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HANDBOOK FOR DEVELOPMENT:

CHANGING ENVIRONMENTS AND INSTITUTIONS

by

HIRAM S. PHILLIPS

Federal Executive Fellow

June 1967

ACKNOWLEDGEMENTS

In a broad sense this work is an effort to synthesize 15 years' experience in foreign assistance activities in IIAA, TCA, MSA, FOA, ICA -- all predecessor organizations of what is now known as the Agency for International Development. My first expression of appreciation goes, therefore, to the hundreds, perhaps thousands of American and foreign nationals with whom I have worked over the past years. These colleagues in the U. S. and abroad, in bilateral and multilateral programs, in public and private organizations and in the universities, have helped to teach me as we learned together a little about the complex business of development.

My second expression of deep appreciation and gratitude must go to the Agency for International Development and the Brookings Institution which together made possible my Federal Executive Fellowship without which this work would have remained among the dreams of so many of my colleagues who hope to record their experiences but rarely get the time and opportunity. I am particularly grateful to AID for making these eight months (and my salary) available and to the Brookings Institution for its research facilities, for the privilege of discussions with colleagues, for guidance, and especially for the opportunity and setting which made it possible to pull these thoughts together. Though written under a Federal Executive Fellowship, the work represents my personal views and does not reflect the position or policies of the Agency for International Development or the Brookings Institution.

I must also express my appreciation for colleagues who took time from their busy schedules to review various portions of the manuscript. These have included: Robert E. Asher and Karl Mathiasen of the Brookings Institution; Milo Cox, Raymond Randall, and Irving G. Tragen, AID; George Gant, Ford Foundation; Wendell G. Schaeffer, Governmental Affairs Institute; Leveo V. Sanchez, Office of Economic Opportunity; my fellow Federal Executive Fellow, Clifford Finch of the Department of State, and Saul Katz and Fred C. Bruhns of the University of Pittsburgh who were able to share not only their own insights, but also the valuable pioneering work of the Inter-University Research Program in Institution Building, Indiana, Michigan State, Pittsburgh, and Syracuse.

I must make clear that none of them had the opportunity to review the total manuscript. Major changes were made in the course of rewriting to incorporate some of their valuable comments and suggestions. At the same time full responsibility is mine for the comments I rejected as well as for the final product. My one regret is that, pressed to meet a deadline for a perhaps too ambitious project undertaken in too short a time, I was unable to incorporate some valuable late contributions and to give the manuscript the final close editorial review that I know it needs. In subsequent revisions I shall incorporate some of these comments and improve the text.

Finally let me express my appreciation to three young ladies in the Office of Institutional Development, the Bureau for Latin America, AID -- Rebecca Scroggs, Jacqueline Petty, and Lucille Carr who lived through

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Hiram S. Phillips
Federal Executive Fellow

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TABLE OF CONTENTS

		Page
ACKNOWLEDGEMENTS		ii
LIST OF ILLUSTRATIONS		vi
INTRODUCTION		1

PART I. INSTITUTIONS AND THEIR SETTINGS

Chapter		
I.	OVERVIEW	4
II.	THE ROLE OF INSTITUTIONS	25
III.	IMMEDIATE ACTIONS - FRAMEWORK FOR DECISION	56
IV.	CLIMATE FOR REFORMS	84
V.	THE INSTITUTIONAL ENVIRONMENT	123
VI.	ELEMENTS OF INSTITUTION BUILDING	155
VII.	JUDGING PROGRESS	194

PART II. VIGNETTES OF INSTITUTIONAL DEVELOPMENT

VIII.	LAND REFORM - TAIWAN	215
IX.	RESEARCH TO IMPROVE PRODUCTION OF CORN IN ASIA	232
X.	TAX MODERNIZATION - CHILE	254
XI.	FISCAL MANAGEMENT IN THAILAND	271
XII.	[To be in future]	
XIII.	[To be in future]	

PART III. THOUGHTS IN POLICY AND OPERATIONS

XIV.	RECOMMENDATIONS FOR THE FUTURE	315

Footnotes are listed at the end of each Chapter.

LIST OF ILLUSTRATIONS

			Page
CHART I	-	ACTIONS AND INSTITUTIONS FOR DEVELOPMENT.....	9
FIGURE I	-	ELEMENTS OF RURAL DEVELOPMENT.....	95
FIGURE II	-	BRAZIL - STATUS OF IMPROVEMENT PROGRAMS.....	96
CHART II	-	ELEMENTS IN THE INSTITUTION BUILDING PROCESS.....	158
FIGURE III	-	TIME TABLE FOR ENFORCEMENT OF LAND TO THE TILLER PROGRAM.....	230

PART I

INSTITUTIONS AND THEIR SETTING

- INTRODUCTION -

CHAPTER I	OVERVIEW
CHAPTER II	THE ROLE OF INSTITUTIONS
CHAPTER III	IMMEDIATE ACTIONS - FRAMEWORK FOR DECISIONS
CHAPTER IV	CLIMATE FOR REFORMS
CHAPTER V	THE INSTITUTIONAL ENVIRONMENT
CHAPTER VI	ELEMENTS OF INSTITUTION BUILDING
CHAPTER VII	JUDGING PROGRESS

INTRODUCTION

This book is intended as a practical guide for individuals and organizations engaged in effecting changes in the developing countries, and especially those concerned with the development of institutions contributing to economic growth, social development, and nation building. It is written primarily for foreign advisors, experts, technicians, and teachers who assist the developing countries by identifying and analyzing problems, planting ideas, using their ingenuity to get action, and helping to get things done. It will be helpful, also, to the present and future local leaders and technicians who must carry major responsibility for the development of their own countries, and very likely, will work with foreign technicians in the process.[1] As a by-product, some of the suggestions and concepts may stimulate assistance agencies, public and private, bilateral and multilateral, to rethink some of their present practices with regard to technical assistance and institutional development. In addition, the method of presentation of some of the material as well as some of the insights may serve as hypotheses for research by those working on the intellectual frontiers of development and institution building.

I recognize fully the complexity of the process of development, the vast differences in the levels of progress of various countries, how little is really known about the development process. Nevertheless, despite our lack of precise knowledge, countries are developing, institutions have been built. Experience, some successful and some unsuccessful, provides a basis for organizing material, often well known, and drawing certain

generalizations known intuitively to the skilled practitioner, which will advance the state of the art. Some of the devices used in the following chapters may well be subject to criticism for over-simplification; they are believed essential as tools for analysis and training in the highly complex art of development and institution building. Let those who build on this initial effort to provide a practical guide for the student and practitioner, develop the more refined and sophisticated approach.

Lest the reader be misled, I am not talking about institutions in the broad, sociological sense -- the institution of marriage, the crown or the presidency, or the institution of private property. I use this term in the much more limited sense of an organizational entity functioning in such a manner that it can contribute to development. For example, the modernization of a university, the establishment of a training center, the operation of an effective civil service or tax system, or the network of entities needed for agricultural development. This concept is developed more fully in succeeding chapters.

There is no effort to treat all aspects of development, for example, the village or small community, or all types of institutions -- civic, religious, political, administrative, educational, financial, etc. -- required for development. My concern is largely with institutions engaged in program administration, education and training, and the social, political environment essential for their success. The generalizations and techniques discussed in this work are generally applicable to the establishment and modernization of these types of institutions, with a wide margin of allowance for the exceptions that become successful in developing

countries in seeming violation of all known rules for success. My hunch is that many or most of the generalizations may be relevant to other types of institutions but neither the literature on development nor experience in foreign assistance programs as yet provides a basis for such conclusions.

For purposes of analysis and training the process of development and institution building is broken into separate and distinct parts. They are, of course, interrelated and interact with each other. Under ideal circumstances it would be well to start at the beginning and follow through in a logical sequence of steps. In development, however, there is rarely a clear-cut beginning and logical progress is often the logic of expediency. There is validity in the truism of technical assistance that "you start where you are." Nevertheless, by identifying important elements of development and institution building and by planning and carrying out activities knowingly and in reasonable order, whenever feasible, we can make the process of development more effective, less wasteful, and, hopefully, more rapid.

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[1]The Development Assistance Committee of the OECD reports that in 1965 some 60,000 students and trainees were supported through governmental multilateral and bilateral contributions and around 90,000 experts, advisors, and operational personnel assisted the developing countries. The United States reported 6,726 advisory personnel. Even if the 35,000 teachers, almost 27,000 from France, are excluded, there were some 55,000 people engaged in government-sponsored foreign assistance. These figures do not include the thousands associated with voluntary projects in the developing countries. Development Assistance Efforts and Policies, 1966 Review, Willard L. Thorp, Chairman DAC, pp. 163-165 OECD, Paris, September 1966.

CHAPTER I

OVERVIEW

I.

The goal of development is a better life for the people, however that better life may be defined within a particular society.[1] In varying degrees and at different stages of development, thi means greater economic opportunity; better consumption of goods, including food, at prices people can afford; more widespread and effective schooling; better health; increased opportunity to participate in society and in shaping the decisions affecting the individual and the group.

Some of the key decisions on the long road toward these goals can be made by responsible leaders and the decisions will be substantially self-administered, e.g., elimination of price controls on important foodstuffs, giving legal sanction to lands already occupied by squatters, elimination of tariffs on certain imports, a decision to build a road opening a new area to a natural (unorganized) migration. Some phases of economic growth, in other words, will be significantly affected by leaders who, at the right time, make wise decisions which will be carried out by the market or by the action of people concerned.

Other decisions may be made by individuals in response to incentives or disincentives -- the farmer to produce more when he sees a market for his goods, the worker to work longer and harder for the achievable opportunity for more adequate housing. The father will tend to keep the child in school longer if he sees some direct benefit to the child and the family. Even the very poor will save through credit unions when they see an opportunity to borrow for what they consider important.

Still other types of decisions are taken through individuals banding together for group action, legal or otherwise -- peasants moving en masse as squatters on public or private land; citizens forming cooperatives or credit unions; groups petitioning for political action; business men organizing for social and economic purposes; workers forming effective trade unions, etc.

These individual actions of leaders and citizens, and these group activities are vital to development. They tend, however, to relate to the particular action of interest or concern at the moment. Particularly at early stages, they tend to lack continuity, transferability to related problems, and administrative reinforcement unless taken within an institutional framework. Effective and sustained efforts at development require networks of interrelated institutions.

As the term is used in this paper, institution means an organization staffed with personnel capable of carrying out a defined but evolving program contributing to social and economic development with enough continuing resources and support to assure a sustained effort for establishment, acceptance and application of new methods, practices and values.[2]

These institutions are needed for the analysis of their countries' problems, for the formulation of locally feasible policies and programs that can contribute to development, for administering programs that lead to improvement in the lot of the people, for education and training, and for stimulating and building support for further innovation and reform. To contribute significantly to development, their activities and impact must reach beyond the present elites, the 5 or 10 percent or so who are

powerful, educated, ..d in the money economy, to the emerging middle class and the 80 or 90 percent in urban slums and rural poverty, largely uneducated and untrained, lacking incentives and hope, largely unserved by government and business. To survive and to operate toward those ends with the necessary resources, the institutions must find ways to broaden their support within and beyond the relatively small groups concerned with development and prepared to pay the economic, social, and political price of change. At the same time, they must find ways to circumvent manpower and financial shortages and administer programs in which their own experience, as well as the experience of the more advanced countries helping them, if at all relevant, will need major adaptation.

Stress is placed on the importance of institutions because the development job simply cannot be done without them.[3] Foreign economists can help Planning Boards develop sound policies at a particular time, but the job will have to be done over and over again unless the local institutional capacity is strengthened for analysis and solution of problems and a pattern has been set in which the decision makers give proper attention to economic considerations in their political decisions. The soundest agricultural policies are likely to be of little consequence without a network of institutions to improve the farmer's technology, enable him to market his crops with a fair return on his investment, borrow money at reasonable rates, and give him some incentive for his labor. The same holds true for business and industry. Nor is it possible for government, business, or agriculture to flourish without an adequate supply of properly educated and trained manpower, and the needs are so great that they cannot be met

by training abroad or the indefinite importation of foreign teachers and professors. No country can move effectively toward development without institutions to collect adequate tax revenues and to allocate resources.

Various devices have been used to meet operational needs in the face of institutional deficiencies -- employment of ex-patriates, the United Nations OPEX program, the Joint Commission on Rural Reconstruction, the Servicios in Latin America. As interim measures devices such as those may be necessary in a particular country at a particular time. They cannot take the place of local institutions.

Though essential to sustained growth and development, institutions cannot be created or modernized solely by the signature of a local leader pressure from abroad, or the wizardry of some foreign expert, but many an institution has received a start or a chance for survival through these means. Nor are they the sole or initial factor in growth and development political, social, economic and administrative factors may be critical. As a matter of fact, if most countries waited for effective institutions in order to begin development, their rates of growth would be far lower than at present. On the other hand, institutional deficiencies are one of the important contributing factors to lack of progress. By improving the quality and pace of institutional development, we can improve and speed economic and social development. This objective requires increased attention to the social, economic, and political setting in which the institutions are to function.

II.

Four key inputs, inter-acting with each other, contribute to changing the environment and creating the conditions in which particular institutions can further development (see Chart I, page 9). Three of these inputs are local in character: Leadership with some commitment to development, at least minimal adequate human and financial resources, some key individua with development-oriented education, training and/or experience who are able and willing to work for change. When there are serious short-falls in these elements, efforts might well be made to strengthen them before making heavy investments in other aspects of change and institution building. The fourth input is outside assistance in the form of analysis of local problems, help in formulating and implementing both what to do and how to do it, leadership in planting new ideas and pressing for action, training, and giving support when encountering resistance to change.[4]

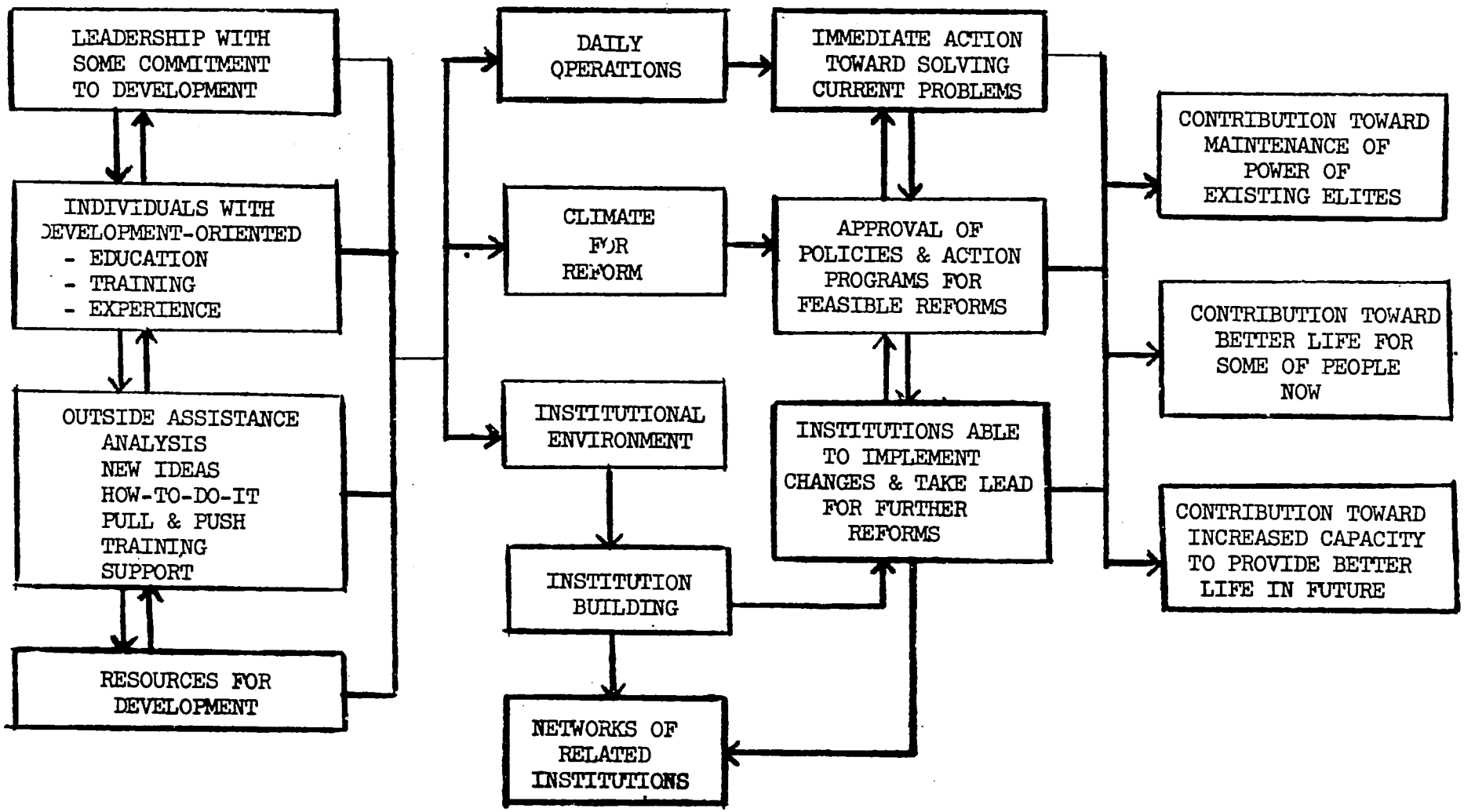
These inputs contribute to five critical elements in the change process which will be discussed briefly below and elaborated in succeeding chapters.

1. Day-to-Day Operations

Ongoing or new institutions are in business to carry on their daily activities of services, controls, or training. Often they fail to contribute optimally to development because policies and programs are not properly conceived or are improperly executed. These programs are run by men generally doing their best to get a job done but often lacking the

CHART I

ACTIONS AND INSTITUTIONS FOR DEVELOPMENT



time, training, and supporting staff and resources to change their methods of operations. Though improvements in operations may well be critical to development, as discussed in greater detail in Chapter II, they are often omitted or not made explicit in formal requests for foreign assistance, perhaps because of lack of detailed knowledge of particular problems, unwillingness to admit officially that certain types of mundane problems exist, or the format of the requestitself.

Foreign advisers need the administrative flexibility and the adroitness to get themselves invited to help on these problems after arrival in the country and must be equipped to give practical assistance in effecting visible improvements when the opportunity arises. This type of "nuts and bolts" assistance may often be critical in winning the confidence of local leaders and their supporting staffs and thereby earning the right to advise on more substantive matters. Of no less importance, improvement in almost any operational area is important in demonstrating to the bureaucracy, political leaders and the public that services can be improved. In some instances simple operational improvement, through better service, may demonstrate a government's concern for the people and provide one basis for the broad support required for successful development efforts.

Assistance in these areas usually cannot be tightly programmed in advance. Thus the field technicians need a measure of flexibility to meet these needs. Furthermore, when the opportunity is favorable, the improvement of daily operations is likely to be a complex task requiring action on many fronts. It is likely to require a longer time and greater

resources than local institutions and foreign assistance agencies are accustomed to allocate for operational improvements.

Though necessary to treat this area separately for purposes of analysis, advice and assistance on day-to-day operations often becomes completely interwoven with other aspects of development and the building of the institutions. The reaction of local leaders or officials to the advice and the way it is given will color requests for guidance on other problems. Hence the advice must be technically sound, locally feasible, and politically sensitive. Furthermore it must be timely. As a consequence, the foreign advisor who is concerned primarily with the development of the institution must be prepared to help his local colleague in wrestling with his daily critical substantive problems as well as with his problems in the development of the institution.

2. Climate for Reforms

There are vast areas where the direction of substantive change must be started and shaped and where this necessary process may go on for years. By substantive changes I mean such things as changes in tax policies and structure, modifications in land tenure patterns, far-reaching changes in the educational system, changes in the relationships of government and business, the extent and nature of public services that should be provided in the villages and rural areas. Local institutions would help the process and are indispensable at some stages, but concentration on institution building too early may detract from efforts to get acceptance of the concepts and practices on which the institutions must be built.

The need is for an ever-widening circle of individuals exposed to the ideas, often new locally, but in practice to some extent in other parts of the world. The need is for some types of fairly objective analyses of the local problem that will provide a base for discussion designed to develop practical solutions. The need is for specific proposals, e.g. [illegible] slation, that will be fought over, in public and within the power gro[illegible] [illegible]pending upon the political system of the country, and will be accepted, rejected or compromised. The overall need is for a means of determining where the country wants to go, considering the weight of entrenched interests and the pressures of the reformers.[5] How open and democratic or closed-door this process should be will depend upon the particular country. If there are institutions that can spearhead the fight, so much the better, but civic-minded reform organizations are not common in the developing countries.

An illustration from the field of agriculture may help to sharpen this discussion.

Some changes in patterns of land tenure are important for increased agricultural investment and productivity in many developing countries. The existence of an Agrarian Reform Institute may or may not help bring the necessary changes. Usually such an institute is set up to administer some aspects of the program; it may be set up as a vote-getting measure in an election campaign; it may have paper responsibility for administration of a vast program which no one takes seriously; it may have responsibility for administering some important but relatively minor phase of the program, the only area of agreement among the conflicting forces.

The need at this stage, however, is not primarily for administration, but for individuals and groups, and possible institutions, capable of analyzing local problems and needs, disseminating their findings, precipitating discussion and debate, hammering out workable patterns perhaps over years, getting enough responsible leaders committed so that eventually the program is adopted.

In this type of situation the need is for sustained interest and determination by key local people who have the time and resources to give to the fight. An entity of some sort may be desirable (and will be essential at the final stages of the struggle) but the establishment of an institution to carry on the fight may divert energy and interest from the prime target, in this case, a political decision to undertake agrarian reform. Perhaps more serious, a formal organization may in itself become a prime target for the powerful interests opposed to the reforms.

Two types of institutions may well be required along the way. As partial victories are won, it will be necessary to set up or reconstitute institutions to administer aspects of the program and if successful to become nuclei for broader aspects of the reform. More importantly, when a substantial victory has been achieved, the individuals and groups who pushed the reforms might well form institutions to monitor performance and push further advances. This type of pressure organization is uncommon in the developing countries and this may account, in many cases, for the vast gap between the fine goals established in the laws and the way they are administered. Though this latter type of institution may be critical to

development, it is not treated in any significant detail in this work because so little is known at this time.

This area of substantive reforms presents real problems to the foreign assistance agencies. In many fields, e.g., tax policy, agrarian reform, there is no generally accepted doctrine for use in guiding the developing countries. Lessons from experience are not too helpful as the reasons for success and failure have rarely been studied. Furthermore, advice in this area may put the foreign assistance agency in the pit with strong antagonists already on the attack in a highly emotional atmosphere.

Individual technicians do provide advice and guidance in these fields from time to time but usually limited to technical matters and usually given privately. (In some instances this type of advice may come not from foreign assistance agencies but from the embassies of the more advanced countries.) It is my contention, to be developed further in Chapter III, that much more can be done in this area both to advance sound policy formulation and to broaden the base of participation in the development process.

3. Institutional Environment

In many developing countries, the solution to a problem is the enactment of another law or the signing of another decree; in many cases, however, reasonably adequate laws are now on the books which could contribute to development with some modest effort at administration and enforcement. In some countries the solutions to problems are thought to lie in assigning responsibility for new and trying programs to agencies of government accustomed to carrying out rule-book programs of law and order. In others,

the solutions are sought in new buildings, modern equipment (especially computers), in hiring more personnel. In education the answers are often sought in additional buildings or in adding courses by part-time professors who have no time for research relating their theories to local circumstances.

Programs for modernization and reform will make little more headway than they have in the past, no matter how clearly public policies and laws are drawn, no matter how carefully the institutions are designed, unless significant changes are made in the institutional environment. This means significant changes in the attitudes and work patterns of those directly involved and the attitudes and relationships of those in leadership positions and supportive roles. These attitudes and views are often part of the culture[6] -- but they must undergo some modifications if effective institutions are to be developed and progress made toward social and economic goals.

The nature of the changes required and the measures to help effect them, obviously, will differ from region to region and from country to country. These points, touched briefly below, will be treated more expansively in Chapter IV.

Perhaps the most universal problem is the acceptance of the concept of selection of personnel, from top leadership on down, who are willing and able to do a job and who can find ways to get things done. Related to this is the need for creating an environment in which there is acceptance of the idea that sustained hard work is essential for development, that dedication to development is essential, that capable, trained young

people often will have to be paid more than traditional rates and provided with more favorable working atmosphere if they are to contribute to the maximum.

Still another facet of the problem is the creation of a different attitude toward service to the public, a sense of urgency in getting on with the job as well as a sense of responsibility for building understanding and support at almost every step of the way.

There is need for acceptance of the fact that pioneering efforts in transitional societies are relatively costly and cannot follow precise blueprints. Top leadership and legislative bodies need to recognize that new or modernized programs will be costly, that some room for experimentation and some flexibility of operation and control are essential if the desired reforms are to be carried out.

The foreign assistance agencies currently give attention to the institutional environment, in passing, as a part of their normal technical assistance activities. During the process of institution building is the time, of course, when major attention should be given to the environment but much more can be done beforehand.

During the discussions of particular reforms, or immediately thereafter, it will often be appropriate to focus attention both on the kind of institution required and the environment which it needs to operate.

In preparation, the foreign assistance agencies can do much more than at present through their training programs for their own technicians and especially for the administrators, technicians, and leaders from the

developing countries. Such training might include arguments in support of types of environmental changes, legislative and administrative bases for action, and comparative techniques from different societies.

An important contribution can be made often by the foreign technician himself through the demonstration effect of his own attitudes and his own patterns of work. Related to this is a point on which I shall have more to say later, the importance of day-to-day working relationships of local and foreign technicians in creating the institutional environment. There is also a broad area related to the particular institution which includes review and analysis and discussion among the intellectuals, the elite, or the general public as appropriate in a particular country, on the purposes to be served, resources available, methods, scope, etc. This might include probings of the appropriateness of U. S., English, French and other experience as well as the experience of other developing countries in an effort, over a period of time, to develop a pattern relevant and workable in the particular country.

Concurrent with these efforts, would be stress on some of the ingredients necessary for the initial success of the institution once it is established -- training abroad of persons who could become the leaders of the new institution, getting support of management and employees, as well as the Chief Executive or at least of some of the Cabinet, creating a group willing to fight for the program and institution, getting commitment that this activity will be given real support and backing, including money, by the government.

4. Building An Institutions

The development process, as mentioned earlier, requires a complex of institutions in the main to perform four major functions: analysis of the country's problems and development of policies and programs to improve conditions; carrying out operational programs that contribute to development; serving as focal points and spokesmen for reforms; serving as coordinative and supportive agencies for other institutions. Whether these functions are handled separately or combined is largely a matter of local circumstances.

These institutions are established, of course, to carry out programs in substantive fields, e.g., economic planning, various aspects of agriculture, particular phases of education and the like. The local leaders of these institutions, for the most part, have had their training in the particular specialty and they tend, naturally enough, to give their attention primarily to their professional subject matter. I do not mean to minimize the importance of this very substantial area which ranges from the formulation of public policy to curriculum planning, techniques of teaching or techniques of reducing the salinity of soils. The substantive programs are the main contributors to socio-economic development.

Limiting attention solely to the technological aspects usually means, however, that the programs have limited effectiveness. If the institutions are to be effective, particular attention must be directed toward: the building of an organization and an administrative apparatus that acquires skill in managing and living with change; concerted efforts to build

support for the program in the community and within the organization itself; assuring an adequate and sustained flow of money; design of programs that will have short-range impact on development as well as long-range values; and overall leadership that breathes vitality into the institution.

Foreign assistance agencies recognize the technological, political, administrative and social complex that contributes to development of institutions, but have not fully developed techniques for coping with the problems. For the most part, training abroad is still largely in technical fields and this training is becoming more and more highly specialized. Technical advisors sent overseas are usually well equipped in their technical phases of education, agriculture, economic planning or what you will. Some of them seem to recognize intuitively the elements of institution building and to advise on measures to build them up. Some highly successful examples of institution building are described later in this work. For the most part, however, institution building is a haphazard activity in which only limited progress has been made. By giving attention to the principal elements of institution building, as discussed in greater detail in Chapter V, the process can be speeded and much more solid institutions can be created with fewer failures along the way.

5. The Networks of Institutions

For a variety of reasons, particularly limited human and financial resources, the pattern in many countries is to strive to build up a few modern institutions, usually with little relationship one to another.

This is based in large measure on the "island of development" concept.[7] Under this concept we build where conditions are favorable and thus we may have a strong central bank, a pretty good agricultural extension service, a fair budget office and a good College of Education. These institutions are valuable, but they are not nearly as valuable as they would be as part of a network of reinforcing institutions.

These networks are of three types -- within a technical field, across technical lines, and supportive and control institutions.

Agriculture is illustrative of the network of institutions within a technical field. An extension service cannot be fully effective without at least adaptive research so that the extension agency can assure the farmer that the new variety of seed or the new fertilizer has really worked under local conditions. In turn, the extension service can be adequately staffed only if there is some type of facility that produces prospective agents. No matter how sound the advice from the extension service, however, there is little prospect for increased production unless the farmer has some reasonable facilities to market his product and institutions to provide credit during the production and marketing stages.

Illustrative of networks across technical fields, agriculture will soon reach its maximum limits if most of the farmers are illiterate.[8] To meet this problem there is a need, at least, for adequate elementary schools in the rural areas. This, of course, means that the educational system must allocate resources in the rural areas, provide teacher-training facilities, and generally see that the schools are of the type that will encourage the farmers to keep their children in school.

Illustrative of the supportive institutions, neither the activities in agriculture nor in education can be fully effective without money and this means effective institutions for collecting revenues and allocating resources

These simplified examples are illustrative of the networks of institutions required for development. As I shall develop later, the necessary elements of the networks can be identified, and through careful strategy and tactics, institutional and development needs can be met more soundly and more rapidly than at the present time.

III.

A proper mix of local concern, leadership, skills and resources and a timely input of the right kind of outside assistance should contribute to sounder and, hopefully, somewhat more rapid development. At best, however, the process will be slow because of the complex of institutions required, the attitudes that must be changed, the new skills needed, and the resistances to change that will be encountered.

One element often causing great concern to foreign technicians and their eager, young counterparts (sometimes counterparts are not young, eager, or interested in change) is that even reform-minded governments do not show uniform commitment to all development efforts. The fact remains, however, that groups in power will seek development goals to the extent that achievement of those aims does not jeopardize their staying in power. Thus, efforts to improve tax collections may be supported, in some countries, up to a point where there are administrative improvements but not to a point where the taxes, badly needed for development, bite too deeply into the supporters of the government. A substantial improvement

in education may be supported up to the point, for instance, where the children of the poor, in fact, have opportunity to compete on an equal basis with the children whose fathers are economically and politically powerful. Hence, one result of development efforts is to do those things that tend to keep the elites in power. At the same time these efforts are not wasted because they establish new plateaus from which efforts at further reforms can be launched.

Development efforts will be slowed, too, because of the need to build institutions that will eventually serve to improve the lives of the people. It may be necessary, for instance, to establish teacher-training institutions which, in five to 15 years, will have substantial effect on the quality of teaching. It may be necessary to spend five years improving the government's budget and accounting systems in order to provide the tools for greater economy and efficiency in government. Though the time lag is recognized in planning and building dams and roads which will eventually serve the people, demands for quick results are routine in the area of socio-economic-political development. This impatience can be disastrous in long-term efforts dependent on public support. As institutions taking years to establish are essential to development, ways must be found to make them of service during the building stage in order to command the kind of support that will make it possible to get on with the long-term job.

The third group is composed of those institutions that help directly in bringing a better life to the people. Many of the same elements apply

here, too, but even deeper changes may be needed in attitudes of the employees and management. In most developing countries, for example, the educated men and women in government have had little contact with the people except in a regulatory or control capacity; the concept of public service will take longer to develop than the formal organizational structure. Similarly, teaching designed to bring about a change in the system whereby much larger portions of the children complete primary and secondary schooling will require as deep-seated changes among the educators as in the system itself. Nevertheless the goal of institution building and development is a better life for the people. The changes can be made toward that objective.

Notes on Chapter I

1 The Charter of Punta del Este, Agency for International Development, Washington, D. C., page 1, Declaration of the Peoples of America ". . . the representatives of the American Republics hereby agree to establish an Alliance for Progress: a vast effort to bring a better life to all the people of the continent." See also page 4, Preamble to Charter ". . . a common effort to bring our people accelerated economic progress and broader social justice within the framework of personal dignity and personal liberty." Development Planning: Essentials of Economic Policy, W. Arthur Lewis, p. 89, Harper and Row, New York, 1966.

2 For somewhat parallel definitions, see Esman, Milton J., Institution Building in National Development: A Research Note, International Development Review, Vol. IV, No. 4, December 1962; Esman, Milton J. and Blaise, Hans C., Institutional Development Research - The Guiding Concept, University of Pittsburgh, February 1966; Esman, Milton J. and Bruhns, Fred C., Institution Building in National Development: An Approach to Induced Change in Transitional Societies, University of Pittsburgh, 1965. The broader definitions used by the sociologists do not lend themselves to application by the practitioner who needs an organizational base from which to strive for changes in society.

3 Waterson, Albert, Development Planning: Lessons of Experience, Johns Hopkins Press, Baltimore, 1965, among others, pp. 68, 286, 335; Development Assistance efforts and Policies, 1965 Review Development Assistance Committee OECD September 1965, p. 95; Lewis, op. cit., p. 21.

4 Gross, Bertram M., Activating National Plans, Prepared for Presentation to the Comparative Administration Group Research Seminar, Minnowbrook Conference Center, July 1964 (mimeo).

5 Hirschman, Albert O., Journeys Toward Progress, Twentieth Century Fund, New York, 1963, Chapter 2 "Land Use and Land Reform in Colombia."

6 Hagen, Everett E., "A Framework for Analyzing Economic and Political Change," p. 15, in Development of the Emerging Countries - An Agenda for Research, Robert E. Asher, Brookings Institution, 1962.

7 Thurber, Clarence, Islands of Development: A Political and Social Approach to Development Administration in Latin America, Comparative Administration Group, American Society for Public Administration, Bloomington, Indiana, 1966.

8 Schultz, Theodore W., Investment in Human Capital, The American Economic Review, Vol. LI, March 1961, No. 1.

CHAPTER II

THE ROLE OF INSTITUTIONS

I.

Economic growth, social development, nation-building do not "just happen." They are the product of a complex of economic, social, political, and cultural forces. The strengths and weaknesses of a variety of institutions, however, influence the directions in which the countries move toward development, the pace of progress, and the actual achievements. This chapter will discuss some of the functional shortcomings common to many countries, show how institutions in various sectors can respond to these problems, and set the stage for later discussion of advanced planning leading to strengthening of key activities.

II.

Effective institutions must be responsive to program and sectoral needs in the setting of cultural, economic, social, and political conditions in the country. They must go beyond the meeting of today's needs through policies, operations and training. They must seek to get the new methods, practices and values ingrained in the society and at the same time be in the forefront of further needed reforms. Within this framework, they must help to meet certain functional deficiencies which cut across program and sectoral lines. Thus, when a number of institutions attack these common shortcomings, there may be the beginnings of a significant effort to alter the environment as well as the institutions.

1. Fiscal and Finance

Government Revenues - Few countries raise revenues adequate to finance regular governmental operations and public investment for development. Lewis maintains that: "The quantity and quality of Government activity which underdeveloped countries now demand for themselves cannot be provided (taking central and local Governments together) for less than 20 percent of GDP, even when defense and debt charges are excluded. Recurrent expenditures on general economic administration takes, say, 6 percent, education 3 percent, health 2 percent, welfare services 2 percent, capital expenditures on public works (including roads, schools and hospitals) 3 percent, and at least 4 percent is required for capital expenditure either by enterprises in the public sector (water, transport, ports, housing, etc.) or by the Government's financial corporations which lend to the private sector (industrial bank, agricultural credit or mortgage finance). . . . Its total need for revenue is not likely to fall below 17 percent, excluding defense and debt charges."[1] In summary, without adequate revenues effective public services are impossible and strong institutions cannot be established.

To come close to these goals, most developing countries need to reconsider their tax structures and tax policies. Many Latin American

countries, for example, would have to make substantial changes in taxes on real property which now produce only one or two percent of tax revenues. Changes of this type, of course, mean in many countries, that the wealthy and powerful would be required to pay heavily increased taxes and many in the emerging middle class would be taxed for the first time. How well any taxpayer responds is conditioned in part by enforcement machinery but in part by his appraisal of the appropriateness and quality of the public services that he buys with his tax dollar.

In many countries there is a need for a major overhaul of administration as a source of substantial increase in revenues and to introduce greater equity into the system. In many countries, for example, huge sums are lost through "slippage" through the customs service. Corrective action is comparatively simple provided there is a political determination to change and enforce the system.

Changes of this nature go deeper than adjustments in the law and administration. They involve issues of social status, relations of upper and low class citizens and their government, and in some countries possible changes in political balance.

Allocation of Resources - Systems for allocation of resources among and within agencies generally need substantial modernization to become effective tools for use in deciding the best use of public funds and in determining the courses of action required for implementing development planning.[2] Of most immediate concern, resource allocation becomes a critical device for determining priorities in the use of scarce resources, human as well as financial, and in avoiding the proliferation of agencies the country cannot support.

In many countries there is a need for greater flexibility in use of funds as the development agencies cannot go running to the President or legislature or AID every time it needs money for some unanticipated expenditure. At the other end of the spectrum, in some countries huge sums are earmarked for government corporations and public enterprises outside the budget system and outside of effective legislative and executive control. In Ecuador a few years ago, for instance, less than 40 percent of the revenues were subject to executive control.

