power politics, that still dominate international relations.

Session IX Economic and Social Implications of Aid Programs

ECONOMIC IMPLICATIONS OF TECHNICAL ASSISTANCE

Prof. Simon Kuznets

In terms of skilled manpower (used in preference to dollar figures, which are greatly inflated as compared with values in the recipient countries), the relative magnitudes of technical assistance have been small. To quote the basic study by Maddison (data relate to 1963):[1]

"The manpower provided under technical assistance programmes is around 100,000 and from other channels about 160,000. Roughly half of this inflow is high-level manpower, and half is middle-level. The labour force of developing countries is around 580 million (Maddison apparently includes only non-Communist countries. SK). About 1 percent of these are probably in the high-level and another 1 percent in the middle manpower categories. Thus the total input of foreign personnel probably represents about 2.2 percent of the high-level manpower of developing countries and about the same fraction of middle-level manpower".

For technical assistance, including voluntary workers, the Peace Corps, and capital aid experts, the total was about 119 thousand: or related to 11.6 million, about 1.0 percent of both high- and middle-level manpower in the developing countries.

This excluded the 42.6 thousand students financed by scholarships in bilateral arrangements and another 6 thousand students in multilateral arrangements (*ibid.*, Table 3, p. 22 and Table 4, p. 30). But a year of study abroad by a student is hardly equivalent to a year of work by a foreign expert; and as an addition to the stock of higher level manpower of the developing countries, student-years should be scaled down. The total would amount to something like 1.2 percent of the high- and middle-level manpower of the developing countries.

The proportions to the high- and middle-level manpower of the developed countries are even lower. The total labor force of the latter was about half of that of the developing countries (both groups excluding the Communist countries). Madison indicates that high-level manpower of the developed countries was between 4 and 5 percent of total labor force, and that middle-level skills would be about a half higher (p.17). This suggests a total of high- and middle-level manpower in the developed countries of 32.6 million (i.e. 290 million x (4.5 + 6.75) percent): and a proportion of technically assisted skilled manpower (excluding 8.5 thousand Sino-Soviet technicians) to the total of about 0.34 percent. The addition of students would raise this proportion to about 0.4 percent.

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[1] Angus Maddison, *Foreign Skills and Technical Assistance in Economic Development*, OECD Development Centre, Paris, 1965, p. 19.

In the five years from 1963 to 1968, the number of publicly financed experts and volunteers grew by about a quarter (Dr. Kaplan's background paper, Table 3); and that of students and trainees by about a half (Table 2). We may set the total rise at about 33 percent. Over that quinquennium total labor force of developing countries must have risen over 13 percent (at the rate of about 2.5 percent per year); and total labor force of developed countries must have grown well over 6 percent (at the rate of 1.25 percent per year). But *skilled* manpower must have grown at far greater rate than labor force in both sets of countries. One may conclude that the proportions of high- and middle-level manpower involved in technical assistance in 1968 were not much more than 1.2 percent of the high-skill manpower of the developing, and probably not more than 0.5 percent of the high-skill manpower of the developed countries.

Even these small percentages should be interpreted in the light of the uneven distribution of high-level manpower among the less developed regions of destination and more developed regions of origin. The Maddison study shows that 66.6 thousand of the 82 thousand experts involved in bilateral technical assistance in 1963, and 19.2 thousand of the 42.6 thousand scholarship recipients, were in Africa (Table 3, p. 22). Yet Africa accounted for only about 20 percent of the total labor force of the less developed countries in 1963. Correspondingly, over 51 thousand experts, or over 60 percent of the total involved in bilateral technical assistance, came from France: and the labor force of France was well below 10 percent of the total labor force of the developed countries. In view of the continuing dominance of France among the donors in recent years (see Tables 2 and 3 of Dr. Kaplan's paper), Africa probably continued to be the dominant recipient of high- and middle-level manpower involved in technical assistance. For the much more populous less developed countries in Asia and Latin America, the proportional contribution involved in technical assistance must have been far lower than indicated by the low shares above (of 1.0 to 1.2 percent).

The great concentration of experts and others high-level manpower involved in technical assistance in the field of education is also to be noted. In 1963, half of the 82 thousand experts in bilateral technical assistance were teachers or otherwise connected with education, in contrast to 5.5 thousand connected with agriculture (Maddison, Tables 1-12 and 1-13, p. 92). In 1967, of some 111 thousand experts involved in technical assistance (bilateral and multilateral), 52 thousand were teachers (including volunteers) and another 5 thousand were educational experts -well over half of the total. Another point to be noted is the sizable proportion of volunteers. Even if we exclude educational personnel, over 13 of the remaining 54 thousand experts in 1967, or more than a fifth, were volunteers.[1]

Finally, in addition to the small numbers involved in technical assistance, the concentration by geographic location, the emphasis on education, and the importance of the volunteer component even among the non-educational categories, one should note that all these are *gross* figures, in that the brain drain is not subtracted.

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[1] These data for 1967 are from OECD, *Development Assistance, 1968 Review*, (Paris December 1968). Table 19, pp. 276-77.

In 1963 and 1964, about 2 thousand scientists and engineers per year were admitted into the United States alone as immigrants from Latin America (excluding Cuba), Asia, and other areas outside of Europe and Canada.[1] It could well be that many less developed countries other than those in Africa, were not gainers in terms of high-level manpower, despite the technical assistance flow. Obviously, the two sides of the account technical assistance and the brain drain, are not in equivalent units, either as to quality or as to relevance to less developed country's needs. If the migrant from the LDC (less developed country) had not been employed at his high-level capacity in his home country (or would be unemployed for a long time) and if the foreign expert is competent and can work effectively in the LDC, the latter is a gain and the former is no loss. But this is not necessarily the case.

Economic Characteristics of Demand and Supply

Technical assistance is financed publicly by the developed countries rather than paid for by the LDC's because in some sectors in the latter that could use high or medium-level foreign skills, the demand – private or public – is not effective enough to meet the cost of foreign manpower. In the major sectors in which technical assistance has been important – agriculture, health, education, public administration – private demand in the LDC's is non-existent, weak, or unbalanced (i.e. excercised by only a small upper-class group). Neither the small-scale agriculture, nor the general body of the population, provides an effective market for high-level foreign skills in agriculture, health, or education at the prices required to secure them. Financing by governmental authorities of the LDC's is inhibited by the limited foreign exchange available for the relatively high-priced services of imported foreign skills. Such financing would create a grave political problem except in the rare cases where a less developed country has abundant supply of foreign exchange resulting from the exploitation of a large natural resource (usually organized and managed by a large corporation from a developed country). Finally, one should note that even when skilled manpower is provided under techical assistance, there are still substantial costs involved for the recipient country – for complementary factors and supplies within it; so that the effects of the weakness of domestic demand with the LDC's persist even when foreign manpower is financed by a grant from a developed country donor.[2]

In addition to the economic weakness of private and public demand for foreign expert services in some fields, there may not be sufficient realization within the LDC's of the possible importance of this high-level manpower – combined with a clearer realization of the possible risks involved. Adequate knowledge of the special possibilities of technical guidance at high level of skill is itself a func-

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1 See Brinley Thomas, "*Modern Migration*" in Walter Adams, ed. The Brain Drain New York, 1968 , Table III, p.38.

2 See discussion and illustration of this aspect of technical assistance in Pearson Commission on International Development, Partners in Progress, New York, 1969 , p. 182. The illustrations show that "in fiscal 1969, ... Brazil's share of total technical assistance costs under the U.S. Aid program was 137 percent of the U.S. share" ... and that "the recipient governments (in Africa, SK) provide approximately 50 percent of the total costs of technical assistance supplied by France".

tion of economic growth, of greater use of the potentials provided by modern science (in the broadest sense), and of extended education; and it is likely to be more limited in the LDC's than in the developed countries. (I am assuming here that high-level foreign skills are not viewed as an economic panacea). Furthermore, there are risks involved in importing high-skill manpower, educated and trained under one set of conditions, to be used even for education, let alone application to practical problems under a very different set of conditions in the recipient LDC's (risks far greater than those involved in the transfer of industrial power, or transport technology). Such risks can more easily be assumed by the developed donor countries, more aware, and perhaps more confident, of the large contribution that high- or middle-level manpower can make.

These conditions in the LDC's serve to explain why much of the flow of manpower to some of their sectors must be in the form of technical assistance financed from sources in the developed countries. And the financing by *public* or quasi-public organizations in the donor countries is necessitated also by conditions in the developed countries themselves. Since the supply of qualified high-skill personnel is limited within the developed countries also, and the more qualified it is, the more limited the supply is likely to be relative to domestic demand; since much of the high- and middle-level manpower is certain sectors (agriculture, education, health, etc.) is employed by governmental or public non-profit organizations within the donor country; and since the task of matching this scarce supply to the specific needs of the LDC recipients involves complex arrangements – the public and related institutions in the donor country must assume responsibility for organization, choice, compensation arrangements, and the like. Under such conditions, only public or quasi-public financing seems possible. The situation is different with respect to high-level manpower required in industry (manufacturing, mining, transport, communications, power, etc.) in which the private market demand and the private capital imports of the recipient country almost automatically assure an adequate supply, avoiding the need for technical *assistance* from public sources.