Again the issues are not purely procedural and technical. Often they involve the question of who is running the government and for whom.

Accounting and Auditing - Parallel to the improvement of budgeting is the need for improving the accounting systems both centrally and for particular ministries, and the modernization of auditing. (Pre-audit and post-audit by a central agency often create bottlenecks which virtually precludes administrative flexibility and the rapid action often required for development.) Often while rigid control is exercised over the ministries, the public enterprises are left entirely to their own devices.

Banking and Credit - For the private sector to play its proper role, a complex of public and private financial institutions is required to provide banking, credit and related services of a commercial and developmental character. New activities and geographic areas will require new directions and new emphasis in banking and credit. Devices must be developed to spread participation in economic activity, as for example, credit unions which are helping capital formation among the middle class and the poor

and savings and loan organizations which have made it possible for their members to obtain home financing never previously available.

To approach these problems as essentially technical in nature is to overlook the fact that they have a potential for changing the position of those now in control of the economy.

2. Analysis and Research

Few countries have set out on an adequate scale to increase their capacity for fact finding, analysis and research on their own problems. Statistics commonly are incomplete, late, unreliable and conflicting.[3] A beginning has been made, through planning agencies, in increasing the capacity to analyze macro-economic problems, but almost all countries have a long way to go in analysis of the economic problems of the various sectors. Limited as the progress has been in economics, it has been rapid, indeed, compared with the meager attention given to increasing analytical capacity in such areas as the social and cultural obstacles to development, education and manpower, public administration, and the political process. Inter-disciplinary approaches, essential to analysis and solution of a great many problems, are virtually unknown in the developing countries.

Progress in strengthening this function will involve introduction of techniques, training, and allocation of additional resources. Even more difficult are three non-technical tasks: first, convincing responsible leaders that objective analysis will help them solve problems; second, getting them to exercise leadership in establishing and supporting

institutions or components equipped to undertake program-related research and analysis; third, and the most difficult and important, introducing a problem-solving approach which recognizes the interplay of technical, political, and administrative elements as a way of life in developing countries.

3. Operations and Administration

Almost universally programs break down at the operational level. Few countries have developed adequate administrative capacity to plan a program, put it into operation, follow up to iron out the bugs, and change it when necessary, and keep it running smoothly. As the USAID Director in Bolivia, Irving G. Tragen, has commented: "The heart of the process of change and modernization is the ability to transform blueprints into action." Among the many contributing causes has been a continued centralization which discourages or prevents the man on the scene from taking corrective action or in reporting with complete candor to the man in the capital city who makes the decision but lacks a real grasp of field problems. At the same time countries, loath to decentralize, have been slow in setting up patterns of coordination at the top for resolving differences among ministries with regard to policies and operations of importance to development.

In many countries the personnel systems contribute to lack of responsiveness to development needs. In some areas the bureaucracy becomes the safe-haven for the intellectuals who, having achieved status through education, are not concerned with or prepared to cope with the

problems of their countrymen. In others, government employment is often the reward for the politically favored who, without training and responsibility, shrug off development needs. In most countries it is the better educated city dwellers who staff the government with little understanding or ability to communicate with the masses of impoverished country folk and the city poor. Despite the critical importance of personnel, scarcely a country or individual agency has attempted to define its needs and set up a system to meet them. Where conditions are favorable the right kind of personnel can be attracted. Where they do not exist they can be developed and retained in a sound system.

Particularly in institutions undertaking important development tasks, training designed to teach employees how to do particular jobs becomes of critical importance as well as training in new approaches to planning, coordination, and new orientation to service to the public. Above all and at all levels, in most countries there is a need, through formal and informal training, to imbue the staff with nontraditional attitudes and to give the organization the dynamism required to keep up with the ever-changing needs of development.

The staff of an organization cannot for long remain significantly better than the general and specialized education received before employment. Training abroad will help fill important gaps but only for the very few. The aim, then, should be the improvement of education and training to meet future needs. This will require work with the educational system to encourage, when necessary, changes in curriculum, course content,

and teaching methods, and in some instances, selection of personnel, to give reasonable assurances of an adequate supply of young men and women with the breadth of knowledge as well as the technical skills required.

Many of the problems within government are due to lack of outside pressures. Civic and pressure groups demanding quality services and improved attitudes are almost unknown in developing countries. When a country is fortunate enough to have the dynamic political leadership indispensable to efforts for substantial progress, the usual focus is on broad issues. Rarely is there adequate attention to the internal operations of government. Few of the reform administrations concerned with modernization of government are in power long enough to bring about the long unglamourous changes in attitudes, techniques, structure and practices required to provide the public services needed for development. Yet it is the operating detail that reaches the man on the street or on the farm that makes for visible development.

4. Policies and Programs

Contemporary practice places great emphasis on influencing the course of development through governmental policies and programs providing incentives and disincentives for various types of private initiative. Price ceilings, for example, may be raised or lowered on certain commodities, tax policies may be used to force owners to use or sell idle lands, interest rates may be raised or lowered for loans for certain purposes. Governmental programs, too, are influenced by similar devices, for example,

foreign funds may be sought for dams in a particular part of the country, but not in others; government funds will be increased for education but reduced for housing, or vice versa.

Most countries rely on a handful of able young men technically trained abroad who work with foreign consultants who often do the analytical work for them. It is unusual that a country has developed the men and women and the structure to assume continuity in high quality analysis and policy recommendation at a central point and for the different sectors. Perhaps more serious, the countries and assistance agencies have not shown an awareness that policy formulation is not just a high level technical function but requires the broad judgment to balance technical, administrative, and political considerations.

Few countries have established and adequately supported the data systems which are basic to meaningful analysis. At the other end of this spectrum, few countries have given attention to the adjustments in the political system to give reasonable assurance of sound decision-making in a fair proportion of cases.

5. Involvement of the People

It is widely recognized that development cannot be handed down from on high like the Ten Commandments. It comes about, in the main, from unleashing the interests and energies and resources of the people.[4] And yet plans, programs and projects are usually the product of technicians, domestic and foreign, who are primarily concerned with their technical adequacy. Where the plans win the support of political leaders, there is

a tendency to push them through as quickly as possible with a minimum of controversy, and therefore, of consideration by the groups most directly affected. As a result, top level backing often melts away when it is found, as the program proceeds, that the opponents of change are stronger than the supporters.

Obviously, there will be wide variations in the nature and extent of popular involvement in the development and implementation of the plans. Nevertheless, attention needs to be focused on discussions of the plans themselves, public concern for major projects with long-term financial commitments, use of publicity to promote "voluntary compliance," organization of groups to push development efforts and to educate prospective participants, finding or establishing associations that can participate, and where feasible, designing programs so that local participation is required and leads to broader economic, social, and political participation.

6. Administration of Justice

In their different ways, almost all developing countries have a dual system, in practice, for the administration of justice, within the bureaucracy and within the legal systems -- one for the elite and politically favored, the other for the masses.

Often the administrative processes are cumbersome and unwieldy and the red tape is cut for those with influence or those who can afford a bribe and/or the hiring of an expeditor. Decision-making is usually centralized and access to the decision makers is reserved for those of influence

or those of infinite patience and time to wait. Public services are reasonably adequate for the elites and non existant or inadequate for the vast majority, especially outside metropolitan areas.

Laws are drafted by the elite, sometimes by experts furnished by the groups expected to be regulated, and enacted by legislative bodies representative of the same groups. Legal systems are largely still designed for the equilibrium of a pre-development era, for example, heavy stress on the details of law and order, specification of the minutiae of government procedures thus precluding administrative discretion, dominance of the rights of the land owners or the oligarchy. In many areas laws are the focus of intense political and intellectual activity but no one expects them to be applied.

The courts in many cases also apply a double standard, the tenant, for example, has little chance against the landlord, the worker against employer. In large areas laws are uncodified, and the administration of justice may be a matter of the skill of the lawyers and someone's memory of the laws that are on the books. In some countries, the courts operate on the highest professional plane, but in others the courts are subordinated to the political group in power. In most countries the legal system is entangled in formalism and long delays and the courts are not the means for settlement of disputes in an equitable manner.

Though lawyers play a highly important role, little attention has been given to the content and methods of legal training in relation to the needs of development. In many countries there are no requirements for, and inadequate facilities to provide lawyers with an understanding of the

theory and operation of the economic, social and political system. Little attention is given to the creative role of the legal system and legal processes in development. The emphasis is primarily on formalism with little attention to the importance and techniques of solving the problems of development.

7. Private Sector

Though almost all developing countries appreciate the need for strenghtening private initiative, these efforts tend to fall short of their mark because of three common problems and a fourth in many countries. (As used in this context, private sector includes agriculture as well as commerce and industry and any other activities where private initiative and return on investment are of importance.) These problems arise from the fact that by and large most developing countries have been primarily agricultural, and the bulk of that subsistence, with a small select market in the cities for quality produce, with agricultural and extractive products for export as keys to foreign exchange. The laws and systems often still reflect this type of economy and social structure, while migration to the cities, growth of manufacturing, and changes in exports are creating new economic patterns and newly emerging power groups to compete with the dominance of traditional agricultural leaders.

Direct Needs - Most countries lack adequate facilities for long-term and short-term credit at reasonable rates, especially in rural areas. Except where development banks have been established, new ventures of the

type needed for economic growth, often find capital difficult to obtain. Storage and marketing facilities are inadequate. Government regulation is commonly unrealistic and open to corruption. Many countries lack a climate for investment, domestic or foreign. At the same time many business men are loath to make long-term investments and seek full return on investment in a year or two.

Indirect Factors - Often indirect factors can be a great detriment to activity in the private sector, e.g., politically motivated speeches that threaten expropriation; inflation; introduction of more or less confiscatory land reform legislation while pressing large landowners to increase their investment in improving the land; the need for a payoff to get timely government action; as a revenue raising measure, adding a cent to the tariff on a bag of cement while attempting to encourage local housing at lower costs; a ceiling on interest rates so low that money is not available. The list could be endless.

Another group of common indirect factors grows out of the lack or inadequacy of governmental services -- inadequate or delayed statistics limit their usefulness in planning; lack of government operated or inspected health facilities such as slaughter houses and dairies and water supplies; unreliable supply of electric power; long delays in payment for government purchases; social security and other taxes which, when enforced, place an undue burden on business and provide inadequate returns to beneficiaries. Again the list could be endless.

Training - Because of their transitional state, few countries have adequate facilities for training in the attitudes, techniques and skills required for an active private sector. The problem tends to range from training of top leadership, to technicians, supporting personnel, stenographers, and clerks and skilled and semi-skilled labor. Where pre-employment training is inadequate few firms have made much progress in on-the-job and other types of inservice training. On the broader front there is a serious question of how much progress can be made in modern agriculture or business in a country where the vast majority of the people are uneducated and illiterate.

Minority Groups - In some countries, business is largely in the domain of minority groups who are considered "foreign" even though they may have lived in the country for several generations -- the Chinese in many parts of the Orient, the Indians in parts of Africa, the "Turcos" or "Polacos" in parts of Latin America, for example. Often suspected of sharp practices and huge profits, governments often use restrictive measures which raise even further barriers between them and the people and further discourage the so-called respectable people from business activity. At the same time these minority groups have often developed new industries and introduced methods of the type required for development.

8. Education and Training

Higher education in most developing countries is still adapted to an earlier society in which the elite were educated, and the vast majority

remained uneducated. In some areas, as in Latin America, the demand for higher education as a pass to society mobility has contributed to low academic standards. The nature of the education in many countries still puts heavy emphasis on literature and cultural subjects with economics and engineering approached largely from theory.[5] Comparatively little attention is given in many countries to the newer theoretical and applied fields required for development. Training of supporting personnel -- laboratory technicians, draftsmen, dental technicians -- is almost unknown. As a result the ratio of supporting personnel to engineers is about 1 to 1 instead of 9 to 1 as in the more advanced countries.

Secondary education is still largely designed for entry to the universities without recognition of the fact that for many years only handfuls will go on to universities and the developing countries need millions and millions with secondary education. Little attention is given to the fact that for many years secondary education will be terminal education for the bulk of the future leaders as it was for generations in the United States.

At the elementary level huge numbers never attend school or drop out before the fourth grade with resulting functional illiteracy. Serious as the problem is in the cities it is far worse in most rural areas where little progress is being made in developing a literate farm population

In the area of training for techniques and skills required for development, few countries have made much progress in or outside the school system or in private industry with the exception of some foreign firms

that have recognized the need for training. At the same time every manpower study indicates that unless steps are taken to meet the manpower gaps development will be retarded.[5]

9. Population

Many countries, especially in Latin America and Asia, are confronted with rates of population growth that make significant economic growth virtually impossible. The Charter of Punta del Este set a goal of an economic growth rate of 2-1/2 percent per annum. In countries with a 3 percent growth in population, the goal requires a 5-1/2 percent increase in Gross National Product a rate few countries have achieved or sustained over a period of years.[6] Recognizing religious and cultural problems, and the difficulties of communication, especially with the rural poor, population growth, unless curbed, is likely to offset the most intensive measures for development.

III.

The significance of the foregoing overview of functional problems is clear: First, the problems cannot be solved by individuals but must be met, in a large measure, through strengthening institutional capacity. Second, all cannot be undertaken at once but priorities must be established to make maximum use of limited resources of the developing countries and foreign assistance agencies. Third, in almost every area, the technical aspect must be blended with the administrative, social and political if the changes are to be effected and become institutionalized.

High on the list of elements needing attention is the strengthening of institutional capacity for analysis of country problems. This will include improved fact-finding, analysis, and interpretation of the facts, and development of ways of solving the problems. It will involve finding improved ways to bring the solutions to attention so that action will result.

Equally important is strengthened capacity to develop plans, policies, programs and projects that are not only technically sound but administratively and politically feasible and designed to bring about the social and economic changes required. Closely related is the allocation of resources to make the planning meaningful.

A third category involves the converting of plans into operations. This includes getting operating funds, setting up the organization and procedures, and making them work so that the maximum number of people participate in the development process.

Still another involves the education and training of various groups affected by the development process. The staff of the development organization must be trained in techniques, skills, new attitudes, new motivations. (Not the least part of this aspect is the training through work with foreign nationals.) Leaders are in need of a type of training to ease acceptance of new principles and practices, clients to encourage application of the new practices and techniques, traditionalists to "peel off" those least opposed to change, and the general public and the political leaders to support the program.

A fifth element requires continued efforts to develop capacity to expand the areas for innovation and the introduction of further reforms because the countries and foreign assistance agencies must be equally concerned with setting the development process in motion and keeping it moving.

IV.

This section will highlight some of the major institutional needs in economics and public finance, agriculture, human resources, and public administration. The purpose is to suggest an approach to identification of institutional needs and indicate a little of the complex interplay of the networks of institutions required for development. This discussion should provide a basis for more effective country planning for institutional development.

1. Economic Development

Though some development economists are concerned primarily with mathematical models, many are giving increasing attention to the importance of various types of institutions, e.g., Rostow, Schultz, Lewis, Hirschman, to name just a few.

As mentioned earlier, institutions for analysis of fiscal and monetary problems and practices, formulation of policies to keep the country on a sound course, and machinery to see that the policies are put into effect, are imperatives in every country. Economic planning at the national and sector levels is of growing importance, but these

institutions cannot operate in a vacuum. Planning, for instance, cannot be particularly effective unless related to the budget system so that priorities are established and implemented and government investments are made in some relationship to the plans. Similarly, plans to curb inflation will be to little avail if governments shelve the plans and turn on the presses to print more money whenever they are short of funds.

The banking system including the Central Bank, the commercial banks, and development banks are also part of the networks of essential institutions for development. The existence of the institutions, of course, will not necessarily advance development; their programs and policies must be adapted to the changing needs. Thus the cautious practices of commercial banks, which may be appropriate for service to large landowners and exporters, may be ill-suited to lending to small, individual citizens, especially in rural areas, and for lending to encourage the newer, more risky new business activities essential for development.

Another set of institutions commonly needed affect and control the growth of the private sector. These include agencies for the formulation of public policies to encourage certain types of industrial and commercial activity and the prohibition, licensing, or regulation of various matters in the public interest. Many countries need improved service to business in such areas as the postal system, issuance of patents and trademarks, improved port facilities and the promotion of tourism. To assure that adequate attention is given to these matters in a changing society, there may well be need for various types of private associations to represent the interests of commerce, industry, banking or other interest groups.

Another area of almost universal need is for systems of statistics that will provide the grist for the mills of the economists and statisticians, and the benchmarks to measure progress or the lack of it. The needs run the gamut from the national income accounts, through data on population, housing, industry, agriculture, education, health, and almost every facet of development. Organizations are required for defining the priority needs within the mass of data required, the technical problems of conceptualizing and definition, the major administrative job of collection and tabulation and the mundane problems of getting the money to finance these important and often costly activities.

Taxation, obviously, has an important effect on the economic life of the country. Most countries collect far less than they require for development, often the tax systems are regressive, the tax devices unsuited and often counter-productive to development. In many parts of the world, the methods of administration, regardless of how laws are written, result in an inequitable tax systems. Nevertheless, sound tax systems are needed everywhere, properly administered and with enough stability so that individuals and business enterprises can plan ahead.

Again, most countries require modernized agencies to provide credit to the exporters, the commercial farmers, and those at the barely-above-subsistence level. Credit is not enough, of course, and institutions for marketing and storage are required as well as a structure to get information on new methods and technology to the farmers.

Many countries need to strengthen capacity for the teaching and promotion of understanding of economics to reach the enlarging group of citizens,

in and out of the power structure, whose decisions and practices will influence the economic course of the nation.

In summary: These seven problem areas need attention in most countries and can provide a point of departure for more in-depth analysis and determination of priorities within individual countries.

2. Agriculture and Rural Development[7]

Many countries have made industrialization their main goal. There is growing recognition, however, that major changes in agriculture must be made a high priority in the development efforts of transitional societies.[8] There seems to be fairly common agreement on the types of economic activity required but less agreement, especially in the developing countries, on the need for fundamental changes in the structures of rural societies.

Development of agriculture requires the establishment of public policies which will encourage (provide incentives) some actions such as planting of new crops, use of fertilizers and improved tools, and will discourage (disincentives) other efforts considered less desirable. Development of sound policies should be based upon proper analysis and planning, but the plans will be but dreams unless there are spokesmen within the power structure who can see that the policies are adopted and put into effect. By way of illustration, these policies may range from long range measures such as improvement of rural schools to immediate problems like the reduction of tariffs on imports of fertilizer and farm equipment; establishment of an extension service to subsidized prices for rice and beans; rebuilding range land through natural forces to encouragement of cooperatively owned storage facilities.

Organizations are required to establish systems, procedures and techniques by which policies are enforced or put into operation through government or private initiative. Development also requires devices to provide incentives to encourage private endeavor and to keep it in some reasonable balance in order to protect the public interest. These activities usually have their focus in ministries of agriculture. It is perhaps significant that, in areas like Latin America which have given priority to industrialization, agricultural ministries have been among the weaker cabinet departments; some of the activities have been performed by autonomous agencies, largely independent of the government and some have received only casual or spur-of-the-moment attention.

Another important institutional role relates to the production of new inputs at prices farmers can afford and which will result in sizeable and fairly immediate increases in income to the farmers.[9] Inputs such as fertilizers, new types of seeds, tools, and techniques involve changes from traditional practices and the opportunities must make the risk worthwhile at least to the more venturesome. Schultz argues persuasively that best results in this area are likely to come through private initiative. Again, however, I refer to the importance of public policies. Private enterprise can perform effectively only with stability, reasonable incentives, some degree of competition and/or control, and a fair degree of freedom from needless bureaucratic requirements.

The availability of the new inputs will not increase production unless the farmers know about them and know how to use them. This, again, suggests another institutional role in getting information to the farmer,

a role that might appropriately be shared by government, universities, and private endeavor. Knowledge of how to use these inputs points up the need for training which, to achieve best results, needs at least a minimal educational base.

Availability of the inputs and information about them will be to little purpose unless there are mechanisms that will make it possible for the farmers to obtain credit at rates that give reasonable assurance of a good return for the trouble and risk of innovation. Again the institutional circle breaks down unless there are ways for the farmer to store, distribute and market his produce in a fair and reasonable manner.

The complex of activities and institutions discussed above can materially increase agricultural production. In many countries, however, the growing gap between population growth and food production can be closed only by more fundamental changes in the social structure of rural society. As long as 95 percent of the rural people are peasants without hope, dignity or status, without schooling, without a political voice, farming little patches for absentee landowners or living in serfdom, the incentives and rewards will have little effect. On the other hand, the fundamental social changes in Taiwan, coupled with the institutional changes discussed above have brought about major increases in production. (See Part II, Chapter VIII.)

With these kinds of changes farmers want things, now within their reach, enough to change their traditional practices -- a transistor radio, a sewing machine, medical treatment for a member of the family, shoes or clothing, better education and economic opportunity for their children,

greater participation in society, and the like. A whole array of public, private and educational institutions will be involved in bringing these incentive goods and services to the farmers.

3. Human Resources

The development of the human resources of a country must be built around the educational system but must encompass needs which can be met only outside the formal educational system.

At the core of the institutional needs is the newly emerging field of manpower or human resources planning[10] which must be related to the overall plans for economic development. There must be a responsiveness to tomorrow's needs, but because of the long time it takes to educate and train men and women, there must be a projection of needs 10-20-30 years in the future. Put in the simplest terms, this means a judgment of types and numbers of engineers, agriculturists, doctors, lawyers, that will be needed by certain dates; numbers and types of supporting personnel such as nurses, laboratory technicians, draftsmen; numbers and types of skilled and semiskilled labor. It is then possible to determine how best to develop the needed skills and at what cost. As a part of this process, due weight has to be given to the values of education in rational thinking and in the preservation of the best of cultures and to the means of changing traditional attitudes, habits, and work patterns that may be necessary to achieve development goals.

Again, as in the case of agriculture, there is a major institutional role in the formulation of public policy and a perhaps even greater role

for convincing spokesmen within the inner circles of political leadership, because so much of the costs of education must come from the public treasury. Policy in this field is the bridge between needs and public funds. Policy will determine whether only the elite get education or whether the base is broadened, whether education is essentially literacy or designed to meet broader needs, whether there is provision for skill and terminal education, how much of the effort is to go into urban and into rural areas, etc. Even where formal education receives a fair share of the budget, in some countries this may mean only half the money required because tax collections are so inadequate. Thus, meaningful advocacy of improvement in education may necessitate support of improved tax measures.

Policies are not self-implementing in this field and institutions are needed for primary, secondary, and higher education and vocational training as well as for teacher training, including refresher training.

The whole job of human resource development, obviously, cannot be done by government. Industry has been increasingly recognized as a more effective means of vocational training, in many fields, than the public schools. Churches play an important part in character building as well as in formal education. Local equivalents of the Boy Scouts and Girl Scouts broaden knowledge and skills and can play an important part in developing leadership and group participation.

Organizations like credit unions, cooperatives, and trade unions also are important, over and above their substantive purposes, in providing opportunities for group decision-making and experience in leadership, both essential for socio-economic development and nation-building.

Particular attention needs to be given to education and training abroad. A certain amount of this type of training is essential for development: it introduces new ideas; requires new ways of thinking; provides an understanding of new technologies; develops patterns of individual responsibility and initiative. On the other hand, it frequently equips students with technology that may not be relevant; it sometimes makes them misfits in their own societies; it sometimes leads to desire to live and work in the more advanced country. Some countries, Colombia, for example, are making efforts to fit training abroad into their overall manpower needs. Loans are available for qualified students prepared to equip themselves to work in activities critical to development. Other countries too have found it desirable to coordinate costly training abroad rather than leave it to individual initiative and those whose families can afford to pay.[11]

4. Public Administration

There is an almost universal need for institutions to make government more effective in meeting the problems of development. To highlight one type of approach to identification of country problems, I shall sketch three areas often requiring attention.

The first group relates to improvements from within the Public Service. These include the coordination of public policy so that measures in education, for example, reenforce current and projected activities in industry and agriculture; tax measures not only raise revenues but discourage undue investment in luxury housing in the capital city.

Included in the internal group are efforts with respect to planning and allocation of resources which may well include attention to the efficiency and effectiveness of the public service. In this same category, it may be appropriate to include attention to governmental logistical matters which can be of concern to the efficiency of government and a major economic factor, particularly in smaller countries where government is far and away the largest industry.

Personnel administration requires particular attention in an effort to obtain the type of staffing needed for development, to keep employees efficient and effective and responsive to development needs. Directly relevant is the need to train employees to develop and improve their skills and often to overcome current limitations of the educational system.

Over all, this category includes concern for ever-improving direction, management, organization, and operations of the government.

The second group may be considered as governmental improvement from outside the government. A variety of institutions have been set up for preservice and advanced training sometimes combined with research and publication on problems of government, administration, or public affairs. Such institutions have potential to serve government when called upon, and at the same time, by their objective, professional approach may be able to stimulate improvements from the outside that the bureaucracy would not undertake itself. In some places they offer a haven to retain in professional activities within the country those who would otherwise leave for the lures of the more advanced countries.

The third institutional role is also outside government. Bureaucracy in advanced, as well as developing, countries, tends to become self-protective and defensive. It needs the stimulus of outside criticism and comment, demands for change, opposition. In the absence of civic and political institutions that can serve as effective critics, it will be difficult to get and keep bureaucracy responsive to the dynamics of development. This third category, which can be combined with two above or with the political system, is virtually unknown in the developing nations.

V.

The foregoing discussion is indicative of the variety of institutional needs for development. It has described institutional needs that cut across almost all sectors. It has shown that there must be an interrelationship among the complex of institutions in a particular sector, agriculture for instance, and further, that there must be an inter-play with institutions in other sectors. Thus effective agricultural production needs a complex of agricultural institutions but it needs a fiscal system that raises adequate taxes and allocates a necessary share of those revenues to agriculture. It needs an educational system that begins to expose farm children to the knowledge, experience and new ideas beyond the next village. It needs an urban marketing system that gives the farmers a fair return. The goals of development can be achieved in some instances, however, only through deep-seated changes in the social structure.

In development and in technical assistance we start wherever it is easiest and most appropriate. In our day-to-day activities we work with

single institutions. We tend to put into the back of our minds our concern for inter-connected networks of institutions. This is short-sighted. Areas of social change and institutional needs can be identified long in advance of the establishment of the institutions. By various means taken over periods of years, if necessary, the base for the necessary institutional changes can be established and the process of development materially improved and speeded. This idea will be developed further in subsequent chapters.

Notes on Chapter II

1 Lewis op. cit., p. 115.

2 Modernizing Government Budget Administration prepared by Public Administration Service, Chicago, for Agency for International Development. Also, Waterson op. cit., p. 244.

3 Final Report - Fourth Inter American Statistical Conference, Washington, D. C., November 5, 16, 1962, Pan American Union, Washington, D. C., 1963, especially Appendix I, pp. 31-63, "Factors Affecting the Statistical Development of America" prepared by the General Secretariat of the Inter American Statistical Institute.

4 Report on the World Situation: Summary and Conclusions. UN Economic and Social Council, Social Commission, 17th Session E/Cn.5/402/ Add 2, 12 April '66, p. 3, "A major obstacle to development efforts and planning has been the failure to involve the population at large in a nationwide process of change and development."

5 Harbison, Frederick and Myers, Charles A., Education, Manpower and Economic Growth, McGraw-Hill, 1964. Ashby, Eric, African Universities and Western Tradition, Harvard University Press, 1964, p. 38.

6 Charter of Punta del Este, op. cit. See also OECD DAC report op. cit., pp. 18-20. DAC reports that preliminary studies show no appreciable improvement in the rate of growth in the past 15 years. Overall figures for all the less developed countries show 1950/55, 4.9 percent; 1955/60, 4.8 percent and 1960/64, 5.0 percent. With many countries having a population growth of 2 percent - 4 percent, progress is not rapid. On the other hand, 11 countries had a rate of growth of 7 percent or more in 1960/64. (Greece, Spain, Yugoslavia; El Salvador, Nicaragua, Panama, Peru; Israel, Jordan, Syria; Taiwan.)

7 Long, Erven J., "Institutional Factors Limiting Progress in the Less Developed Countries" in Agricultural Sciences for the Developing Countries, Albert H. Moseman ed. American Association for Advancement of Science, 1964. Long presents the institutional impediments in three groups -- those which inhibit the play of incentives, which inhibit the development of the capabilities of Rural People, and which inhibit the development and utilization of science and technology.

8 Schultz, Theodore W. Economic Crisis in World Agriculture. University of Michigan Press, 1965.

9 Schultz, op. cit., p. 60. Hagen, op. cit., p. 11.

10 Harbison and Myers, op. cit.

11 Foreign Students in the United States: A National Survey. Report from U. S. Advisory Commission on International Educational and Cultural Affairs, Department of State. Also, An Evaluation Study: The Indian Participant Training Program, USAID New Delhi (undated).

CHAPTER III

IMMEDIATE ACTIONS - FRAMEWORK FOR DECISIONS

I.

With or without formal Economic Plans, development moves along its uneven course, sometimes forward, sometimes backward, on thousands of daily actions. Some of these actions may affect major courses of events; most of them are much more pedestrian. Almost all involve a mix of technology with a heavier input of economic, social, political and administrative considerations. This chapter will sketch a framework for these decisions which seem to have relevance in most of the developing countries, despite the wide variations among them.

Rather than approach the problem directly, the various aspects of the framework for decisions will be clearer when analyzed primarily from the point of view of technical assistance. This device will bring out some of the elements that must be considered by local leaders in making <u>their</u> decisions. In turn, it will point up the inadequacy of the term "technical" assistance, by indicating some of the "non-technical" factors that are every day matters in advising and assisting developing countries. In addition, this indirect approach should be useful in suggesting some of the institutional gaps which lead countries to seek foreign advice and assistance rather than to rely on their own resources.

The "Wetting Agent"

At the same time a word of caution is in order in use of this approach. It must be recognized that a major function of technical assistance is to serve as the "wetting agent" which makes it possible for oil and water to mix -- the oil of advanced technology and the water of traditional attitudes and practices. It is well to keep in mind, also that technical assistance is largely training and an important part of the process is to give the students the opportunity to make their own decisions, which will sometimes be in error, and to learn from their mistakes.

Issues of Policy and Politics

Day-to-day problems affecting the course of development, on which foreign advice may be sought or offered, often raise far-reaching questions of public policy where the technically sound action may be on a collision course with powerful forces within the country -- a substantial increase in tax collections from those with the greatest capacity to pay but who are the elite groups who dominate the country; the use of scarce resources for the prestige of military jets as against funds to increase the number and quality of teachers for the rural poor; measures requiring choice of private or public management of commercial and industrial enterprises.

Other major technical problems involve issues of great domestic economic and political sensitivity, to cite just a few: controls designed to keep urban food prices low but which discourage farmers from investment necessary to increase production for domestic consumption, raising or lowering

of interest rates for domestic credit, modification of entrance requirements and curriculum of the national university. They also include an array of critical problems in the how-to-get-things-done category -- how to organize an agricultural credit bank and get it into operation, how to prepare modern textbooks, how to develop projects for foreign funding and speed the approval of such projects, how to reduce the time for processing census data, how to control and file papers in the ministry.

They also include an array of problems which seemingly are almost purely technical but cannot, in practice, be isolated from such matters as availability of trained individuals and physical resources, acceptance in the cultural and political environment, lack of confidence in the particular institution because of historical factors.

It is my hypothesis that, notwithstanding the wide range of problems, that the decision-making process involves the same elements, though obviously some factors weigh far more heavily in one type of decision than in others. Failure to give consideration to important elements often results in poor decisions, or in even more cases, inaction. I suspect, too, that the thousands of unused reports prepared by foreign experts and advisors may be explained, in large measure, by their concentration on the technical elements to the exclusion of others with the result that recommendations seem unrealistic to local officials. [I am not suggesting that all foreign reports warrant action. Some show inadequate analysis. Some propose technology for which the country is not prepared. More often the timing is not right, the elites are not ready to move, manpower is not available or the demands are too great.]

II.

The question posed for advice and decision often is not the real problem. Some depth of analysis may be required, to say nothing of delicacy of handling if a foreign advisor is concerned, in the identification of the actual problem before solutions are proposed. The fact that the wrong problems are often presented is no reflection on the people of the developing countries. Busy executives everywhere frequently see the symptom for the disease. Complicating the problems, many of the developing nations suffer from a severe lack of trained analysts, and in some areas, the digging for grubby details is not in keeping with the cultural pattern or training of the intellectual.

Some Examples

To cite just a few cases where the real problem needing solution differed from the one on which advice was requested -

- Confronted with critical budgetary problems, one country sought the assistance of an expert to improve its system of reporting of cash flow. As he began to explore the matter in some depth the foreign expert learned that some 70 governmental entities, in effect, had their own bank accounts, into which budgeted funds were deposited. In these circumstances, no system of daily cash reporting was feasible. Far more serious, appropriated funds held as reserves in some of these separate accounts, were not readily available for development and operational purposes. These unused funds had important implications for the fiscal position of the government. The answer

lay in some type of central control over these funds, then the reporting of cash flow became comparatively simple.

- A ministry official sought help because of his concern for the need to import motor vehicles in the face of limited foreign exchange. The analysis revealed that imports were required because of the breakdown of vehicles due to improper driving patterns by extension agents unaccustomed to motor vehicles and to their lack of appreciation of the rudiments of maintenance. The real key was the need for programs of driver training and preventive maintenance which would reduce the need for importation by doubling or tripling the useful life of the average vehicle.

- To meet the problems of overcrowding of primary schools one country proposed to borrow foreign funds for building more primary schools. Part of the analysis showed that schools were largely filled with children who would drop out before the sixth grade. Furthermore, some 18 percent, or 110,500, were repeating their prior grade because of a provision that primary school pupils who failed one subject must repeat the full school year. Additional buildings were needed, but even more important were changes in the school system itself which would make possible a better education for more children in existing buildings.

- In an effort to increase revenues a government introduced legislation to raise maximum tax rates from 67 percent to 75 percent. Controversy exploded. A foreign expert was called. His analysis showed that, with allowances and exemptions, no one was required to pay anywhere near the maximum rates under the old or proposed law. Thus the proposed legislation was not meaningful and the business community was needlessly alarmed. The

real problem for the short run, involved some minor adjustments in the tax law and intensification of efforts to improve tax collection and administration in order to collect sizeable quantities of taxes unpaid under existing laws.

These few illustrations reflect the need of many developing countries to increase their own capacity for more careful analysis of their own problems. They suggest, too, the need for foreign advisors with broad analytical ability of a high order as one of their prime skills. In addition, they point to the fact that some degree of breadth may be preferable to meticulous adherence to the specifications of the developing country in assigning an advisor overseas, especially for the analytical phase of his work.[1]

III.

Ability to select the relevant aspects of appropriate technology would rate about on a par with the depth of analysis discussed above. With the increasing specialization in graduate education and in professional work experience in the advanced countries, the local technician trained abroad and the foreign advisor tend, understandably, to recommend action within their specialties. The fertilizer man will solve the problems of agricultural production through massive application of fertilizer, the economist through changes in public economic policies, the co-op man through cooperatives, the agricultural credit man through improved credit institutions.

There is need to select the technology or, more often, complex of technologies, that will lead to forward movement in response to the need

for action. In order to speed agricultural productivity in one country, for example, the AID Mission proposed strengthening cooperatives as a means of assisting commercial farmers, a technique appropriate for these larger, literate, more progressive farmers. Cooperatives were less appropriate to start economic growth among the thousands of illiterate, traditional, subsistence farmers attempting to eke out a living on isolated farms of two to three acres.

Pragmatic Approach

Within any particular field, there are many methods and techniques for accomplishing objectives. Some, no longer widely practiced or taught in the more advanced countries, may be entirely appropriate to the developing countries when adapted to the local conditions. Leaving aside the longer range considerations in decisions of the moment, the unsophisticated, pragmatic technique may provide the necessary step forward. The real questions that must be asked are: Will it work under existing local conditions? Is it an advance over present practice? Does it provide a reasonable base for future improvements? A few illustrations will point up this pragmatic approach.

In an effort to increase municipal revenues in Panama several years ago, a local group and staff from the University of Tennessee explored a business income tax. Convinced that the number of trained accountants available at that time would not permit adequate administration, the group recommended a tax based on simple arithmetic -- number of seats in theatres times number of performances, number of windows in certain types of buildings, etc.

- Recognizing the weaknesses of rural schools in Mexico, a prepaeatory school program was incorporated in the agricultural university at Chapingo. This made it possible for many students from rural areas to qualify for university level work. Chapingo was able to work toward the reasonable balance of rural and urban students required by its Chapter. Later on, when the preparatory course was removed from university jurisdiction, there was a marked drop in the proportion of students with farm backgrounds.

- Brazil adopted a highly complex land tax that some people felt would be virtually impossible to administer. By the use of computers, the tax office was able to pull together the information on rural lands and initiate a program of tax collections from rural areas.

These illustrations emphasize that it is not always the old or simple that fits the local situation. On the contrary, it may well be the most advanced technique or a mix of old and new. The essential point is that there is a normal tendency for the foreign expert and his local colleagues trained abroad to try what each knows best, without weighing alternatives that might fit better in the local situation. Unfortunately the educational systems of the more advanced countries rarely give the students an adequate insight into the techniques and institutions used in their earlier history, how well they worked, and why. Nor is much attention paid to comparative institutions and practices of other countries.

The problem of appropriate technology is further complicated in the case of advisors who are preparing recommendations and reports for local consideration but with half an eye on the scrutiny their reports will receive from professional colleagues at home. Individuals or organizations looking

at problems through the eyes of advanced societies might well look askance at a recommendation: that hospital operating rooms be equipped with ten-year old x-ray machines -- and fly swatters; that a hand tally system was preferable to a computer; that a human chain was better than a conveyor belt for moving dirt. And yet, such recommendations might well be the keys to acceptance and sound action in some countries at a particular stage of development.

IV.

In the more advanced countries there are networks of institutions of which we are only vaguely conscious; such networks rarely exist or are largely ineffective in many of the developing countries. Awareness of the importance of the networks and how they function, and how a society operates without the networks can be critical points in acting on current problems in developing countries.[2]

Two contrasting illustrations may bring this problem into sharper focus.

A new variety of corn is developed through the research program of a state agricultural college in the United States. It is marketed by a commercial seed organization. The farmer reads about it in a farm journal. After discussion with the county agent, he goes to a meeting for a demonstration of how the seed reacts to certain fertilizers. He decides to experiment and borrows the money for seed and fertilizer. He has the advice of the county agent from soil preparation to harvest. He sells his first crop on the open market at a fair price or holds it in (his own,

cooperative, commercial or government) storage until the price is more favorable. [With all these institutions, it was some 15 years before hybrid corn was widely accepted in the United States.]

In many developing countries some or all of these elements are likely to be missing or ineffective. Research is spotty. Half to two-thirds or more of the farmers are illiterate. Journals are almost non-existent. The extension service is quite limited; many farmers are in no position to risk experimentation, and finding credit is difficult and costly if they are willing to borrow. They are dependent on a marketing system that offers "take it or leave it" prices.

When confronted with the need for immediate action, obviously neither the local leader nor his advisor can wait for the establishment of an institutional network. He needs to know, however, the functions performed by the other links in the chain so that the course of action proposed will make sense and become operational. Because the local leaders frequently are unaware of the complex of activities in almost every phase of society, it falls on the shoulders of the foreign expert to take these factors into account in his recommendations.

Lack of Sounding Boards

In advanced countries, the consultant can often sound out his ideas on a sophisticated management and make them more realistic based on the reaction he gets. In the developing countries, the leaders and technicians are frequently too polite to react and the expert submits an unrealistic report which, after many expressions of gratitude, will be added to the

library of unused reports. At other times, local leaders will react but are so removed from operational problems, and sometimes from the realities of their own society, that they are not aware of the difficulties in putting their plans into operation. To overcome these problems foreign advisors and responsible local officials must make special efforts to identify some of the elements that should be taken into account in their recommendations and action programs.

Internal Administration

Related to the external institutional networks are the internal networks of administration. Most developing countries suffer from great shortages of managerial skills for planning and particularly for carrying out programs.[3] This area needs particular exploration to identify concrete ways that problems can be met. This may involve identification of individuals or types of individuals essential for the success of particular operations. It may involve recommendations for the development and implementation of detailed plans and proposals for step by step installation of procedures, including the training of staff. It may involve recommendations to defer action on technically sound proposals until managerial, technical and/or clerical capacity is increased.

Managerial capacity goes well beyond these few illustrations, but it is essential that the old POSDCORB elements -- planning, organizing, staffing, direction, control, operations, reporting, budgeting -- or any adaptation of this pattern -- be given consideration in weighing the feasibility of action proposals.[4] Because the shortages of enough people with

managerial experience are almost universal, training programs to increase managerial capacity might almost be considered an essential element of any action program.

Among the important keys to implementation of most action programs, once policy and direction have been decided, are (1) the design of systems and procedures within the capacity of available local personnel, (2) the carefully designed training of local personnel in what to do and how to do it, (3) the installation of the system, (4) the recognition that technical training is not enough but that the training in details of day-to-day management must be included. Particular attention, it should be noted, needs to be given to organization and training in clerical operations where the employees in many parts of the developing world often lack adequate general education as well as skill training and the educated local leaders tend to dismiss clerical operations as of minor importance.

Still another element to consider in recommendations on action decisions is the impact of local cultural patterns on organization and management which may necessitate restructuring plans that would be workable in more advanced countries. Decentralization, for instance, may not be feasible as an immediate solution to some problems because of the dearth of trained and experienced people or because culturally one loses stature through delegation of authority. Similarly, it may be completely unrealistic to build plans around the assignment of educated men and women, doctors, for example, to live in rural areas as few of them will live in what they consider a "cultural wilderness."

Cost Element

High on the list of the elements of feasibility is the cost factor and the cost/benefit ratio. Many local leaders who seek action to modernize their countries are not particularly cost-conscious. More often than not, the same thing may be said of the foreign expert who is primarily concerned with pushing his special field. But as mentioned earlier, few developing countries raise anywhere near the tax revenues they require. Furthermore, almost any innovative program will run into serious opposition from traditionalists and the costs of innovation frequently provide a convenient handle for those who would be opposed to change on other grounds.

Frequently, too, action programs are too costly: often the same objective can be achieved in more economical ways. The issue that must increasingly be faced is whether the change is worth the cost. Put another way who and how many will benefit from the investment in the change? If the same amount of money were invested in some other way would it do as much or more to advance the country on the road toward progress. With the increasing attention to planning in the developing countries every change of importance must be prepared to face scrutiny on the issue of whether this is the best place to allocate very limited resources.

Particularly when imported equipment is needed for the proposed action program, the issue of foreign exchange becomes important. Almost every developing country suffers from a shortage of foreign exchange and proposals to tap these limited funds are likely to face opposition from new quarters. This is not to suggest that there is anything wrong in use of imported

equipment: quite the contrary. What I am urging is that local officials and their foreign advisors explore fully local alternatives before taking the easy route of foreign equipment. This exploration should not be limited solely to the availability of foreign exchange, but needs to go into questions of availability of personnel to install the equipment, spare parts and maintenance, availability of experienced operators, delivery dates, and in particular the availability of similar equipment within the country. Because of lack of know-how in maintenance and repair parts many countries have thousands of pieces of foreign equipment out of operation for want of a minor part or skill in adjustment. On the other hand, many lending agencies have loan funds available for sound projects and bilateral programs are often happy to make loans for the purchase of equipment from their home country.

Lest we lose perspective, a word of caution must be injected into the consideration of cost factors. If the first questions asked are "Can we afford it? Where is the money coming from?", development is likely to be stifled as money is always hard to get. The process must start with encouragement of ideas, plans, activities, which will advance development. Good programs will usually find support, sooner or later, with whatever tailoring may be required to meet financial circumstances.

Political Interest

Another related element that requires assessment in judging feasibility is the extent of political interest and support at a particular point in time. The significance of the political factor may be very high or low depending on the nature of the action program under consideration, but it

must be weighed in the context of the environment in a country at a particular time.[5] It is obvious, for example, that few political leaders in advanced or developing countries will be enthusiastic about proposals for big tax increases or major lay-offs of employees during the midst of heated political campaigns. On the other hand, programs that appear to enhance the prestige of political figures are welcome most any time.

Related to the political climate is the question of the availability and interest of outside groups within the society that would be prepared to support or oppose the action program. Technically sound programs may simply not be feasible because concerned groups have not been involved in their development and, therefore, will oppose them.[6] Proposals for change in teacher certification, for example, no matter how sound, might fail without effective efforts to overcome the opposition of large numbers of uncertified teachers. In this regard, stress must be placed on winning over key groups, not just technicians with whom the foreign advisors customarily work.

I am not suggesting that the foreign advisor must be an authority on the politics and social forces within the country. He must be sufficiently aware and sufficiently sensitive to find out about them and take them into account in developing recommendations for action programs.

V.

It is not enough that action decisions are sound, laws are passed, loan agreements signed, and well-phrased speeches are made. In the growing

restlessness that pervades most developing countries there is on the one hand skepticism, on the other, a demand for action. In this context most projects need a high degree of visibility and impact to show ever-widening circles of people that progress is possible, that growth and development are, however slowly, in motion, that there may be alternatives to traditional practices.

Building Visibility

Some action decisions have visibility and impact built into them, e.g., a sound decision to eliminate or modify price controls should increase the flow of certain foodstuffs to urban areas, though initially at somewhat higher prices. The impact of even this type of decision will be enhanced by the dissemination of information, at levels various groups (e.g., farmers, university community, general public) can understand, to tell what has been done; factors that were considered in the decisions; when the increased flow will hit the market and what price increases may be expected; who stands to gain or lose; what steps will be taken if efforts are made to control the market; etc. This type of informational or public educational activity is important, of course, to gain support and buy time for the effects of the decision to be felt, but beyond this it can help create an atmosphere in which there is increasing acceptance of the idea that changes can be made.

In other types of actions, e.g., the decision to build a road or other type of infrastructure, there are built-in delays, often of several years, before construction is started. In many cases both lenders and borrowers

might be better off to delay announcement until the project is closer to realization, but this overlooks political realities in both the advanced and developing countries. The gap between planning and construction can be filled, in part, by keeping people informed of developments, by encouraging studies and discussions of the effects of the changes when the project is completed, by encouraging governmental and group planning for the social and economic changes that will occur. This type of involvement may help cover the delay, but it can also serve a broader purpose of multiplying the impact of the project before as well as after the fact.

Many types of action decisions have little or no built-in visibility or impact. Like the studdings in a wall they are essential but of no concern to the person who sees only the finished room. A decision, for instance, to start work on modification of the governmental accounting system as a base for improving the budget system is probably as far removed from visibility and impact as one could imagine. This type of decision is likely to be publicized with one or two semi-technical handouts at the time of the decision and the arrival of the consulting firm or expert.

Even this unglamorous kind of activity can become the vehicle for spreading understanding of change and involving at least some segments of the population whose interest and support may be critical when broader structural or institutional reforms are under consideration. The schools of economics and accounting at the university might be the locale for technical discussions with students and faculty. Professional societies could be similarly involved even though or because they are likely to be highly critical of the changes. Aspects of the new system affecting

agriculture might be discussed with the extension agents, education with the school teachers, forecasting with the economists, etc. Some of the "before and after" moves might be appropriate for general public discussion.

By these small illustrations I am not suggesting that technical assistance be conducted in the newspapers. I am suggesting that the rate of structural and institutional change can be influenced, in part, by a general feeling of movement, that things are happening. By adding a new dimension to technical assistance in which we plan consciously for visibility and impact and involvement of as many segments of society as are appropriate we can enhance this process. By reaching various segments of society affected by change, however technical or limited, we set up a complex of interactions which leads to a more favorable environment for more far-reaching change. On a more pragmatic level, when many are interested in a project, sources of strength exist which may counteract the resistance to change that frustrate and delay hundreds of technical assistance projects.

Though many local leaders are publicity conscious, few of them think in terms of people-involvement and planned programs to reinforce change. The stimulation, for the most part, must come from foreign advisors. Most of them, unfortunately, are experts in technical specialities who do not think or act in terms of public understanding and support. This added dimension points in the direction of additional factors in the recruitment and training of men to serve effectively in the developing countries and possibly the need to supplement the technical experts with men skilled in the arts of promoting change.

VI.

This section treats four principal ways of getting action on recommendations, though it must be recognized at the outset, that the ways to get action in the developing countries must be as varied as the individual advisors, consultants and technicians serving overseas and their local colleagues and that action efforts may be interdependent on one another. Nevertheless the volumes of unread reports in the bookcases of the developing countries stand as silent witnesses to the unfulfilled hopes of thousands of local leaders and foreign technicians.

In all fairness it must be recognized that many failures are beyond the control of the technician. Often he arrives too late for action; the leader who requested him is no longer in office and his successor is not really interested. In some cases, the man directly responsible is impressed but, because of personal limitations or the general environment, or lack of funds, he is unable to gain acceptance of the proposals at higher levels. Sometimes assistance is sought in response to pressures from multinational or bilateral agencies and there is little real local interest in action; technical assistance provides an excuse for delay. At other times, the golden moment for change has passed. Despite these and many other difficulties, more can be done to get action. These suggestions are offered not as a comprehensive list but as a useful guide, recognizing that, from time to time, anything may work in technical assistance and case after case may be cited as exceptions to these generalizations.[7]

Access to Decision Makers

If action is to result, the foreign technician needs to work at, or have direct or indirect access to, levels in the social, political and administrative structure where the decisions are made. This does not mean that every technician must work in the President's Palace nor does it mean, necessarily, that he have frequent audience with the President. It does mean that his views and recommendations and the rationale for them must be made known to those who decide. Because of the nature of technical assistance this often means that the technician may have to do much of his day-to-day fact-finding and analysis at routine and mundane levels but he must keep his associations loose and flexible enough so that he can have an effective dialogue with those who can communicate with the decision makers. I am not saying that the foreign advisor should be present when the decision is made; often this can be counterproductive. There is usually a need, however, for participation by local leaders who know and accept the technicians' recommendations as their own and can fight for these views with arguments they believe will fit the current local situation.

People Involvement

This leads naturally into the second area for getting action -- "people involvement." As mentioned earlier, the technician shapes his facts and thinking often by talking to many knowledgeable people. By the same token he shapes at least some of his recommendations in the same way. By trying

out his ideas on different individuals, he can often drop or recast those that do not seem feasible and thus make his recommendations more meaningful. At the same time it becomes deliberately unclear whether the ideas came from the foreign technician or from locals, and a broader group is developed who can fight for their recommendations. In this process, too, it is often possible to identify the opposition to change and thus be better prepared to meet it. Whether the working group is formal or informal, as the members become involved, they are likely to become spokesmen for ideas and for action. When, as individuals, they may not have entree to the decision makers, frequently they have relatives, friends and colleagues who can open the right doors.

Guides to Report Writing

When the facts and recommendations are the collective effort of the foreign technician and his local colleagues the formal report, the third device for action, becomes just one of the tools for getting action (or gathering dust). No one can lay down hard and fast rules for report preparation, but a few general guidelines may prove useful.

1. Reports should normally be presented in the language of the host country or in both the local language and English. As many reports are written initially in English and then translated, there is need for careful checking of the text in the local language for ease of reading, accuracy, and the avoidance of "gaffs" that detract from the substance of the report. Exceptions to the local language concept may be appropriate in some countries

where the elite are at home in English but use of English may raise barriers of nationalism or may limit distribution to important non-English speaking leaders.

2. Focus on the interests of the immediate persons from whom a favorable response is needed and the broader group in the host country who will react to the report. By keeping the substance and the language of the report brief and simple and well illustrated, if appropriate, it is more likely to be read. The technical and supporting detail should be available for those who are interested.

3. It is usually not enough to treat what to do, but show how to do it. Show how the program could be organized, include illustrative forms and procedures, include summary lists of actions proposed so that favorable action can be started with a simple OK.

4. Present the report in a format responsive to the interests and cultural patterns of the country. The first Appleby report[8] on improvement of administration in India is a gem in its identification with the philosophic approach of the Indian leaders, its recognition of their achievements in facing the difficulties since independence, and in particular in focusing on just a few major problems rather than the usual catalogue of hundreds of major and minor matters that need attention. By contrast, advisors helping on a reorganization of the Central Bank of Paraguay a number of years ago were aware that little had happened on previous formal reports. Instead, they arranged with the President of the Bank for a weekly meeting and a weekly report of just a few pages. The report would propose a course of action that could be carried out in about a week. The President would

authorize action and the advisors would go to work with the staff to put the proposal into operation. At the end of six months, the short memoranda added up to an impressive program of proposals and changes that had been put into operation.

5. There is a place for the thorough research job that analyzes some facet of life in a developing country like the Shoup study of taxation in Venezuela or Harvard's World Tax Series. These types of studies provide insights important for understanding and lay the groundwork for long-range action. But if action is the goal, the reports need to be brief, couched in largely non-technical language where possible, and action oriented. An excellent example of an action-oriented report is Shoup's study[9] of Brazilian taxes which was criticized by some development authorities as too general but because of this very quality helped Brazil move forward in improving its tax system.

6. The report, obviously, has to be critical of current local practices and institutions to provide a rationale for the changes proposed. By keeping in mind that the report should be action oriented, it need not be a catalogue of horrors. As a part of this approach efforts should be made, insofar as possible, to avoid placing influential individuals and groups in a position where they feel forced to defend the criticized practices. After all, part of the objective is to win support or at least neutralism from those who might normally not be too sympathetic to the change.

7. It is often good practice to include information which will make it somewhat difficult or uncomfortable if the recipients do not act favorably. By including information on expected savings in quantitative terms,

numbers of families that will benefit, amount of increase expected, the proponents of the plan are given ammunition. On the other hand, critics will have ready-made arguments if there is a failure to act with reasonable promptness.

8. Whether the report should be shown as the product of the foreign expert alone or as a joint report of the foreign expert and a local analyst is a matter of strategy and tactics in a local situation. In some cases it is the wiser course to show the report as the product of a local commission with the help of a foreign expert. Often a joint report is best. Sometimes the foreign advisor should be listed as the sole author.

9. The objective is change and improvement, not perfection, and the foreign expert has a responsibility in his report, as well as in his presence in the country, and his operations to assist in getting some of the needed action for which he was invited into the country.

Implementation

The fourth area is implementation. Even when a country indicates acceptance of a report, the process of change is just beginning, The country has accepted "what to do;" but must developing countries are very short on people who know "how to do it." If action is expected, the foreign technician must be prepared to help put the systems, policies, practices into effect.

Installation Activity

This entails a number of interrelated types of very detailed unglamorous work over relatively long periods.

1. Designing organization structure, levels of decision-making, systems, forms and instructions, procedures, schedules, course outlines, reading assignments and the like. Getting whatever support and approvals are required.

2. Authorizing the new operations to be effective at a date allowing time for acceptance and installation.

3. Getting money, space, equipment, supplies and facilities for planning and operations. Getting additional resources adapted to operational needs.

4. Publicizing the changes in a variety of ways to enlist the understanding and support of those affected within and outside the organization.

5. Recruiting and assigning personnel, insofar as possible, with skills and attitudes, and approaches appropriate to the work.

6. Training supervisors and staff both before and during operations in the objectives and aims of the changes and the details of operations; attitudes and techniques required for effective performance (especially with respect to dealing with the public); essential management skills; supplementing technical background when required.

7. Putting the system into operation.

8. Coordinating operations with other units, offices, agencies affected.

9. Receiving and analyzing complaints from inside and outside the organization.

10. Supervising and following up to see how well different parts are working.

11. Making corrections or adjustments in the system and retraining personnel when necessary.

12. Appraising the changes in relation to objectives sought.

13. Standardizing the operations to the extent appropriate.

14. Manualizing the operation so that all will know how the system functions.

VII.

Training in Operations

The kinds of skills required to improve operations are not common in the developing countries. Their educational systems and their cultural patterns tend to put higher values on other qualities. Foreign experts can rarely transfer these skills through advice alone and at the operational level there is limited opportunity for demonstration. Equally troublesome, it is unusual to find training programs that are effective in teaching the art of "how to get things done."

Various devices have been used by foreign assistance agencies to help improve operations -- the U.N. OPEX program, the U.S.-local government servicios in Latin America, the Joint (Chinese-U.S.) Commission on Rural Rehabilitation, and many others. There is need for a reappraisal of the usefulness of agencies such as these in facilitating operations where there are critical deficiencies in the developing countries. Of even greater importance is the possible use of agencies such as these or some completely new ones for training in operational skills vital to development and not appropriate for classroom teaching.

VIII.

Though the problem requiring solution must be viewed in the light of current needs, it is important to keep at least half an eye on future implications. Almost every issue provides an opportunity to involve more people in the process of analyzing their needs objectively, of developing various ways to improve conditions, of selection among alternatives, of discussion and compromise, and of methods of getting action.

On a broader front, almost every operational difficulty is part of a complex of other traits of underdevelopment and the local technicians and foreign advisors have an obligation, without jeopardizing action in meeting the immediate need, to increase awareness of the more general problem, thus laying the groundwork for subsequent action.

The need for foreign advisors arises in almost every case, from the absence or inadequacy of local institutions that could have perhaps headed off the problem or provided the analysis and recommendations leading to improvements. Whenever appropriate, this need for strengthened local institutions should be stressed.

Notes on Chapter III

1 Cleveland, Harlan; Mangone, Gerard J.; Adams, John Clarke, The Overseas Americans, McGraw-Hill, 1960, especially Part Three "The Elements of Effective Performance."

2 Long, Erven, op. cit., p. 12.

3 Gant, George F., A Note on Applications of Development Administration, in Public Policy, 1966, Harvard University Press, p. 12. ". . . failures in the execution of development programs persist. A review of the adequacy of planning and execution of development programs from the point of view of development administration uncovers significant gaps in the application of requisite management skills. Three such gaps and suggestions for closing them are described in this note: the lack of adequate management analysis in the planning process; the insufficiency of management competence in 'nation building' departments; and the short supply of managers needed for local enterprise."

4 Gulick, Luther (ed.) "Notes on the Theory of Organization" and Urwick, Lyndall, Papers on the Science of Administration, Institute of Public Administration, New York, p. 13.

5 Gross, Bertram M., Activating National Plans, (mimeo). Prepared for presentation to the Comparative Administration Group Research Seminar, Minnowbrook Conference, July 1964, pp. 25-27.

6 Montgomery, John D. and Siffin, William J. (eds.), Approaches to Development: Politics Administration and Change, McGraw-Hill, 1966; Montgomery, p. 264. "Resistance to administrative change may be taken for granted. Any change at all may appear threatening; and it will be resisted unless it seems reasonable in itself and has strong and continuing political support apart from its merits."

7 Maddison, A[illegible] Foreign Skills and Technical Assistance OECD Paris, 1965; Sufrin [illegible]ney Y., Technical Assistance Theory and Guidelines, Syracuse University Press, 1966; Domergue, Maurice, Technical Assistance OECD Paris, 1961.

8 Appleby, Paul H., Public Administration in India. Report of a Survey, Ford Foundation, 1953, President's Press, Delhi.

9 Shoup, Carl, The Tax System of Brazil, Getulio Vargas Foundation, Rio de Janeiro, Brazil, 1964.

CHAPTER IV

CLIMATE FOR REFORMS

I.

The United States has been engaged in various types of government-supported technical assistance for more than a century.[1] Years before the term "technical assistance" was used, the United States was helping foreign countries modernize education and agriculture, improve public health, modify monetary policy, establish central banks, improve tax collections, and change the structure and operations of government. Some of these efforts were limited in scope; others were designed to remake the countries. With the possible exception of Japan where the United States and other countries helped set in motion many of the modernization efforts, it would be difficult to find any remnants of the institutions or reforms introduced through these early efforts. Furthermore, in countries like Iran, the Philippines, Dominican Republic, Nicaragua and Haiti during the past ten years the United States has provided assistance in some of the same fields in which we helped bring about reforms and modernized institutions 40 and 50 years ago.

Past and Present Technical Assistance

Present efforts closely parallel these early endeavors. The host country usually initiated the request. Sometimes, as in the cases of Persia (Iran), Cuba and what is now the Dominican Republic, the requests

came as a result of U. S. pressures, including, in some cases, military occupation. Outstanding Americans were usually assigned overseas and paid well for their efforts. There were no organized programs to prepare men for overseas service but efforts were made to draw on those with successful experience in another country. The universities and government agencies gave generously of their talent. Usually the experts did not know the language and the culture. They developed and installed plans, technically sound for the most part, and only slightly adapted from U. S. institutions. Foreign nationals were brought to the U. S. for short-term and long-term training and training centers were established abroad.

The early missions usually had ample funds. Experts worked at or had access to the top-most levels of the government and often had line authority to put their ideas into operation. All were frustrated by the operations of the local bureaucracy. Some had the strong backing of the U. S. Embassy and others suffered from lack of support.

Comparing the past and the present, it appears that, for all practical purposes, the United States and other bilateral and multilateral public and private programs are following the historical pattern (though few of the administrators and practitioners seem aware of this early history). Even the idea of "self-help" is not new. The United States insisted on substantial local financial contributions to many projects.

Stress on "Technical"

Analyzing past and present practice, one of the problems of technical assistance has been the almost exclusive stress on the "technical." Then,

as now, the main thrust of the work has been from foreign technician to his local counterpart. Then, as now, political support was sought when it was needed to approve legislation, to obtain acceptable appointments, to authorize adequate funds, or other necessary legislative or executive action. Then, as now, there was little organized effort to create a climate of understanding and support in which the reforms could flourish.

Importance of Reform Climate

It is my hypothesis that the processes of development can be made sounder, and in the long run, faster by concentrating attention on the development of a climate for various types of reforms. In this chapter I shall discuss two propositions: First, that areas where reforms are required can be identified, and, second, by planned actions to broaden the consideration of particular problems the countries will be moved to take corrective action more effectively than they do at present.

My premise is that almost any innovation, especially in a transitional or traditional society, will encounter opposition ranging from acceptance with a shrug, grumbling and grudging acceptance, built in resistance ("foot dragging"), to open fighting against what is new.[2] By the development of a core of supporters of the idea or concept of a particular reform, winning over or neutralizing some of the opposition, and winning the backing of at least some individuals of influence within the power structure, there will be more receptivity for the reforms and the institutions needed to bring about the necessary changes.

II.

Because of the necessarily deep involvement of government, a major push toward over-all development is unlikely unless the top leadership of a country has some substantial commitment toward programs of development and reform. This kind of commitment is relevant whether development is envisaged through government operations or through private initiative functioning within a framework of public policies and services. This type of commitment presupposes that the government can carry out its reforms with active support from those in power, and if not the concurrence of the opposition, their acquiescence or defeat.[3]

Lack of Commitment

Unfortunately, with the exception of reform governments, commitments to support individual projects are often as lacking in depth today as they were 50 or 100 years ago.[3] With increasing frequency countries are undertaking projects to which they are not deeply attached as quid pro quo for loans they are anxious to get. Often projects, pushed by young graduates convinced that theories (especially economic) learned at foreign universities will solve their countries' problems, are endorsed by their governments and welcomed by foreign assistance agencies. Frequently projects to build a land grant college are developed by foreign experts and accepted as something that might be useful but without depth of support. These are but a few illustrations of the dozens of ways in which projects are developed with only nominal local support.

Many of these individual projects are important. Some of them will succeed, in part because as they mature, they will develop the support they require. Others will fall by the way because governments were not prepared to give meaningful support to the reforms they seek to achieve. Admittedly, some of the individual projects which fail in their primary objective serve useful purposes especially for training, but they tend to waste scarce local and foreign resources and tend to create a diversion from the more basic purpose of helping to create a climate of receptivity for reform.

When there is some degree of concern in a country that some problem needs solution, then the project to provide assistance to develop or modernize an institution has a reasonable chance for the resources and support it requires. Without it there is little chance for success. This concern can be stimulated and broadened before the project is started and must be expanded after the project becomes operational.

Government and Country Support

Digressing for a moment, I should clarify my references to "governmental and country" support. Developing countries, of course, are not monolithic. There may be tremendous interest in reforms in certain sectors, some phases of agriculture for instance, and the support from those in power may be strong enough to push them through. The problem arises, however, from the fact that few reforms can be effected solely within one sector. Agrarian reform, for example, may be hamstrung by the inability of the government to pay the landowners for their land, or by lack of

interest in or capacity to achieve a drastic modernization of the methods of issuing land titles. Similarly, the feasibility of price support programs will be affected by storage facilities, availability of funds, and political relationships with urban workers. Thus there is a need for a commitment that goes beyond a sector or a ministry to the government as a whole when a major reform is involved. Furthermore, most reforms go beyond government and to be effective must enlist substantial popular participation; unless there is some assurance that the people affected will accept the reforms governmental commitment may not be sufficient.

References to governmental and country support are applicable, too, to geographic or governmental subdivisions of the country. Where those in power in the community or region are reasonably happy with the way things are and there is no vocal call for change, traditional technical assistance projects, even when formally requested, can at best look forward to limited success.

Clues to Areas in Need of Reforms

Technicians Reports

One of the places to begin the process of identifying fields needing reform is in the files and bookcases of many developing countries and foreign assistance agencies. There, thousands of reports are gathering dust.

These reports are uneven in quality, often written in technical jargon, many of them impractical. Many, however, are excellent and are

unused only because some individual or government was not prepared to act when the report was presented.

With the reports located, one device to begin with is the creation of a series of working groups, preferably informal, to review the reports and decide what to do about them The working groups could be designed to get a wide range of individuals reading the reports, particularly the analyses of the problems. They might conclude that a particular report should be reburied, updated, rewritten, or edited, or published in present form. The objective, however, should be to give wide distribution (considering the traditions of the country) to these simplified or summarized reports, not to promote or endorse projects, but to stimulate consideration and discussion among those who make the decisions. As a by-product, even reports having little operational value, can add to the sparse literature about local development problems available to local schools and universities.

The Dominican Republic illustrates one use of old reports. A survey of the structure of government was ready for presentation to President Juan Bosch on the day he was overthrown. Sometime later a key member of the Provisional Government happened to hear of the report and a copy was made available to him. This report became the basis for discussion within the Provisional Government and with foreign experts. It was brought up to date and provided the point of departure for a series of administrative reforms, some of which have been continued by the regularly elected government.

Reports by Local Students

A related source of analyses and ideas for reforms lies in the reports prepared by students, fellows, and participants who have received some training abroad. Often as parts of their programs they are asked to write on problems in their own countries. These, too, may warrant screening, editing and distribution, especially if they include concrete examples of reforms in other countries.

Research Reports

Studies by foreign research organizations, inter-country comparisons made by multilateral agencies and studies made by local scholars and research and educational organizations also provide a fruitful source for review and distribution. As a case in point, in the early stages of the program to establish an Economics Research Center at the Catholic University of Chile, semi-popular briefs were prepared from lectures and seminars by the assisting University of Chicago professors and distributed to some 500 opinion-makers, including the press, universities, and all members of the legislature. They helped the country focus on some of its economic problems and helped lay the groundwork for later economic reforms.

To repeat, the process of disinterring the buried reports is not to urge particular projects. It is to help important individuals and groups to focus on areas of need identified by outside experts. Its aim is to broaden the awareness of the problems as one of the first steps toward reform.

III.

Sectoral analyses offer a great potential for increasing local understanding and concern for doing something about the problems of agriculture, industry, education and other important areas of development. By sectoral analysis we mean the identification of the factors and institutions which interact with each other to produce present conditions in a particular aspect of the economy and the identification of those factors which, when modified, will produce sustained growth and development.

The Agency for International Development has been urging its missions to improve the quality of its sectoral analyses for several years. Some very limited progress has been made and more recently AID has established a central Sector and Market Analysis Division. To date, AID's approach has been largely technical and economic. The studies are designed primarily for internal purposes and not primarily for creating public awareness and concern. Furthermore, few AID missions and even fewer countries are staffed with the broad-gauged experts required to do the sophisticated job required.

Comprehensive Surveys

Comprehensive surveys by independent scholars would be highly desirable; such studies, however, are not common. When available, they tend to be descriptive and usually are not presented in a framework for action. Special authorization of such studies by foreign assistance agencies poses difficulties because good studies are costly, take time to organize and complete, and there is often great pressure for the results before the

findings have been digested. Furthermore, the kind of analysts in the various disciplines required, with sufficient breadth as well as understanding of the particular country, are in short supply and are rarely available at the time the study is needed.

In the long run, of course, studies of this nature should be made by local educational and research institutions. Even if establishment of such institutions is given high priority, it will be many years before they will be able to respond to these needs. Meanwhile, as in all technical assistance, we start where we are and proceed from there.

Sectoral Self Analysis

Many countries, however, can do the much less sophisticated job of analysis required to create awareness of problem areas and to create the stirrings among responsible groups that may eventually lead to change. I call this Sectoral Self Analysis.

I start with two premises: First, in most developing countries there are at least a few able, intelligent, trained men and women interested and capable of analyzing many of their countries' problems, especially since the broad analysis requires that no more than perhaps one or two be familiar with technical problems in a particular field. Second, the technical assistance agencies can and should be able to assist in these efforts.

Role of Technical Assistance

I shall discuss first the role of the technical assistance agencies. They can give high priority to the training of a few individuals who are

equipped to do the kind of analytical job required. This can include university work, seminars and conferences.

Second, they can provide various tools useful for analytical purposes. The systems chart (Figure I) developed by Dr. Milo Cox shows the various inputs and inter-related and inter-acting elements needed for rural development.[4] The chart (Figure II) shows graphically the status of inputs into various crops in Brazil.[5] Many agencies have similar devices that can be helpful.

Third is the continued translation and distribution of some of the literature that will be useful, as well as guidelines on which there is fairly general agreement.

Fourth, of course, is day-to-day advice and assistance provided by foreign advisors and experts.

Illustration - Rural Development

Rural development will serve as a useful illustration of this approach. Problems in agriculture, obviously, vary widely among the countries. Nevertheless, the rough sketch below presents a bare-bones outline of some of the more common problems that can be further developed and refined by the joint efforts of technical assistance agencies and knowledgeable local leaders and technicians within a particular country.[6]

Most countries are confronted with the need to get and keep food production for domestic consumption above the rate of growth of population. This was essentially the same problem Japan and China and the rest of the world faced 100 years ago, made much more acute as a result of a 3 percent annual population growth in many countries, urban growth, and rising

FIGURE I

ELEMENTS OF RURAL DEVELOPMENT

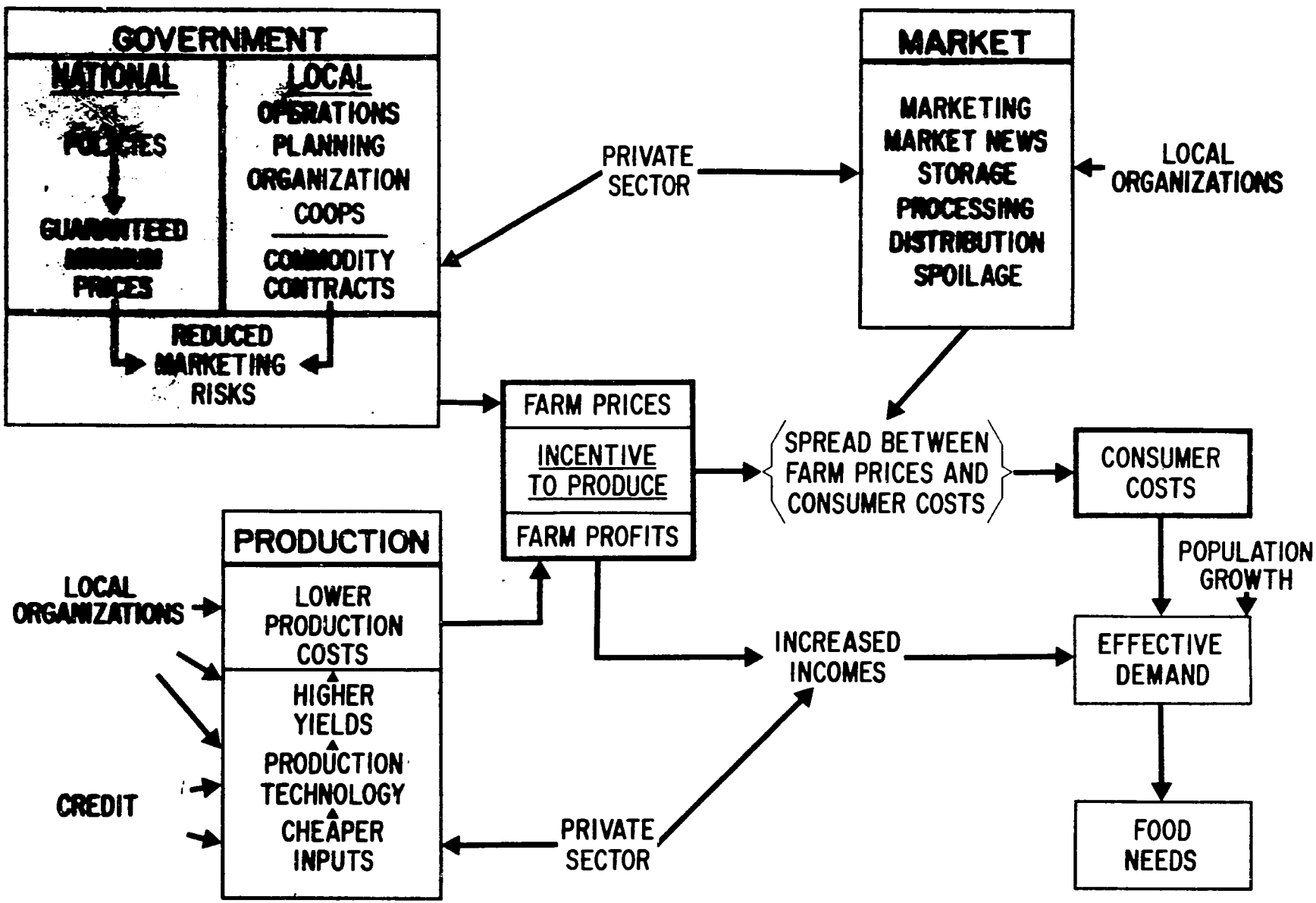


FIGURE II

BRAZIL - STATUS OF IMPROVEMENT PROGRAMS

	BEEF CATTLE	DAIRY CATTLE	HOGS	POULTRY	FORAGE CROPS[1]	LEGUMES	FIELD CROPS[1]	SUGAR	CITRUS
BREEDING PROGRAMS NEW STRAINS - VARIETIES	A	A	A	A	C-D	D	B	A	A
PROGRESS ADAPTATION TESTING NEW VARIETIES & VARIETIES FROM OTHER COUNTRIES	A-B	A-B	A	A	C	D	C	--	A
RESEARCH AND PLANT AND ANIMAL NUTRITION	C	C	B	A	C	D	D	A	A
RESEARCH AND KNOWLEDGE OF MANAGEMENT PROGRAMS	C	C	B	A	D	D	C-D	B	B
DISSEMINATION OF INFORMATION ON IMPROVED PRACTICES	D	D	D	C	D	D	D	B	B
DEGREE OF GENERAL USE OF KNOWN IMPROVED PRACTICES	D	D	D	C-D	D	D	D	B-C	
AVAILABILITY OF FERTILIZER MINERAL SUPPLEMENTS	D	D	D	D	D	D	D	C	C
AVAILABILITY IMPROVED SEEDS - BREEDS	B	C	C	B-A	C	D	C	A-B	A
AVAILABILITY OF CREDIT	C	C	C	C	D	D	C	C-B	C
MARKETING ADEQUACY - ASSEMBLY	C	D	C	B-C	--	--	D	A	B
MARKETING ADEQUACY - STORAGE	B-C	C	C	C-D	D	D	D	A	C
MARKETING ADEQUACY - PROCESSING	B-C	C	C	D	--	--	B-D	A-B	C
MARKETING ADEQUACY - DISTRIBUTION	B	B-C	B	B	--	--	D	A	B

	percent of adequacy
A - Essentially adequate program underway.....	80% and up
B - Moderate needs	40% to 80%
C - Serious deficiencies.....	10% to 40%
D - Extremely serious deficiencies - essentially nothing done	0 to 10%

[1]Food grains, soybeans, beans, wheat, mandioca, potato, onions

standards which further increase demands for food. Efforts to increase productivity by the injection of Western technology have had limited results except for the larger modernized producers for export, a relatively few commercial farmers producing for a comparatively small domestic market, and, of course, Japan. It is not the purpose of this paper to discuss all the reasons rural people have resisted modern technology. A few of the items will suggest points of attack in sectoral self analysis.