The comments above suggest why the volume of technical assistance, in terms of high- and middle-level manpower, has been proportionately so small. All the factors which make for limited effective demand within the LDC's and which restrict foreign aid from public sources within the developed countries, are relevant here. But there are also the rather special difficulties on the supply side - apparently far greater for high-level manpower than for the supply of financial resources or commodities, whether materials or equipment – involved; in fitting the diversified and recalcitrant human factor to the technological conditions, social institutions, and ideological constraints all of which differ among the LDC's.[1] It is hardly surprising that the flows of high-skill manpower are limited, and concentrated primarily in bilateral arrangements between a developed mother country and its former colonies that have recently attained national

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[1] For a summary of limitations on technical assistance, serving to explain its small size, see Angus Maddison, Foreign Skills and Technical Assistance in Greek Development, OECD Development Centre, Paris, 1966 , pp. 10-11; and also the discussion in the Pearson report (cited in footnote 4), pp. 179-85. For importance of donor governmental assistance see I.M.D. Little and J.M. Clifford, International Aid London, 1965 , pp. 174-76.

sovereignty, or between a developed donor and some recipient LDC's that for political reasons have become special wards.

Economic Contribution

Agriculture is a major sector in the less developed countries, and the growth of its output and productivity is required for substantial economic growth. Health, education, and public administration provide the basis infrastructure for economic and social performance, and modern economic and social performance requires much higher levels in these sectors than are currently attained in the LDC's. Any technical assistance that adds to skilled manpower in any and all of these four areas within a less developed country makes a contribution to its economic growth and modernization. But since technical assistance is a minor fraction of the total skilled manpower within the recipient country (with the ever present exception of some of the smaller African LDC's) and since in three of the four fields we deal with an infrastructure linked with specific output changes in various *indirect* ways, it is almost impossible to measure the economic contribution that can be credited to technical assistance.[1]

This negative conclusion could be avoided by making some heroic assumptions – the choice among which would yield widely different measures of the economic contribution of technical assistance. With one set of assumptions we would equate units of skilled manpower contributed by technical assistance with those already in the recipient country, treat them as an addition to the total stock of such manpower, calculate the relative weight of the contribution of skilled manpower to total product (assigning to it a proportionate fraction of the growth in efficiency), and thus derive the fraction of total product of the recipient country that could be credited to technical assistance. To illustrate, if the returns to skilled manpower could be assumed to be about a sixth of the returns to total inputs (the

[1] This is not an uncommon position. Göran Ohlin's discussion in *Foreign Aid Policies Reconsidered,* OECD Research Centre Paris, 1966 is typical. After having indicated that "the share of official assistance devoted to the transfer of skills and knowledge rather than conventional goods and services might be assessed at approximately one-fifth", Ohlin proceeds as follows:

"The problems and strategy of technical assistance are of immense complexity. Although the critical issues are sometimes sociological or phycholological, sometimes technologic, important questions about the economic returns to different and alternative activities also arise. So far, however, relatively little is known about the economic returns to knowledge and skills in underdeveloped countries, and even such basic issues as the relative priorities of elementary and higher education in development strategy remain controversial . . . Technical assistance will therefore be left to specialized discussion . ." (p. 85).

rest being accounted for by unskilled manpower and material capital), the direct yield of technical assistance would then be a seventh of 1 percent. Indirect accumulation out of this addition (through reinvestment of a fraction either in material capital or in skilled manpower) would be insignificant. On this type of assumption, even disregarding the possibility that technical assistance is not used as effectively (or is not as suitable) as local skilled manpower, the contribution of even the gross addition of skilled manpower through technical assistance is likely to be minor.[1]

1 The fractions in the text assume that technically assisted skilled manpower is equivalent to skilled manpower within the LDC's, so that the estimate of 1.2 percent of the latter that represents the inflow of skilled manpower under technical assistance stands; that skilled manpower (domestic) is about 2 percent of the total labor force in the LDC's; that the "real" value of a unit of skilled manpower is equivalent to that of 10 units of unskilled; and that the share of labor input in total factor inputs in LDC's is about two-thirds, i.e. 66.7 percent. The contribution of domestic skilled manpower is then (66.7%) multiplied by 0.169 (i.e. 2 x 10, divided by the latter plus 98 x 1), or 11.93 percent of total inputs. Since technically assisted manpower adds 1.2 percent of the latter, its contribution is 0.1422 percent, a seventh of one percent of total inputs.

If we assume further that output is proportional to shares in input, the share added to output by technically assisted skilled manpower is also about a seventh of one percent. The cumulation over a long period of such a constant proportional addition to inputs (and outputs) can be calculated by assuming that the growth propensity of this addition is the same as that of total income. If total product, Y, grows r per year, the fraction of total product added each year through technically assisted manpower is k, and the number of years of cumulation is n, the total contribution of technically assisted manpower can be derived by comparing $Y(1+r)^n$ with the same total to which we add $nkY(1+r)^n$ (in the first year we have kY, which cumulates to $kY(1+r)^n$; in the second year $kY(1+r)^{n-1}(1+r)$; in the third year, $kY(1+r)^{n-2} x(1+r)^2$, and so on). If k = 0.1422 percent, r is five percent per year, the period of cumulation is 15 years, and Y is set at 100, the total, unaided by technical assistance, would reach 208, a growth of some 108 percent. The additional term represented by $nkY(1+r)^n$ would be 15(0.1422%) (100) (2.08), or 4.4 percent, a rather minor addition. Yet we used the proportional addition to skilled manpower at the approximate 1968 level, higher than those that prevailed in the late 1950's.

If we were to assume that the technically assisted skilled manpower is more productive than domestic, the result would shift the conclusions toward those reached by the alternative assumptions presented in the next paragraph of the text. This would be true also if a greater weight were assigned to the share of manpower or of skilled manpower in total inputs. More relevantly, it could be argued that a more than proportional share of the total productivity gain should be assigned to foreign skills – which would implicitly shift us almost completely to an alternative set of assumptions. The point of the illustration is not to argue for the validity of the assumed coefficients, but the need for specific knowledge about the quality and the role of technically assisted skilled manpower before we can assign any but a minor magnitude to its contribution to economic growth.

Under an alternative set of assumptions the skilled manpower provided by technical assistance is treated as an addition that, given the existence of all the co-operating factors, is indispensable for growth of product and particularly of productivity, to overcome any skill constraint on whatever growth may be expected. The implication is, to use the example in the preceding paragraph and footnote 7, that much of the increase in *productivity* of all factors is to be attributed to technical assistance (and such increase in productivity may be well a half over a half of the total increase in product). Even so, there is a question whether technical assistance should be credited with the entire growth in productivity that it makes possible, although without it no such growth might have occurred. With this type of assumption the economic contribution of technical assistance is much larger than the fraction of 1 percent of addition to output assigned to it with the earlier set of assumptions, even if we do not go to the extreme of arguing that the small tail of technical assistance wags the big dog of economic growth.[1]

[1] Similar differences in assumptions and in the range of assignable economic contribution apply to attempts to estimate the contribution of total foreign aid (i.e. total flow of resources). The latter (both private and public) has been averaging, on a gross basis, somewhat less than one percent of the GNP of developed countries but perhaps as much as four percent of the GDP of the LDC's. While four percent of GDP is a large share of current capital investment, as a fraction of total capital stock it is probably no larger than the share of skilled manpower represented by technical assistance, i.e. somewhat over 1 percent. With the share of capital in total inputs weighted by 0.33, the share of capital additions in total inputs is about 0.33 of 1.2 percent. Repetition of the exercise in footnote 7 would yield an additional growth attributable to these flows of financial resources of (15 x 0.40% x 208), or about 12.5 percent over a period of 15 years (compared with 108 percent of "unaided" growth). The alternative approach, via constraints and bottlenecks, would naturally yield greater results, for it assumes that all cooperating factors are present and would tend to credit foreign aid with the entire magnitude of growth that presumably would not be possible without it (e.g., if capital supplies are the bottleneck, and the marginal capital-output ratio is used as the crucial variable, foreign aid might be credited with a proportion of total growth equal to its proportion to domestic capital formation of the recipient LDC).