1. Price policies and incentives - In many countries price controls intended to keep food prices low for the urban population have made it uneconomical for the farmer to invest his capital and his labor in improving the land, for example, through the use of fertilizer and machinery, in order to increase production and reduce costs. In many countries the wealthier farmer can get a far greater and more stable return by investing his funds in real estate in the booming capital city.

2. Land tenure - In many places patterns of land ownership make it unlikely that effective production will be achieved. In some countries farms are small and plots scattered so that even with optimum efficiency, the farmer can barely live at a subsistence level, e.g., it has been estimated that 50 percent of the farmers in the Dominican Republic produce on about 2 to 3 acres. At the other extreme are hugh plantations where the owners can make a more than comfortable living from perhaps 10 percent of their land. At either extreme there is little incentive to greater efficiency or improvement of the land. The problem is further complicated in many countries by archaic systems of land titles which often make the farmer loath to improve land which he may not really own or which he may lose through some action beyond his control.

3. Storage, distribution and marketing - In many countries having little or no on or off-the-farm storage, farmers must sell their crops at the peak of the harvest, on a take-it-or-leave-it basis. The few commercial storage facilities are sometimes controlled by unscrupulous elements with strong political ties. Modern marketing systems, especially designed for high volume-low cost, are rare. There are virtually no marketing systems that make incentive goods available to the farmers. In particular, proper fertilizers are in short supply and often available only at high costs.

4. Agricultural credit - Credit is often hard to get, very high in cost, and largely available only for the commercial farmers. When available for small farmers rates are frequently exorbitant.

5. Education and training - In most developing countries 60 percent to 90 percent of the rural people are illiterate peasants. Rural schools are, to put it mildly, inadequate in quantity and quality. The devices, like extension services, for bringing new technology to the farmer are ineffective. University training in agriculture is likely to be skewed toward the cities because few rural boys can qualify as a result of the shortcomings of primary and secondary education in rural areas.

6. Rural social structure - In most countries, many of the problems sketched above have their roots in a social structure of a relatively small number of wealthy, politically powerful landowners and a huge mass of largely illiterate, untrained peasants. Farming at a subsistence level, the peasants cannot afford the risks of change; yet they offer great potential for increased productivity. Basically very conversative,

they are coming into the twentieth century listening to the transistor radio which has increased the possibility of their manipulation by various elements.

7. Research and analysis - Institutions to bring even neighboring experience to bear on local problems are almost non-existent. When research centers do exist they are often concerned with subjects that will impress their foreign mentors rather than with mundane problems at home. Furthermore, there are few vehicles for getting the results of research to the policy makers on the one hand or the dirt farmers on the other.

Illustration - Education

Education will provide a parallel illustration. Like agriculture, educational problems vary from country to country and within various parts of the country. Nevertheless the categories in which the problems fall seem to be almost universal.[7]

1. Educational structure and curriculum - In most countries the system is designed to produce university graduates and little attention is given to equipping students at the various levels with the knowledge, skills and attitudes relevant to development. There is little concern for the need for technicians, artisans, and clerks. The university orientation is common even when less than one percent of the children finish secondary school. Within the universities little attention is given to development but attention is still focused on the "honored professions."

2. Unqualified teachers - Poor pay and facilities for teacher training lead to major shortages of qualified teachers in many countries. In some places, zeal for adherence to formal standards equal to those of more advanced countries rule out many who are competent to meet local needs. Quite commonly inadequate facilities make it impractical for teachers to round out their own education and training.

3. Non-starter and drop-out rates - In many countries, large numbers of children never attend school. Of those who do, in many countries most drop out before they achieve even a retainable level of functional literacy.[8] [Educational statistics on matriculation are often misleading as they reflect enrollment at peak periods rather than the end of the school year.] So few children complete education at any level that costs of education per graduate often exceed per capita costs in the more advanced countries.

4. Inadequate budgets - Few of the developing countries support the educational system adequately. Even where a reasonable portion of the budget is available for education, total government revenues in many places are around 8 - 10 percent of GNP rather than somewhere around 18 - 20 percent required for development. Thus education's slice of the pie may be fair, but the total pie is too small. At the same time, the school buildings programs often drain funds from other areas important for the modernization of education.

5. Lack of textbooks and teaching aids - Thousands of schools lack even the most elementary textbooks and learning is often a matter of memorization with little opportunity to expand the horizons of the children. In addition, most schools lack the tools, seeds, garden plots, etc., through

which education could be made meaningful to the vast majority of students who will not go on to advanced academic work.

Additional Assistance

These broad areas can be sharpened in each developing country. Similar analyses can be made in the fields of health, public services, finance and other areas critical to development.

The technical assistance agencies can provide at least two additional kinds of assistance. (a) They can make available comparative information on the experience of other countries. (b) They can provide assistance to the local working groups in the development of the Sectoral Self Analysis. This includes the distribution of the report to influential members of society and opening channels for wider discussion of their ideas within the country.

We have been talking up to now largely of the role of technical assistance in Sectoral Self Analysis. We now return to the "Self" -- some of the things the country, itself, can do.

Self-Help

For one thing, it can accept and support the idea that some of its own people should look at its own problems. With whatever degree of formality may be appropriate, it can sanction or at least not oppose local study groups. Within this concept, it is important to have working groups composed of individuals who can bring to bear a variety of insights; for example, the agricultural sector group might have one or

two trained agriculturists, a banker, an economist or two, a person familiar with marketing, a cooperatives person, and one or two politicians. Over and above their subject matter knowledge impact of the group will be affected by the members' reputation for objectivity and integrity and the esteem in which they are held.

Where officially sanctioned the country can support their efforts with small sums of money, some logistical and clerical support and an authorization to make information and ideas available to the group.

The country can see that the report is reproduced and fairly widely distributed. And finally, the leaders can encourage reading and discussion of the report as one basis for creating a climate for reforms.

IV.

A base for broader reforms can be built into a wide variety of individual technical assistance projects. It may be appropriate to digress for a moment to repeat the earlier observation: the process of changing the environment and the institutions is presented in several fairly neatly separated compartments for purposes of analysis. In the real world, the pieces do not stay neatly separated. More often than not it is necessary to undertake institution-building projects long before the scene has been set. When handled properly even premature projects may be able to help generate the climate and environment and support they need for healthy growth.

Advisory Services to Stimulate Change

In undertaking almost any study the foreign advisor can often start or enhance the process of creating a climate for reform. The technician carries a responsibility for helping his local counterpart and groups associated with him to see the broader issues and to begin to focus on them. Then, too, as he and they pursue their fact-finding together it will often be desirable to obtain the views not only of those expected to support the reform but also of those said to be opposed to change. The process of inquiry should bring out points of view that must properly be considered. At the least it should identify the source and arguments of the opposition; at the extreme, the early consideration of some of the real concerns of those affected may help swing them to support, or at least not oppose, the changes.

Identification of Problems

Many methods have been used to build the climate for reform during the fact-finding stage. In one country, a customs advisor led his local colleagues to discuss the proposed customs code with importers and incorporate some of their ideas before the code was promulgated. In another country, business men were invited to discuss new tax legislation and to propose alternatives before it was promulgated with the result that it was enacted with little opposition.

The fact-finding that is a normal part of technical assistance need not be limited to measurable activities. Straight description will often point to conditions or practices that should be changed, particularly

when described in language or visual aids that bring the matter into sharp focus. Projections, as with demographic data, for example, may bring home the need for action to meet future problems.

Comparison of practices in other parts of the country or with other countries may be important not only in the identification of problems but as a stimulus to reform.

The simple technique of talking to enough people and getting them to talk will often bring out essential ideas for reform that grow out of local knowledge and insights. Early efforts to create interest in population problems in Latin America, for example, revealed that government, church and universities were deeply concerned but each feared criticisms from the others. Hence, the early efforts were directed toward starting discussions among the groups concerned.

Without belaboring the illustrations, the essential point is that almost every step of the fact-finding, analysis, and recommendations can be carried out, not only with consideration for technical content, but with the idea of advancing understanding and support for reform.

Reports to Stimulate Change

Another useful tool can be reports by local groups and technical assistants designed to create an atmosphere favorable to change. These are likely to be quite different from reports analyzing a particular project or proposing a detailed solution to some technical problem. Generally the reports should be relatively brief with technical and supporting details in supplementary reports or appendices. There should

be a concentration on major issues with enough supporting illustrative material to be convincing without being overwhelming. There should be realistic recognition of the human, natural and financial resources of the country as well as of the institutional and administrative capacity to develop and carry out the programs. The complexity of the development process should be recognized and no claim should be conveyed that this set of recommendations will solve all the country's ills or that these proposals can be carried out without action on a number of related fronts. Nor is it necessary or desirable to attempt to answer all the questions. The foreign advisor is not omniscient. The thrust should be a document that will lead to discussion and action and it can well include questions to which the host country must find the answers. At the same time, the report is not or should not be a research document; it needs an action orientation to help the country move in certain directions. The general cast should make it easier for the host country to say "yes" than to say "no" or to do nothing.

It seems unnecessary to mention packaging but often the reports of foreign advisors regardless of their substantive merit lose much of their effectiveness because of presentation and format. There is a need for attractive, not costly, presentation, e.g., colored covers rather than just a memorandum. The reports should be designed for reading by laymen as well as technical experts and wherever possible the language should be appropriate and persuasive to all who must act favorably on the proposals. Where translation is required it is essential that the report read like the product of an educated citizen and not the product of some native clerk who had a fair command of English. Another type of report that can

have significant impact is the one produced after the agency is operational designed to increase public understanding of an area of concern and at the same time to build support for the organization which is not yet an institution. Two types may be cited. In the 1950's Costa Rica and El Salvador, with U. S. assistance, developed high quality, attractive census atlases. Among other institutions, every school in the country received a copy. This enabled the children, for the first time, to get a vivid picture of their country as a whole and helped establish a base for better appreciation of the usefulness of statistics. About the same time, the newly established Civil Service in Costa Rica had its first annual report routinely published in the Official Gazette along with the reports of all other government agencies. By saving the plates and having the text printed in a colorful cover, Civil Service was able to get wide distribution of material that would otherwise have had a handful of readers and thus spread the idea that merit employment was good for the country and that the new Civil Service office was serving the people.

The Advisor Himself

The foreigner undertaking a survey in a developing country is considered an expert in his own right. He is a part of the climate for reform. He should normally present his report while in the country and be prepared to explain it and discuss it in person and if desired to return to the country for further discussions. Whatever values there may be in home office review and editing are normally offset by inability of the expert to present his recommendations on the spot.

Training Abroad

Training abroad can be another prong of the attack on problems of reform. To be effective this requires a concentration of resources in certain critical areas, training of enough of the right kind of individuals to help shape the nature of the reform long before the usual types of projects customary in technical assistance agencies.

Dealing first with substance, the kind of education and training should be designed to assure that the individuals acquire the background to understand and analyze their own country's problems and needs in say agriculture, education, public administration, or other appropriate fields. Within this broad framework, they need intensive exposure to one or more of the areas critical to development discussed above. The approach needs to be primarily comparative and systematic -- How did Taiwan go about its land reform? What did Mexico do? What made them reasonably effective? What are some of the lessons from U. S. experience with the Homestead Act? Why are other countries so slow or unsuccessful in land reform? How has Israel overcome resistance to payment of taxes? Why has Latin America made so little progress in taxation and what has made Chile move more significantly than say, Honduras? What were some of the factors that made decentralization of government feasible in Yugoslavia but nothing more than a subject of conversation in other areas? How do these experiences relate to his own country?

The objective should not be to sell the trainees (participants) on any particular program of reform; far from it. It is rather to give them

an exposure to programs that have worked and that have failed; to give them some insight into social, political, administrative, economic and cultural conditions that contributed to the successes and failures; by helping them to relate these developments to conditions at home, to get them to begin to think through the types of reforms that might be feasible in their own countries.

Long-Term and Short-Term Training

Long-term and short-term training abroad should be designed to reinforce each other. Long-term efforts might well include advanced university work in the country that has effected reforms and/or in universities that have made intensive studies of the reform efforts. Some long-term training, where feasible, might include practical observation and work experience in the reform agency itself.

The participants should not be just technicians. They should be persons who are likely, immediately or in the long run, to play key roles in the development, approval, and implementation of the reform programs -- key figures in the government, business and the university; opponents of reform who might be won over (a visit of a group of Argentine bankers led to reversal of their opposition to legislation authorizing Savings & Loan Associations); young intellectuals; members of the legislature and present or prospective political leaders who are likely to be involved in the administration of the program if it is approved.

The short-term training should telescope the longer term training and must be especially designed to be responsive to local conditions and needs.

It should include very down to earth discussions of the rationale back of different types of reforms; discussions of the reasons for successes and failures; efforts to get participants to think through what would and would not work in their own countries. Whenever possible, participants should have an opportunity to see the results of reform and to meet with men and women who helped put them into effect. An effort should be made, whenever feasible as a training exercise, to get them to propose group reports concerning their observations and recommendations for their own country. Where the results are good, circulation of a collective report may speed the reform effort. In any event individuals will have had the experience of working together on a common problem, something that may prove more important to the reform effort than the training itself.

Because the type of people to be reached for short-term training cannot be away for long periods, the training should be limited to somewhere between six weeks and three months. The participants may not be familiar with the language of the country they are to visit -- and language requirements could well be self-defeating for the purpose of this training -- the foreign assistance agencies must be prepared to provide qualified interpreters as well as subject matter specialists who can help the groups understand and interpret what they see and hear.

Because few universities or other institutions normally provide this type of education and training, the foreign assistance agencies will have to face the added costs involved. Furthermore, if they are to make a significant impact on development and reforms, they cannot spread their training grants, one here, one there, but must concentrate them so that

over a period of years there will be at least a significant nucleus of responsible local leaders who are pushing knowledgeably for particular reforms.

As an additional part of the training, the participants should be encouraged to write and talk about their observations and experience for home consumption. In turn the foreign assistance agency should maintain a follow-up, to the extent feasible, to see that the participants are exposed to later developments and that they are continuing to use their training to help create a climate for reform.

International Seminars and Conferences

A feature of long-term development and reform that cannot be minimized is the international conference and seminar when properly structured and staffed by experts. These meetings bring together experts from the advanced and developing countries to gain understanding of ideas, programs and people. Through both formal group meetings and informal working relationships, programs often can be shaped to meet particular country needs. Publication of the proceedings, manuals, recommendations, and handbooks add to the growing literature on development which often serves to spur local effort. A cautionary note is in order, of course. Some local leaders spend so much time at these conferences that they are not home long enough to push needed reforms. Even more serious, some international gatherings carry so much prestige that some countries may adopt recommended resolutions without full understanding of their implications or how they are to be implemented. Despite these and other drawbacks they can serve a very useful purpose in prompting needed changes.

Local Efforts

The third prong of the approach to reform lies within the country itself, a field from which the foreign assistance agencies have generally shied away, at least openly, in order to avoid involvement in local controversy. It must be recognized that the real drive for reforms comes from individuals and groups within the society who see conditions they do not like and are determined to correct them. Their analyses and conclusions may or may not be sound but they are determined to get change by enlisting all the social, economic and political power they can. Generally speaking foreign assistance agencies cannot let themselves become embroiled in the domestic controversies. There is much they can do before-hand, however, to guide the direction of the reforms and sometimes to influence the results of the controversies.[9]

Again, the sectoral analyses and reports discussed above and the trainees who have returned to their posts become part of the bases for the reform program which, obviously, must fit the action patterns of the individual country.

Within-Country Training

One type of reform-promotional activity, not commonly used, is a series of guest lecturers, experts from countries that have effected reforms or scholars who have studied the subject in depth. While in the country these experts can review the other country's theories experience, results without direct reference to the local situation. Their lectures

can be reproduced in the local language and given appropriate distribution among opinion makers, the press and interested groups. They can also meet informally, and privately when appropriate, with key local leaders who might be influential for or against reforms. Their primary thrust is to talk about a different experience in an objective fashion and let the local people relate it to their own problems.[10]

Another approach, also usually not controversial, is the establishment of a course at the university or other institutions in which reforms in other countries are treated on a comparative basis. In some situations it may be appropriate to develop work projects involving analysis of limited aspects of the local situation. A parallel kind of effort, not adequately exploited by foreign assistance agencies, is to arrange for foreign experts to present especially adapted courses within the country for periods of three to six weeks to carefully selected local leaders and technicians. [Under AID sponsorship, the Internal Revenue Service is conducting in-country training in auditing in Latin America but this training is intended to improve techniques, not to promote consideration of reforms.]

Approaching a little closer to home are workshops and seminars in which local participants, possibly assisted by foreign experts, prepare material on, and discuss, local problems, e.g., papers on patterns of land ownership, incidence of taxation, costs of education per graduate, etc. Again where feasible, papers can be reproduced and appropriately distributed among influential individuals and groups.

Lectures and discussions of the type sketched above are only a small part of the much more basic program suggested by Charles Frankel in which

there would be a positive effort to change the intellectual climate in a country. He argues that technical assistance must be "culturally penetrative" and that appropriately structured exchange among intellectuals will help create the setting for acceptance of economic and technical development. "Economic and technical development provoke and require social and psychological disturbance. Moreover the process of economic development in most emerging countries, even when it leads fairly quickly to a rising standard of living, also invites the expansion of expectations beyond the possibility of immediate gratification. At one and the same time people must be taught to conceive of a higher standard of living and to believe that it is possible to achieve it and must also be taught that they must themselves work harder than ever, give up many of their accustomed pleasures and postpone, for an indefinite time reaping some of the material rewards for these sacrifices. Unavoidable though it may be, this is to scatter psychic gunpowder in a society. To control such situations, a strong ideology or sense of civic purpose is necessary and also a belief on the part of the people affected, that they know what is happening and why it is necessary.[10]

Role of Activators

Efforts such as these help to create a climate in which a widening circle of people begin to feel that the reform would be a "good thing." There is an increased disposition toward the reform, a feeling that it would or might be good for the country, but it is still remote, impersonal, academic. And yet this kind of conditioning may well be the essential underpinning for more vigorous action.

Reforms require personal action by the "activators"[11] to gain support within the various elites and to gain at least acquiesence among the opposition. How long this process will take, whether the fight is in the open or behind the scenes, it involves essentially the development of a large enough influential group who will benefit from the reforms and, after whatever accommodations are appropriate, support or acquiesence by at least a significant number of the opposition.[12]

Foreign Advisors and Local Legislation

Foreign advisors have played an important role in the development of legislation. They can play an important role as technical experts in seeing to it that sound analyses are made of problems, that consideration is given to important issues of public policy, that unworkable provisions are avoided, that the legislation says what responsible leaders have in mind.

At times foreign advisors use their prestige to help gain acceptance of the legislation. When modifications are proposed in the legislation, they can provide expert advice on whether the changes materially affect the measure and should be accepted or whether they are harmful and should be opposed.

In some cases foreign advisors have been called on as expert witnesses to testify publicly on the legislation. In other cases, foreign experts have become public proponents and engaged in public discussion to defend "their" legislation and to oppose those who disagreed. Generally speaking this latter course is open to serious question. In some situations open

foreign advocacy may be counterproductive and contribute to the defeat of the reform measures.

Communication Media

The role of the press, radio, television, and movies, as well as media for propaganda, in creating a climate for reform will vary with the traditions of the country and the nature of the issues. In general they are strong weapons in the fight. Particularly with the spread of transistor radios into remote villages, radio has become an increasingly important vehicle for reaching and gaining support from the illiterate rural and urban population who are beginning to participate increasingly in the political processes of many developing countries. With foreign assistance provided normally by a subject-matter specialist, assistance in strengthening communication with the public has been largely a neglected area.

V.

International pressures of various sorts can help to contribute to the development of a climate for reform and, at times, to specific reform action.

At one extreme are the resolutions of major international bodies like the United Nations General Assembly or regional bodies like the Council of the Organization of American States and their subordinate councils. When resolutions are adopted by these bodies, countries may be under a legal or moral obligation to ratify the action to keep in step with world opinion.

actions of the more technical bodies, such as the World Health Organization, set up strong talking points for local leaders and foreign advisors in persuading their governments to act in accord with international guideposts.

Organizations like CIAP (Inter-American Committee for the Alliance for Progress) bring increasing pressures for domestic reforms. Countries of the Western Hemisphere submit their reports of progress on their development programs for an annual review by CIAP. A staff report provides a critique of the progress and the basis for appraisal by representatives of the other countries in the hemisphere. Though still too new for full evaluation, this device seems to be having its effect in moving the countries toward some reforms that they would be loath to take on their own. Furthermore, the U. S. Congress now requires that the Agency for International Development take into account the actions of CIAP in making judgments on the amounts of funds to be made available for assistance to the various countries of Latin America.

Particularly in the area of monetary and fiscal policy the International Monetary Fund and AID make financial support available contingent on countries committing themselves to undertake specific major reforms.

In addition, individual loans often contain terms and conditions calling for specific reforms, e.g., reforms in the school system as a condition for funds for school construction, concurrent commitments by the countries of Central America before funds would be made available to any one of them for malaria eradication, equitable distribution of loans to small farmers as a condition for agricultural credit.

An important approach toward development lies in efforts to bring the people more actively into modern society. As efforts like the Peace Corps, Community Development, cooperatives, labor organizations become effective, millions of men and women begin for the first time to reap some of the benefits of development and become more articulate in voicing their needs. They begin to move in the direction of a political force. They begin to act as countervailing forces against the traditional power groups. Reform programs are offered increasingly for development objectives and for political support. Programs of the types suggested above and a wide variety of others aimed at increasing group capacity for sound decision-making must be undertaken to assure their understanding of sound activities and to strengthen their resistance to demagogic appeals.

The newer people-involvement organizations are beginning to become normal channels of communication to supplement the more traditional channels. Particular efforts must be made to see that the messages are getting through as often the city intellectuals are unable to get through to the peasants and slum dwellers.

In this area the anthropologists and sociologists have a great role to play in helping to break the wall of silence, fear, suspicion, and complete lack of communication between the city and the rural communities.

VI.

One of the most difficult problems for the developing nations and bilateral and multilateral technical assistance agencies, as well, arises when the climate for reform approaches the boiling point, during major

political campaigns. As the countries show increasing political maturity, the parties and candidates tend to move away from the glittering generalization to talk about more specific and concrete programs. Furthermore, reform minded groups, in particular, if successful in the elections, must be prepared to push their programs for approval within the first two to four months they are in office.[13]

It is thus in the political process that many aspects of the reform programs are crystallized. The political parties rarely have available the technical expertise to develop these programs and the implementation measures without outside assistance. Governmentally connected multilateral and bilateral agencies, however, cannot become directly identified with a single party and do not have the resources, or the desire to provide technical assistance to all parties.

The Dilemma of Timing

The problem is further complicated by the fact that within weeks after election, the incoming administration, not yet in office, is developing the legislative and administrative measures they will introduce as soon as they are in power. Bilateral and multilateral programs have no official basis for communicating or working with the new groups before they take office. Sometimes informal relationships develop between individual foreign technicians and individual party leaders or technicians. This relationship can become quite "sticky" as the technical assistance group is in the country on the specific request of the government in power. This matter can become most delicate when the incoming reform-minded government

has just defeated the more conservative incumbent government which had requested the technical assistance.

We are thus confronted with a situation in which a reform-minded government is elected and should have expert assistance, even before taking office, in formulating the details of its legislative program. It cannot ask for foreign assistance before taking office and may well have to go through a "shake down" period before it can decide on the assistance it needs. In turn, the assistance agencies can rarely respond rapidly to requests except for short-term emergency help. Thus during the critical planning stages and the first 120 days in office when much of the reform program must be enacted, only limited foreign assistance is likely to be available.

No ready solution to this dilemma is apparent as long as almost all major technical assistance efforts are government to government. The long-term assistance efforts and training will help, but they cannot meet the needs of many countries for a long, long time. One device that may prove helpful in some countries may be seminars and work groups which take model laws or legislation from other countries and, over periods of months try to shape proposals adapted to local needs. The political climate in many places will make this impractical, until strong research and educational institutions have been developed.

Another possible solution may lie in non-governmental institutions for technical assistance. It may be possible for individuals to travel abroad on non-governmental training grants for training and assistance in formulating policies and legislation. Related to this, some non-governmental

technical assistance may be able to make advisors and experts available to work with the incoming groups before they take office and immediately thereafter. The problem, however, is that non-governmental technical assistance agencies are not likely to be able to draw on the resources required for this work on any large scale.

The answers are not clear but they must be found if we are to get forward movement in reforms at the point when the greatest progrsss can be made.

Notes on Chapter IV

1 Curti, Merle and Birr, Kendall, Prelude to Point IV, University of Wisconsin Press, Madison, 1954. To mention just a few of the early U. S. assistance efforts described by the authors: In the 1870's the U. S. helped Brazil establish a Geological Commission. About the same time, the U. S. gave assistance to Japan in reorganizing its internal revenue system, postal services, prisons, its agriculture and its educational system. In 1899-1900, after Cuba won independence from Spain, the U. S. undertook to reorganize almost all aspects of the Cuban government and repeated many of the efforts in 1906. In the 1920's Financial Missions assisted China, Colombia, Guatemala, Honduras, Iran (then Persia), Mexico, Nicaragua, Panama, Peru, Turkey.

2 Gross, op. cit., p. 10. Much of this work is a presentation from the point of view of the administrator of the problems of overcoming resistance to change.

3 Esman, Milton J., "The Politics of Development Administration" in Approaches to Development: Politics, Administration and Change, Montgomery, John D. and Siffin, William J. (eds.), McGraw-Hill, 1966, p. 73. "Though there is great scope for individual and small group initiative in the development process, such 'development from below' is conceivable only as a complement to a purposeful and dynamic governing elite."

4 Cox, Milo L., Animal Agriculture in Latin America: Present Status and Possibilities for Expansion, AID (mimeo)

5 Newberg, Richard, "A Strategy for Agricultural Development," in Selected Speeches, Conference on Brazilian Agro-Economic Development, February, 1965, Department of State, Agency for International Development.

6 Long, op. cit. Also Schultz, op. cit.

7 Harbison and Myers, op. cit; Ashby, Eric, African Universities and Western Tradition, Harvard University Press, Cambridge, 1964; Dannemann, Problems of Human Resources in Brazil, International Labour Review, Vol. 94, No. 6, December, 1966.

8. Dannemann, op. cit., "In 1958 the national average of school attendance (in Brazil) for the 7-11 year age group was 54 percent and it was estimated that of 100 children enrolled in the first year, only 30 reached the third year." Other studies show similar figures for many other countries. See also Boletin Estadistico, Pan American Union, Feb. 1967, Washington, D. C., p. 6, for enrollment by grade in 17 countries of Latin America.

9 Gross, op. cit., pp. 23-30. Gross stresses the critical role of "activators" who must build and maintain "a network of supporting groups and widespread public acceptance." The support networks adapted to local conditions would include national leaders, financial management agencies, major ministries, other national organizations, political parties." They would also need support from "large numbers of people in their individual capacity;" - what he calls "a favorable climate of public opinion."

10 Frankel, Charles, The Neglected Aspect of Foreign Affairs, Brookings Institution, Washington, D. C., 1965, pp. 91, 108 and 110.

11 Gross, op. cit., p. 24.

12 Hirschman, Albert O., Journeys Toward Progress, p. 122. ". . . Reform requires a special combination of circumstances, a sequence of moves in the course of which the ruling groups acquiese to or even connive in the nibbling away of their own privileges . . . reform is a feat of contriving which has a chance of being accomplished only if liberal use is made of the more wily arts of bargaining-intimidation, threats, professed willingness to resort to violence, use of surprise and deception, etc."

13 Goodsell, Charles, The Administration of a Revolution: Executive Reform in Puerto Rico under Governor Tugwell, 1941-1946; Harvard, 1965, p.

CHAPTER V

THE INSTITUTIONAL ENVIRONMENT

I.

Chapter IV placed emphasis primarily on substantive reforms -- agriculture, education, health, aspects of public finance, etc., -- which affect directly the lives of thousands or millions of people. They involve issues about which people get deeply aroused. When enough of them demand changes, they can generate enough pressures so that, sooner or later, modifications will be made in the no longer acceptable systems and practices.

The institutional environment discussed in this chapter focuses primarily on the elements of the administrative-political setting which affect the establishment, operations, and institutionalization of an organization. These elements have deep roots in society but usually not as ancient or widespread as in substantive fields. These elements affect the people much less directly and consequently they are less likely to become emotionally involved. They do not have the same potential for the formation of natural constituencies which can bring pressures for changes.

As discussed earlier, the ambitious programs of many countries are impeded by the absence or ineffectiveness of organizations and agencies to develop and execute activities required for socio-economic development and nation-building. Gaps can be found in most areas, including economic affairs, agriculture, education, health, industry and public administration. Thousands of organizations exist on paper, or are struggling for survival,

or are making a minor or perhaps negative contribution, when they should be playing important roles in development. To mention just a few -- tax offices that collect perhaps half the revenues due the government, agricultural colleges with almost no students with rural backgrounds, absence of facilities for training laboratory technicians and paramedical personnel, civil service systems still operating on pre-development models. The list is endless.

The reason and excuses are varied. Sometimes the climate for reform (Chapter IV) has not been favorable. Often the power structure and the elite groups are opposed to change. Sometimes the institutional leadership and staff have not kept pace with needs. Often the environment is unfavorable for the development of particular modernizing institutions. This chapter treats some of the principal environmental considerations and some ways to identify the most significant ones in particular countries. The chapter then explores what can be done before and after the organizations are established to modify some of these environmental conditions in order to make them effective institutions.

It may be well to repeat the note of caution expressed earlier. To simplify analysis and understanding and stress the need for efforts to change the environment <u>before</u> institutions are established, the environment is treated as though it were separate and distinct from other aspects of development. In the real world of development, however, the different phases blur into each other, overlap, occur in illogical order. Nevertheless, it is important to recognize that an unfavorable environment at the time an organization is established, oftentimes in response to demands

for reforms and pressures of domestic politics, or in response to the drive and determination of dedicated local leaders usually means that much of the early effort of the institution will be diverted from institutionalizing program changes and spent in a continuous fight to change the environment.

II.

The six major areas relate to funding, personnel, administrative flexibility, objective analysis, attitude toward the public, and relevance of standards. Other groupings could be used, of course, but these six appear to be of significance in most developing countries and provide a reasonable point of departure for more specific definition in individual countries.

1. Funding

High on any list of environmental conditions is money. Development is costly and the leaders and people of developing countries are not accustomed to the type of investment required. At the same time, few countries have in operation effective planning and budget systems that facilitate decisions on priority needs for their limited funds.

Money - Developing countries rarely have available the kind of financial resources they need. Though, as mentioned previously, Arthur Lewis estimates requirements for development at a minimum of 18 percent of Gross Domestic Product excluding defense and debt service charges, tax collections in comparatively few developing countries approximate this amount. Though GDP comparisons are not available, a recent study by staff

of the International Monetary Fund list 30 countries where tax revenues are less than 17 percent of Gross National Product.[1]

No country, of course, is anxious to raise taxes, especially for new and untried organizations and reform. In developing countries the economic-political problem is particularly acute because the number who pay taxes (other than sales and excise taxes) is likely to be small because of the narrow economic base, and the larger taxpayers are likely to be well-connected with, or part of, the power structure. Often increases in revenues do not require new or increased taxes but the collection of taxes already authorized by law. Without strong action, however, long traditions of non-payment of taxes will not be overcome quickly enough to provide the additional funds required to establish or strengthen the administration of reform programs. Changes of this sort require strong political leadership based in part on a growing acceptance of the fact that a particular development is desirable and necessary as a matter of self-interest and that it does require more money.

Another facet of the fiscal problem, of course, is the allocation of available resources. Every country has heavy demands for all available funds. New programs and institutions are in competition with traditional services which usually are no threat to anyone and are often an important element in the strength of the group in power. Furthermore, traditional services provide a respectable vehicle to absorb the unemployed, sometimes the intellectuals, sometimes the unskilled. Where alternative opportunities for employment are limited, governments will be loath to reduce these activities to finance newer institutions.

The problem is further complicated because programs required for development tend to be more costly than traditional ones. Salaries are likely to be higher because of the need to attract technical and administrative personnel with special skills, often acquired abroad, and with capacity for innovation and experimentation. In higher educational institutions, there will be need for increases in fulltime personnel at adequate salaries in lieu of the large numbers of part-time professors who teach for token amounts and primarily for prestige and for the love of teaching. In primary and secondary education costs are likely to soar from pressures of mounting enrollments and the need for better qualified teachers. Complicating the problem still further is the need, in many cases, for imported supplies, books and equipment that strain foreign exchange reserves which are in short supply in most developing countries.

The problems become even more involved in the modernization of established institutions. Local leaders may find it difficult to see the need for funding both continuing activities during a transitional period and the costly modernization work. Especially when the traditionalists are protesting that they are being pushed aside by the newcomers, the reform efforts may suffer in the competition for money.

In summary, the success of the reform efforts and the institution required will depend, to a considerable extent, on the creation of an environment in which, despite financial stringencies, those in power are prepared to make available the resources required.

2. Personnel

A second consideration is willingness to permit the employment of the kind of personnel needed for development when this may mean a significant departure from norms within the country.

The personnel problem, of course, will vary from region to region and country to country. Nevertheless established systems and practices rarely provide the flexibility required by the newer institutions and do not ordinarily put appropriate stress on innovative abilities, capacity for sustained hard work, drive, energy, meeting of deadlines, and "know-how" in getting things done. In places like India and Pakistan, the stress is largely on intellectual attainment as measured by university degrees and examinations which are not designed to measure the special skills and personal qualities needed in development. In most of Latin America, public employment, though changing, is still largely political but with a few unusually able men and women in the higher echelons. Though there is little concern for the qualifications of supporting personnel, rigidities virtually preclude staff reductions. Despite great shortages of trained manpower, the man with the wrong party label is not likely to receive appointment or be retained with a change of government. In Africa the governmental problem is largely the lack of trained manpower and the return to Europe of thousands of expatriates and the problem in higher education is the continuation of the expatriates, who tend to preserve the systems established under colonialism.

The need to attract and retain different types of personnel will often require substantially higher pay scales and different conditions of employment in educational as well as administrative institutions. As a case in point, the Sao Paulo School of Business Administration in Brazil has retained its young, able faculty, largely trained in the United States, in part, by providing for stimulating full time employment, including research and consultation, at salary rates about double those in other Brazilian educational institutions but in line with practices in progressive Brazilian industry. Planning boards, too, have found it necessary to use one device or another to attract the young able, foreign-trained economists.

It must be emphasized that salaries are just one facet of the problem. At least of comparable importance in attracting and holding well trained people is the atmosphere and resources of professionalism including such things as respect for objective analysis and professional integrity, continuity in policies, facilities for research, adequate understanding of and consideration for technical recommendations. [At the same time foreign technicians must guard against the tendency to introduce a political purism that does not exist in the advanced countries and may lead to a deterioration of support in developing countries].

Because institutions contributing to development must be responsive to needs that change almost daily, there is need for a high degree of flexibility in assignment of staff, again in fairly sharp contrast with many personnel systems and practices designed primarily to assure job security. In some countries, for example, the professor with tenure makes his own determination of when and what courses he will teach and their

content and there is no administrative authority to make adjustments in assignments to fit a development program. In some countries an employee can be shifted to another job only with his consent, a condition hardly likely to contribute to development.

In still another respect the personnel needs of development-oriented institutions differ from those primarily concerned with housekeeping activities and the maintenance of law and order. Because the needs are frequently new and the schools and universities fail to meet those needs, there is a burden of training unique in most countries. The problem is not only a matter of new skills and techniques, but even more difficult, of new attitudes and relationships. As Gant[2] has pointed out, the maintenance of law and order may necessitate a certain aloofness and isolation from the people; development requires a close association and identification with the people in order to help them work out solutions to their problems. Furthermore, development requires leeway for initiative, imagination, and responsibility at the local level, qualities not highly prized in the more rigid traditional societies where centralized government is primarily concerned with law and order.