The geographic selectiveness of technical assistance (and of foreign aid, in general), in so far as it represents a response to differential need (tempered, to be sure, by political considerations), makes for a larger economic contribution – for it means in fact a shift toward the bottleneck-breaking type of assumption. And the individual cases that come to mind, at least with respect to total financial resource flow, Greece, Taiwan, and Israel – illustrate situations in which the shortage of such resources (with availability of others, such as labor of adequate skill) was the major constraint; and its relaxation a major contribution to the high growth rate that was attained. Likewise, the crucial need for technical assistance in many African LDC's meant that this particular constraint was impeding the organization of the available production factors for a significantly higher product, currently and in the future. All that the apparently sceptical comments above intended to suggest is that evaluation of the economic contribution of technical assistance cannot be made on *general* assumptions, since the assumptions chosen can yield results that vary from close to zero (including negative values) to full credit for the growth of productivity. Such an evaluation requires examination of the specific constellations of factor supplies and output needs in the individual recipient countries over specific periods. Even then the quantitative summary may be far less telling than the qualitatively distinct components.

Even if we cannot assign an unequivocal economic value to the contribution of technical assistance to economic growth of the LDC's (which has been at an annual rate of close to 2 percent per capita between 1950-52 and 1965-67), the discussion above may be relevant to some of the broader questions of policy and implementation raised in Dr. Kaplan's background paper. The two major points in our comments emphasize the limitations upon both demand for and supply of skilled manpower in technical assistance, and the required availability of various cooperating factors if technical assistance is to trigger a substantial advance and its economic contribution is to be significant. The two are interrelated in the sense that demand and supply may have been, and may still be, limited by the inability to assure the required supply of cooperating factors, or even to identify the specific areas in which technical assistance can be expected to lift constraints on major economic advance. One may thus begin by asking in which fields (other than the obvious cases of industrial production projects for which requirements for skilled manpower are known and gaps can be measured) there are significant bottlenecks that technical assistance may resolve.

One such field, which perhaps has not been stressed enough, is the use of innovating groups of high-level manpower to concentrate on the technological and institutional problems *peculiar* to the LDC's, but not important (currently or even in the past) in the developed countries. The implicit assumption of President Truman's Point Four, with respect to the sharing of the know-how, was that the know-how in the developed countries was adequate for the problems of the LDC's. Given the bias of technology toward the production problems of the developed

countries in which the innovators lived and worked, this is not a safe assumption. Nor is it safe to assume that the institutional innovations of the presently developed countries, notable as they have been, provide the answers to the distinctive problems of the LDC's – many of which the developed countries have not had to face, at least during the period of modern economic growth. It follows that there are a number of problems in the material and social technology of the LDC's to which the innovative thrust of the high-skill manpower has never been applied; and it also follows that such application may yield high returns. The examples of work on improved wheat, maize, and rice by the various institutes (set up largely with foundation funds, but drawing upon the vast body of scientific and experimental knowledge in the developed countries) come easily to mind; the contrast between the yield of this type of work, say on the new strains of rice, and that of the more common type of advisory work with agriculture in the less developed, rice growing countries is striking. Medical research since World War II, directed at the control of infectious disease (mostly prevalent in the LDC's), has also yielded spectacular results. One may ask whether similar attempts to use high level manpower in an organized fashion could be undertaken to grapple with other problems of techology peculiar to or major in LDC's alone – whether they be problems of production connected with scarcity of land and water and limited transport; or problems related to structure of education and public administration, or to such broad matters as tools for observing and recording the performance of the economy and society. It is particularly appropriate to stress the possible contribution to growth of such uses of technical assistance in a country like Israel, whose short history is distinguished by a variety of institutional and technological innovations. Obviously, skilled manpower not native to a LDC cannot generate fundamental institutional innovations; but it can contribute administrative, economic, statistical, and educational devices that would imporve the efficiency of the basic infrastructure in the LDC's.[1]

Some bottleneck obstacles to growth in specific LDC's that can be resolved by technical assistance are sufficiently clear to be identifiable without elaborate programs and plans. And some, e.g. soil deficiency in agriculture or some widespread disease that cripples the population, are sufficiently matters of high priority to be recognized as such. But even so, if alternative ways of using technical assistance in such cases are available, comparisons of different costs and returns could be carried through only within a broader framework. Beyond such conspicuous, high priority bottlenecks, the identification of others, in the long run perhaps as important, may be contingent upon a systematic view of long-term requirements and domestic supply of skilled manpower. Such a view in turn depends upon a long-term set of objectives with respect to output of final goods, and the available

[1] For additional discussion of these and related aspects of research technical assistance see the Pearson Commission report referred to in footnote 2, p. 255.

links between it and the need for skilled manpower (with allowances for substitution possibilities). Although we recognize that such an elaborate intellectual exercise is not fully feasible even in the developed countries, let alone in the LDC's, we must not abandon it. It should be kept in mind as a target, crude as the approximations may be, since its value as a guide is great. Any compromises to be made in individual LDC's could be decided upon within the specific context by the application of the available intellectual and other resources. But the value of an articulated and comprehensive view of the economy and society thus called for; the need for establishing some consensus on objectives of growth in terms of final goods; the importance of some knowledge of the relations between input and final output – all argue for the most comprehensive long-term formulation of objectives and requirements possible – so long as it is not satisfied by substitution of easy assumptions for hard facts, and in its insistence on facts the attempt would lead to rapid growth in the stock of knowledge about the economy and society.

While better identification of the bottlenecks and obstacles in economic growth that can be resolved by skilled manpower might increase the demand for technical assistance on the part of the LDC's, it may have a lesser effect on the supply of such manpower from the developed countries. Indeed, it seems to me that the shortages of skilled manpower on the supply side are likely to become more acute. The internal adjustments of the developed countries to problems generated by rapid post-World War II economic growth, by the accelerated movement of the younger generations into the educational system (particularly the higher levels of it), and by the sharper social cleavages, are likely to direct more of the energies of the skilled manpower of these countries to domestic problems making less available for technical assistance abroad. Nor is the absorption of skilled manpower by competitive advances in technology, peace or war type, likely to become proportionately less in the major developed countries. If true, the policy and implementation problems in this field of technical assistance will have to be viewed largely by asking how they contribute to assure a greater supply of skilled manpower, and hopefully also of higher quality than might have been the case in the past years. In this connection particular attention should be paid to the use of technical assistance from those developing countries that have sufficient skilled manpower in some special fields. Even the statistics on technical assistance tends to neglect the flow of skilled manpower from one developing country to another (which seems to be a reflection of inadequate attention to what may be an increasingly important source of more productive contributions in the field). Given the wide range in the level of economic and technological performance among the LDC's proper; given the greater familiarity among some LDC's, than among any developed countries, with some technological and institutional problems peculiar to the LDC's; and, finally, given the over-all small numbers of skilled manpower that we are dealing with, it is not unreasonable to argue that a substantial *proportional* addition to the skilled manpower available for technical assistance could perhaps be secured from attempts to optimize the flows of skilled manpower from some of the less developed countries to others.

ECONOMIC IMPLICATIONS OF FOREIGN AID

Dr. Harka Gurung

The purpose of this essay is to examine the economic impact of aid programs in a developing country. Before discussing the foreign aid processes operative in Nepai, I feel inclined to dwell on certain assumptions. The circulation of commodity, capital and technology has been an old colonial tradition whereby distant markets and resource centers were tied to metropolitan countries and these links were politically sustained for economic expediency. The contribution of the point Four declaration was to initiate new economic dealings among sovereign states and rationalize such relations as a sharing of the benefits in a humanistic conception of development. The idealism of the point Four program to embark on a bold new program* for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas, in a way enlarged the scope for wider exchange of development assistance among diverse nations. It was then assumed that the poverty of underdeveloped countries was due to their lack of capital and technology and external infusion of these ingradients would transform their economy and lead to economic growth. Thus the net flow of total official and private financial resources to underdeveloped countries increased from 7,634 millions dollars in 1957 to 12,753 million dollars in 1968 while technical assistance rose from 745 million dollars in 1962, 1,481 million dollars in 1968.[1] Inspite of two decades of effort in development assistance, the anticipated outcome in terms of economic growth has not been satisfactory and according to the Pearson Commission, "international support for it is now said to be flagging".[2]

In order to better appreciate the development impact of aid programs, it seems pertinent to first raise a basic question: What generates external aid and what use donors of recipients put it? Many of the aid programs can be attributed to colonial heritage, some may be credited to development motives and still

* Summary of address for the *Truman International Conference on Technical Assistance and Development*, May 23-31, 1970, Jerusalem, Israel

1. Harry S. Truman Research Institute, *Foreign Aid: Statistical Data*, and *Background Paper* by Jacob Kaplan, Jerusalem, 1970.
2. Lester B. Pearson, (Chairman), *Partners in Development*, London, 1969

others feel within the realm of diplomacy and politics. In his inaugural address to this conference, David Horowitz[1] spoke of the close correlation between poverty and instability but what seems more germane to our theme is to consider Gunnar Myrdal's[2] reference to the evident relationship between political instability and foreign aid. In a situation where a considerable proportion of aid programs are less related to economic considerations than strategic and political implications, it seems presumptuous to expect too much of aid programs in economic growth *per se.* Such a realization has obviously led to the present emphasis on multilateral aid instead of bilateral aid. This approach, however sound economically, still circumbents the probelm that in the investment economics of multilateral agencies the poorer among the poor countries would least benefit owing to their inherent handicaps. The evaluation of underdeveloped countries by macre indices have yet to be defined by the more important analysis of why poor countries are poor. Such econometric sophistications are of little significance to donors seeking more demonstrative effect (not necessarily economic) and if I should state candidly, aid may rush where investment fears to trend. One great advantage bilateral aid has, seems to be its capacity to take risks even in less potential areas and its concomitant economic effect cannot be minimized however peripheral, I have been led to ruminate on these broader aspects on two considerations: One, perhaps we have been asking too much of the bilateral aid programs which predominate the scene today) in terms of economic development, and two, the validity of the helistic approach encompassing social, political and economic development as an organic part of a general transformation process.

II

Nepal with an area of 5,400 square miles and a population of 10 million is a small Himalayan Kingdom wedged between giant neighbours India and China. Although the country always remained independent, it had minimal external contact and it was only after 1950 that the hermit kingdom was suddenly exposed to the vagaries of international rivalry. Nepal's first experience of foreign aid, incidentally, was heralded by the Point Four agreement of 23 January 1951. The American aid was seen followed by formal economic assistance from India in October of the same year. The significance of these external links with the strategic Himalayan country was not lost to China and the U.S.S.R. who came to the scene in 1956 and 1958 respectively. These four countries have ever since remained the largest aid donors to Nepal. Other countries to provide aid to Nepal were U.K., Switzerland, Australia, New Zealand and later Israel, Canada, West Germany, France, Japan and Pakistan. United Nations assistance to Nepal commenced in 1952 and has since been

1 David Horowitz, *Peace, Development and Economic Growth.* The Harry S. Truman Research Institute. Jerusalem, 1970.

2 Gunnar Myrdal, *Asian Drama: An Enquiry into the Poverty of Nations,* 3 vols. New York, 1968.

inflated by its numerous specialised agencies [1]. Among other international agencies, the Colombo Plan had an early association with Nepal going back to 1950 and was later followed by the Ford Foundation, International Bank for Reconstruction and Development, the International Development Association and the Asian Development Bank. The quantum of foreign aid during the two decades (1951/52 - 1969/70) totalled more than 178 million dollars. Foreign aid inflow rose from 3.5 million dollars in 1958/59 to over 21 million dollars in 1968/69, indicating a seven-fold increase within a decade. Over the last five year period, the percentile contributions by major donors were as follows: India - 53.7, U.S. - 25.7, China - 16.0, U.S.S.R. - 1.3 and others - 1.3. It is significant that since 1964/65, Indian and Chinese aid amounting to 90.6 million dollars together account for nearly 70 percent of the total foreign aid over the last five year period.

1. UNDP, FAO, WHO, UNESCO, UNICEF, UNTA, ILO, ICAO, ITU, WMO, IAEA, UPU, IMCO and UNIDO

FOREIGN AID TO NEPAL [6]

1951/52 - 1969/70

(In Thousands of Rupees)

Country	America	India	China	Russia	Other	Total
1951/52 to 1955/56*	2,49,51	7,00,18	---	-	-	9,49,79
1956/57	1,27,23	1,45,70	--	-	-	2,72,93
1957/58	4,84,73	96,05	-	-	-	5,80,78
1958/59	1,79,51	1,71,02	-	-	-	3,50,53
1959/60	5,62,25	1,84,50	3,21,35	-	1,85,30	12,53,40
1960/61	8,69,97	2,23,55	-	84,56	1,92,91	13,70,99
1961/62	Not available		-			69,568**
1962/63	4,68,00	1,36,00	32,00	1,50,00	51,00	8,37,00
1963/64	7,44,00	3,40,00	1,47,00	3,34,00	94,00	16,59,00
1964/65***	7,63,00	6,24,00	2,71,00	86,00	84,00	18,28,00
1965/66	5,79,00	9,30,00	1,62,00	50,00	32,00	17,53,00
1966/67	3,49,26	7,76,33	2,45,83	48,75	2,19	14,22,36
1967/68	3,22,26	9,58,67	2,61,65	30,69	5,37	15,81,14
1968/69	8,69,49	12,61,85	4,68,79	38,00	4,32	21,42,45
1969/70	6,66,47	16,63,01	7,66,70	45,00	1,51,56	32,92,79
Total	63,85,42	74,43,53	24,30,49	8,18,25	8,00,46	1,78,78,15
Percentage	37.7	41.6	13.5	4.5	4.4	100.0

6. Y.P. Pant, *Problems in Fiscal and Monetary Policy: A case study of Nepal*, Kathmandu, 1970, p.61

* Yearwise breakdowns are not available.

** Data for non-Budgetary expenditure for the year 1961/62 are not available.

*** Actuals of the foreign aid included in the Budget as published in the Budget-Speech 1966/67-America Rs. 65.5 million, India 6.25 million, China 12.1 million, Russia 4.0 million and others 2 million.

Sources: 1. Department of Research and Statistics, Nepal Rastra Bank.
2. Ministry of Finance, HMG, Nepal.

Such a massive input of foreign aid also necessitated a large intake of expert and trained personnel. Foreign advisors for technical assistance constituted a large proportion of the aid component which led one U.N. public administrative expert to comment that Nepal was overadvised and undernourished.[7] The situation has much improved since but the great diversity of technical problems still engage a large number of foreign advisers, experts and technicians mainly in the field of agriculture, engineering, education and resource management.[8] At the same time, foreign assistance has been the primary source for technical training for a large number of Nepalese. United Nations agencies alone provided 383 foreign experts and 522 training fellowships during the brief period 1963 – 1968. The Colombe Plan made available training facilities to over 3700 Nepalese students between 1950 and 1968 in India (2,041),* U.S. (1087), U.K. (230), Pakistan (156), Australia (71), Japan (32), New Zealand (30), Ceylon (25), Malayasia (15), Canada (12), South Korea (11), and Burma (3). In the year 1968 alone 359 trainees were studying in ten countries in various fields under the Colombe Plan. In addition, another 454 scholarships were provided to Nepal during the period 1958 – 1968 by U.S.S.R. (204), China (51), Greece (46), Japan (36), West Germany (28), Israel (23), Yugoslavia (21), France (19), Czechoslovakia (15), and Poland (9). The number of foreign trained native personnel seems considerably large in view of the small base of educated manpower, as the number of graduates in the country did not exceed 6,000 in 1967. What is more striking is the diversity in concepts and skills these trainees imported into Nepal in course of their training experiences in over two dozen countries. This immense diversity has been both a source of strength and weakness to the country's development efforts. They do constitute a potential source of trained manpower in diverse fields and techniques but the more difficult task in their chemistry or the proper harnessing of their specific talents for particular problems. The same problem of sophisticated coordination in order to fully exploit the resources of the variegated array of foreign experts still engages Nepal.

The build-up of a body of trained personnel was very much the phenomena of the later years. When the early aid agencies came into the country, Nepal was underdeveloped by all descriptions. The mountain coupled with an overwhelming rural base in themselves posed monumental problems encompassing both physical and cultural dimensions. Low literacy, poor health, weak communications and archaic administration all conspired to frustrate the early efforts in development. Economic development continued to be externally oriented and aid agencies had to establish their own infrastructures in order to initiate their programs. The difficult and slow process of institution building induced some agencies to go for projects that demanded least in terms of local involvement.

7. M.R. Goodall, "Administrative Changes in Nepal", *Asian Bureaucratic System Emergent from the British Imperial Tradition*, North Carolina, 1966.