Lewis goes so far as to express the view that development is virtually impossible without an effective and efficient civil service.[3] Without arguing this point for the long run, development will not sit still for the years it will take to develop an effective and efficient public service in many countries. For the present those in power must be aware that implementation of reform programs and institutional progress will require substantial departures from usual personnel practices to provide incentives and encouragements and not stifling controls or complete abandonment of standards.

3. Administrative Flexibility

Administrative and educational institutions in traditional and transitional societies tend to operate within a relatively rigid framework, and with slow-moving processes for the initiation and approval of modest changes. The leadership works within this structure, and as long as relationships with the power structure are reasonably cordial, the program meets with approval. In developing institutions all this is different. The program usually cannot be spelled out in detail in advance and the leadership must play a major role in shaping the program. This means encouragement of interchange of ideas with staff as principles, policies and practices are hammered out together. It means innovation and experimentation by the leadership and encouragement of similar activities by the staff. It means making mistakes and learning from them. Externally it means working with the often not quite respectable groups who pushed through the reforms and, at the same time, maintaining support within the appropriate elites. It means explaining mistakes and failures to the political leaders and the public, fighting for additional resources, resisting efforts to impose traditional practices and restraints, and keeping the program moving to new frontiers.

This type of effort requires a leadership willing to "roll up its sleeves" and do any job that is necessary. In turn it requires a dedicated staff, eager to learn, willing to work hard and take responsibility with assurance of backing and support from the top. It means staff willing and able to work with and for the people.

These pages of operations require an environment in which the power structure is willing to modify traditional practices in deeds as well as words, for example, approve laws allowing program and administrative flexibility; authorize departures from some usual fiscal and personnel practices and controls; permit some reorganization without detailed legislative approval; provide more money than is customary; permit and support troublesome operations; and tolerate active leadership that could foster new political ambitions.

Three other environmental conditions are fairly simple to describe but difficult to change because their roots go deep into the social and political patterns of the country and become entangled with elements of professional and national pride.

4. Objective Analysis

One of these is the need for objective fact-finding and analysis and research and self-criticism of programs and operations. The more advanced countries are not always as pure as they claim in this respect, but for many developing countries, with their smaller and more powerful elites, their much more personal societies and relationships, and ivrulent politics, acceptance of objectivity will not be easy.

With these deep-seated attitudes there is a tendency to analyze problems in sweeping generalizations and ideological doctrine. One contributing cause is the limited attention given in many countries to education in the social sciences and comparatively little of that to objective consideration of local problems. As a consequence, even when leaders

recognize the need for more objective analysis, they are likely to be handicapped by the dearth of competent analysts in economics, social sciences, administration, statistics, and other fields.

Another factor further increases the complexity in some countries. It is not the individual but the institution of his affiliation that is responsible for his writings. Thus, if the results of research are critical, it is not the individual professor but his university or research institution that is criticizing the government, and even more serious in a personalized society, criticizing individual government officials. This course may not be prudent where the government may interpret criticism as political opposition and the university is almost wholly dependent on financial support from the government. Particularly in areas like Latin America where universities are considered to be centers of opposition to any government, acceptance of the idea of objective analysis will require far-reaching changes in the institutional environment.

5. Public Service Attitude

A related element is the whole range of qualities that may be summed up as the attitude toward the public and public service touched on a few moments ago. The gulf between the elites and the general public is great and even when development programs are undertaken there is a normal tendency to undertake these for the public, a sort of noblesse oblige. The idea of the need to work with and as a part of the people may be accepted intellectually but application will involve substantial environmental changes in many countries. On the other side of the coin, it will take great changes in many

societies to convince the people that, other than campaign promises, government is willing and able to do something that will benefit them. The deep-seated convictions that the universities are only for the wealthy and are not prepared to contribute to the development of the country, that government serves only the rich and the corrupt pose monumental barriers to institutional development in many countries. Making this issue even more sensitive is the growing need in many countries for public support if institutions are to survive and achieve against entrenched interests.

6. Relevant Standards

Related to these other environmental conditions is the willingness to adopt standards relevant to the needs, capacities, and resources of the particular country at a particular stage in its development. Because of the wide variations among the developing countries, it is difficult to generalize, but illustrations will clarify the problem. Relevance may mean use of unemployed or underemployed labor instead of heavy equipment for construction and road building; horses and wagons rather than jeeps and trucks requiring scarce foreign exchange unless the needs are fully justified; use of paramedical personnel to provide health services in rural areas where, even if there were enough, physicians would not live; universities with curricula and standards for local needs rather than reproducing Cambridges or land grant universities which met some of the needs of England and the United States; giving priority to technological institutes to train the middle level manpower in short supply in most developing countries; where

advanced techniques are warranted, importing the skills and/or waiting until local personnel have been trained to use them.

Adoption of relevant standards may pose high psychological and practical hurdles for local technicians trained abroad and for their foreign advisors. Training abroad has exposed them to the latest techniques and thinking. Why should they use less than the best? Or if this year's model is too advanced, last year's should do.

A further part of the problem is that their training has not equipped them to develop standards for a developing society. Education in advanced countries takes the environment as given and goes on from there to consider techniques that meet its present and future needs. Little attention is given, for example, to conditions in the United States when the Land Grant Colleges were established and their early history which might be more akin to problems in the developing countries than the current super-universities.[4] Great Britain at the time of the establishment of Civil Service might well be a point of departure for personnel reform in many countries. The early efforts of the Bureaus of Municipal Research might help many countries. Similarly the types of training in agricultural schools in "cow college" days of the small family farm might be more relevant than many aspects of modern large-scale agriculture.

One more approach may reinforce this point. Granted that a highly mechanized factory can be quite efficient, is it really so in a developing country when considering foreign exchange costs, lack of skilled maintenance workers, down-time to obtain spare parts from abroad, kind of management and labor available, need to provide increased employment opportunities, etc., etc.?

Let me make myself perfectly clear. I am not arguing against modernity or efficiency. I am arguing for the development of standards, techniques and institutions that are adapted to the institutional environment.

III.

These six considerations are intended solely as guides or as points of departure for analysis within the individual country. Laying these out in this way may seem to pose insuperable barriers to development. On the contrary, recognition of these or other local problems makes for realistic planning and action programs. Experience has shown that they can be changed in a relatively few years. Section IV discusses some methods for effecting change. Meanwhile, however, it is important to review means of identifying some of the important elements in particular country situations.

Recent Efforts at Innovation

One of the obvious starting points is to examine changes that have been attempted within the past few years. In many countries legislation has been introduced for establishment or reform of Civil Service, for more effective fiscal controls, for changes in university structure. For purposes of initial appraisal of the institutional environment, it may not be particularly important whether the legislation passed or failed. It is important to know who opposed the change and why, and the strength of the supporters and the opposition. From this base, it should be possible to make at least a partial assessment of the current attitudes of the opposition and the kinds of explanations or accommodations that might be appropriate

to win or neutralize those opposed to change. This type of assessment may indicate that the time is not ripe and a longer term educational program would be in order before serious efforts are made for institutional change.

Experience of Organizations

Another aspect of this approach is to examine organizations established or strengthened in the recent past, say the last five or ten years, presumably to bring about some reforms, and see what has happened to them and why. Often we may find that they are doing a pedestrian job of enforcing procedural rules, that foreign nationals are doing the real work, that their recommendations are largely ignored, that they are operating largely as they did before, that they are ten years behind on a program that was supposed to be completed in two, etc. These types of findings may suggest that the traditional environment engulfed the organization. It then becomes [illegible] to isolate some of the strong and weak elements in particular circumstances and to proceed from there.

Local Knowledge

Another approach, simple and obvious and commonly used by experienced technical assistants, is to tap the knowledge and experience of a good cross-section of local leaders and technicians. Those with some training abroad can make an especially valuable contribution, but their understanding of the values of change may tend to warp their judgment of the depth or skill of the opposition. Those who have tried to bring about changes are

likely to be particularly sensitive, but again, their personal involvement may create biases which must be carefully weighed.

Foreign Technicians

Foreign technicians, including those who are going through the process of asking questions to learn "what makes the country tick," often can bring deep insights to bear on problems. Along these sames lines, reports of foreign technicians and local study groups can be helpful. Quite often, by reading the recommendations, it is possible not only to identify specific problems needing attention but also fairly deep-seated environmental factors as well.

Returned Participants

Pooling the observations of those who have studied abroad can be helpful particularly when they include men and women from a number of disciplines. Those young men and women who have just completed their training can be especially helpful during the period when they are readjusting to their own country because at this time they can bring a fresh view to old problems. At the same time, efforts mentioned above must be taken to weigh their freshness and enthusiasm against their biases and possible lack of contact with the political processes.

Development History and Literature

The literature of the advanced countries especially that dealing with the development of their own institutions, for example, histories of

of the early problems of the land grant colleges, the establishment of the cooperative movement, early efforts to reform local governments, can be helpful as well as the growing literature on development and change.

Political Leaders

Most important of all, in many countries, is discussion with responsible political leaders who are seeking to bring about change. Many have keen insights into the environmental obstacles to change. In some cases they have seen their own efforts thwarted by these same elements, and though perhaps thinking in purely political terms, they can often point toward solutions from their own experience.

Potential Sources of Opposition

Still another approach is to undertake efforts to find out who is opposed to change and why. Opposition to change and to modernizing particular institutions is not limited to the politicians and political parties. Sources of opposition will often be found in at least three groups -- the professionals, the clients, and the bureaucracy and in some circumstances, the church -- as well as among those whose interests are threatened by innovation.

1. Professionals

The professionals usually have been trained under an older and established system. They are likely to look with disfavor on a new and different system. This feeling is likely to be accentuated if they feel the changes

will jeopardize their monopolistic position and encourage competition. In one case the local accounting society sought to bar international accounting firms from work in their country through provisions restricting practice to persons trained in accounting within the country. Another was the effort of a society of economists to require a degree in economics for work in professional business activities and thus block recognition for a new college of Business Administration.

Medicine is illustrative of a different type of problem. The doctors, who enjoy great prestige and influence in many countries, are trained primarily in medical care of individuals. They are not usually active in the promotion of the training of paramedical personnel or other measures for improved public health and preventive medicine.

2. Clientele

Clients who stand to gain through the new institutions often are indifferent or opposed to the change. They are often accustomed to the old ways and fear what change may bring. The businessman, for example, prefers to continue to pay-off the policeman whom he knows because he does not really believe the modernized police force will be as honest and efficient as the claims of its proponents. The foreign firm that keeps only one set of books may prefer to continue to live with known inequitable treatment rather than risk the unknown of what a legislature might do with new tax legislation.

Clients have often built close personal ties with individuals in established agencies and they fear what may happen when the ties are

broken. Frequently, the clients do not understand the changes, which may be in their interest, but which developing countries tend to put into effect without prior notice and discussion or explanation. The clients, too, are part of complex inter-connecting networks of relationships, family for example, and they may feel that the changes proposed, though generally beneficial, will harm other members of their family and family loyalty comes first. For example, an irritating and unproductive stamp tax suddenly becomes less irritating when it is learned that its elimination will jeopardize the jobs of members of the family dependent on the stamp tax.

3. Bureaucracy

Opposition to change frequently will be found within the bureaucracy and within the modernizing institution itself. Individuals are accustomed to the old ways and feel endangered by change. Frequently jobs and economic survival are at stake. Sometimes the prestige of the organization or individuals is in jeopardy. Again the introduction of younger better trained men and women may run counter to deep traditions. Not infrequently in many countries the introduction of even minor efficiencies will eliminate the opportunities or facade for petty graft on which employees depend to supplement inadequate salaries.

Within the institution itself employees are likely to continue old practices and relationships. Their support may be of great importance not only for what they do but because of their inter-relationships within the society, e.g., that young fellow in the mail room may be the nephew of the minister of finance. Opposition to change may soon develop, too,

within the modernizing groups; they grow tired of the continuing battle for acceptance. As their supporters stay in power they tend to grow more cautious. The procedures and practices introduced early in the modernization program, often for expediency, become standard operating practice and even some of the innovators begin to feel insecure in the face of change.

IV.

The measures that can be taken to create a more favorable institutional environment necessarily vary from country to country, and within a country there will be substantial differences depending on the current climate for reform, economic and social conditions, and political-administrative circumstances. Just a few of scores of measures that may be useful are suggested as a stimulus to further thinking and action by those most familiar with individual countries.

Seizing Opportunities

Measures to change the institutional environment must be taken before the establishment of the program and organization, during the process of its authorization and establishment, and for prolonged periods during operations. No attempt will be made to assign priorities to these varied efforts in pursuit of change. Often coincidental events provide the golden moment to change the environment. A scandal in one ministry, for example, may provide the occasion to tighten controls in another. The loss of several well-known technically trained young men may provide the occasion for approval of higher salaries for the planning board. The need

for huge sums to rebuild after an earthquake, has provided the occasion for long-sought reforms in tax administration. These few illustrations suggest that perhaps lesson number one is to be prepared to seize any and all opportunities to change the institutional environment.

Pre-Institutional Stage

Fast Action

Where the climate for reform is favorable and strong, capable, experienced political and administrative leaders can work together to enact measures and enforce them and the environment can be changed dramatically and effectively within a few years. This happened in the pre-commonwealth stage of Puerto Rico, 1941-46.[5] Even in Puerto Rico, however, though basic changes were made quickly and relatively easily in the planning and fiscal areas, reforms in personnel administration could not be effected until 1946. Despite the alliance of strong forces and strong personalities the environment was not changed easily. The young administrators, the Senate Majority leader, and the Governor had to be in positions strong enough to resist tremendous and often vicious pressures to achieve their reforms and change the environment.

Top Level Self-Interest

In a somewhat parallel development, the Premier of Thailand took the evolving budget office and moved it from the Ministry of Finance to his own immediate office. The systems and procedures which were going into effect now had the backing and support of strong political leadership.[6]

In this case, patterns of behavior were changed because the bureaucracy had to follow the new system to get funds and the premier had, in the budget office, a tool he found useful in keeping informed of and controlling the activities of his government.

More commonly, efforts to change the environment are slower, less dramatic, and must be sustained over a period of years.

Studies by Foreign Experts

One device is a study made by an outside expert or group of experts. The Appleby study[7] in India for example, focused attention within the government and in the press on a number of important issues and created an environment for discussion and debate and action which had not existed before. In Pakistan the apparently highly critical Gladieux report was not publicly released but was well enough known within the bureaucracy to open up areas for consideration that had previously been closed.[8] In depth studies like the exhaustive Shoup study of taxation in Venezuela, Harvard's World Tax Series or the Keenleyside study in Bolivia are more likely to provide a base for long range, rather than immediate, change. It must be recognized that even in advanced countries studies may have to be made a number of times over periods of years before they accumulate enough support for acceptance in principle and even then intensive effort must be made before significant changes are put into effect.

Local Studies

Another approach involves studies and proposals made by local individuals and groups with professional stature or prestige, summarization by press and radio, editorial support, and in due course, political support and action. A related aspect of this device is the reporting of observations and experiences by local technicians studying abroad. In a few cases, group reports have been prepared, submitted to the Minister and through him to the President, and then released to the press. Admittedly difficult for both the students and the foreign assistance agencies, the group report offers a potential in creating an institutional environment that has not been fully exploited.

Preparation of Legislation

In a more direct approach local groups prepare legislation, with or without technical support or assistance. Though it may be premature to expect the enactment of legislation like Civil Service, or budget reform, or university reorganization, the discussion, debate, and public controversy contribute to acceptance of some new ideas and the eventual establishment of an environment where success is probable. At the same time, there may well be a "spin off" that will help create an environment favorable to a particular institution. Thus a proposal for Civil Service may be turned down, but the party in power may be willing and anxious to support intensive training programs in which previously they had shown little interest.

Private Persuasion

Of far more importance than publicity in most developing countries, though publicity may help, are the quiet personal, private efforts to convince political and administrative leaders that the changes proposed will advance their own interests or at any rate will not run contrary to those interests. In many situations the dominant groups may be so opposed to change that, realistically, it may be wiser to concentrate on persuading the opposition to accept the new ideas, through some of the devices mentioned, until they take office and put those ideas into operation.

External Pressures

External pressures can be effective in many cases. The key, of course, is whether the government is prepared to carry the country with it in creating or modernizing the institutions and in moving quickly to put the new systems, procedures and practices into operation, or, indeed, if the government is sufficiently cohesive and secure that it can move at all. If a government is fully convinced and is strong enough to act fast the new methods will soon be as difficult to change as the old ones. When the country merely gives-in to foreign pressures, changes in the institutional environment are likely to be ephemeral.

Educational and Training Devices

A whole array of educational and training devices can be used far more than they are now toward the creation of a more favorable institutional environment. This area can be included as a definite part of

individual and group programs for training abroad. The process of change can be helped by planned programs of visiting lectures and seminars on various aspects of development. The study of local and foreign experience can stimulate interest. Organization of professional societies and publication of professional journals, for example, can often be helpful, particularly in reaching the younger and more progressive elements in a society. Another commonly used device in creating a favorable environment is widespread quotation of resolutions of international conferences, particularly when it can be shown that a particular country is out of phase with the world community and more progressive rivals. This device has its dangers, of course, as technicians sometimes push for the local adoption of international resolutions which their governments do not understand and have neither the capability nor the interest to carry out.

Establishment Stage

During the establishment of the organization, particular changes can be written into the charter so that it is supported in its actions and gets the standards, flexibility and resources it needs. In some societies, the approval process itself can be used to get public, leadership and elite group, and/or private commitments of support. The nature and scope of this support for the program will go a long way toward the environment for success. The money made available often puts a price tag on this support.

Publicity and debate can help create the environment, particularly if various interest groups, professional societies and the public are involved.

The system, of course, gets its legitimacy when essential provisions are voted into the law.

Again a cautionary note is in order. Undue stress on changes in the institutional environment could be counter-product. It could defeat or delay the substantive reforms that are the primary goal by alienating groups whose support is needed. Where the over-all costs are out of line with local practice undue stress on cost may jeopardize the support of large taxpayers or an economy bloc. Or undue stress on merit appointment might lessen the interest of key members of the legislature. No hard and fast rules can be laid down. The environment must be changed in most countries and the establishment stage provides a good opportunity for action. Nevertheless judgment must be exercised lest the reforms themselves be put in jeopardy.

Operations Stage

Regardless of the type of charter granted the institution, the fight to create a favorable institutional environment is just beginning.

Early Action

The speed with which the organization swings into action and the pace of its early activity will often create the political and public support needed to give the institution survival power. The strength and quality of early actions are important as are fights for status, stature, and an appropriate degree of autonomy.

Mutuality of Interest

Most important in creating a favorable environment are actions taken to carry out substantive program goals which provide a basis for a mutuality of interests between the clients and the agency. A few illustrations may clarify this critical area.

- A tax office launched a program to improve the audit program by training a large group of auditors. Publicity about the training program persuaded many non-taxpayers that it would be in their interest to file returns. Shortly thereafter, local action against a few citizens, accompanied by appropriate publicity, persuaded more taxpayers that it was in their interest to get in their returns and figure their taxes with some regard to their income. When the system provided for effective follow up action, a basis was established for a pattern of "voluntary" compliance to avoid trouble with the government that was serious about collecting taxes.

- At the time a College of Business Administration was established, its degrees were not recognized by the government nor was there any known market for graduates. Before initiating the undergraduate program on a small scale, the college undertook a highly successful executive training program for business men. By the time the first undergraduates had completed their first three years, alumni were clamoring for their services. With good jobs assured, student applicants soon exceeded capacity, quality of education was maintained, and in a few years the degree was recognized.

- A country without uniformity in pay scales adopted a civil service law. Rather than wait a year or two to set up schemes of job classification and pay standards, the new organization began almost immediately to announce and administer examinations. Despite all sorts of technical difficulties, a pattern was established of entry into Civil Service through examinations and the new organization immediately identified itself with the people on whose support it was to rely in years ahead.

- A new Planning Board was established with broad jurisdiction over physical and economic planning. By working night and day to clean up an inherited backlog of zoning cases the Board was able to win the confidence of administrators, politicians, real estate interests and the public. With this support it was able to move into broader and more controversial areas of economic planning and serve as a pioneer in its field.

Four Directions of Continuous Action

Immediate actions, of course, are not enough. If the new organization sits back and relaxes after initial victories, it is likely to find that the general environment is moving in, like heavy fog, to smother it. There must be continuous forward movement in at least four directions. One of these is in the direction of improvement and expansion of substantive programs. Another is leadership or participation in the fights for further reforms. Still another involves continuous efforts for improvement of administrative conditions responsive to the needs of the program. The fourth is a never ending effort to establish stature, professionalism, and a reasonable degree of autonomy for the institution.

These few illustrations stress the fact that creating an institutional environment is a never ending job. It begins before the institution is established but becomes an operational responsibility the day its doors are open. It is not a job that can be accomplished by speeches and statements in the press, though they are important. Nor can it be done through refined administrative techniques or efficiency alone. It gets done by carrying out programs that are needed and wanted by the power structure and the people.

V.

Identification of these elements suggests the need for a somewhat broader approach from foreign assistance agencies than has been customary.

The process of institution building is vastly more complex than just program and technology, areas where almost all technical assistance customarily is concentrated. Developing countries may well need training, advice, and assistance on any or all of the elements, and advisors and their back-stopping agencies should be prepared to provide the varieties of advice and assistance needed. In turn, this varied activity requires more careful selection and training of advisors and equipping the back-stopping agencies to do a broader job than most are prepared to handle. In a panel at Cornell, Professor Henry Landsberg commented on the four roles of a professor overseas: The professor as professor; professor as coach; professor as curriculum advisor; professor as management consultant.[8] Effective technical assistance requires that professors be prepared for these roles and that other technical assistants have corresponding preparation.

The interaction of the various elements points up additional demands: (1) when highly specialized experts are used to give assistance on particular elements, they must be familiar with all the components of institution building and provide their advice as team-members rather than as individual experts; (2) the dynamic interaction of the elements gives emphasis to the importance of timing in the assignment of advisors because delays in strengthening one element may slow several others of equal or greater importance.

It is self-evident that the elements will rarely fall into the neat places assigned to them on the chart. Much of technical assistance is designed to put them in place at the right time. This process is neither easy nor rapid and it is the part of realism to allow much more time than is customary for assistance to institution building projects.

Training needs to be given much greater attention as an integrated part of the process of institution building. Training abroad, both before and after the institution is established, needs to be planned and undertaken with the specific purpose in mind of laying the groundwork for certain reforms and building the institutions to develop and carry out the reforms. Within-country training is vital to the institutional process and should be carried out on a larger scale. Central institutes may play an important role, but the real training job must be done by the institution itself with parts of the task shared with other organizations. This is an area where the experience of foreign assistance agencies is very limited.

Institution building is a long process and the foreign assistance agencies need to be prepared to give continuing assistance for many years.

Money is needed for many aspects of institutional development and can often be used to complement technical assistance and speed the development proces The opportunity for large loans may induce countries to undertake institutional development projects but unless the country is deeply committed and many of the elements are favorable, the money will do little to advance the project.

Finally, if there is a single common factor in the widely diversified developing countries it is the great shortage of people with a pragmatic, entrepreneurial, problem-solving, action-oriented approach, i.e., individuals who see a problem, figure out what the problem really is, and move quickly to take corrective action. This is largely a matter of attitude and a way of live. Those who work closely with Americans over a period of years frequently acquire these skills which are critical to development. A purely advisory relationship, especially of a short-term character, rarely contributes to these essential attitudes and skills. On the other hand, involvement of foreign nationals in operations is unacceptable in many countries. The foreign assistance agencies and developing countries are confronted with the need to work together to develop vastly improved training techniques in this area and to develop new methods of assigning technicians and experts in recognition of this problem.

Notes on Chapter V

1 Lotz, Joergen and Morss, Elliott R., Measuring "Tax Effort" in Developing Countries. International Monetary Fund Staff Study. Table 1 shows only 7 developing countries collecting 18 percent or more of Gross National Product and 35 countries collecting less than 18 percent, 17 collecting less than 13 percent of GNP.

2 Grant, George, op. cit., p. 201.

3 Lewis, Arthur, op. cit., p.

4 Bowman, Mary Jean, The Land Grant Colleges and Universities in Human Resource Development, Journal of Economic History, Vol. XXII, No. 4., December 1962.

5 Goodsell, Charles, op. cit.

6 Modernizing Government Budget Administration, Agency for International Development, prepared by Public Administration Service, Chicago p. 95.

7 Appleby, Paul H., Public Administration in India. Report of a Survey, Ford Foundation, 1953, President's Press, Delhi.

8 Conference on "University Involvement in Latin American Institutional Development," Cornell University, May 1-4, 1966. Comment made during panel discussion on "U. S. University Staff Members as Visitors in Latin American Institutions."

CHAPTER VI

ELEMENTS OF INSTITUTION BUILDING

The goal of institution building is to contribute to development through the establishment of organizations that serve in meeting the wants and needs of the people. This requires increasing acceptance and application of new methods, practices, and values by those affected. Organizations are needed to facilitate achievement of these objectives. They must be so accepted and supported by those responsible and those concerned that they are willing and able to carry out the changing and expanding operational job required and contribute to additional reforms.[1]

This chapter discusses first the elements in the development of an institution and shows how they inter-act with each other, and then treats some of the ways in which foreign assistance, particularly technical assistance, contributes to the process. The approach is essentially pragmatic. Only to a very limited extent is there yet available the insights and research from the growing interest of scholars in the field of institutional development.[2] Their findings may modify some of the lessons from experience or may sharpen the intuitive observations of skilled practitioners. Meanwhile, we must move forward with what we know now about institution building which is a mix of doctrine, down to earth technology, administration, and politics.

Discussion Framework

Before opening up the subject, it will be in order to set a framework for the discussion.

The term "institution building," as used in this chapter, includes the restructuring, remodeling, remolding, and rebuilding of existing institutions as well as the establishment of new ones. Establishment and rebuilding involve the same elements but their weights, distribution, and emphasis will be somewhat different. Some of the differences will be illustrated in the course of the discussion.

Second, the discussion deals with the building of an institution, not with the networks or galaxies of institutions required for development. Essentially the networks grow out of the same forces, complicated by interrelationships that affect individual institutions -- the need for action, interests in reform, the institutional environment, and the process of institution building.

Third, the effort to isolate and describe the various elements may create the impression of a search for a set of ideal conditions. On the contrary, ideal conditions are hard to find in developing (or more advanced) countries. In the building of institutions we start where we are and build from there in any and all directions. Nevertheless, the elements will serve as guides to the types of things that must be structured, before or during the building process, if the institution is to do its job and survive. They will be useful, too, in judging the probabilities of success. In some cases, for example, advance analysis may show that the weaknesses in many key elements are so widespread that the course of prudence is to strengthen at least a few of them before undertaking the task of building the institution. In general, it is my view that, no matter how sound the aims, how appropriate the technology, how great the

need, a long-lasting institution can be built only by giving adequate attention to all the elements.

Finally, to put these elements in perspective, reference to Chart II, page 158, is suggested. This chart is an attempt to show the elements graphically and to convey at least a little of the dynamism in the process. Though every element inter-acts with every other, for example, funding affects just about every single activity, it would be impractical to show all inter-relationships. Consequently an effort has been made to group those elements most closely related to each other and to use the lines with arrows to show the closest and most direct inter-actions.

II.

There are four major inputs into institution building -- political, program, technological, and administrative. Each of these will be treated separately for purposes of analysis, though it must be recognized that these inputs and their components are in continuous interaction with the others.

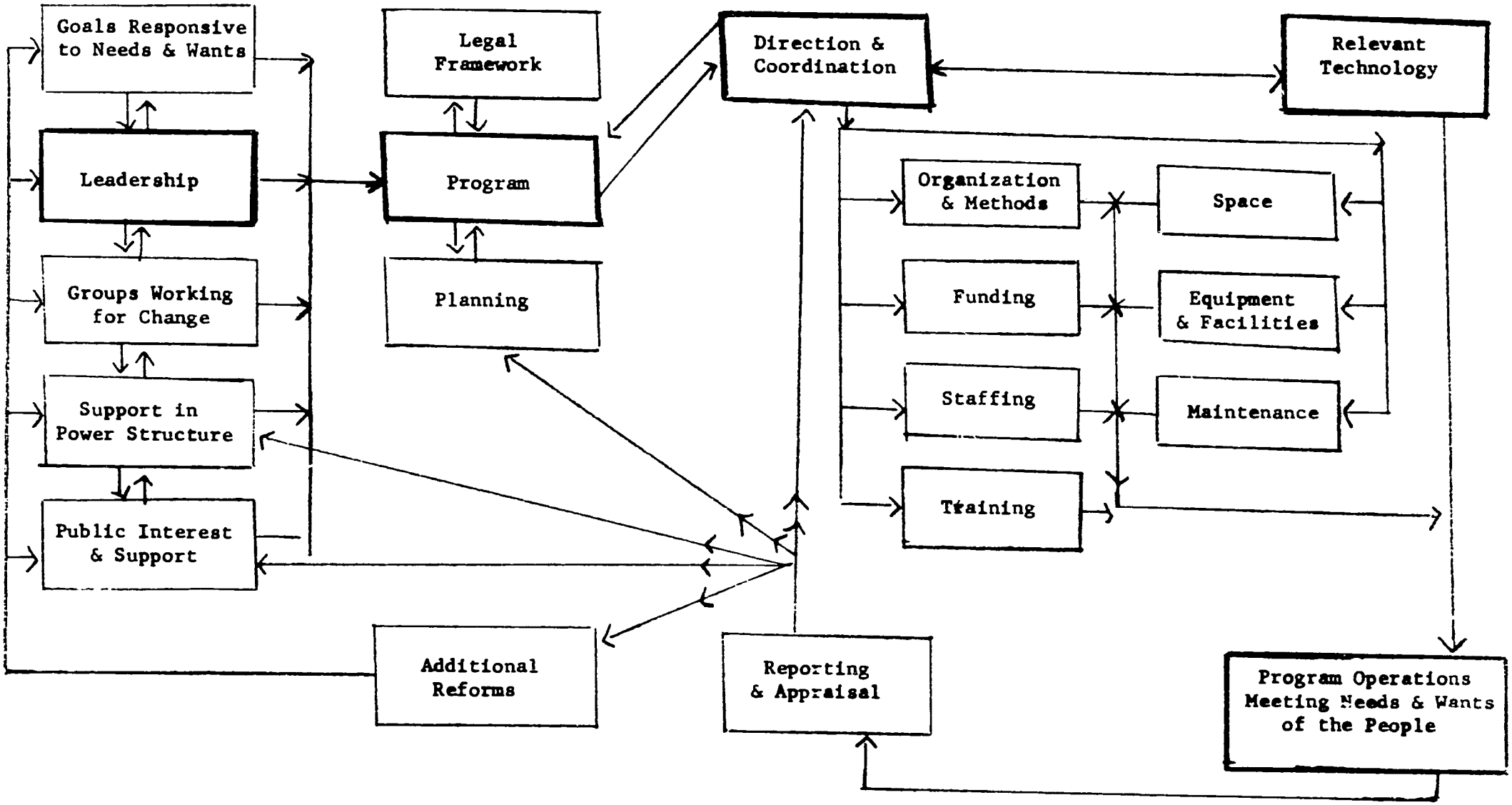
Essentially there are three outputs -- a contribution toward meeting the wants and needs of the people, promotion of further reforms, and institutions with a capacity to facilitate both.

1. Public Political Interest and Support

As suggested repeatedly, institutions do not "just happen." They grow out of recognized need. They are built through the hard work of individuals, with internal and external support, who can hammer out programs,

CHART II

ELEMENTS IN THE INSTITUTION BUILDING PROCESS



get the money and personnel to make them operate, hold the line on important issues and compromise when advisable, stimulate staff to innovate and experiment, build administrative capacity, shift programs with the times and keep the institutions politically acceptable, and build operations so thoroughly into the society that they become accepted practice.

New and rebuilt institutions require support for survival and this means that they must be designed to do something that some people feel is needed. In crystallizing and responding to these needs distinctions between policy/politics and administration become blurred in the developing countries.[3] Issues that might seem purely administrative and technical often are deeply political and political issues are often created by the way institutions carry out (or fail to carry out) the promised programs. What happens, for example, to the conscientious tax collector who decides to make one of his prime targets certain wealthy Cabinet Ministers who have never paid more than token taxes?

Goals Responsive to Needs and Wants

The institution's aims must serve a purpose some people consider important or it will not enjoy the support needed for survival. Nor will it fare well, over any lengthy period, in the competition for very limited funds and even more limited human resources. Normally, it is not enough that a few experts trained abroad recognize the need; important segments of the general public or some individuals in high places must feel the need for the institution enough to pay at least some of the price for it. A few illustrations may help to clarify this idea of recognized needs and wants.

The Blanford study[4] showed that Latin American leaders recognized the need for modern Civil Service in the early 1950's, but few of these countries, even today, want a civil service so badly that they are willing to pay the price of changing political and administrative patterns despite increasing recognition that modernized administration is necessary for development. On the other hand, nearly every country has set up a National Planning Office, many without much enthusiasm, because the leaders have been convinced that the lack of an economic development plan will jeopardize their chances for international financial assistance. On an even broader front, the problem of at least minimal education for children is almost universally recognized as a top priority want. In comparatively few countries, however, have the people wanted the changes strongly enough or had the means of expressing them so that pressures of public interest set in motion significant changes in the educational systems.

Where sustained efforts have created a climate for reform (Chapter IV), these needs and wants may be reasonably clear. The role of institutional leadership becomes one of converting them into action programs. More frequently in the developing countries, the needs are recognized by a few and part of the job of leadership is to help articulate them through political/administrative/technical programs that will win sustained support.

Public Interest and Support

Support must be built with clientele and interest groups, professional organizations (if any) and the general public to provide a reasonable base for continuity of the institution when political winds begin to

shift. The continued success of the institution may well depend upon the ability of the institution to stimulate or create nuclei of interest and support, no small task in transitional societies where associational groups are not common, where influence from individuals in the elites is powerful, politics highly personal, and bipartisanship almost unknown. Particular attention must be given in many countries to groups opposed to change under almost any circumstances and who will go to almost any lengths to scuttle the program before or after it is established.[5] These are groups who feel they stand to lose by change. They include the extreme left who stand to gain by continuation of injustice, economic and social discrimination, and inefficiency; groups who are in opposition because of identification of the changes with the United States or other power providing bilateral assistance; those who prosper under the existing system and see nothing in change but jeopardy to their economic, social, or political stature.

Foreign assistance advisors can do little directly to meet these forces, though these have been occasions when it has been possible to set up a dialogue with some of them. Advisors can assist local leadership by alerting them to possible sources of opposition as well as techniques that may be used and the importance of building countervailing forces. Thus alerted, developing countries usually can find ways, if they choose, to cope with intransigent groups opposed to change, provided the countries' commitments to development are deep enough and there are strong local pressures for change.

These realities point up the need to build into almost every phase of planning and operations the kind of devices that will facilitate and encourage understanding and support. Some of these means are mentioned in the discussion of operations in Chapter III (III).

Leadership

A major role for leadership is the development and nurturing of necessary external support but leadership goes well beyond the politician and public relations man. The program of the institution can never be fully spelled out; its work, its program, and its operations must be in almost continuous change to respond to changing development needs. Leadership with insight into technical problems as well as the social and political environment is essential. Equally important, the continuity and effectiveness of the organization demand effective administration to overcome the resistances to change within as well as outside. Most important, it requires a high order of leadership in the development and installation of new methods systems and practices, feasible and acceptable in the local environment, and persistence in following up until they are institutionalized, accepted as normal ways of doing business in the society. As a case in point, one of the major jobs of leadership within the organization is to effect a shift from the traditional aloofness and uniformity of law and order administration to the closeness to the community and local flexibility required in development administration.

One of the dilemmas of institution building is the problem of continuity and succession of leadership. Almost necessarily the successful

leader must be strong, dynamic, personal. There is a normal tendency for the organization to become personal, his organization, which has in it the seeds of danger as effective leadership is bound to make enemies as it overturns traditional practice. Sooner or later the institution is likely to become the target of those who would change the leadership.

There are no pat answers. Part of the answer may lie in broad based support for the program, part in thrusting additional individuals into some phases of the leadership role, and part in building the concept of succession into the institution from the very beginning.

Groups Working for Change

No matter how charismatic or intellectual, it is virtually impossible for one man to do the job of building a sustaining institution by himself, though many have tried. He needs the help of groups within the organization, as well as outside, who are dedicated to the aims of the institution, who will work beyond the call of duty for its initial success, who will accept some of the risks of innovation in bringing change into a transitional society. These men and women, often with some training abroad, supplement and complement the technical and administrative background of the leader, work for him in digging for unaccustomed facts and with him in shaping the program, and must be prepared at the same time for the hard discipline of putting theories and principles into practical everyday operations.

It must be stressed, however, that internal groups are not enough. For reform and institution building efforts to succeed, there must be some types of associational groups as determined to effect change as those who are prepared to resist it.

Support within Power Structure

None of this process takes place, of course, without support within the power structure. Some of the individuals within the relevant power structure must like the aims, program and operations of the institution well enough to support it; others must acquiese in its continued support. Not that every cabinet minister need be wildly enthusiastic about every reform measure, but those most directly concerned must be for the measures and others must be willing to go along or at least muffle their opposition. Support is necessary for the new modernizing legislation or executive actions the institution requires, for the reforms it advocates, for money, for programs it initiates, for day-to-day operations, for cooperation of other departments and agencies, and for backing when the institution gets in trouble.