8. One National Planning Commission Estimate gives 137 foreign experts representing 19 agencies during 1969.

*. number of seats provided by countries in parenthesis

Such an approach may have better achieved the physical targets but accomplished little in the methodological conception of associating and involving the concerned people in the development process for sustained growth. On the other hand, countries with more ambitious programs aimed at institutional changes confronted obvious resistance. An appropriate instance of such a complication was the village Development Project initiated in 1952 with American aid and advice, conjoined with Indian participation in 1959 and finally diffused into Nepalese Panchayat Development in 1961 with self-government overtones. To begin with it was a difficult role to play as motivators of attitudinal change in a traditional society. Apart from this fundamental encumbrance, the major donor countries, U.S. and India though they had similar objectives for rural development of Nepal failed to agree to a concerted program owing to their differences in conceptual approach of the problem. "Each had its own techniques of implementation which were prone to neither uniformity nor coordination".[9] It must however be admitted that the fault could not lie entirely with the donor countries. One great weakness in such ventures was the immaturity of Nepal in project evaluation. In the case of the Village Development Project, for example, Nepal tended to accept advice from both U.S. and India simultaneously and their incompatibility could not be resolved in the field at the operational stage. Similar disparate tendencies for a common objective led to the demise of the U.S.-Nepal tripartite program of Regional Transport Organization after four years of experiment.[10]

The problem of program coordinating was inherent both in the diversity of aid sources and their motivations as well as the dearth of Nepalese experience. The greatest weakness was evident in the area of problem identification. The urban-based Nepalese officials were less conversant with the realities of their own country. This lack of intimacy with local problems went to the extent that foreigners after a brief visit could consider themselves authorities on Nepalese problems to be quoted in due course by native officials. In addition to the administrative incapacity, the basic lack of concrete plans and programs gave rise to the problem of "aid indigestion". [11] Owing to the absence of proper project identification and priorities in resource allocation, the aiding agencies were left to their own devices. Early attempts in project formulation by the foreign agencies are replete with improvisations due to poor knowledge of the country. This is also exemplified by problem-oriented schemes like the Rapti (resettlement), Jiri (agricultural extension) and Trisuli (resource management) projects which in due course ended up with accretion of numerous activities for want of basic supporting services. A more comprehensive regional approach at the formulation stage would

9. James E. Blackwell, "Fundamental Education and Village Development in Nepal", *Community Development Journal.* Vol. IV, 1969 p. 178-185;

10. Eugene B. Mihaly, *Foreign Aid and Politics in Nepal,* New York, 1965 p. 82-84, 128

11. Bhekh B. Thapa, "Foreign Aid and Economic Development in Nepal". *Nepal Council of World Affairs Journal,* Kathmandu, 1967, p. 86-93.

have better equipped these projects to deal with the totality of their environment,[12] Not dissimilar to the immensity of problems that engulf projects for regional impact, the aid agencies had to cope with administrative and cultural climate that was hardly congenial. The device invariably adopted by donor agencies in order to make indentations in the prevailing set-up was and still continues to be canvassing their own approaches through technical advice, training assistance and other facilities that contributed to further diversity in concepts and programs. Such a high mobility of advisory expertise disseminating sophisticated ideas and jargons even in irrelevant situations reminds one of the past large-scale operations of indentured labor that led to the emergence of plural societies. The problems of adaptation become even more intriguing with profusion of advice and the resultant conceptual obfuscation is no answer to the solution of operational problems. Effective integration and synthesis of ideas demands a high degree of sophistication which Nepal is still in the process of learning through experience.

Foreign aid has played a significant role in the evolution of Nepalese economy over the last two decades. It has been of immense value in the context of Nepal's obvious limitations to the mobilization of her domestic resources for financing the investment of a magnitude capable of raising the living standard. The importance of foreign aid in Nepalese development is evident from the fact that at present foreign agencies still contribute more than half of the public sector investment.[13] The foreign aid expenditure during the year 1970 is estimated to be nearly three dollars per capita and there is no denying that large inflow of foreign capital grants may encourage growing dependence on external financing. However, the country's economic policy is to increase the share of domestic resources inspite of the low base for taxation. This is indicated by the progressive increase of the rates of internal resources in the development plans even though it is doubtful if the country's economic policy is to increase the share of domestic resources in spite of Plan (1956-1961), domestic resources were unable to meet even the 16 per cent target of the total outlay of 330 million dollars and heavy reliance had to be placed on foreign aid. During the Second plan (1962-1965), internal resources could be mobilized to a greater extent than had been envisaged and accounted for nearly a quarter of the Plan's original outlay of 670 million dollars. In fact, it is estimated that about 40 per cent of the Third Plan's (1965-1970) outlay of 2,500 million dollars would be met by internal resources. The impeding Fourth Plan (1970-1975) envisages 42 per cent of development expenditure of the total 3,540 million dollars on domestic resources.[14] The country is also in the process of incorporating a larger share of investment loans and also developing expertise in administering large

12. Harka Gurung, *Regional Development Planning for Nepal,* National Planning Commission, Kathmandu, 1969, p. 10.

13. Bhekh B. Thapa, *op. cit.*

14. National Planning Commission, *Nepal Fourth Plan* (Draft), Kathmandu, 1970.

and complicated programs. Foreign aid does provide short-term relief to financial problems but there is increasing realization that foreign assistance is no substitute for national efforts. The efficacy of aid programs can be maximized by local initiative and Nepal's recent development efforts are geared towards the fuller exploitation and utilization of the latent resources of the country and energy of the people themselves.

III

I submit that the phenomenon of foreign implosion or proliferation is not unique to Nepal.[15] There seems to be scope for aid, specifically of bilateral category, to be channelized for programs that may or may not be conductive to economic growth. It is assumed that among poor countries, there will always remain a temptation for courting more aid that justifies the conjecture of an inverse relationship between economic dominance of past colonial politics and political dominance of present economic cooperation among rich and poor nations. The acquisition of external aid is however only an initial part of the process. The more difficult part is its effective utilization. It seems within the realm of possibility that foreign aid can contribute to economic development whatever their intentions, provided the recipient countries have the capacity to adapt them to their real needs. The degree of impact in terms of tangible development will depend on the quality of dialogue in the process and it is becoming apparent that direct experience from one developing country to another yield better results than more elaborate impositions. Aid transactions between countries at different stages of development implies interaction of varying attitudes in the modernization process and there is a whole gamut of socio-political resistance to change not only among nations but also among societies within a nation. Thus when a underdeveloped country is confronted with foreign aid and ways of doing things that are diverse in character, vaied in appreach and perplexing in technology, the problem of adaptation assumes immense proportions. The answer to this dilemma may after all lie within the recipient countries themselves in better appreciating their own priorities, resources and potentialities and which in itself is a challanging task.

15. Compare foreign aid inflow during 1946-1966 (in million dollars) to:

	U.S.	China	U.S.S.R.	Total
Afghanistan	295	28	530	853
Algeria	162	55 - 60	228	445 - 450
Burma	111	84 - 88	10 - 15	205 - 214
Nepal	86	43 - 71	3	132 - 160

SOCIAL IMPLICATIONS OF DEVELOPMENT

Mr. Roland Pré

I would like to talk to you about the social implications of development.

It is a vast subject.

I nevertheless thought it necessary to exceed the scope of the subject as defined by the organizers and to look into the underlying significance of those social implications.

For these last are making our traditional presentation of development problems increasingly open to question.

That is what I would call our development conformism, as we have practised it – I would even say purred about it at international conferences – for the last 20 years.

Nevertheless, I will try to be brief.

Under-development is undoubtedly the greatest discovery of the decolonization period. After the euphoric stage that followed independence, the Third World became sharply aware of the problems, the three increasingly pressing problems which are ultimately the problems of under-development: the problem of the inequality of peoples in facing life, the problem of the irresistible surge of the masses to find a solution and finally the dangerous, but promising tensions that have ensued as a result.

Now, for these problems, that appeared in the forefront of the stage, independence brought no magical solution.

One may certainly say that inequality among peoples is nothing new. What appeared as an unexpected phenomenon, however, was the sudden impatience of the under-developed peoples to emerge from it. It was accompanied by increasingly bitter feelings towards the West and by a growing doubt that the former would and could act in time and with the necessary means to be effective.

How did it come to that? And exactly what happened?

Let us try to understand this problem clearly.

First, what is under-development? How is it assessed?

To begin with, under-development does not necessarily mean hardship. As Dr. Oujula, one of our greatest experts in this field, has put it: *"The under-developed are not necessarily poor, but rather they are under-organized and under-equipped. Nor are they a-priori uncivilized – it is enough to give the examples of China or India – but they have their own needs, and their hierarchy of needs is not necessarily ours. Certainly they sometimes go hungry. They need decent housing, medical care, technical equipment, but they are also athirst for instruction and culture, social equilibrium and spiritual food fitted to their aspirations and their own character. One should therefore recognize – which is sometimes difficult – the contingent character of the notion of well-being. The standard of life cannot therefore be appraised except in relation to real needs, that are felt within a determined social context. It is not a notion that can be measured a-priori, but a social, human, contingen phenomenon of which we can merely take scrupulous note. Concepts of standard of life, then, are different according to the scale of cultural values of the peoples involved. Hence the need to abandon any cut-and-dried concept of development based primarily on purely economic motives. This of course does not exclude the need to assure the material bases of an acceptable standard of life, adapted to the population's way of life. In this field I would, moreover, emphasize the need for a realistic approach and for distinguishing between the desirable standard of life and the proposable standard of life that has a chance of being achieved."*

If we now tackle this contingent aspect of development, one immediately realizes the extreme importance of basing the development process on the cultural values that effectively have real significance for the peoples involved. This has not always been well understood. And that is why one may ask to this day whether the Western world and the Third World really agreed on the very notion of development that they nevertheless jointly claimed to promote. Agreement was certainly reached on a word, but what was behind that word? Wasn't there a sort of misunderstanding at times? That is also why the West, alone in providing substantial aid for the Third World, has after all not succeeded so well with the peoples involved. The fact is that one must offer the kind of co-operation that really fulfils the aspirations and meets the expectations of those concerned. We can, I think, define the golden rule of such cooperation.