There is, of course, more than one power structure within a country. A university, for example, has its own and within that one, support is essential. For certain activities the Ministry of Defense or the Ministry of Finance has its own structure as does the banking community, the business community. Support is needed within whatever structure is appropriate. Without it the institution has little chance to be established or to carry out a sustained, effective program. It is this need for support which makes compromise essential because no power group is likely to endanger its status by seeking some theoretically or practically desirable objective that will earn it less support than it stands to lose.[6]

References to the importance of these key men are equally applicable at the local level where their support may be vital for the success of

local operations and the degree of acceptance of innovation. It should be noted in passing, of course, that the power group at any level is not just office holders and the most influential in promoting or opposing change may be fairly far removed from the official line of command.

2. Program Development

The second grouping of elements is concerned with the development of the program and includes, in addition to the program, two closely interrelated elements, the establishment of the legal framework and planning.

It is self-evident that corrective action will not come solely from public outcries about economic shortcomings or social injustice. There must be some kind of program to overcome the problems. It has to be shaped through a process that gives consideration to conflicting interests prior to some kind of public sanction. And there must be detailed planning in order to link the wants and needs of the people to action programs to meet those needs.

Program

As used in this context, the term "program" includes the doctrine of the particular aspect of the development program, its aims, theory, philosophy. It includes the broad goals it seeks for example, the development of a valley in the west, strengthening secondary education, measures to curb inflation, the development of a training center to reach certain groups for particular purposes. These all-too-broad goals, of course,

must be spelled out in considerable detail to give focus to activities, for planning and operational purposes, and to get the varied types of support they require. Doctrine and goals sometimes have political magic and are often essential to motivate people, but they make little contribution to development until they are converted into meaningful program activities through series of projects designed to develop and install methods, practices, techniques. Projects become the vehicles to put into operation the new ways of thinking and doing, the end product of institution building.

Legal Framework

The legal framework is included within this grouping first because the process of developing the legislation offers a potential for shaping a feasible program with due regard for diverse views and second it gives an official stamp of approval to the program and the institution.

a. Legal Process

One of the hardest jobs of institution building is to get firm action to convert theory into practical operations. The legal authorization is obviously an important part of this conversion process.

At a minimum, the law can be the product of the joint efforts of a technical expert and lawyers which, with routine legislative or executive approval, gives status (legitimacy) to the institution. This minimal route is the one frequently preferred by foreign technicians and their counterparts, usually trained abroad. It is quick and efficient, results

in a technically sound measure, and minimizes the danger of irrelevant or weakening modifications by local representatives lacking their expertise. It enables the now authorized organization to get on with the other tasks of institution building.

On the other hand, the law can become a living part of the institution building process by using the development and enactment process as a means of clarifying aims and objectives, effecting necessary compromises, and building public understanding and support among the general public or whatever groups are appropriate in a particular society. The initial effort involves a joint undertaking by experts and lawyers, the one primarily to provide the technical inputs, the other seeking clarification and conformity with the legal system of the country. The broadening process can begin at this early stage with formal or informal working groups from various affected ministries who begin to contribute, and in turn, become spokesmen for the project within their ministries. (This course of action presupposes that there is enough support for the measure and enough imaginative interest within some ministries so that its vitality will not be lost in the course of ministry review. It presupposes also that in developing countries few associational groups have the technical competence to develop legislative proposals without substantial participation by the ministries.) As the proposals take shape, important concepts can be discussed in the press, with various interest groups, with key executive and legislative officials as appropriate in the local situation. In perhaps the most sensitive of all fields, taxation for example, proposed legislation was discussed with interest groups in places as different as

Thailand and Central America. Business men were able to offer significant suggestions, and because they understood the proposals, they accepted the legislation without the usual screams of outrage.

Obviously no one pattern will work in all countries but, in many cases, the legislation can be a means of sharpening and clarifying objectives, reconciling or accommodating conflicting views, or bringing the opposition more into the open.

b. Public Policy

In many ways the proposed legislation can become the focal point around which public policy can crystallize. Does the country want this particular reform? Do people want a particular institution to administer it? Are they satisfied with the proposed methods of administration? Are they prepared, as far as one can determine, to pay the financial and social costs of the new system? Though the real world injects itself into this idealized picture, long public discussion will often help determine what the public, the power structure and the elites want and are prepared to support. On the other hand, routine adoption of legislation may help explain why so many developing countries have many good laws on the books which are neither enforced nor administered.

c. Authority for Action

The law, of course, can do much more than set the framework for support. In addition to defining the program, it sets up the groundrules for operations, the organizational location of the institution, and the administrative

setting which will either hamper or contribute to the sustained growth of the institution and its programs. Most of all, it provides authority for action, an essential element in the process of institution building.

Planning

The planning element in institution building is, in reality, five dimensional -- (1) planning for the program to be carried out which includes the substance of policies and the strategy and tactics for their acceptance, the nature and pace of operation, the priorities to be given various program activities and the resources required, (2) liaison with the central planning bodies so that programs and activities will be in accord with overall national plans, (3) development of projects which will convert national and institutional plans into action units, (4) planning for each of the institutional elements to see that each becomes more effective in contributing toward the overall development of the institution and its operations and is on a time schedule to meet anticipated needs, (5) systematic appraisal of results and readjustment of plans on the basis of experience and needs.

Even before undertaking this five-point program, there must be planning before the institution is formally authorized and immediately thereafter so that it can hire people and get into visible operations with a minimum of delay.

It should be noted that planning is a responsibility of top management in which, in varying degrees in different societies, all staff in managerial and supervisory positions, play some role. Though often handled

by specialists in large and complex organizations, there is no magic in planning specialists. When they are needed they may be able to help the administrator do a better job.

3. Administration

Administration, the third group of elements, converts ideas and laws into living organisms contributing to development. Administration is not a thing apart but the process, part science and part art, of getting people to work together for common aims in an effective and efficient manner. It encompasses the establishment of sound policies and methods of assuring that they are known and applied, as well as the building of relationships with clientele groups and methods of seeing that their views are given weight in programs, policies and operations. It makes possible program operations adapted to local needs and capabilities by the application of relevant aspects of advanced technologies. It sees that funds and resources are available. It provides for effective staffing and the training to fill gaps in the backgrounds of many individuals in developing countries. It keeps a check on operations and takes the lead in proposing improvements in programs and operations and in many countries in the introduction of proposals for additional reforms. In short, Administration provides the planning, direction, coordination, organization, and control through which the institution contributes to development.

Administration has four prime targets. Three of these parallel administration in advanced countries but differ substantially in degree. The fourth carries the same label but in fact is substantially different in scope and importance.

The first concerns the broad direction and coordination of all activities -- the development of program, winning and retaining public and political support, development and application of appropriate technology, and the building of the institution itself. The fact that neither the organization nor the reform activities are accepted in the society, the lack of networks of supporting institutions, as well as the absence of an indigenous administrative environment complicate the achievement of this target. The internal problem becomes even more involved because of the dearth of managerial capacity at all levels and the sheer difficulty of getting things done in developing countries.

The second involves services to obtain funds, personnel, equipment, supplies, etc., needed to make the program go, again affected by the limited resources of the developing countries and a complex of local attitudes toward the public service, for example, a 25 percent premium charged a government because it takes two years and persistent dunning before bills are paid.

The third target encompasses the various controls to see that resources are used effectively. Again tradition forces the creation of new dimensions. On the one hand traditional controls usually operate almost to preclude action and need to be modified to give modernizing institutions the flexibility they require. On the other hand vast areas, traditionally wide open for graft and corruption, need to be brought under some semblance of control.

The one target that is unique is training which goes far beyond anything required or contemplated in more advanced countries with their

diverse institutions which contribute to the basic backgrounds needed for staffing. In these countries training can round out these backgrounds to meet the needs of a particular firm, agency, or institution. In the developing countries the shortcomings of educational systems, the almost complete absence of citizen-participation organizations, and the lack of status of skill training make it essential that the institution building process give attention to such matters as improving work habits, attitudes, relationships; application of professional skills; expansion of supply of technicians; managerial capacity; clerical skills, etc., etc. Without priority attention to training of all types and at all levels it is doubtful that an effective institution can be developed.

The relevance of these targets will become clearer in the discussion of each of the elements involved in administration.

Direction and Coordination

Almost all countries have at least a few outstanding intellectuals and artists, some fine leaders, and too few able administrators. In developing countries, the scarcity of administrative skills is notable and these are the skills required to convert a law into a sustained action program and an institution.

Direction and coordination are essential for the translation of broad concepts into relevant policies, for communicating the policies to those concerned and building them into programs. These programs do not become workable unless they can be funded, staffed and serviced. They become operational when systems and procedures are set up, employees

trained in what to do and how to do it, and supervisors trained and motivated to see that the work gets done. Continued effectiveness requires continuing review to adapt to changing needs. Sustained operations are feasible only when public and political leaders are satisfied with the program and prepared to support it. This, in brief is the job of direction and coordination.

These activities cannot be limited to the front office. They must be built into all units and operations at all levels in order to transform a paper organization into a viable institution.

Organization and Methods

If the institution is to function effectively it must be organized to meet current needs and must have the flexibility to meet ever-changing conditions inherent in development. Its internal structure, basic policies, and internal operations require definition and adjustment for the preliminary, transitional and continuing stages of the institution. Corresponding adjustments must be made in relation to the networks of other institutions relevant to its program and operations. Similarly, as the institution gains experience, procedures and practices need to be standardized, wherever appropriate.

Organization is not a thing apart. It furnishes the channels of communication and command, the levels of operations and decision-making. It makes it possible to determine who is responsible for what and who the employee turns to for advice and guidance and decision. Traditional organization theory, challenged in advanced countries, must be reappraised

continuously in the face of the social structures in developing societies, their manpower resources, limited funds, scarcity of management skills and traditional practices. As internal as well as external conditions change, their structures should change as well as their methods and procedures. Above all, it is part of the institution building process to develop the capacity to assess organization and management needs and to change structure, practices, and policies to keep pace with development needs.

Funding

Funding, like planning must begin before the institution is established. Ways must be found to pay at least some of the individuals who are working toward the establishment of the institution. Equally important, at least minimal funds must be available at the time the institution is authorized for employment of a few key staff members for intensive planning and early operations. Without this, the initial delay can seriously hamper the whole process of institution building.

For the longer pull, funding involves the process of getting the money at the time and in the amount necessary for effective operations. This requires an assessment of the needs of the institution, application of techniques and a realistic appraisal of the probable reactions of those in power in the light of the accomplishments and stature of the institution. An effective institution requires, furthermore, that (1) an adequate sum be sufficiently assured that the institution can with some confidence, plan and carry out a sustained program and (2) that a major

share of the funds come from local sources as a reflection of the willingness of the country to use its limited resources to support the institution and its program on a sustained basis. It must be recognized, however, that some key institutions involve revolutionary threats to many traditional groups, e.g., real modernization of the university to part-time professors, perpetual students enrolled for prequisites of student status, elites affected by results of research. Similarly a real rather than a token effort to build up peasant organizations affects many potent economic and political groups. In other cases new types of activities, like research, may be important for development but have no appreciable support base or constituency. In these types of situations, insistence on full local financial support before the organizations and programs have won their place in the community may well kill them off before they have a chance to become viable institutions.

Financial support requires that the country believe in the program and have reasonable confidence that the money is really necessary and is properly spent. This requires internal systems for budgeting, allocation of funds, control over expenditures, and effective accounting and auditing. These conventional managerial devices may cause serious difficulties and require great ingenuity as often the established central systems of the developing countries tend to preclude the discretion and administrative flexibility required in modernizing institutions.

Staffing

Staffing or the personnel element encompasses the problems of recruitment and screening, pay, and working conditions. This is the element that,

more than any other, makes or breaks the institution. With good people even a poor program can be improved,[7] a meager budget can be stretched, shortcomings in a law can be overcome; without them even the ideal program will encounter serious difficulties.

Common Problems

The new institution is faced with the need for immediate staffing by top leadership and key individuals who can mold the program and get it into operation. Two and often three problems confront the new institution: (1) the shortage of individuals with the right combinations of training, practical experience in getting things done, understanding of the common people, and personal qualities of drive, energy, imagination and innovative capacity; (2) the fact, that despite wide variations in systems, the existing personnel machinery in most developing countries is atuned to stable activities and not to the needs of development; (3) despite the scarcity of trained personnel, the primary requirement in many countries that those employed must meet a test of political acceptability and enjoy the personal confidence of those in authority -- without regard to training or other qualifications.

It is not enough, of course, to achieve quality initial staffing; provisions must be made for an orderly system to provide for replacements and to meet the expanding and changing needs of the institution.

Pay

The pay problem is critical in most countries. In some parts of the world, Latin America for example, public employees and university professors

cannot live on their salaries and must have other sources of income. On the other hand, some economists hold that in some parts of the world pay for public service is excessive in relation to per capita Gross National Product and pay levels prevailing in the country. Though the general problem of pay in developing countries is beyond the scope of this discussion, it is essential to recognize that modernizing institutions have often found it necessary to depart from the usual pay and other practices within the country.

The kind of people necessary to staff an innovative institution will often grow restive under the working conditions prevailing in developing governments. The administrative restraints and bureaucratic controls, the traditional absence of authority and responsibility, autocratic patterns of supervision, and political interference are often more serious deterrents than adequate space, poor facilities, and improper working tools. There are no magic answers to these problems but high priority must be given to their solution as a normal part of the institution building process lest these able men and women join the "brain drain" toward the more developed countries.

Dual Systems

In remodeling an established institution normally it is necessary to bring in new people who can be placed in positions to influence and control the new direction of the program. Obviously, this is not easy and traditional practices and patterns tend to work against this. Harsh as it may seem, it may be necessary, in effect, to have two personnel systems,

one for the old and one for the new, until the operation can be integrated. Arbitrary actions against the members of the old groups must be approached with caution; many are necessary to keep operations under way; often among them can be found the skills and talents which have been hidden by the traditional systems; and being pragmatic, they often have good outside connections important to the new program.

It is well to keep in mind that some personnel patterns have deep roots in the society and cannot be changed overnight. The patterns, for example, of part-time university teaching for prestige and low pay, of primary loyalty to the family rather than the nation, of public conviction that public employees are incompetent or grafters, deeply affect the personnel system. Efforts to modify them will require not merely new techniques but carefully planned programs designed to bring changes over long periods of time. The answers lie in part in modifications in the personnel system. They lie even more in changing methods of management, in training, and in a higher value on development in the value scale of the society.

Training

The training job begins long before the institution. It has its roots in the nature of the society and its educational system and must often undertake or encourage programs to off-set gaps in the educational system. Of more immediate concern, it encompasses the education and training, usually abroad at least in early stages of development, of individuals who can cope with the theoretical and conceptual problems in various reform

programs.[8] On a broader scale it involves the development of individuals in the arts and skills of building particular institutions.

Training becomes the key to most efforts at institutional development and the successful leader and administrator, while learning hiself, must look on himself largely as a trainer. In some cases, training has been the device around which the modernization effort has been built. The training element is normally composed of four main parts:

1. Broadening Understanding of the Program and its Different Elements

To achieve the support required within the organization, management must see that the employee understand the broad aims of the agency, how it is planning to reach its goals, and some of the obstacles along the way. As a basis for the interactions essential for development and institution building, every employee needs some understanding of each of the elements, how they relate to each other and, in particular, the role of the one in which he is most directly involved.

2. Applicable Technology

The technology in each component of the program is likely to be an adaptation of concepts, methods and practices used elsewhere but remolded to meet local needs and capabilities. Thus, through group or on-the-job training, or day-to-day operations, the employees need to learn the concepts, procedures, techniques, and practices used within the institution.

3. Job-Related Knowledge and Skills

The employees need to know their individual jobs and how to do them and how they fit into the more comprehensive picture. Put simply: They need to know what to do and how to do it.

In most developing countries, this training, however, cannot be limited to the methods and practices required within the institution because so many employees are lacking in basic skills even when they have had an adequate number of years of academic education. Often special attention needs to be given to overcome deficiencies in spelling, and arithmetic, and letter writing, in shorthand, typing and bookkeeping. In particular, special efforts may be required to increase managerial capacity and to increase the number and quality of skilled and sub-professional workers, for example, draftsmen and laboratory technicians.

4. Changed Work Patterns

A modernizing institution must adopt methods that are often a sharp break with traditional practice. The new systems and procedures slip away because of the attitudes of the employees. Concerted efforts are needed to bring about change in attitude. There are, of course, great variations among different cultures, but there are fairly common needs for such things as: encouragement of individual and group problem-solving and less reliance on authority for the answers; willingness to initiate and innovate and willingness to act on own initiative; finding ways to get action instead of stopping with a theory; treatment of people as human beings rather than as members of a particular (and less privileged) class, etc., etc. A frontal attack on these problems may not be in order but they need to be identified. Then, recognizing their existence, ways can be devised to modify them within overall training and administrative program.

Again a word of caution is in order. I do not mean to advocate a large-scale training office in every institution. I am saying that this element is of critical importance and the needs must be met in a variety of ways -- training by administrators and supervisors, training abroad, some group training within the institution, strengthening some aspects of the educational system and the strengthening of institutes of technological training.

Space

No institution can operate without a home, but there seems to be a tendency to locate development institutions either in building space no one wants or in luxury quarters they can ill afford. Effective use of space, the appearance of the building, office layout, and adaptation of space to maturing needs of the institution, may be taken in stride, or they may be problems of considerable magnitude that require specialized attention. In this regard the appearance of the offices, desk arrangement, color of paint, and style of furniture may be important factors in working conditions and morale and the public image of the new institution. Certainly one of the factors in the success of the Lax training center in Chile has been the attractive, functional quarters and facilities which created a setting of modernism in sharp contrast with traditional governmental activities.

Space is not a thing apart; it is an essential ingredient of institutional development. Installation of heat and light in a cold library, for instance, has been known to be the turn-key in converting an economics

library from a little-used collection of books to a center for learning because the students, coming in for comfort, started to read. Once their professors found they were beginning to read, they initiated the practice of making library assignments.

On the other hand location of a village cooperative in a shiny new building was ruled out in one country because the peasants looked at that building as a symbol of wealth and power and would not enter it.

The problem of location may well be critical to the nature of the operations and relations with the public. Whether the experimental farm, for instance, is located close to the capital for convenience of staff or in an area a hundred miles away having more representative soil and climatic conditions may influence the realism of and support for a research program. Or again, institutions designed to work with people are likely to be more effective in close proximity to the people whereas law and order agencies might be located to accentuate their aloofness from the people.

Equipment and Facilities

The modern institution cannot operate without typewriters, telephones, and calculating machines and other types of facilities and equipment. No special problems may be involved in small institutions. In the large ones the nature and dimensions of the equipment may be of major proportions. Should the Tax or Census office, for example, use hand tallies, conventional data processing, or ADP in this particular country at this particular time? These questions often may go to the

heart of the operation now and 10 years hence. They require analysis not only of the capacity of the machines and the systems, but of the capacity of local personnel to develop the systems and make them work. The interest of many countries in machines as status symbols, the dearth of trained systems men, poor machine maintenance, and the costs and relative inflexibility of machine systems must be weighed against the forward progress possible through modern equipment.

In the research area, particularly in the physical sciences and engineering, equipment is costly to obtain and difficult to maintain. The research to be undertaken may be fully warranted by the shortrun or long-run needs of the nation. The costs of the equipment and facilities, and the drain on foreign exchange, however, bring into sharp focus the need to weigh carefully the aims of the program and the probable results against the investment of human and financial resources.

Maintenance

Maintenance is included as a separate element because it is so generally neglected in developing countries. It includes the maintenance of motor vehicles and machines and equipment in good working order,[9] adequate lighting, as well as the repair and appearance of buildings. Mundane by comparison with other elements, proper maintenance can be a key factor in reduction of costs, particularly foreign exchange, in providing conditions favorable to morale and adequate staffing, and to the public image of the institution.

4. Applied Technology

The fourth grouping of elements, labelled applied technology includes the two elements that are the heart of institution building -- relevant technology and program operations. On the one hand it is the lack of applied technology, in the broad sense used in this discussion, that characterizes almost all developing countries. On the other it is the application of technology, particularly where dramatically new and different, that can provide the breakthrough in traditional social and cultural patterns.

The whole thrust of the institution building effort is to facilitate the application of technology to program operations. All the investments in public support, programming and administration are intended to advance the application of technology toward the goal of meeting the wants and needs of the people. Technology, however, cannot do this by itself. It needs motivation, incentives, resources, support and a variety of institutional networks to help accomplish this.

Relevant Technology

Technology, or more appropriately, relevant technology is one of the most important elements. In this context technology includes the professional or substantive field of activity with its body of knowledge, theories and principles, its techniques, methods, and practices and methods of training in theory and practice. This broad description is qualified by adding the concept of technology relevant to a particular country at a particular point in time. The advanced training a doctor

receives for practice in London or New York, for example, will not be wholly relevant for the one doctor serving 30,000 people in rural Africa with its different disease patterns, minimal laboratory facilities, and lack of supporting paramedical personnel.

As used in this discussion, the term "technology" is broad. In higher education it includes educational policies and standards, curriculum and course content, teaching and research methodology, laboratory facilities and techniques, library resources, faculty-student relationships, entrance and promotional standards for students and faculty, etc. In the field of budgeting, technology would include theory underlying different aspects of budgeting, relationship to other phases of administration, concepts and techniques of economic and administrative analysis, techniques of presentation and review, the approval process, allocation and allotment of funds, budgetary controls, etc.

These two illustrations are suggestive of the broad scope of knowledge and practices included under this concept of technology. A further word is in order with regard to the relevance of technology. Because developing countries are not monolithic in their needs and interests, there may well be a need for a wide range of technical knowledge and skills. The comparative handful of wealthy people, for example, may welcome the chance to support a highly trained cardiologist and provide him with the most modern laboratory equipment available. This is a want and need of a particular segment of society. On the other hand, a general practitioner with a strong background in public health related to his country's needs will be able to serve many more people and perhaps make a broader contribution to development.

This much over-simplified illustration suggests some of the factors the institution must weigh in determining the relevance of the technology and in allocating resources to support its determination. Mexico, the Philippines and India serve to raise another caution flag with regard to sweeping generalizations. For millions of subsistence farmers in these countries the use of a steel plow would be the application of advanced technology. On the other hand, small groups of experts using highly sophisticated research techniques have developed varieties of corn and rice which are making possible major breakthroughs in the century-old equilibrium in agriculture in major regions of the world. Part of the task of local leadership and technical assistance is the introduction of appropriate technology at a time and under circumstances that will contribute significantly to development.

The problem of relevance is not primarily a matter of higher or lower standards but of those appropriate to the needs of particular societies and the resources available. In the more advanced countries, for example, much of higher education is becoming more specialized as techniques become more refined to meet more narrowly specialized needs. The developing countries, on the other hand, have proportionally greater need for broad generalists to cope with multi-disciplinary problems, but with technical skills to spread the use of simpler techniques that are less of a drain on human and financial resources.

Program Operations - Meeting Wants and Needs

Goals are important but over the centuries the people have grown skeptical about the interest or capacity of governments and the educational

systems to meet their needs, to say nothing of their wants. To overcome this resistance, the institution must undertake activities that are clearly different and clearly better than existing programs. Operations must affect significant numbers and have enough visibility to cause those not yet affected to have some hope for change.

Care must be taken in pushing one facet of an action program that other aspects are in phase. It is not enough, for example, that the farmers have been persuaded to use fertilizer to increase corn production. If the market is glutted and they cannot sell their larger crops they may revert to their earlier practices and be even more resistant to other changes.

In carrying out operations it is essential to build in the maximum participation feasible at the grass roots level so that in fact the changes become institutionalized because new methods, practices and values have become standard operating procedure. It is of importance, too, that the changes feed back into support for the institution through the political processes of the country.

An important part of institution building involves conceptualizing, determining broad directions, laying out broad policies and programs. These heady brews, however, are a very small part of the whole job. By volume, far and away the biggest part of the job is getting operations going and keeping them going. Operations means such things as reviewing budgets and alloting funds, getting the statistical reports issued accurately and on schedule, building the roads and dams, issuing land titles, collecting taxes, teaching the pupils in classrooms, training

the teachers in new teaching methods, producing and distributing textbooks, doing research in the laboratory and field, teaching the mothers new ways of washing babies, teaching the farmer to use improved seeds, etc., etc.

The end product of the type of institution building is improvement in the life of the people or improvement in service to other institutions, and this means operations. When these improved methods, practices and techniques become so well imbedded that they are nearly as difficult to root out as the poor methods now used, then the process of institutionalization is well underway, provided, of course, that greater receptivity to change is built in at the same time.

Long before that day, however, operations must start. A new or restructured institution cannot wait indefinitely to complete its planning and training. It must begin operations quickly to show results. Unless it acts quickly, whatever goodwill and support it has had is likely to evaporate. Often this hasty action requires improvisation, borrowing from the experience of others, and frequently technical assistance of the type that can "roll up its sleeves" and help get things done. Foreign advisors, for example, while training the local personnel in a budget office, have been known literally to roll up their sleeves and review the budgets of several ministries in order to help meet the deadline for submission to the President. Advisory teams have frequently done much of the work in producing National Economic Development Plans. Even in research-type programs where results will not be available for some time, seminars and lectures have been held and short papers published to help create a sense of action and of progress.

Where an institution is being restructured, the problem becomes even more complex because, normally, the old operations must be continued while the new are being developed. Unless the old ones were so bad as to require repudiation, usually they must be continued to avoid complete disruption of service to the people and to maintain, if possible, the support of those employees who might create problems if their activities were suddenly eliminated.

An important aspect of all operations is the flow of information available for control and evaluation and public reporting. Particularly during the early life of a new or restructured institution, the flow of data can become virtually its life blood. Statistics show supporters and critics alike that the institution is in business and (hopefully) doing a good job.

The point of visibility is stressed, especially in early operations. Support usually demands that there be a number of projects that are highly visible, proof that the institution is doing its job. This is frequently not easy in institutions that are doing "inside" jobs like improving the government's accounting system. But it can be done.

The essential point that must be recognized is that the major pay-off for institution building is program operations to meet the wants and needs of the people. All the public support and political manipulation, all the management and training, all the technical assistance have as their aim the improvement of program operations. To achieve success in this area involves overcoming the thousand and one resistances to change that are built into developing countries.

Two elements do not fit neatly into the foregoing four categories. They are so important that they may warrant special status. One is reporting and appraisal and the other is promotion of additional reforms.

Reporting and Appraisal

One of the often neglected elements involves a variety of systems for reporting and appraisal. One of the important means to keep the institution moving in the right direction and to make sure the various components are meshing together is through systematic methods of statistical and narrative reporting both written and oral, depending, of course, on the size and scope of the institution. Underlying this element is the need to build into each component and into all employees and officials the idea of reasonable standards of performance, of self-appraisal, of the need to adapt to changing conditions, of effectiveness in meeting objectives as well as efficiency, and the obligations of reporting to internal management and the public. Given the cultural patterns of most developing countries as well as their limited administrative experience, this is no small order, but a start must be made.

Proper balance must be maintained as the organization can easily become overburdened with reporting systems, particularly during the early stages. Nevertheless, management and the public must know how well the institution is carrying out its activities and how significantly these activities are contributing to the broader purposes of socio-economic development and nation building.

Promotion of Additional Reform

Promotion of Additional Reform is treated as a separate element. How open a role the institution plays in promoting additional reforms will depend upon the strength of the political system and cultural patterns in particular countries. In general, however, it must be recognized that in most developing countries a relatively high proportion of the modernizing elites will be found in administrative, educational and training institutions and their action-orientation tends to blur traditional distinctions between administration and politics.

I am inclined to treat the element separately for several reasons. First, the promotion of reforms transcends all parts of the organization and almost all elements will be involved in the development, promotion and operation of the reforms. Second, promotion of reforms is often a gradual process in which the operations change little by little until either the reform has been brought about by administrative action or country practice has so changed that the formal proposal of the reform program is largely accepted as a reasonable and necessary next step. Third, when the promotion of additional reforms involves a major fight with entrenched interests, the entire institution is involved, not just one part. Fourth, an effective institution must encourage reforms not only in technology and program but outside its own structure, e.g., in education to develop people with understanding, in administration to keep traditional bureaucracy from swamping efforts at modernity, in building the networks of institutions required to reinforce its own efforts in socio-economic development

and nation-building. Fifth, it often means taking off the gloves and climbing into the ring for bare-knuckle, no rules, battles with the opponents of change who cannot be won over by patience and logical argument.

Summary of Elements

In summary, 20 elements of institution building have been identified. Eighteen of these fall into four major categories:

Public-Political Interest and Support

Goals Responsive to Needs and Wants
Public Interest and Support
Leadership
Groups Working for Change
Support within Power Structure

Program Development

Program
Legal Framework
Planning

Administration

Direction and Coordination
Organization and Methods
Funding
Staffing
Training
Space
Equipment and Facilities
Maintenance

Applied Technology

Relevant Technology
Program Operations - Meeting Needs and Wants of the People

The two remaining ones do not readily fall into any of the categories but they influence the quality, effectiveness and support of the institution and the course of development of the country. They are Reporting and Appraisal and Promotion of Additional Reforms.

Notes on Chapter VI

1 Katz, Saul M., Exploring A Systems Approach to Development Action, University of Pittsburgh, 1966 (mimeo.), p. 22 for an essentially parallel definition. The approach used in Chapter VI, presented in an operational setting and in operational terminology for the practioners, bears a close relationship to many of the substantive aspects of the Katz paper.

2 Initial studies are just now becoming available from the Inter-University Research Program in Institution Building of the Universities of Pittsburgh, Michigan State, Indiana, and Syracuse; from the University of Southern California; from the CIG on Agricultural Institutions; and others. Within the next two years there should be available a substantial body of case material to supplement theoretical studies. See note 6 below.

3 Gross, Bertram, op. cit.

4 Public Administration in Latin America - Opportunities for Progress Through Technical Cooperation, Inter American Economic and Social Council, Pan American Union, 1955.

5 Gross, op. cit., pp. 9 and 10. "The process of resource allocation has its negative side also -- the distribution of dissatisfactions. These inevitably give rise to efforts to change official plans or impede their implementation."

6 Esman, Milton J., The Institution Building Concepts - An Interim Appraisal, University of Pittsburgh, 1967, p. 37. This report contains a summary of the major conclusions of the first four case studies completed through the Inter-University Research Program in Institution Building

7 Sherman, Harvey, It All Depends - A Pragmatic Approach to Organization, University of Alabama Press, 1966. See Chapter IV.

8 An Evaluation Study - The Indian Participant Training Program, USAID, New Delhi. A study of 1,500 Indians sent abroad for training under AID sponsorships suggests that many participants were not able to make optimum use of their training after return home because much of it was not closely enough related to India's resources and stage of development.

9 It is a common experience of many technicians to find that the countries are using scarce foreign exchange to purchase new equipment when much valuable equipment is available but out of use because of need for spare parts or minor repairs.

CHAPTER VII

JUDGING PROGRESS

Healthy institutions keep growing, change direction to meet new needs, abandon old functions and take on new ones, become involved in controversies and win more than they lose. Sick institutions tend to become rigid and inflexible or to bend with the slightest breeze, rarely die, and sometimes are supplanted from within or from without. In this sense, institution building is a never-ending process.

The land grant universities in the United States vividly illustrate the process.[1] The land grant colleges were established under the Morrill Act of 1862 primarily to meet the needs of domestic agriculture. Farmers made little use of these resources, at first, and the new colleges made their mark by supplying engineers for expanding American industry. On the base of this initial success, they gradually moved forward to achieve their great success in agriculture through research, teaching, and extension. Recognizing that specialized training in agriculture was too limiting, they expanded many other departments. With current food production in excess of domestic demand, they have addressed their programs to other phases of the agricultural economy. Now most colleges of agriculture are comparatively small parts of great universities, some of them giving increasing attention to international problems.

It is this process of change over many years that makes it difficult to judge how well an institution has been built. It is one cause

of difficulty in knowing when technical assistance should be reduced or discontinued. This chapter is an attempt to set up some 14 highly tentative guidelines and to suggest indicators of progress, with measurable components when feasible.

At best, this is a slippery field. A minor achievement in one country may be a major breakthrough in another. Seemingly little things may be important clues to success or trouble; for instance, the support or opposition of one important leader, approval or rejection (and more commonly, inaction) of a particular proposal. Often, too, the institution makes gains or losses through forces beyond its control. Especially frustrating, an institution that scores high marks on all counts may well be unable to survive a Peron or Castro or lesser political storm.

In the main, these 14 numbered factors, which are the heart of this chapter, are intended to provide a base for judgment in three principal areas: (1) success in bringing about changes significant in socio-economic development and nation-building; (2) support; and (3) leadership and quality. These guidelines are brief and general, deliberately so. They should provide a useful point of departure for the development of more precise guides for particular types of projects and for different geographic areas. With all these reservations and qualifications, let us begin.[2]

A. Success in Bringing About Changes

1. Program Impact - This element is concerned with indicators of the institution's effectiveness in bringing about changes contributing to

socio-economic development and nation-building. Three sets of questions appear particularly pertinent:

a. How far has the institution moved toward its stated goals?

Though an obvious starting point, implementation will not always be easy as often the stated goals are so broad that interpretations or subgoals may be necessary for application of meaningful indicators. Often the process of developing indicators will point up the need for refining stated goals. As a case in point, loans made by an agricultural bank are contributing to a measurable increase in agricultural production -- a stated goal. Further analysis may show, however, that for the most part, the loans are going to large producers who could borrow from other sources when the intent, not explicit in the stated goals, was to increase production by making a new source of credit available for small farmers. In this type of case restatement of the goals or some other device will be necessary to apply meaningful indicators.

Attention is called to the phrase "some other device" because the vagueness or ambiguity in the goals may have been necessary to win support from divergent interests and demand for precise statement of goals could reopen issues that might jeopardize the program.

b. Indications of institution's contributions to socio-economic development and nation-building within or outside the stated goals

By analyzing the organization and what it has done, it will be possible quite frequently to develop specific, quantifiable measures. Some examples:

- Increases in the number of people voluntarily filing tax returns and increases in the amounts of taxes collected in the medium and upper brackets.

- Number and types of innovations introduced by graduates of a College of Business Administration. Experience of students and graduates, particularly those who come from non-elite groups, in getting jobs related to their training.

- Changes in curriculum and course content to relate the program of a College of Agriculture more directly to local needs. Increases in the number of students enrolled and graduating who come from rural areas and return to them.

- In elementary schools in some countries, increases in the numbers and ratios of children who enter the first grade and complete the full cycle of primary school.

- In administrative operations, increases in the number and scope of new methods and practices introduced and now in operation.

- Changes in volume of sales and prices for farmers and consumers from a program of guaranteed minimum prices.

In seeking measurable indicators, caution is necessary. For one thing, statistical data are often non-existent, unreliable or very late and developing countries often have what might be called a rather flexible approach to statistics. Second, the development of an institution is often skewed in one direction or another by local interests and circumstances and the indicators should be reflective of these de facto goals. Third, in our zeal to use

numbers, it is important to keep in mind the fact that, at a particular stage, changes in the climate for reform and the institutional environment, though not measurable, are more important than numbers. The fact, for example, that there is public discussion of population problems and family planning could be an indication of major program impact in country X at this time. Ten years later, if there is still discussion and no indication of public or individual action, the impact would be questionable.

c. Indications that the institution is moving in the direction of contributions of this type

Often the local circumstances will not be favorable for direct action but the institution may be doing a variety of things to lay the groundwork for future action. These groundwork efforts may be important indicators of institutional progress. Some examples:

- Local seminars, with summaries widely distributed, to focus attention on a problem; a trip abroad designed to change the attitudes of a Dean toward research; a natural resources survey that will provide data for realistic development planning; stimulation of a campaign for additional teacher training facilities; demographic studies which show population trends and projections; publicity about anticipated use of machines to process tax returns to induce greater and more accurate tax reporting; informal meetings with legislators, agriculturists, and economists to create understandings hopefully leading to new price policies.

In summary, program impact cannot be measured in any one year but must be judged over a period of time. The indicators, in turn, must reflect the stages of development of the program and often should not be quantitative. Institutions are marked by unbalanced growth as resistance to change is weaker in one area than another and this should be taken into account. And finally, the process of development of indicators of program impact will often contribute to a clarification of the goals and priorities of the institution.

2. Acceptance - This relates to the increasing acceptance, adoption and use of practices, processes, methods and techniques introduced or promoted by the institution. Numbers may be hard to come by but where available, can be helpful indicators. Examples:

- Increase in the number of professors who have changed from lectures as the sole method of teaching and now regularly include classroom discussion with students.

- Increase in the number of farmers using the improved seed or fertilizer and substantially following directions for use. (Increased production or sales would be better in the long run.) Increase in number of farmers in various economic and social groups voluntarily seeking advice of extension agents.

- Increase in the number of midwives using sterile material to tie the umbilical cords of new babies. (A drop in the death rate from infant tetanus in certain areas might be an even better long-range indicator.)

- Increase in the areas of distribution and volume of sales of nutritious processed food.

3. Adaptation to Local Conditions - In a sense this element is a reflection of administrative and program flexibility and responsiveness to local needs and interests. Four aspects of this element are identified.

a. Willingness to review practices and methods that have been installed and modify them to make them fit bette in light of local resources, personnel, availability of equipment, and experience. This is particularly important where the techniques were adaptations of those used in different societies.

b. Willingness to make reasonable modifications of procedures that have encountered considerable opposition and public criticism when it has not been possible to satisfy the critics.

c. Use of built-in mechanisms for review and analysis of operations on a continuing basis and willingness to make changes in the interest of effectiveness and efficiency.

d. "Rallying Power" or the ability to keep going effectively after attacks and defeats in order to advance the aims of the institution. In many ways, this is one of the most difficult factors in institutional progress because in many societies, defeats are taken as personal affronts and the leader, on whom the institution depends, customarily resigns and the institution thereby suffers a double blow -- the defeat itself and the loss of leadership.