First, one should accept the scale of cultural values as defined by the peoples concerned.

Next, and this applied both to the Third World and to the donor peoples, one should act strictly within the framework of the local context.

Finally, one should not forget that the Third World must in minimum time cover stages that we took centuries to cover.

These rules being accepted, one should also realize as a natural, inevitable fact that development necessarily goes hand-in-hand with profound, I would even say revolutionary social mutation. To analyze those mutations, we should need an entire session as long as our preceding three days' debate; I shall therefore be content to enunciate them:

In the rural medium, you have the upheaval of peasant life and of traditional social structures, with the substitution of an exchange economy for a subsistence economy. Village or tribal community structures are blown sky-high and finally the elements of those communities are flung into the melting-pot by the school system that is introduced among them.

Finally there is the conflict between generations, which I think is at present one of the primordial elements of unrest in the rural medium.

In the urban medium, too, there is what is known today as the urban explosion. We know it in our developed countries. It occurs in equally acute forms in the countries of the Third World: tin can towns, neglected youth, city turbulence, dishonesty, usury, immorality.

In all those cases, whether the rural or the urban medium are involved, the family structures everywhere are jeopardized.

From these mutations, from these findings, there arises a whole series of problems to be considered, but I shall be content to enunciate:

The problems of the rural exodus: How to control them by improving the conditions of peasant life.

The problem of disillusioned youth: how to offer them opportunities for work, grounds for hope.

And the dilemmas. From these arise further dilemmas, in which the leaders are directly implicated. For they have the responsibility for dealing with these problems. How to carry out the mutations while limiting immediate individual or collective damage. Should one or more generations be sacrificed, or not?

To none of these questions – and there are many others behind them – can we ourselves in the developed countries provide answers, for the perceptible solutions lie outside the scope of external aid, whether technical or financial.

Of course the peoples of the Third World very greatly, enormously need the material aid of the outside world. But it is up to them, and not to

others, to express their idea of development. They should also try to understand and master the procedures that will bring them to it.

As regards ourselves, we simply have to realize that due to the growing extent of the rethinking process, social aid will have to be given progressive priority over economic aid.

I would now like to come to my conclusion.

Without a policy of social development, drawn up by those concerned, there cannot be genuine development, i.e. felt to be such by the peoples involved. Even less can social progress be a mere by-product deriving automatically from economic progress.

Secondly, we must regard as a certainty that the problem of social advancement will be posed with increasing sharpness everywhere, amid growing tensions and often in a revolutionary atmosphere. Disruption and clashes will only be cushioned with great difficulty. But success is still possible provided we combine the will to make the necessary effort with absolute respect of the objective facts, in other words, if we are able to emerge from under-development through a development policy in which man is both motor and centre. And here again, I quote Dr. Oujula, for *"it is man himself – and I think our debates have only served to throw more light on this notion – it is man himself who is at the heart of the development problem."*

So my conclusion agrees with that of Professor Maheux, Director of UNESCO, and a humanist of development: *"development has to be built up."*

That is the primordial task today for all those who have to deal with the problem. And I hope that our get-together may have contributed something to it.

SOCIAL IMPLICATIONS OF AID PROGRAMS

Prof. Hans E. Singer

My paper links up very naturally with the conclusions reached by M. Pré. Not only this, – you will be very happy to note that the conclusions of my paper also link up very directly with conclusions reached by others, specifically by Prof. Kusnetz, under the heading of Economic Implications. That several of us here, being separately and independently without collusion to think about economic implications or social implications, should arrive at similar suggestions, is perhaps some illustration of what Inga Thorsson, who in the earlier days of our conference while she was still here, presented to us so forcefully and consistently as a unity of economic and social development. This illustrates that there is no real distinction.

I might perhaps start off, if you will forgive me for one or two minutes, by adding my tribute to President Truman and to Point Four and perhaps illustrate the electrifying effect of Point Four from my particular angle, a very minor angle. In January 1949 I was working in the United Nations. I was looking after the very small, minute development section of the Economic Affairs Department of the United Nations, which was in charge of a very minute technical assistance program of the United Nations. At this time there was no UNDP or Special Fund or Technical Assistance Program, and this was a program financed by the regular budget of the United Nations, and, if my memory serves me well, the total expenses were about one million dollars a year. In January, as it happens, - January is the time of the year when the U.N. Secretariat has to prepare the budget for the proposals for the following year because they have to go to the Economic and Social Council of the U.N. which meets in July in Geneva. Taking the timing of U.N. documents which have to be prepared, approved, translated, submitted under six weeks rules, which Dr. Katz-Suchy would be very familiar with, and others here in this room, –Ambassador Campos is certainly very familiar with the six week rule. When you put all these timing elements together, you'll see that the proposals have to be prepared in January, as it happens. And there I was happily working in my little cubicle on the proposals for the next year's U.N. Technical Assistance program and we were, so to speak, debating ourselves whether we would risk proposing an extension of this program from $1 million to $1.1. Then I will never forget the moment when my old colleague and friend and superior David Owen fought me through excitedly. He had just been told of Point Four in President Truman's inaugural speech, and we were all getting extremely excited. We tore up our previous proposals and we developed "the blue book". We rewrote it in the form of what is known as "the blue book" in the U.N., the proposals of expanded technical assistance program, and perhaps a little overhopefully

we were then jumping from one million dollars to one hundred million dollars. We prepared a plan for an annual expense of $100 million. This we actually didn't reach for another ten years or so. This we only reached with the establishment of the Special Fund, which then became the chief component of the U.N.D.P.

I do want from my particular little angle to say that also from the U.N. point of view, President Truman's inaugural speech in January 1949 and his Point Four was a landmark that (I am mixing my metaphors..) will forever be engraved in the minds of the people who were involved in peace programs at that time.

In fact, if you want to be technical about it, the U.N. Technical Assistance Program, even in its present form, has not yet reached the $100 million per annum mark that we met under the intoxicating influence of Point Four and the Inaugural Speech. But this result we would only obtain, if we exclude the Special Fund which is officially listed as pre-investment rather than technical assistance.

Here I must differ a little bit with Dr. Kaplan in his background paper, but Dr. Kaplan seems to accept this distinction between pre-investment and technical assistance, and he says that the establishment of the Special Fund as a pre-investment agency was an expression of a certain theory of the importance of investment, with capital as the deciding factor, which had developed among economists in the 1950's, symbolized, perhaps, by the Harry Truman model.

My own judgment would be slightly different on this point. I think the labelling of a special fund as a pre-investment agency was simply due to the fact that the underdeveloped countries had been pressing in the U.N. for a considerable time to having what is now the I.D.A., the financing agency of the international system located in the United Nations, not in the International Bank, under the name of SANFED but the donor countries were not willing to entrust the underdeveloped countries with the control of real money, certainly not money of that order of magnitude, and they decided to shift IDA into the International Bank instead, but in order to give the underdeveloped countries a consolidation prize, it was established that this new fund, the Special Fund, the extension of the technical assistance program of U.N., was very close to investment; it was pre-investment. It was not entirely divorced from investment of the U.N., and I think the doctrine of pre-investment followed the political decision to label this special fund as Pre-Investment rather than the other way round. This is perhaps a minor sideline.

Well, Mr. Chairman, I have ventured to put before you in two pages a summary of the kind of problem that I think is perhaps the most important and most urgent in my mind to deal with, when you think of social implications of aid and technical assistance. I have singled out the unemployment problem as the most urgent social problem. I might perhaps, in slight expansion of the

discussions we had earlier today, had two points which, in relation also to the six percent growth target of the Pearson Committee. When I venture to think that the six percent growth target of the Pearson Commission is wrong and inadequate in the light of the unemployment situation as we see it now and as we can almost certainly see it developing in the next ten years, the point that I wanted to make was that when you have the threat, – if nothing else is being done, – if you have the threat of unemployment rates amounting to 40 or 50 percent, and add to this the fact that unemployment will become increasingly urbanized, that means also more concentrated, and thirdly, that the traditional safeguards which now prevent even high rates from unemployment to be the intolerable social and political problem in the poorer countries of today, from the ones that they were in the Great Depression in the industrial countries, or that they would be in the industrial coun-countries of today, namely family, cohesion, communal bonds effect that many people can eke out a marginal existence in towns which, in terms of income, may not be so much lower than the income of a subsistance farmer.

We have to consider that these bonds will be loosening. I think that one must project that the underdeveloped countries in this respect will become more similar to the small-family and everybody-for-himself system of the industrialized countries. If I put all these things together, my own, perhaps, over gloomy conclusion is that if we only aim at six percent growth and nothing else, we won't get six percent growth. We will get the kind of political chaos – social unrest, and, to put it in a nutshell, universal Calcuttas, which will make any rational planning, any rational policy, and therefore any national aid and technical assistance program impossible and therefore we won't get six percent growth. That is the real reason why I use the term "unrealistic". I believe the proposal of just six percent growth with nothing else is unrealistic.

In my presentation, I first single out two factors which to my mind are very closely interconnected as crucial in the situation: the population increase and capital intensive technology. Particularly if I think of capital technology, I would like to make another point in relation to the Pearson report, and the Pearson target. The Pearson target proposes to raise the growth rate of aggregate GNP of developing from five percent to six percent, five percent being simultaneously the target for the first development decade and also the figure that was actually achieved, at least on our available figures. Probably Prof. Kuznets knows more than anyone else in the world, certainly more than anybody else in this room, how tricky and difficult these figures are, but if we accept these figures, five percent was, in fact, achieved.

My rapid calculation, by back-of-the-envelope calculation, if you like, is that if we raise growth rates from five percent to six percent, and at the same time the trends of technology continue in the capital intensive direction in which they have been moving in the last thirty years, and I have devoted a good deal of research to studying these trends in the direction of science and technology recently, my conclusion is that the six percent growth rate in ten years time will provide no more employment than the five percent growth provides today, or

provided during the past decade. In other words, in that case, if we put these two things together, we must inevitably project that unemployment, unless the rate of addition to the labor force declines, which ultimately must mean unless the rate of population increase declines, putting these things together, this means that unemployment would continue to grow at the same rate as which it seems to have grown in the last ten years. On my own calculations and on data, or rather on my own calculations which agree with data collected by other people working in this field, particularly shall we say, for instance, Professor Turner in Cambridge, unemployment has been growing, has had a pretty hefty growth rate. Reasonably defined, it has been growing at the rate of about 8½ or 9 or 10 percent per annum – real unemployment, at the time when the labor force has been growing at the rate of three percent. The only thing which has been heftily growing in undeveloped countries in the first development decade has been underdeveloped countries and the population of very large cities. Those are the two sectors which have shown very healthy, or unhealthy growth rate.

Now, putting all this together, I do believe that our first priority in aid and technical assistance must be the related priorities or reducing the rate of population increase and, in my thinking, I realize that this is a sensitive subject, the model position of the richer country in making this a priority is not particularly comfortable. It is understandable that they shy away from this, or that major organizations and aid programs shy away from this position. But it seems to be absolutely inescapable and I do see nothing morally weak or vulnerable in this position because in my thinking I would like to emphasize very much the positive aspects of population control, namely the fact that when you have fewer children the resources available per child are that much greater and therefore I would like to emphasize the positive aspect of securing for those children in underdeveloped countries that are born, and there should be fewer of them born than there are now. For those children that are born, I would like to see particularly the necessary level of nutrition in early years. I believe this was discussed already to some extent when we discussed health problems, but unfortunately, I was not there, so I am speaking in ignorance of what was discussed then. The level of nutrition of young children, quite specifically, and of course, and there I link myself with the concluding words of M. Roland Pré that I think we should reorient our thinking fairly completely away from the type models of the 1950's, with capital investments as a central item in the picture. I think the central investment, the real investment of any country are its children. The real process of development consists of bringing up a new generation which in due course becomes more efficient producers than their fathers and mothers were. Even in the strictly economic sense of economic growth, that is the meaning of economic development.

I believe that if we emphasize these twin factors, the provision of the right kind of protein foods and vitamins for young children up to the age of three or four, which is a difficult administrative problem, combined with family planning. Putting family planning in the center of our aid and technical assistance – I think if we do this, we also, just as Governor Horowitz emphasized when he

dealt with this point, and just as Roberto Campos emphasized when he dealt with trade problems, let us also realize that we in the richer countries we benefit ourselves by this, by the "sacrifices" that we would make by a heavily concentrated effort in those directions.

Let me just ask you a rhetorical question. At the present time five out of six of the world's children are now born in underdeveloped countries, and if present trends continue, in the next generation nine out of ten children born in the world will be born in undeveloped countries. Unless you believe, contrary to most evidence, I suppose most people in this room would refuse to believe in any hypotheses of ingrained racial or climatic or historical or any other differences in the incidence of gifts, talents and genius. We presumably believe, as all the evidence seems to support, that tenius, talents, gifts are more or less spread potentially throughout the world, regardless of race, history, climate or level of per capita income. At least, my scientific colleagues all seem also to encourage us to support this assumption. Now, if this assumption is correct, this means that five out of six potential Einsteins or Newtons or whatever men of genius you would like to take, are born in underdeveloped countries. I say potential because you will immediately see that this means in practice that five out of the world's potential Einsteins or Newtons have not the remotest chance of becoming Newton or Einstein, because some of them will die in infancy, because of bad health or bad conditions. One or two of them will never have their brain developed as a result of lack of protein in their infancy. Some of them will never get to school, or if they do get to school, will never get proper teaching; some of them will be people whose gifts will never be recognized. What we in the world lose, we in the richer countries lose by reducing the world's potential supply of gifted people, of men of genius, the innovating elite, by five-sixths or possibly nine-tenths in the next generation. Well, it may not be easy to qualify, but I think most of us would believe there must be a very considerably, very heavy item.

This leads me for a second to the brain drain that has several times been mentioned. Sometimes in the discussion we have been warned, properly warned, that the brain drain is not necessarily a bad thing when people find better opportunities to pursue their work elsewhere, that humanity may benefit, that the world community may benefit and perhaps, by feed-back, even their own country, although it loses them, may benefit from this migration.

Let me give you a slightly different view of the brain drain. First of all, I would like to distinguish between three types of brain drain. The real brain drain, the fundamental brain drain I see in the depravation of young children of protein food. That is a true brain drain in any fundamental sense. This is much more serious than what we call the brain drain when people who are already adult and have proper training and education more about the world. That is by comparison I think a very minor phenomenon. So there is, first of all, the fundamental brain drain.

Secondly, there is what I call the internal brain drain, namely that most of the educators, and this also came up in our discussion on education. The in-

ternal brain drain may need a little explanation, and this brings me to capital intensive technology. We cannot measure the output of new technology. At least, some valiant attempts have been made to measure certain aspects of it, but this is a very partial and scrappish thing. The best we can do is to try to measure inputs. What we usually do is we measure the output of new technology by the amount of money spent on creating new technology. Within this total amount of money spent, according to our predelection, we may pick out certain segments which are not particularly relevant or particularly typical, and this is where "R. and D." expenditures come in. The R.and D expenditures are very strongly active items. They are not the only thing. They are only a small part of the total expenditures, but they play a particularly important role, the so called R. and D. or Research and Development Expenditures.

At the present time, the total R and D expenditures, as far as statistics would roughly indicate, 99% are spent in the developed countries which contain only one third of mankind, and 1% in the poorer countries with two-thirds of mankind. Therefore on the per capita basis in the underdeveloped countries, the ratio, the disproportion between what is spent, at least by way of R. and D. expenditures on innovating technology, is of a general nature not only of 100 to 1, but of 200 to 1. And of this total R. and D. expenditures of the richer countries at the present time, fifty percent is directly and measurably spent either on military R. and D. or on atomic R. and D. or on space R. and D. Therefore if we leave out these three fields as, broadly speaking, irrelevant to the underdeveloped countries, we are left only with half the R. and D. expenditures in the richer countries which could conceivably be relevant. I might perhaps add that even on a narrowly defined R. and D., the richer countries spend about three percent of their GNP's on R. and D. on technological innovations, three times as much as the Pearson target of aid. Therefore what they do with their R. and D., even quantitively speaking, may be a lot more important than their so-called aid flows under the one percent Pearson target. A great deal of the R. and D. expenditure is not only irrelevant to the problems of underdeveloped countries, but probably they unbalance, the bulk of it, directly harmful to the underdeveloped countries.