4. Innovation - This element is designed to show progress in the development and installation of new programs, practices, methods and

techniques and in their promotion in an effort to create receptivity for installation. Numbers will not be too helpful except as clues to the magnitude of the innovations; descriptions of the nature and scope of the proposed changes are likely to be better indicators. This element will give some picture of the creativity of the institution and the freshness of its approach. At the same time, caution must be exercised to safeguard against the institution that is so busy innovating that it is not doing its operational job. In making a judgment on this factor, care must be taken, also, to judge whether the innovations are being introduced rapidly because the time is ripe for approval of innovation or whether the changes are coming so fast, over such a long period, that they cannot be absorbed.

5. Expansion - Almost all institutions start fairly modestly, though their charters may be broad. Expansion of scope and geographic or functional coverage, and introduction of new or refined activities may all indicate growing institutional maturity. These ventures might be weighed against expansion before the organization has the capacity to carry out its new responsibilities and against tendencies toward "empire building," a disease not unknown in some more advanced countries.

Appraisal of this element is essentially judgmental but often statistics will provide valuable indicators, e.g., number of farmers in the areas served by the additional extension agents, number of ministries and their employees brought under Civil Service, number of students added, number of communities organized and people participating, etc.

A cautionary note is in order on expansion and numbers. There may well be situations where maintenance of quality and standards require

limitation of size, and a large increase is an indication of institutional weakness rather than progress. In one case, for instance, in modernizing a college of business administration, it was intended to limit enrollment to 200 carefully selected students until the program matured and faculty trained abroad could be employed for fulltime teaching and research. With no tightened admission standards and no changes in part-time faculty, enrollment jumped to 2,000. The professors trained abroad made a small modernizing input into what was essentially the same weak (but larger) old institution.

Though perhaps unusual, this case does point up the need for a time-perspective in treating Expansion as a positive factor in institution building.

6. Relevance of Standards - A key element in judging institutional progress is the relevance of its standards to the needs of the country at a particular stage in its development. These standards relate to program, fiscal matters, and administration. An institution may be doing an excellent job for its clientele who are a minuscle part of a particular society. In a more advanced society with a diversity of institutions no one would question the need for or the contribution of this select institution but among the vast needs and the limited number of institutions, it might rate far down the scale of relevance in a developing country. At the other end of the spectrum it may well be that failure to use advanced techniques means that the institution, however efficient, can make only a very limited contribution to development.

A few illustrations will make this concept clearer -

- In one country in Africa, the only center for higher education was a replica of Cambridge with a limited enrollment of students whose parents had been able to pay the costs of tuition-charging secondary schools. Here, an excellent classical course of study was taught by products of British universities in physical and social isolation from African culture and problems.[3] In several countries university and secondary school students must pass examinations acceptable to London and thus the courses of study must be based largely on the English curriculum. This makes for costly education for the few in subject matter relevant to Western society. Granted that the graduates have a fine command of Western culture, how relevant is this to total needs where this is virtually the only type of secondary and higher education available?

- Following patterns in more industrial societies, some Latin American countries have set up vocational education at the secondary level. Granted that workers should have a combination of academic and job-related training, a question may well be raised of the relevance of this type of training in societies where secondary schools are looked to as a means of entry to the universities and the professions, and where only about 5 percent of school age children go beyond the fourth grade.

- In some countries pay scales are a carry-over from the salaries required to attract colonial administrators and expatriates. These rates are so attractive that young men and women with

some education more or less automatically seek a career in government and the need for talent in the private sector is almost completely ignored. On the other hand, other countries are using government to develop far-reaching socio-economic policies and to implement new and complex programs when the pay scales are so low that it may not be possible to attract and retain a high level of competence.

- The only hospital in the country, located in the capital city, is reasonably well equipped and staffed with doctors and nurses practicing "big city medicine." At the same time, there is only one doctor for 30,000 people in rural areas, almost no nurses and no facilities for training paramedical personnel. Again the question is one of relevance of standards.

- An extension service is making technically sound efforts to persuade farmers to use fertilizer as a means of increasing corn production, badly needed in the country. The farmers see the results of application of fertilizer but they are resistant. Without a change in the marketing system they feel they may not even get their money back for the cost of the fertilizer and with the poor storage facilities the rats will eat the corn. Again the question is one of relevance of the effort to push fertilizer without attention to other factors.

B. Support

7. Survival - One real test of any institution, other than a purely temporary one, is survival power. Almost any new institution will

be the subject of direct and indirect attacks, some open, some devious. These attacks are just as likely on restructured institutions as on new ones.

The attacks will take many forms: efforts to abolish the agency; proposals for drastic change in program; efforts to change leadership; drastic cuts in budget; reorganization; limitations on program and administrative discretion, etc., etc. Often when direct attacks fail, there are efforts to chip away at small points over a period of years until gradually the institutional structure is severely weakened, How well the institution survives is one indication of its strength.

Obviously there are no statistical measures of survival power and it is a matter of judgment how well the institution has weathered the storm.

There are some institutions, of course, that should be abolished because they are not likely to have significant positive impact on development; they are too corrupt or costly or inefficient to be salvagable, or they are a drag on development. Regrettably, some of the new or restructured institutions discussed in this paper will go in this direction. When they do, this element will be one means of raising the issue of whether they should continue.

8. Continuity of Program and Leadership - Timing is one of the factors that make judgments difficult in this field. An institution may start out in excellent fashion under first-rate leadership and change completely when the first or second director leaves and his successor is appointed. Or the director may continue but a new governing body may

come in that is not enthusiastic about the program and lets it wither on the vine or changes its purpose for its own political ends.

There is no precise yardstick for this element nor is there any accurate time clock to tell when to take measurements, but the people concerned within the country usually have no difficulty in knowing. Neither do the employees within the institution nor the foreign advisors who have worked with the institution over a period of years.

Often the best judgments with respect to this element can be made through a combination of others which together shed light on the dynamism, high morale, and forward movement of the institution.

9. Backing and Support - As indicated in the brief treatment of Survival, any institution, new or restructured, will encounter serious opposition to some of the changes it seeks and to its very existence. The attacks may come publicly or privately on policies, techniques, operations, costs, or a variety of other factors. One indicator of backing and support is the kind of people who rally to the institution's defense -- clientele, associational groups, press, political leaders, etc. In some instances, the kind of tactics they use may be significant. Numbers usually are not particularly meaningful unless the issue is decided by vote, and even then numbers must be interpreted in the local setting.

This element should be interpreted not only in relation to responsiveness to attacks but more positively in backing and encouragement for innovation, for quality of day-to-day operations and efficiency of the service. Again, it is important to appraise this element in a

framework of time and change. Lukewarm support may grow hot or cold with the passage of time. Similarly, changes in parties or personalities may cause marked fluctuations in backing and support of great importance at any time and especially critical during the early stages of the institution.

10. Financial Support from Domestic Sources - One of the tangible, measurable elements of institutional strength is the amount of financial support and the trend of that support in relation to expansion of the program. The amount of money available is an important indicator of support, but of almost equal importance is the source of the money. Sometimes institutions receive substantial inputs from foreign sources. These funds will not continue indefinitely and unless there are firm plans to replace them with money from local sources, the institution may be in difficulties.

In other cases, some types of institutions may draw some of their money from trust funds or other special sources available only to the President. Again, this may indicate that financing though ample for the moment is not on entirely firm footing as a change in attitude on the part of the President could lead to a financial crisis for the institution.

Often, too, complete reliance on governmental funding, though adequate for the scope of program, may indicate that the institution has not been fully effective in developing outside support and outside sources of income that will minimize the need for complete reliance on government.

As a part of the appraisal of this element, attention must be given to timing and the level and nature of services to be funded locally. Except where the new organization and program provide opportunity for political manipulation, adequate funding from local sources can be expected only when the institution is well accepted by important segments of the community. Even then, the search for local funds may play into the hands of groups resistant to change who would be happy to see the institution suffer from financial malnutrition. Complicating the problem further, few developing countries raise adequate tax revenues and it is unlikely that the supporters of the new institution will be able to force through general tax increases to provide the needed revenues for their favored institution. In this context demands that the institution finance costs of technical assistance and training abroad can well be self-defeating.

C. Leadership and Quality

11. Leadership - One factor in judging institutional progress is the quality of the top command, the head of the institution and his immediate advisors. The kind of person who is pushing the program forward, always seeking action, still politically sensitive, innovating himself and supporting his staff on innovation, holding the program together, giving administrative direction and guidance and at the same time maintaining political and popular support is the paragon that rarely exists. Nevertheless, someone approximating this picture must head the institution, especially in its early stages.

Often we see other types: the politician, interested in his own aims, who does a good job as a stepping stone to greater glory or personal power; the person given the job because of international stature who is cautious and unsure and does not know how to operate; the crony put in to keep the unwanted institution from doing too much and upsetting the applecart. These stereotypes stress the importance of the right kind of leadership in the building of institutions and in the appraisal of progress.

Again time becomes an important element in the overall judgment. The leadership group may show increased strength with maturity of experience, or despite early promise, may fall into the traditional patterns of the country. Similarly, personnel changes can be of major importance in strengthening or weakening the institutional leadership.

Precise measurement, of course, is impossible. Judgment must be based not on absolute standards or experience in more advanced countries but on talent available among nationals of a particular country. The appraisal should include not only the agency head but others in the top command.

12. Efficiency - Reasonable use of human and financial resources through sound management is another factor in institutional progress, though there is no high premium on efficiency in many developing countries. In making judgments in this area it is important to recognize the standards of the particular country and comparable countries and not to base judgments on absolute standards or the real or fancied achievements of more advanced countries.

Initially at least most judgments will have to be based on analysis and observation of operations, though over a period of time rough indicators

of trends can be developed. Special efforts will be required to include indicators of changes in attitudes and working relationships with the public and clientele groups. In some situations it may be appropriate to give consideration to progress in establishment of other public and private institutions which can provide various incentives and controls to increase efficiency.

13. Growth of Professionalism - Without being unduly concerned about precise definition, professionalism can be considered loosely as pride and self-confidence in the ability and skill to perform work of high standards based on specialized training and experience. Though attitudes as well as skills distinguish the professional, for purposes of judging progress, professionalism can be equated with specialized training at home or abroad. Thus, a count of the increasing numbers of employees with specialized training and the levels of that training may be at least a rough indicator of growth of professionalism. By the same token, a downward trend in the number of professionals may be a sign of trouble.

When the professionals leave, where they go, and why they leave can become significant in judging this element. Any new agency is almost certain to suffer attrition when the initial excitement and challenge wears off. Similarly, the trained talent in most developing countries is so thin that there will be great demands for people with ability. Nevertheless, the trends of gains or losses of personnel with professional training can be a significant clue to institutional progress or retrogression.

14. Pressure for Reforms - An important indicator of maturity is the institution's activities and effectiveness, publicly and behind the scenes, in laying the ground-work for some reforms and in actively promoting others.

No precise measures are available, but the nature and scope of the reforms are fairly good indicators of progress.

Summary

In summary, 14 elements to use in judging progress have been sketched in broad terms. They have been presented in three groups:

A. Success in Bringing About Change

Program Impact
Acceptance
Adaptation to Local Conditions
Innovation
Expansion
Relevance of Standards

B. Support

Survival
Continuity of Program and Leadership
Backing and Support
Financial Support from Domestic Sources

C. Leadership and Quality

Leadership
Efficiency
Growth of Professionalism
Pressure for Reforms

These factors are offered as highly tentative and they need testing, theoretical and applied. Furthermore, they need refinement for various kinds of institutions and possibly for different regions or countries.

They are not subject to precise measurement. A number of statistical indicators have been suggested but they can be no more than clues to the degree of acceptance of reforms and institutionalization in a particular country. To cite a parallel: Figures on arrests for bootlegging in the United States during the 1920's undoubtedly were impressive but they could not be significant because the American people were not prepared to accept prohibition as a way of life. So with measuring institutional progress. We lack the tools to measure precisely when the changes have in fact become a way of life in the developing countries.

Nevertheless changes are taking place. Institutions are being established. Progress can be judged even though it cannot always be measured.

Notes on Chapter VII

1 Bowman, Mary Jean, The Land Grant Colleges and Universities in Human Resource Development, Journal of Economic History, Vol. XXII No. 4, December 1962.

2 Belshaw, Cyril S., Evaluation of Technical Assistance As A Contribution to Development, International Development Review, Vol. VIII, No. 2, June 1966. Belshaw seeks to evaluate technical assistance, not so much in the success of the individual project but in the contribution to development.

3 Ashby, Eric, African Universities and Western Tradition, Harvard University Press, 1964, pp. 28, 41, 98.

PART II

VIGNETTES OF INSTITUTIONAL DEVELOPMENT

- INTRODUCTION -

CHAPTER VIII LAND REFORM - TAIWAN

CHAPTER IX RESEARCH TO IMPROVE PRODUCTION OF CORN IN ASIA

CHAPTER X TAX MODERNIZATION - CHILE

CHAPTER XI FISCAL REFORM - THAILAND

CHAPTER XII**

CHAPTER XIII**

**To be in the future

INTRODUCTION

Part II consists of a number of vignettes describing efforts to bring about reform and build institutions in developing countries. They are not intended as examples of perfection but of successful experience in the application of most of the elements in Chapter VI as affected by different weights and the priorities of diverse national interests and cultural patterns. No special effort has been made to force these vignettes into a particular mold, and yet most of the more significant elements will stand out in each case.

No claim is made that these are the only cases, or even the best ones. They are some of the better-known ones where the record has provided some basis for description and interpretation of the development process. Many foreign advisors can provide fascinating oral descriptions of other experiences, but unfortunately, all too often, the written record is too sketchy for objective descriptive material.

These vignettes were prepared from written material and discussion with some of the participants. Field research was not feasible within the time frame of my Federal Executive Fellowship. However, it is believed that each of these little cases merits intensive and extensive field study by teams of social science researchers and practioners so that all may profit from this experience.

CHAPTER VIII

LAND REFORM - TAIWAN[1]

In the 11 years between 1949 and 1960, production of paddy rice increased 50 percent, net income of farmers tripled, and aggregate net farm income increased from T$ 305 million in 1949 to T$ 450 million in 1960 in constant purchasing power. These remarkable results were brought about through land reform and associated measures to improve rural life on Taiwan. This brief presentation describes some of the forces and institutions that contributed to the success of the program. Among the most important were the political commitment of the Chinese based on immediate concerns and long established philosophy, practical experience on the mainland, ability to adapt institutions established by the Japanese during their long occupation of Taiwan, and the leadership and assistance role of the Joint (Chinese-U. S.) Commission on Rural Reconstruction.

Land reform has been of interest to Chinese writers for 2,000 years and some action programs go back to the reign of Emperor Wu of the Han Dynasty (140-88 B.C.). In modern times, Dr. Sun Yat-sen (1866-1925), father of the Chinese Republic, made land reform one of the cardinal points of his program. In his writings and speeches on land reform in general and the land-to-the-tiller program in particular, he laid out a philosophy which became ingrained in scholar and peasant. The land law of 1930, as amended in 1949, reflects much of this philosophy and provides the framework for the reforms in Taiwan.

Building on this burning desire for land, the Communists had used the promise of land as one of the important means for winning over the peasants on the mainland. In one of his first moves after the establishment of the Joint (Chinese-U.S.) Commission on Rural Reconstruction (JCRR),[2] Commissioner Dr. Chiang Monlin met with President Chiang Kai-shek and won the strongest support for several pilot programs of land reform. Several of the provincial programs were successful but they could not stem the tide. Nevertheless, they did give very practical experience in planning and executing various aspects of land reform.

As JCRR was set up by legislative action in both the U. S. and China in 1948 its structure gave it a good deal of autonomy. Though land reform became one of its high priorities, JCRR's charter was broad enough to encompass almost any measures necessary to bring about significant changes in rural life and institutions in China. Its primary function was not operational but to provide leadership and technical and financial assistance. The Commissioners, as appointees of their respective Presidents and highly respected professionals, carried very considerable weight in influencing policies as well as operational programs. The continuity of the Chinese commissioners and their study at U. S. universities, the caliber of the staff, mainly Chinese with a comparatively small number of Americans, enhanced the role of JCRR and helped make it a truly joint activity. Indicative of the caliber of staff, at one time there were more than 35 Chinese staff members who had earned their Ph. Ds at foreign universities, most of them U. S. Land Grant Universities. JCRR moved to Taiwan in 1949 along with the Government of the Republic of China.

Conditions on Taiwan

When General Chen Cheng was appointed Governor of the Province of Taiwan in 1949, one of his first concerns was the stability of the rural areas, an important element in preparing Taiwan to become the seat of the Government of the Republic of China as conditions continued to deteriorate on the mainland. Shortly after his appointment JCRR Commissioners began conferring with him to lay out plans for land reform as one of the principal programs to bring stability to the rural areas.

Among the common rural problems on Taiwan were high rents, usually 50 percent and sometimes 70 percent of the harvest; lump-sum deposits for use of the land, sometimes equalling a year's rent in advance; verbal contracts; no fixed terms so that landowners could increase rental rates and rent deposit or terminate the lease at will; advance payment of rents; farming out excess land to sub-landlords who in turn rented to tenants.

The new Governor was steeped in the philosophy of Sun Yat-sen, including land reform. He had the assistance of JCRR. He had the combination of his military stature, his appointment as governor by President Chiang Kai-shek, his mandate to provide stability for the new seat of government, and his influence in the Nationalist party. (He was later to become Premier and Vice President of China.)

The Governor decided to push ahead on a three-step land reform program -- reduction of rents, sale of public lands, compulsory sale of private lands to tenants. From the beginning the objectives and operational framework were clear; the program was to benefit primarily

the tenants and producers. It would continue current patterns of land use (small holdings) while changing the patterns of economic returns and land ownership. Enforcement and follow-up would be required to achieve objectives and to prevent evasion. The major operational units would be the provincial (Taiwan) government and citizen participation would be a vital element of the program.

Rent Reduction

The first phase of the land reform was a scheme for reduction of rents to 37.5 percent of the harvest yield, based on plans worked out by three of the Commissioners during their visit in March 1949. The Commissioners, professionals in their own right, also had the staff resources of JCRR available and were able, from time to time, to call on experts like Wolf Ladijinsky who had been one of the principal architects of land reform in Japan.

The planners were able also to base much of their work on the elaborate schemes of land classification, including cadastral surveys and land registration, which had been developed, primarily for tax purposes, during the 50 years of Japanese occupation. They were able, also, to draw on records with respect to land, prices, production, trends, etc., which were part of the Japanese effort to introduce and expand modern technology.

The Land Bureau of the Provincial Government, with the county and township governments, had operational responsibility for the rent reduction program. Recognizing that these offices lacked experience in a program of this nature, JCRR planned and conducted training programs for

more than 4,200 staff members. Courses from one to five days, included high-ranking township and county officials as well as village-level workers who were given detailed training on enforcement techniques and solution of practical problems. To supplement the bureaucracy, Rent Campaign Committees were established at each level of government. The Provincial Supervisory Committee of 17 members was composed of top officials such as the Speaker of the Assembly, Chief Justice of the Supreme Court, the head of the Land Bureau and eight prominent nongovernment social leaders. At lower levels, the public was represented but the heavy weight was on spokesmen for tenant farmers, owner-farmers and landlords. Set up in April and May, the committees helped publicize the programs, explained procedures, and helped solve problems. One of the major committee functions at the county and township level was the appraisal of average annual yields based on the land classification system, which became the basis for 1949 rents. In this work the committees had available tables prepared by the Land Bureau based on Japanese reports and Taiwan's experience in 1946-49. They also had available the technical assistance of JCRR.

The second step in the rent reduction program involved the preparation of written leases. Landowners and tenants were required to negotiate those comparatively few items in the area of discretion and through established procedures these provisions were incorporated into standard lease forms prescribed by the Land Bureau. In May and June 1949, the townships and counties mobilized their resources to process over 375,000 leases signed by tenants and farmers, thus initiating a new relationship between landowner and tenant.

With 296,000 farm families, 45 percent of all farm families, brought into the program between April and August, it was obvious that all aspects of this social revolution would not be smooth. The Provincial government moved quickly into phase three. They reviewed and adjusted some of the land categories and grades which formed the basis for determining the average annual yields and, therefore, the rents. They established a network of field supervisors and inspectors, many of whom had experience in rent reduction programs on the mainland. They established a series of Farm Tenancy Committees at all levels. They mobilized more than 3,000 staff members in July and August to check records in the field and to hold conferences with tenants and owners.

To get the program under way the Provincial Land Bureau undertook the training of some 400 staff members in a four-week program. After this, committees were elected to obtain representation from tenant farmers, owner-farmers, and landlords. At the base were the hamlet committees which in turn elected representatives to serve on higher level committees. In all 20,000 representatives were elected from 577,000 qualified voters. The combination of field checking and committee efforts led to identification of some 35,000 errors and to corrective action. Lest we give the impression that this program was carried out solely by technical experts who were able to gain cooperation entirely through persuasian, it should be noted that voluntary compliance increased after the Governor jailed a few recalcitrant landowners.

Sale of Public Lands

The second stage, sale of public lands, followed somewhat the same pattern as rent-reduction. There had been some early activity in 1948 which provided valuable experience. This activity, however, was set aside until after the rent reduction program. The public land sales programs were conducted in 1951, 1952 and 1953 with some variations depending on the nature of the public lands involved which are not particularly relevant to this brief treatment.

The Taiwan Land Bureau and the county and township governments were the operating entities. They were assisted by county and township Committees for the Establishment of Owner-Farmers set up for the express purpose of implementing the sale of public lands. These committees, originally set up in 1948, were reorganized in 1951. They included the mayor, ex-officio government officials and five to seven representatives from among the local assembly, the local land bank, the farmers' associations, and local leaders. The committees screened applications, fixed the values of lands offered for public sale, and reconciled disputes among farmers arising out of their applications for public lands.

Several points warrant special mention: (1) the program was launched with a ten-day training program for county and township and technical workers; (2) the program was carried out rapidly; for example, the first program between July 1951 and February 1952; (3) there was a field inspection by staff and a recheck by the committees before the public announcement of the sale; (4) the new farmer-owners received purchase certificates as soon as they made their first semiannual payment.

In these three sales programs, 96,906 families bought public lands. Units were small, averaging 1.21 chia (1 chia = 2.3968 acres, slightly smaller than a hectare, 2.47 acres) but approximating very closely the average amount of land cultivated by each farming family throughout Taiwan during the same period.

Land-to-the-tiller Program

The third stage was the land-to-the-tiller program, so close to the heart of Sun Yat-sen. The essence of the program was the sale of land to those actually working the soil. Though there were some thousands of voluntary sales, the operation usually involved the compulsory sale of the land to the tenant with the government in an intermediary role. The land was sold to the government with immediate resale to the persons working the land. Simple in concept, its planning and administration required a variety of institutions working together under a clear mandate to get the job done under a very tight time-schedule.

The writings of Sun Yat-sen provided the philosophic base; for practical experience there were a number of limited programs going back to 1942. In addition, there were resources in a number of institutions set up for different or broader purposes.

One of these was the Taiwan Land Bank, founded in 1946, which became the principal arm for financing sales and purchases. Another was the system of land records set up during the Japanese occupation and up-dated in relation to the rent-reduction and public land sales programs. Another, of course, was JCRR. To illustrate a little of the interrelationship

among the institutions affected, JCRR proposed a compilation of land-ownership cards from the land records. The county and township land offices completed this monumental task in March 1952 and had available, for the first time, lists showing all the holdings of every individual landowner.

On completion of the ownership classification, the legislative process was initiated with the presentation of a proposal drafted by the Provincial Land Bureau. This draft was debated by the Provincial Council and the Provincial Assembly which made a number of changes.

When the bill reached the Legislative Yuan of the Republic of China there was further debate, drafts were widely distributed to local groups, the bill was substantially revised, and after debate section by section, was enacted on January 23, 1953.

Essentially the plan called for compulsory sale to the government of the land over and above the area the owner could cultivate himself.

The price of the land was 2.5 times the total amount of the main crop as appraised at the time of the rent reduction program. When the owner surrendered title he was paid 70 percent with land bonds in kind and 30 percent with government enterprise stocks. The land bonds were issued by the Provincial government through the Taiwan Land Bank. Each carried on its face standard numbers of Kilograms (50, 100, etc.) for repayment in rice (paddy land) or sweet potatoes (dry land). The bonds were issued in the name of a county or city which was responsible for amortization through funds derived from the farmer purchasers.

The farmer, in turn, over a 10-year period was to pay the same price as the sale price, 2.5 times the average annual yield based on the standard land classifications, plus 4 percent interest. If the farmer, through efficient farm practices could increase his actual yield, he could use his increased income as he saw fit, including the purchase of the land in less than ten years. (There were numerous other provisions affecting landowners and farmers which are not relevant to this discussion.)

Meanwhile intensive preparations had gone forward for administration of the program on a tight time-schedule that called for completion of the basic aspects by December 31, 1953, just 11 months away.

The Ministry of Interior had responsibility at the national level, the Land Bureau at Provincial and the counties and townships in their respective jurisdictions. The Land Bank was the financial agency for the compulsory purchase and for resale to the farmers, for issuance of land bonds in kind, and for the transfer of the stock in public enterprises. The Provincial Food Bureau was given responsibility for safekeeping of payments in kind made by the farmer-purchasers.

Within days after completion of legislative action, JCRR began training programs which directly or indirectly reached more than 32,000 people[4] involved in the administration of the program. This massive training program was undertaken between February 1 and March 15, 1953.

The work proceeded at a rapid pace as reflected in the schedule in Figure III. One of the most complex phases was the rechecking of the land and the people on the land and their related activities. Both office and field checks, including land surveys in some cases, were necessary to

determine what land was to be sold, who the purchaser would be, and the basis for computation of the compulsory sale price which would also be the compulsory purchase price.

The lists of land for compulsory sale were compiled by the village and township offices. The Farm Tenancy Committee reviewed the lists of land to be retained by the owners under various provisions of the law. The lists required city or county approval but were then returned to the village or township for public announcement. All interested parties were encouraged to examine the lists.

The farmer purchaser made his first payment at the time of purchase which coincided with the time at which he would have paid his land rent. Thereafter, with some exceptions, he paid in equal semiannual installments, plus 4 percent interest, for ten years. Payments were mainly in kind to the Provincial Food Bureau. The new owners received a certificate of ownership at the time of initial payment to be stamped paid-in-full when all payments had been made.

To make sure that the program was moving effectively, the central and Provincial governments organized a Joint Inspection Team to make two successive tours of inspection in June and September to interview landlords and farmers. At the same time the Legislative Yuan sent two groups to the field and their review led to some changes in the program.

By the end of 1953, 195,000 farm families had purchased land. About 95 percent were tenants and 5 percent farmhands. Units of purchase were small and over 75 percent of the families had purchased a chia or less.

Though the main part of the job was completed in 1953, major effort was required to make it stick. Special efforts were required for enforcement and supplementary legislation was required to head off a return to old patterns. JCRR continued to work with the Extension Service whose efforts were more welcome than ever by the farmers who had more incentive to invest labor and material in their land. Fertilizer became more widely used and importation was replaced by local production. Work is going forward, too, on a longer range program to encourage farmers to consolidate their tracts.

Reform of the Farmers Associations

The sale of the land to the tenants provided the economic base for progress. The farmers associations were keys to social and political development. The elaborate scheme of associations set up under the Japanese provided a means for representing farmers' (landowners) interests in dealing with the various levels of government. They also ran large-scale organizations, sometimes on a cooperative basis, for the processing and marketing of important crops like rice, citrus fruits, sweet potatoes and bananas. The main thrusts of the Japanese efforts, however, had been to advance the interests of Japan and the landowners. With the retrocession of Taiwan to the Republic of China they became organizations of the local gentry and landlords.

In a move designed not only to improve the economy but to change the social status of the farmers, the associations were reorganized, first in 1949 and again in 1952. The initial change required that responsible

officers be elected by the farmers and that one third of board members and delegates must be tenant farmers.

The 1952 reorganization was even more sweeping. Membership in the associations was limited to those engaged in land cultivation and earning half their income from farming. Others were permitted honorary membership. Two thirds of all delegates must be farmowners, tenant farmers and farmhands. In describing the role of the associations, the Governor of Taiwan during much of the land reform program, General Chen Cheng said:[5]

> It is the principal function of the farmers' association to guide members in increasing production. It takes charge of rice and wheat storage and processing, distribution of fertilizers and cattle feed, increased production of self-supporting fertilizer, pest control, improvement of agricultural implements, promotion of agricultural by-products, breeding demonstrations, and improvement of livestock. It also acts as the district and township treasury, takes over the functions of a cooperative bank, and extends loans and accepts deposits. Thus all matters relating to rural economy, production and finance are centered in the farmers' association.
>
> Farmers' associations are organized on three levels: one on the provincial level, 22 on the county and municipal level and 317 on the district and township level. At the base, they are composed of about 5,000 small agricultural units. Organized by villages and districts, these units are responsible for promoting fellowship, giving technical guidance and offering direct services.

Technical guidance in many cases included providing and paying for the services of an Extension Agent to provide advice and assistance to the members.

JCRR played a key role in the transformation of the associations and thus of the farmers of Taiwan. It provided direct training for the

thousands of farmers who, for the first time in their lives, were in positions of some responsibility, as members of boards, committees and delegations. (Operational responsibilities continued to be handled by a paid executive secretary as in the past but with a different policy orientation.) It continued the training when new board members, supervisors, and delegates were elected. It was instrumental in the creation of a central fund managed by representatives of the land bank, cooperatives, and the farmers' association from which the associations could borrow, provided they met various requirements.

At the same time, JCRR continued to provide technical assistance in strengthening the policy and operational functions of those associations needing assistance to help them operate in a way consistent with the land reform program. In addition, of course, JCRR continued to provide leadership and technical and financial assistance in the improvement of other related areas of rural life.

Conclusions

That the program has proven of continuing effectiveness is shown in the 1967 study by Anthony Y.C. Koo. Tracing rice production as far back as 1900, he found peak production per hectare was 2,052 kg in the thirties, but 2,322 kg after land reform. Elementary school attendance in rural areas has jumped from 71 percent (very high for developing countries) before restoration of Taiwan to China to 96 percent within a ten-year period. The percentage of primary school graduates attending junior secondary schools, which are neither compulsory nor free, has

increased from 35 percent to 52 percent in 1961-1962 and the percentage in senior secondary schools from 56 percent to 82 percent.

Over and above the direct economic and social effect of the Land Reform Program, this has been a demonstration that the government and the people could plan and execute a highly complex administrative and technical program; that political will, combined with local technical and administrative competence, and outside leadership and technical and financial assistance could bring about highly significant changes; that involvement of the people can become an effective means of supplementing and at the same time serving as a brake on, the bureaucracy; that the gains of reform could be maintained only by strengthening the network of institutions required for growth and development.

FIGURE III

TIME TABLE FOR ENFORCEMENT OF
LAND-TO-THE-TILLER PROGRAM

	Items	Time Limit
1.	Formulation of Practical Measures	January 1 - February 28
2.	Training of Working Staff	February 1 - March 11
3.	Popular Information and Education	February 1 - December 31
4.	Rechecking	February 1 - April 30
5.	Compilation of Lists of Land to be Compulsorily Purchased, Retained, or Resold to Farmer Purchasers	April 16-30
6.	Screening and Approval of the Lists Compiled	April 20-30
7.	Compulsory Purchase of Land and its Resale to Farmer Purchasers	May 1 - October 16
	a. Public Announcements	May 1-30
	b. Individual Notifications	June 1-15
	c. Compensation to Landlords and Payment of the 1st Installment by Farmer Purchasers	June - August
	d. Registration of the Transfer of Landownership	June 16 - September 16
	e. Issuance of Landownership Certificates to Farmer Purchasers	August 1 - October 16
8.	Checking Over of Maps and Records	September 1 - December 31
9.	Compilation of Statistics	March 1 - December 31
10.	Critique and Appraisal	

Notes on Chapter VIII

1 This summary is based on Land Reform in Taiwan by Chen Cheng, China Publishing Company, Taiwan, Rep. of China 1961; Land Reform in Free China by Hui Sun Tang, Joint Commission on Rural Reconstruction, Taipei, Taiwan, Rep. of China, October 1954, Reprinted January 1957; General Report, JCRR, Taipei, Taiwan, Rep. of China 1962; Agrarian Reform in Asia by Wolf Ladijinsky, Foreign Affairs, Vol. 42, No. 3, April 1964; Economic Consequences of Land Reform in Taiwan by Anthony Y. C. Koo. Papers in International and World Affairs, International Programs - Michigan State University, 1967 Series January No. 1; Rural Improvement and Political Development: The JCRR Model, John D. Montgomery, Rufus B. Hughes, Raymond H. Davis, Comparative Administration Group, American Society for Public Administration; Land Reform in Formosa, Wolf I. Ladijinsky in Foreign Agriculture, USDA, June 1950, reproduced in The Program of the Joint Commission on Rural Reconstruction in China, ECA Publication (undated); Lengthy interviews with Clifford H. Willson who served in Taiwan as one of the Commissioners, 1959-61, and kept in close touch with the program as the Chief of Technical Services of the Far East Bureau, Agency for International Development from 1961 until his retirement in 1965.

2 A joint Chinese-U.S. agricultural mission was proposed by the Republic of China in October 1945. Following the survey and the report of May 1947, Dr. Y. C. James Yen was invited by Secretary of State George C. Marshall to prepare a memorandum describing his ideas for a joint commission. The substance of those ideas was incorporated into the China Aid Act of April 3 1948. The President of China moved quickly to appoint three of the commissioners and the President of the U. S. two commissioners.

3 An important exception to JCRR's advisory role was in the field of training. Whenever important programs were launched or when many new people were brought into the program, JCRR stepped away from its advisory role and planned and conducted the training program. Directly or indirectly JCRR-supported projects involved the training of some 55,000 technical and semi-technical workers and 590,000 farmers.

4 This was part of even broader training activities sponsored by JCRR. Between 1951 and 1962, 690 participants were sent abroad, including 353 to the United States. Most of these were from agencies other than JCRR.

5 Op. cit., p. 108.

CHAPTER IX

RESEARCH TO IMPROVE PRODUCTION OF CORN IN ASIA

[Note: This vignette is the full text of the paper under the same title written by Ernest W. Sprague, Geneticist, The Rockefeller Foundation, New Delhi, India. (Several photographs appearing in the original have been deleted.) This paper is included in Agricultural Sciences for the Developing Countries, Albert H. Moseman, Editor, American Association for the Advancement of Science, 1964. Special permission for the inclusion of this paper has been requested.]

The yields of cereals in Southeast Asia are extremely low; national averages in these countries are very similar and none have changed significantly for many years. This indicates that soils, climate, and cereals have reached an equilibrium as expressed in production potential. Unless man exerts a concentrated effort to improve both varieties and cultural practices, there will be little change in the future.

To improve varieties and change cultural practices, a multitude of factors must be dealt with simultaneously. Man's preferences as to the types of cereals which compose his diet as well as deep-seated traditions conditioned by habit and religion are things that must be understood and taken into account. Other factors that the researcher must consider in approaching the problem of cereal improvement are: available funds, manpower, research facilities, and availability of suitable germ plasm.

The discussion in this paper will be built around corn, drawing from the writer's experience primarily in India and, to a lesser extent, in Thailand, Indonesia, and Vietnam.

Corn is a relatively young crop in this part of the world and has not, until recently, been considered important. It is now recognized throughout Southeast Asia as a very important crop, and considerable research effort is being directed to its improvement. The need for corn improvement work can best be illustrated by the fact that in 1962 over 11 million acres were grown in India at an average yield of only 15.7 bushels per acre. For the same year, Thailand's corn yield on 830,000 acres was 32.3 bushels per acre; that of the Philippines, 9.4 bushels per acre on nearly 5 million acres; and Indonesia's yield was 16.4 bushels per acre on 7.75 million acres. In 1962, the United States produced 64.1 bushels per acre on nearly 57 million acres. For the period 1955 to 1959 the average yield was 59.8 bushels per acre for the United States and 12.9, 21.7, 9.8, and 14.8 bushels per acre for India, Thailand, the Philippines, and Indonesia, respectively. In these four countries 5 million more acres were grown in 1962 than the average for the period 1955 to 1959.[1]

Although both acreage and yields have been slightly increased in this recent period owing to improvement programs, the corn yields in Southeast Asia are only 15 to 50 percent of the United States average yield. The relatively high yields in Thailand are due to a shifting to new land, and to an increase in acreage caused by new land's being brought into cultivation. Land in Thailand that has been in production

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[1]U. S. Department of Agriculture, Foreign Agricultural Service, World Agricultural Production and Trade, Statistical Report, Nov. 1963.

for many years is producing low crop yields more in line with those in the other Asian countries. An average yield in Asia equal to or above that recorded in the United States is a very realistic possibility; this will be discussed later. There is also a great potential for increasing acreage planted to corn throughout Southeast Asia.

Development of the Corn Improvement Program in India

The first corn improvement program in India was initiated in 1945. By 1956, there were three or four improvement programs, all independent of one another. Although much diligent effort went into these programs, they did not make a significant contribution to improved corn production in their early years.

No doubt several factors influenced the amount of progress made, but the most important single factor was lack of suitable germ plasm. Corn has been grown in India for about four hundred years, but there is strong evidence to indicate that they have only two types within the country. Unfortunately, both these types are from very narrow germ plasm backgrounds. The corn breeders had very little opportunity to develop better-performing verieties or hybrids from these sources.