A great deal of innovation goes into the development of synthetic substitutes for the natural product of the underdeveloped countries, with practically no counter-availing efforts to improve the quality of the natural products, the tropical products. The total expenditures, the total proportion of R. and D. expenditures of richer countries that could even remotely be called as being devoted to matters directly relevant and beneficial to underdeveloped countries is a very small fraction of one percent. In Britain, and I might say that the U.K. has a higher proportion of civilian R. and D. expenditure in relation to her GNP than any other country in the world, England is the largest producer of civilian new technology, and the proportion that in England under public programs, is deliberately diverted into institutions working on specific problems on underdeveloped countries, is probably, or I might say certainly, among the highest in

the world. It is much higher than the national averages as a result, partly, of colonial history and other historical factors.

I mentioned these two points only to say that even in the U.K. the total volume of resources that is devoted to this type of expenditure is less than one percent of total public aid by the U.K. to underdeveloped countries, which in turn is only 0.4% of the total British GNP. In other words, 1% of 0.4% is devoted in the U.K. to the development of new technology that might be suitable to underdeveloped countries.

Let me stress again, the percentage for all other countries, if anything would be lower, certainly not higher than this. Well, that leaves us with 1% that is spent in the underdeveloped countries of total R. and D. expenditures which amount to 0.2% of their national income. It seems natural to fasten on this figure and say: "Here we have a starting point", and in fact the Pearson Commision has proposed a target, that this 0.2% should be raised to 0.5%. The UNESCO and the U.N. have gone even better than this and suggested 1%, which would bring the total proportion of R. and D. expenditures in the underdeveloped countries from 1% to, perhaps, 2% or 3% of the total.

In my view this would be utter and sheer waste of money to try to raise R. and D. expenditures in the underdeveloped countries by these modest fractions. The reason for this is internal brain drain because the scientists and technologists of the underdeveloped countries fundamentally are no more interested in the problems of their own countries than the scientists and technologists elsewhere. What is worthwhile work for high-level scientists or technologists is determined by his training and education. He is a member of the professional scientific community and he is working on problems that are on the borders of knowledge, and what is on the borders of knowledge is determined by the technology and by the requirement of the richer countries, which have an utter monopoly of new technology. The scientist and technologist of the underdeveloped countries, just like their colleagues in the developed countries, want to get a Nobel Prize. You don't get a Nobel Prize by developing a technology for labor intensive small scale production suitable for rural conditions in underdeveloped countries. This is not considered to be in the main stream, on the borderline of knowledge. They want to have their article published in the leading scientific journals and you would have to search far and wide through the leading scientific journals before you find any discussion of any technological problem of specific interest or specifically related to the problems of an underdeveloped country. They want to be invited to visiting professorships and conferences in developed countries and the matters to be discussed there are not the problems of the underdeveloped countries.

Therefore I attribute myself much less importance to the geographical movement, whether people work in their own countries, where they work, is to my mind much less important than what they work on. For that reason I felt particularly happy of the conclusion at which Prof. Kuznets also arrived that we in this technical assistance business we have fallen victims to geography. We believe that the job of technisists is to do something that crosses national frontiers.

We recruit people, take them away from their familiar environment, reduce their efficiency immediately by half or more, by removing them from their equipment etc. etc. and pay them three times their customary salaries to compensate them for all their hardships. We face them with schooling problems for their children, finding accommodation, meeting unfamiliar counterparts. We worry about all these problems that we worried about here and, to my mind, the fact of the matter is that 99% of these worries are completely unnecessary in many cases. We could either take the scientists and technologists of the developed countries and see that they work on problems of interest to their own countries, but that can only be a drop in the bucket. The major job must be to give the underdeveloped countries the bonanza of participation in science and technology, which President Truman mentioned in his Point Four, the benefits of science and technology. But I must say, perhaps in criticism of the simplified way in which this was put in President Truman's Point Four, that at present the "benefits" of science and technology by large do not exist. Science and technology is a curse to the underdeveloped countries, because it prevents them from, putting it in a nutshell, finding levels of employment that are rationally compatible with acceptable levels of growth that improve their standards of living significantly.

I think our real job is in aid and technical assistance as elsewhere to try to convert this curse into a bonanza.

In my introductory paper I also mentioned a different complex of problems relating to rural structures, income distribution and the resulting flood to the cities. This would certainly require a different lecture and I will say no more about this at this point. But I would like to add, perhaps prompted by a bad conscience when I think of a paper we had from Ambassador Campos, – I would like to add that I would readily accept his suggestion. I did not put it into this summary paper because I had to concentrate on something, and as events have shown, I even overestimated the range of problems on which I would concentrate. Therefore, I would very gladly add in any real discussion of this problem among the fundamental factors behind the unemployment problem in the underdeveloped countries also the unwillingness of the richer countries to face in their own productive structure the kind of adjustments that would be needed to make a reality of the myth of the comparative advantage that the underdeveloped countries are alleged to enjoy in their cheap labor. It ought to be a comparative advantage. It could be a comparative advantage only if the richer countries, again in their own interest ultimately and directly, would adopt a very different position on trade matters.

Mr. Campos (Brazil):

Mr. Chairman, I shall address myself to the very interesting comments of Prof. Singer on this crucial issue of employment opportunities in developing countries and labor saving technology. His brief description of the future landscape is only too real. As I tried to mention earlier, we thought we had safely buried the Malthusian devil, through the "Green Revolution" and recent dramatic increase in agricultural productivity, only to find new devils appearing on the scene. The employment problem is certainly one of those devils.

The emphasis on the need for more labor-intensive and less capital-intensive technology in developing countries had its ups and downs in international discussion. It was very popular at one time in the ECLA literature. Dr. Prebisch laid great stress on the matter. Subsequently there was a period in which the issue subsided somewhat for sundry reasons. Firstly, there were some theoretical doubts about the validity of this obsessive preoccupation with labor-saving technology. Many economists took a fancy to the so-called "Leibestein effect", which counselled the use of high productivity modern technology, even in labor surplus countries, on the ground that the yield per productive unit, and therefore the savings margin in the production process, would be greater and, what is more important, already concentrated in the hands of the investors. This higher profit margin would enable entrepreneurs to expand their investments, so that the labor-saving piece of initial investment might have multiplier repercussions in the form of additional doses of investment which might be labor-saving and employment-creators. Alternatively, this highly concentrated profit margin could be taxed by the government, which then could use the tax receipts for creating employment opportunities in other fields.

A second practical problem is that it is very difficult to orient private enterprise to use labor-intensive technology, when it has to compete in international trade with modern automated equipment. Not only there is some sort of psychological resistance of private investors in developing countries to absorb anything but the most modern technology, but their export competitiveness may be damaged by not adopting the most modern technology. This has led some of our economists to entertain a "statist" bias. They advocate government operation of industry in Latin America, on the grounds that the government could disregard this cut-throat competitive approach and presumably use more labor-intensive technology. But here again we are chasing the will of the wisp, because if the efficiency of government operations is lower, there will be a higher coefficient of waste. The rate of potential savings will accordingly be lower, and one would end up by having less investible resources and therefore creating fewer employment opportunities.

The situation, therefore, is not as simple as it might seem. There is also an additional consideration. Some of the modern labor-saving equipment is also

capital-saving, so that one has two effects combined, it being at times difficult to extricate them.

If I were asked which priorities developing countries should pursue in this matter, I would say that the very first step to take – and, God knows, many of the developing countries still have not taken it – is to eliminate artificial incentives which distort the real cost of factors and unduly impel investment in the labor-saving direction. I mentioned the negative interest rates which are still practised by the majority of the development banks in their loans for industrial projects, and unrealistic exchange rates, which give a premium to imports of equipment.

At the same time, the wage push makes for a peculiar situation. Increases in wages are often forced by governmental intervention in the labor market, while at the same time governmental action tends to depress the real costs of the capital factor. The very minimum item of policy should be to let the real costs of production factors be reflected in economic decisions.

The second priority would be for governments of developing countries to try to emphasize those types of investments – and there are still many of them – which remain labor-intensive without any need for redesigning existing machinery. The tourist trade is one of them; housing construction is another. But this does not exhaust the list of possibilities. Some types of intensive agriculture, which emphasize fertilizers and irrigation, more than mechanization, and which raise the yield per capita, are also labor-intensive.

The third priority would lie in fostering adaptive technology, that is, trying to adapt the technology imported from developed countries in a direction which is less capital-intensive. The very final item would be to try to develop new technologies based on labor-using methods. But perhaps the responsibility for this exercise in ingenuity should be transferred to the developed countries. For I think that Professor Kuznetz has a good point in the sense that the high accumulation of skilled brainpower in research institutes of developed countries could well be put to constructive uses by trying to re-think the technological problem for the benefit of developing countries.

Those are the comments I have to make. I do not deny the importance of the problem. If there is disposition on the part of the developed countries to apply resources for re-thinking and re-shaping capital intensive technology to adjust better to the factor endowment of developing countries, so much the better. But there are real difficulties, both practical and theoretical, for this effort to succeed.

Appendices

APPENDIX I

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