With the local germ plasm, agronomists were unable to demonstrate the value of high fertility in corn production because they were dealing with varieties that were not capable of high yield even under the best agronomic practices. Agronomists logically concluded that 40 pounds of nitrogen per acre was about the maximum fertility level that should

be recommended for corn. Low-fertility practices coupled with inadequate weed and water control were strong retarding influences on the progress of Indian corn improvement.

A few of the Indian leaders and foreign technical advisers, however, realized the potential of corn in Asia and were looking for a way to give the crop the emphasis that they believed it should have. In 1954, the Government of India invited Drs. Wellhausen and Grant of The Rockefeller Foundation to survey India to determine the potential for corn and to put forth ideas for a research program in corn improvement. They recommended the introduction of a wider range of germ plasm and the setting up of a coordinated program on a national scale. As a result of this recommendation, new germ plasm was immediately sent into India.

In 1957, a new coordinated corn-breeding program on a national scale was initiated by the Indian Council of Agricultural Research in cooperation with the various state governments and The Rockefeller Foundation. Later, two agricultural universities were included in the program.

This program was designed to have four major corn-breeding centers to handle the major breeding work, and nine regional subcenters that initially would function as regional testing stations. The four major centers represent four agro-climatic zones in which corn is an important crop. The nine subcenters are distributed to represent more specific areas within the agro-climatic zones. These stations are financed by the Indian Council of Agricultural Research but administered by the state department of agriculture or university where they are located. The

Indian Agricultural Research Institute, which is a Central Government research and educational institute at New Delhi, was selected as one of the four major stations. This station accepted the responsibility for being the coordinating center.

The Indian Council of Agricultural Research, which is an advisory and financing body of the Central Government's Ministry of Agriculture, provides the budget for staff and operations at each station. These funds are incorporated into the state government or university budget and are administered by the state government or university. The recipient state government or university also supplies the physical facilities. In this way the state departments of agriculture or universities, as the case may be, feel that they are a genuine part of the national program. Within this arrangement, a true spirit of cooperation has developed.

The Rockefeller Foundation, cooperating in this program, contributes services of a limited number of technical personnel and furnishes supplies and equipment that are not available within the country but are essential for the operation of a large research program. This includes tractors, transportation, spare parts, and special research equipment.

The program for varietal improvement was laid out and in order for operation in early 1957. The problem then confronting the coordinating office was how to initiate this ambitious program and develop true cooperation at the individual level. In this connection it must be remembered that very few of the local personnel had any previous experience with corn, and also that their pattern of operation in the past

had been one of independent endeavor rather than a cooperative approach.

Many immediate problems existed, such as what germ plasm to concentrate on; how to distribute the work load; how to manage problems related to cultural practices; what fertility levels should be used in the breeding program; and what diseases and insects were most important.

Small plantings were made in 1957 at several locations. This first planting consisted primarily of germ plasm sources from various parts of the world, to identify the materials that should receive attention. Experiences during the first year very vividly pointed out an urgent need for training in corn breeding for the staff and, above all, the need for developing and improving the experimental fields.

Early 1958 saw the start of a concentrated effort to develop the experimental fields. In the initial stages, The Rockefeller Foundation provided an experiment station operations man on two different occasions for short assignments to advise and to accelerate the development. Following the pattern of The Rockefeller Foundation's philosophy, their cooperating staff worked side by side with the Indian staff in an effort to impart as much on-the-job training as possible in the development of experimental fields, and to demonstrate the value of having well developed fields. "Development" in this discussion refers to land leveling, drainage, irrigation, and all-around good farming practices. This type of training is extremely important throughout Southeast Asia, since many of the agricultural scientists in this area do not have agricultural backgrounds, nor have they been exposed to actual practice of agriculture during their education.

Although experiment station development has received a great deal of attention since 1958, it is still one of the weakest areas of the corn improvement program, both in terms of implementation and in terms of understanding on the part of the staff. It should be pointed out here that the majority of the staff in India, Thailand, and Indonesia understand the importance of well managed fields, but there is little understanding of how well managed fields are either attained or maintained.

Mr. A. D. Pandit, vice president of the Indian Council of Agricultural Research, stressed the importance of well managed research stations when he said, "Unless we can show that substantial increases in agricultural production over the present average level in the country are being brought about year by year in our experimental farms with methods which are within the reach of the ordinary farmer and which will give him a substantially higher net return from the farm than at present, we cannot hope to build up the faith of the farmer in our research institutions or our extension workers."[2]

Although rather broad objectives were laid down at the time when this program was developed, the coordinating office technically responsible for developing and implementing the program felt that initially, rather narrow, well defined objectives should be emphasized. Basically, these objectives were on-the-job training of staff, and development of desirable hybrids in the shortest possible time.

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[2]A. D. Pandit, "Orient research to farmer's problems," Indian Farming, 13, No. 5, 19-20, 1963.

With the approval of the Indian Council of Agricultural Research and the Indian Agricultural Research Institute, a six-month training period was set up, during which candidates from the various stations participated in the program at the Research Center in New Delhi under the direction of the coordinators and the Delhi staff. This made it possible for technicians to go through one entire cycle of the breeding program in the field. An effort was made to involve the candidates in every phase of the program, so that they would have a better understanding not only of corn breeding per se, but also of keeping and handling the records, storing and cataloguing seed, and analyzing the interpreting data. This pattern proved to be very effective in the early years. In every session there would be one or two exceptionally good technicians who, after their training period, went back to their respective stations and really upgraded the local program.

The coordinators believed that if they were going to be effective they must know the genetic material and its responses intimately at each station. They also felt that they must know each staff member, both technical and nontechnical, and learn to understand their problems and their strong and weak points, in order to be able to develop functional cooperation. They also had to know the administrative people concerned, in order to take problems to them in an objective manner. To accomplish this, the coordinators traveled from station to station at appropriate times and studied the material in the fields with the station staff. More often than not, the coordinators helped with the planting, irrigation, pollination work, and other jobs at hand when they visited the stations.

They also tried to be available on call to help any station with its problems. This method of coordination and participation served as an effective teaching practice and as a strong cement to bind the entire group of corn improvement people together.

As an additional medium for training and communication, an annual progress report was put together which included all the work done at all the stations. This report is distributed to all the stations and to the administrative offices concerned with each station. Following the distribution of the progress report, the technicians and some of the administrative people attend an annual conference to discuss materials, progress, and problems of the over-all program.

Although the agronomists had data showing that Indian corn would not respond profitably to nitrogen applications above 40 pounds per acre, it was thought that the breeding program should be based on a somewhat higher fertility level. Therefore, at the outset, the breeding program operated on a fertilizer application of 80 pounds of nitrogen and about 60 pounds of P_2O_5 per acre. This seemingly high level received considerable criticism, but the corn breeders held fast to their idea that they must have sufficient fertility to allow superior germ plasm to express itself. It is interesting to note that at present the corn breeders are using, without opposition, 135 pounds of nitrogen per acre balanced with P_2O_5 and K_2O. This history of the use of fertilizer in the breeding program is important and interesting, as the same general pattern has also developed in Thailand and Indonesia. That is, as better germ plasm and cultural practices are used, responses to higher levels of fertility are obtained.

From the initial screening, it became apparent that the germ plasm from South America should receive a great deal of attention. Sources from other areas were also very promising. On the basis of this information, many inbred lines from Colombia and from the southern United States were put into the program. There were also many inbred lines from India that had been developed before the coordinated program. Inbred lines were tested very extensively in top-cross tests while new lines were simultaneously being developed from a variety of materials.

Within a relatively short time, large collections of inbred lines had been narrowed down to what were called "cream" lines. These cream lines had performed consistently well at several testing locations. As early as possible, 52 lines, covering a wide range of germ plasm, were identified as potential parents and put into tests to determine the best possible combinations. From this test 10 lines from four diverse germ plasm sources were ultimately selected to form the parentage of four hybrids.

Seed Production Development

At this stage two problems faced the research people. One was the matter of getting improved varieties to the farmers in the shortest possible time, and the other was the lack of an improved seed program to provide seed. The easy way out would have been to put production in the hands of the breeders. This, of course, in the long run would not have been practical, as it would have greatly retarded research. The breeders did agree, however, to help build seed supplies as quickly as possible and help a production program phase into an organization to handle seed.

In November 1960, the breeders had sufficient data to predict the parentage of the four hybrids, although they had not actually seen the hybrids. On the basis of the predicted performance and the understanding that a seed organization would be developed, the breeders, during the winter of 1960-1961, increased the ten inbred lines and made up single crosses and double crosses. At the 1961 conference, which was held in February, the four hybrids were released. By spring of 1961, the framework and a limited number of people were available to handle the foundation seed production, and a few acres of double-cross production were put out with farmer producers.

To test these hybrids during 1961, the breeders developed an extensive regional testing program which extended far beyond the cooperating research stations. It was thought that this must be done because the hybrids were released and in production and the breeders, as yet, had not had an opportunity to see them. Also, it was believed that this would be a very good extension tool. At this time, although the corn improvement people were convinced of the superiority of this material and the advantages of adequate levels of fertility, the extension and community development people had not been close enough to the research to understand the advances that had taken place in four years. The regional testing served as a means of bringing the extension and community development people into closer contact with progress made at the research level.

The Rockefeller Foundation cooperated with the Indian Council of Agricultural Research in developing the National Seeds Corporation as a private limited company whose main function is to promote the production

and distribution of quality seeds throughout the country. This corporation was set up to deal first with corn seed, but it is expected to develop, with time and the release of new varieties of other crops, into an organization dealing with foundation seed of many crops.

During the beginning years of operation, the seed organization handled all the foundation seed, and it attempted to handle certified seed through contract growing with farmers. This arrangement, of course, left the organization with the job of distribution. Many people felt very strongly that the function of the National Seeds Corporation should be restricted to the production of foundation seed and the promotion of good seed. There were other factions, however, that believed that all seed production should be kept under the direction and supervision of the seed organization and that all sales of certified seed should be handled by it. Admittedly, in the initial stages it was necessary for the seed organization to take the lead in order to allow private seed growers an opportunity to phase into the program.

Through patience and firm pressure several of the more progressive seed growers were able to develop effective seed production and sales operations. As the seed growers became stronger, the seed organization began to relax on some of its ideas, which made it easier for seed growers to develop the concept of seed-producing companies.

At the present time there are private growers, cooperatives, and seed companies that are operating with a relatively free hand. Within this group of certified seed producers, the largest one is involved with a United States company. The National Seeds Corporation provides the

foundation seed, field inspection, and seed certification services to all the seed growers. It also reserves the right to refuse foundation seed to a grower who does not comply with the seed standards or misrepresents his product. In other words, the National Seeds Corporation now functions as a foundation seed-producing organization, a regulatory organization, and a promoter of good seed. These were the functions that were in mind as far back as 1960 when the framework of the organization was first drawn up.

The United States Agency for International Development (AID) Mission to India helped financially and technically to organize and develop the National Seeds Corporation and lent technical support in the initial stages. The agronomists of the AID Mission were particularly interested in extending the use of hybrid seed and fertilizer, and they concentrated most of their effort on developing demonstration techniques with the local extension agencies. They worked toward the organization of a relatively small but well conducted demonstration program, with the thought that demonstrations should not be put out unless they were properly conducted. Mr. A. D. Pandit expressed very similar views when he said, "Demonstrations should be organized only by competent and qualified agricultural graduates and they should not be alloted to VLWs [village level workers] who have had, in some cases, less than a year's acquaintance with the theory and practice of agricultural sciences."[3]

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[3]A. D. Pandit, op. cit., p. 52.

Development of Interdiscipline Research

The corn program started in 1957 was known as the Coordinated Maize Breeding Scheme. As indicated by the title of the project and organization, the staff were plant breeders and emphasis was to be placed on developing suitable hybrids. The breeders were engaged in continually studying varieties and building new germ plasm complexes.

It became apparent that unless investigations were started on soil fertility, disease, and insect problems, the full potential of corn would never be realized. With the breeding program reasonably well organized, the breeders asked the Indian Council of Agricultural Research to organize programs in the other major disciplines. The Council's budgets are organized on a five-year basis which fits into India's five-year plans, therefore extra money could not be made available. The Council did, however, give the coordinators permission to do what they considered most important within the allotted budget. Plans were drawn up for fertility and plant population investigations and were presented at the 1961 conference. These plans were accepted by the breeders, and agronomic investigations were started in 1961.

Plans were drawn up for a corn improvement program coordinating not only the breeding work, but also research in agronomy, pathology, and entomology. These plans were accepted in principle, and the budget set up for the Thirt Five-Year Plan (1961) included the corn improvement program with provision for staff and research in the four major disciplines. This has made the corn program much more effective and promises to be a

very good example of the importance of cooperation and coordination within and among disciplines.

A similar example comes from Thailand. In 1960, the Government of Thailand and the United States AID Mission to Thailand expressed interest in the Indian corn improvement program and its organization, and sent Dr. Breitenbach of the Mission and Mr. Ampol of the Department of Agriculture to India to study the program. On the basis of their visit and several visits to Thailand by the coordinator of the Indian program, a coordinated corn improvement program was organized in Thailand. Before 1960, the Department of Agriculture and the Agricultural University had independent corn improvement programs. Within each of these the four disciplines were operating independently of one another. In essence, there were eight different units working on corn. These were put together in a coordinated program. The Thais are very proud of their program, which is making rapid progress in corn improvement.

The breeders in all the Southeast Asian countries are much interested in obtaining better germ plasm. Fortunately much of the germ plasm of Mexico, Central America, and South America can be used to their advantage. In the Indian corn program, there are very promising inbred lines in trial that represent germ plasm from India, Colombia, Peru, Mexico, Venezuela, the Caribbean area, Kenya, and the United States.

New complexes are now available in all the countries referred to in this paper that have yield potentials superior to those of the varieties or hybrids previously released. With simple breeding procedures there is every reason to believe that even higher-yielding varieties can be developed

from these complexes in a short time. It has been shown by many investigators that improved open-pollinated varieties can be developed quickly from high-yielding complexes. These methods are simpler than developing hybrids, and eliminate the costly and difficult task of hybrid seed production and distribution. Understanding these methods and their advantages, corn breeders in Thailand and Indonesia are directing their programs toward varietal improvement. More and more attention is being given to varietal improvement in India and the Philippines, and it is quite possible that these programs will, in the future, release improved open-pollinated varieties as well as hybrids.

The recommended hybrids for each agro-climatic zone of India are being tested at eight locations under different levels of fertility. Yields up to 140 bushels per acre have been observed. The highest average yield for a given fertilizer level has been 98 bushels per acre, and the average yield of the most economical treatment for all the eight stations is 90 bushels per acre. Yields of 160 bushels per acre have been recorded from experimental material not yet released which may raise the economic production potential still further. Indonesia, in 1963, reported a yield of 104 bushels per acre from a cross between an Indian variety and a variety from Colombia; this was 32 bushels per acre more than their recommended variety.[4]

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[4]Figures from unpublished data.

Yields of 90 to 140 bushels per acre are not high as compared with the best yields in the United States, but yields of this magnitude after only a relatively short period of intensified research indicate a high potential for corn in Southeast Asia.

Developing a Research Program

In developing agricultural research programs in countries where funds, training, and background are somewhat limited, it is important that objectives and methods be established that will best fit the needs. The most suitable methods and materials may often be quite different from those best understood and practiced by scientists from the United States.

The most expedient method is the importation of improved varieties and/or practices from other parts of the world. Caution must be exercised in such an importation program. Varieties from other areas may yield well, but may have inherent problems caused by diseases and insects to which they carry no resistance. In many cases the grain type of imported varieties is not suited to the people. A typical example is corn in India. Many open-pedigree hybrids from the United States yield very well in India and at one time received considerable attention. The dent grain, however, is completely unacceptable to the Indian people. Moreover, when production of some of these hybrids was attempted, it was found that the parental inbred lines were not adapted to India and were virtually impossible to produce there. This then would require the

importation of single crosses from the United States for the production of double-cross or certified seed. Foreign exchange automatically makes such a procedure impracticable.

Facilities supplied by cooperators in international development programs should be selected on the basis of the recipient's needs. This applies even to simple tools. In many cases highly developed research tools are not as reliable under adverse conditions as more rugged but simpler implements. Moisture testers and calculators commonly used in the United States are not as reliable or convenient as hand-operated units. In determining what types of equipment to buy, a great deal of attention should be given to the conditions under which equipment is to be used and the probable skills of the operators. It is shocking to see thousands of dollars' worth of equipment in the Asian countries which is not in operation mainly because it is too complicated, or is not suited to the conditions of the area.

In making up equipment lists for cereal research it is advisable to discuss at length with the host technicians the objectives of the project, the skill of the people working on the project, the availability and reliability of electricity, and the availability and reliability of instrument repair shops. A problem in this context is that of funds for repair. Often a piece of equipment is out order for want of a relatively small repair because the technician is unable to get funds or because the item needed is not available in his country. A small breakdown can render an expensive machine valueless to the project. Much of the difficulty could be eliminated if more appropriate research tools were provided, and,

equally important, if the donor provided funds for repairs and importation of parts. At the very least, such provisions should be guaranteed by the host or recipient at the time equipment lists are approved.

In setting up methods or procedures for research, it must be borne in mind that only a limited number of trained people will be available to carry out the research. Another important consideration is that the production levels to be raised are usually so low that substantial improvement can be made by very simple methods. One can see by visual observation the difference between 15 and 50 bushels per acre. With these thoughts in mind, it becomes rather obvious that in initiating a program very simple but effective methods should be employed. This approach is cheaper, just as effective, and faster. Equally important, it allows training of the staff so that more adequate techniques can be used when the objective becomes a smaller increase in production, say from 100 up to 125 bushels per acre. If the complicated methods necessary for determining small gains are adopted early in the program, the inefficiency and errors due to lack of training will more than offset the advantages that these methods may have over the more simplified approach.

Uniformity and coordination are very important and time-saving factors in any research program. These are also the factors most difficult to attain. Many people feel that some of their prerogatives are being denied when they are asked to conform to a uniform system and cooperate in an over-all program. Uniformity increases efficiency in teaching by requiring only one system of records, data, and seed cataloguing, and also in developing field books, seed registers, and analyses of data. Coordination

increases efficiency by bringing about a free interchange of information and material, and is often an effective guarantee that participating technicians will not deviate from the established objectives.

Continuity of financial and technical support over an extended period is so important that without it very little can be accomplished. Local nationals should develop and eventually take over any program, and local governments should eventually take over financial responsibilities. It takes a long time, however, to develop staffing patterns and train personnel that are adequate for the full responsibility of an important research program. It also takes a long time to demonstrate to the local government the need of strong financial support and the necessity of local nationals' being assigned and promoted in these jobs. The usual tendency is for people to be shifted to new jobs for promotion or to be given additional responsibilities. Either of these common practices retards progress.

The host country requires time to organize and fully support the agricultural research that is so vital to it. Until the time when local nationals and local funds can be worked into the program and take it over, the continuity of foreign technical help is extremely important. The foreign technician should be able to spend the number of years necessary on the project without interruption. All too often a good man is rotated out after a relatively short time and a new man rotated in with the same or similar responsibilities. Also, in many cases, complete technical support is removed too soon. When these things occur the local

technicians' efficienty is greatly retarded. With well defined objectives, there is no substitute for continuity of a good foreign technician's participation in the project.

Very often projects with well defined objectives of increased food production based on one or two key food crops of national importance can be used to demonstrate ways and means whereby a host country can become self-sufficient in agricultural research and administration. The systems producing progress in this way will filter into other areas of research, so that the cooperators' efforts soon spread far beyond the area that they are actively engaged in. Very broad objectives, on the other hand, are often not supported financially or technically to the degree necessary for satisfactory progress.

Summary

In developing a research program with a host country, be sure there are well defined objectives that meet the mutual interests of the cooperator and the host and cover the needs of the host country. Guest technicians working with the nationals of a country usually work best if arrangements are made whereby they are part of and participate in the endeavors rather than functioning as advisers. It is then up to the guest technician to develop the friendships and relationships with the nationals that will gain him their respect and make his leadership effective.

It is necessary to provide flexibility in budgets that fill needs which local budgets do not meet. Projects should be adequately supported,

but overfinancing should be avoided. One great problem in the Southeast Asian area is lack of flexibility in research budgets and costly delays through administrative procedures.

It is also necessary to develop training to qualify people for responsible positions, and build into programs possibilities for trained people to have stability of base of operation and continuity of objectives. Within the coordination, a multiple-discipline approach should be developed that is effective and acceptable to the administration.

Guest technicians should build nationals into responsible areas of the program by making it possible for them to carry more and more responsibility, yet should be available for backstopping. This can be done by working closely in a cooperative spirit which allows the nationals' ideas to be expressed and used.

CHAPTER X

TAX MODERNIZATION - CHILE[1]

In 1960 the Government of Chile initiated a program to modernize tax administration. It has resulted in sweeping internal changes, increases in revenues, and seemingly some basic changes in citizen-government attitudes with regard to payment of taxes. Changes are still going forward but the new system has survived its first major change of government.

Background

Runaway inflation reached alarming proportions in Chile in the middle 1950's. Prices increased 55 percent in 1953, 71 percent in 1954, 84 percent in 1955, 38 percent in 1956. The government hired the consulting firm of Klein and Saks as its economic advisors in the hope that they could find cures for problems that were largely political and social. Controversy swirled about the firm. Though taxation was not a prime concern of the contractor, they were influential in getting Chili to modernize its budget system. This brought into much sharper focus the need for increased revenues.

Meanwhile, a United Nations Mission was attempting to introduce changes in tax policy and structure as well as some changes in administration. Though the major proposals for legislation were not adopted, public discussion once again helped strengthen the growing awareness of the need to do something about taxes.

Indirectly, also, the efforts to strengthen teaching and research in Economics helped create a climate for reform. Though Chile had long been known as a center for training in Economics, in the mid-fifties major efforts were made to strengthen the national university and the Catholic University. Much attention was given to study of local problems. Efforts were made through lectures, seminars, and semi-popular brochures, as well as teaching and research to reach the opinion-makers of Chile. For instance, selected pamphlets were distributed to some 500 key opinion-makers including members of the legislature, press, etc.

Though there was no widespread interest in administrative reform, courses in public administration were taught at the national and Catholic universities and a management consulting organization operated as an adjunct of the national university. In 1955 this group had been asked to study the ever-increasing volume of paper work in the tax office and had concluded that problems were more basic and required changes in organization structure and management. During this same period an organization and methods group was established in the Budget Office and charged with responsibility for making studies to improve the efficiency and effectiveness of the public service.

Pressure for Action

In 1960, Chile suffered a disasterous earthquake. The loss of life was great and damage to property extensive. Major efforts would be required to rebuild important areas. In addition to immediate emergency help, the United States made available a grant of some $20 million

and a loan of $100 million. The Chileans recognized, however, that the major reconstruction efforts as well as the continuing fight against inflation must be their own.

Among many other things, this meant increased revenues to finance important activities. Faced with the need for expansion and reorganization, the Director began exploring possibilities of technical assistance with the USAID Mission. Arrangements were made for the services of an advisor on audit training. The Director made clear his misgivings about the feasibility of U. S. assistance because of the difference in the systems and the scale of tax operations in the U. S. and Chile. The discussions over weeks and months led to plans for the Director and Deputy to spend a few weeks observing tax operations in the U. S., and if conditions warranted, developing plans for training of some 20 Chilean tax officers in the United States and for further assistance. On their visit, the Director and Deputy had the services of a former Internal Revenue Service official who had served with the U. N. Mission in Chile, who could guide and counsel them because of his knowledge of both the U. S. and Chilean tax systems. The visit led to agreement to go forward with U. S. assistance.

Training in U. S.

The two groups of tax technicians and administrators and later a third group concerned with tax fraud visited the U. S. for three months of training in Spanish. Each team, in addition to interpreters, had the counsel of a bi-lingual tax advisor who could help them interpret the

U. S. tax system in the light of Latin American experience. This was the first effort at group tax training in Spanish and the first in which the U. S. Internal Revenue Service was involved over an extended period. The training was not designed to create tax experts but to introduce new ideas and new approaches. It was also designed to introduce group action as most of the members, though employed in the Chilean Tax Office, had not worked together.

Services in Chile

Meanwhile, the Director, Dr. Eduardo Urzua, sought the services of Norman Nowak who had been especially helpful to him in understanding the U. S. tax system during his visit to the New York office of the Internal Revenue Service. In addition to extensive experience in the field of tax management, Mr. Nowak taught in Executive Development programs as well as in University courses in public management. He arrived in Chile in June 1961, shortly before the return of the first group of Chilean trainees and the departure of the second group. After an intensive study of local problems including discussions with employees at all levels and visits to many field offices, three inter-related ideas began to emerge during this period of consultation -- the critical importance of training as a focal point for reforms in tax administration, the need for a major reorganization and substantial changes in methods of management, and a change in the relationship of tax payers and the tax office.

Training in Chile

The training program was approved as the focal point for the modernization effort. Training was to be the vehicle to introduce new attitudes and approaches and new techniques, as well as factual material. It had to be large scale. Some 24 rooms were obtained for the tax training center next to the main office. In part to symbolize the break with tradition, the rooms were painted in pastels, comfortable eye-catching furniture was designed suitable for classrooms and seminars. Special importance was attached to maintenance to keep the training center bright and clean.

To further the break with tradition in which the professor stands in front of a class and lectures at the students, the center adopted a student-oriented approach to training. A contract was then arranged with a private Chilean organization to develop a program to train the instructors in the new training methods. This organization was an off-shoot of the former Chilean-U. S. Industrial Servicio which had been established to help introduce and spread modern management in Chilean industry. The training of the trainers was of critical importance as the instructors for the center were employees of the Chilean Internal Tax Service with teaching experience, but who, naturally, were accustomed to traditional methods. They were all required to participate in the special training in order to teach in the center.

Organization of Training Materials

The initial program concentrated on the training of tax inspectors, those who made office and field audits. Before they could be trained,

however, material had to be organized on the relevant laws, regulations and applicable approaches. A number of committees or task forces were set up to produce the necessary materials for training purposes. This meant, of course, that one group had to locate and compile the relevant laws when they were not readily available. Where there were different procedures for the same operation, a task force had to decide on one and get agreement on that one as the method to teach the group. Training thus became the means for forcing standardization of practice and procedures. Ninety staff members, including some of the men and women trained in the U. S., participated in developing the training material either as subject matter consultants or in drafting the actual training materials. When the first course was ready, 120 inspectors participated in the initial training. A second course was set up for Field Inspectors and a third for supervisory personnel. In all 260 employees were trained in these early programs.

Patterns from Experience

Patterns were beginning to emerge in this early period:

First, the control position of the training function on personnel selection. Unless the Inspector had the qualifications and performed satisfactorily in the first course he would not be eligible for the second, more advanced course, and therefore, could not be assigned or reassigned to a post as a field inspector.

Second, a completely new awareness of the need for training of supervisory personnel.

Third, growing recognition that without a substantial revamping of organization, procedures and methods of administration much of the training would be wasted.

Fourth, significant moves toward internal improvements should be accompanied by publicity designed to describe the modernization efforts, but even more, to persuade the tax payer that change was coming and that it would be in his interest to pay his taxes voluntarily.

Organic Act

With the return to Chile of Mr. Nowak as Chief of the Tax Project in April 1962 a major effort was made to push forward on a basic reorganization. The plan called for a structure along the lines of the U. S. Internal Revenue Service but with adaptations to accommodate Chilean administrative-political realities. The plan was incorporated into a proposed Organic Act which dealt with such matters as delegation of authority and decentralization, the authority of the training center, salaries for tax personnel. The measure was forwarded by the President to the legislature early in 1962. It carried a proposed effective date of July 1, 1963. It spelled out only the top structure and left the tax office with considerable discretion in working out other aspects of the reorganization.

Legislation - The Key for Program

The proposed legislation controlled all actions during the next year. In October 1962 the Director, upon the recommendation of the tax project

manager, appointed an advisory group or steering committee of six top officials who were expected to hold major posts after the reorganization. This group met often and long, especially during October and hammered out the position of the tax office on a wide variety of issues, including the organization structure recommended to the President. While doing this they were learning to work together and broaden their understanding of administration as applied to their own tax problems. Members of the Advisory Committee met with the Senate while the Organic Act was under discussion during November. After the President refused to back down on his freedom to make key appointments on the basis of merit, the Organic Act was approved in December 1962.

The next six weeks were critical. The Advisory group worked out recommendations on issues that were fundamental to the reorganization. They set up time schedules for the training activities. They authorized a program of manualization of policies, instructions and procedures that would establish a uniform method of communication throughout the tax office.

Preparation of Manuals

The Tax Director had been concerned about the inadequate communication system and in June 1962 had agreed with the proposal to set up a series of loose-leaf manuals, mainly for internal purposes but a few of them for tax payer guidance. After agreement with the Director, the advisor briefed the Department Chiefs and other key personnel and requested them to assign two or three staff members to the project. The preparation

of the nine manuals covering organization and general administration, internal procedures, auditing, tax fraud, general policies on taxes, income tax, sales-service taxes, property and inheritance taxes, alcohol, stamp and miscellaneous taxes -- involved all departments of the national offices as well as field offices.

As many as 150 staff members worked on the manuals. Special efforts were made to get participation from field personnel to assure recognition of field problems. Patterns were evolved and accepted after long debates and discussions. Once the pattern was set, group coordinators were briefed, written guides issued, and training sessions were held for all writers and coordinators. The first task was the development of a tentative table of contents for the material which forced the groups to get away from "global" thinking to hard specifics. After weeks of laborious effort and draft after draft an acceptable tentative table of contents was developed. The groups then proceeded to the next step, the review and screening of obsolete and duplicating material, and identification of areas where instructions were non-existant. Then they began writing.

The Central Coordinating Unit -- two Chileans and the Tax Project Manager, kept in close contact with all groups and was one of the keys to the success of this phase of the project. One device set up early in the program was a weekly meeting of the group coordinators. The meeting provided a forum for discussion of common problems and provided a stimulus and incentive for action among all the groups. The coordinating unit issued written instructions from time to time and resolved a variety of

problems related to the system itself, but kept in especially close personal touch with groups needing assistance. When important issues were involved, they were discussed with the steering committee.

Logistics

Problems of logistics were time consuming and perplexing. The Tax Project Manager wrote:

> Perhaps the most perplexing, disturbing and continuing problem faced during the project had to do with the logistics of obtaining and insuring the continued availability of supplies and materials needed on the project. Required to successfully produce the Manual were paper for both the drafts and the final reproduction, binders, metal rings for additional copies of the volumes, multilith mats, special ribbons for the preparation of the mats, typewriters and desks for the typists, staplers, punches, facilities for reduction of material such as charts, tables and forms to manual size, and a multilith machine in operating condition at all times. These problems were the concern of the Central Coordinating Unit and a source of constant irritation.

Slow Progress

Preparation of manuals is slow, tedious work and by December 1962, none of the volumes had been completed. The summer months of January and February are normally vacation time in Chile. Furthermore, progress was hampered by employee concern with legislative inaction on salaries, included in the pending Organic Act while the cost of living was rising with inflation. Furthermore, in the absence of legislation, the Manuals would serve only as an improved internal communication system which was losing some glamor and not as a key instrument for the new legislation. Some of the pressure for change was depressed by the tediousness of the chore. Nevertheless, passage of the Organic Act in December changed all this.

New Pace

Volumes dealing with internal procedures, audit and fraud were speeded. Volume I dealing with organization and general administration was way behind. Tight deadlines were given particular staff departments. Special task forces were set up to develop material on organization. Special review groups were created and the steering committee became involved in the review process. A 16-person typing pool was set up and put on daily overtime. The result was that the first four volumes were ready to be used in agency-wide training programs starting on July 1, 1963. During July and the first two weeks of August all personnel, some 2,914, were given from two to five days orientation in the new organization concepts, procedures, and delegations of authority. Meanwhile work proceeded on the other manuals. Three were issued in the last three months of 1963 and the others early in 1964.

Fraud Investigation

Much impressed with the work of the Intelligence Division of the U. S., the Tax Director had made a special request for assistance in the intelligence and enforcement field. In Chile there had been no unit concerned with investigation of tax fraud and no one had ever been jailed for violation of tax laws. Starting in 1961, the Director agreed to establish administratively a Fraud Investigation Unit. Resisting efforts to staff it with cast-offs from other divisions, there soon was an outstanding group of more than 40 men. Ten were sent to the U. S. for three

months of general study of the U. S. internal revenue system and detailed study of U. S. intelligence operations. IRS cooperated fully and even went so far as to open up closed fraud cases for the training of the Chileans.

In Chile fraud work was concentrated initially on group-training assignments to develop cases of potential fraud and discussion of principles and techniques involved. During this period the first fraud claim was made, with considerable publicity, and pursued through court action.

The Division suffered heavy losses of personnel after the Organic Act was approved and personnel were drained away to fill key positions in other phases of the tax program. As a case in point, only one of the ten men trained in the U. S. remained with the Intelligence Division. Nevertheless, the program has gone forward, cases have been presented and violators have been fined and jailed.

The Division did not limit itself to individual cases of improper returns but turned to the more common problem of non-filing. On the premise that anyone who could afford a telephone probably should file a tax return, the tax office compared the address cards of all telephone subscribers with lists of tax payers, again with attendant publicity and indications that plans were going forward to make comparable checks with other public utilities.

The enforcement work was not carried out with the purpose of putting violators in jail. On the contrary, it was aimed at increasing voluntary compliance. Special attention was given to publicity, discussions with

field staffs, and meetings with business and professional groups. At the same time, individual cases were pursued in enough cases to convince the citizens that the government really meant business with regard to enforcement of tax laws.

Nex Tax Areas

The Internal Tax Service moved ahead on three additional fronts during this modernization period. Reassessment of urban real estate, reassessment of rural real estate, and Legal Collections. Essentially the same patterns of institutional development were followed.

Special problems with respect to Legal Collections -- the office concerned with collection of delinquent taxes -- are worthy of note. The collection function was located in the Ministry of Justice and separate from the Internal Tax Service. It was recognized that there would be little point in improving operations to collect current taxes if the tax payer could escape his obligation through delays and then have no real effort made to collect delinquent taxes.

In April 1963 the Director of the Budget requested a crash program to collect 30 million escudos of delinquent taxes as a fore-runner for a longer range complete modernization program. This program substantially achieved its objective and the long-range plans for transfer of Legal Collections to Treasury were under study.

Public Impact

While these internal actions were going forward, parallel moves were made to make the public "tax conscious" and to change traditional citizen

attitudes toward payment of taxes. Some of the offices were relocated and a planned program was undertaken to change the appearance of all offices -- repainting, removal of cumbersome furniture and replacement with redesigned furnishings which the government's furniture supplier was persuaded to make available, better lighting, etc. At the same time almost every modernization move was publicized in the press, radio and TV. The publicity was designed to describe the reorganization plans, the manual issuances, etc., but primarily to create a climate of voluntary compliance. To reenforce these efforts extensive work was going forward to strengthen the fraud investigation program, again accompanied by publicity.

Results

How lasting are the changes that have been made? Though no one can say for certain there are a number of clues and the longer the system is maintained the more likely are these changes to become institutionalized. Among the important clues:

1. With a change of government, a new director has been appointed. He is one of the group who came to the United States in 1961 to study tax fraud and subsequently participated in the whole reorganization process. There were no wholesale changes in personnel.

2. The present government is committed to a social program that will require substantial revenues. Perhaps equally important, the Minister of Finance is the former Budget Director who supported the modernization program. In his own right, he is a professional administrator. He is

an enthusiastic supporter of a new program with Harvard University Law School's International Program in Taxation to analyze and improve tax policy in Chile.

3. Internally, thousands of employees have been trained in principles, systems and techniques. At the same time, salaries and other conditions of employment have been improved. Furthermore, employees have asked for after-hour courses to improve their skills, and universities and institutes are now giving tax courses.

4. It is believed that the capacity for change and adaptation has been built into the system in part through the establishment of a central organization and methods unit, but more importantly through active participation of hundreds of employees in the process of change.

5. With respect to the citizenry, all have been exposed to some six years of constant publicity and face to face discussion whenever possible. Exercises in completing tax forms have been introduced in the schools. The fairness and equity of the system have been notably improved.

6. Whether powerful interests can form alliances strong enough to overthrow the modernized system seems unlikely unless many people feel the system is unfair and unreasonable and the people do not believe they are getting effective public services for their tax escudos.

7. It remains for the future to tell, however, whether the new administrative system has been in operation long enough to withstand erosion from the mass of the bureaucracy. Even more important is the question whether, in these few years, the Chilean has come to feel that he really has an obligation to pay taxes "voluntarily" and that he will

be in trouble if he does not. The answer to this question lies only in part within the tax office. It will be influenced by the courts, by the legislature, by other parts of the executive branch, and by custom. The present is promising but the future depends on the depth of changes in the tax environment.

Notes on Chapter X

1 This brief review is based on Summary of Historical Report on Tax Modernization in Chile, Santiago, Chile, 1964 (with Addendum dated May 1965); Report, April 1962 - June 1964, Tax Modernization, Chile by Norman D. Nowak "Quarterly Project Status Report," USAID Chile, April 1967; Hirschman, Albert O., Journeys Toward Progress, Twentieth Century Fund, New York, 1963, Chapter 3, "Inflation in Chile;" and the writer's recollections of his own involvement in some of the early phases of the program.

CHAPTER XI

FISCAL MANAGEMENT IN THAILAND[1]

During the centuries of the absolute monarchy there was little concern with Fiscal Management in Thailand. Revenues were the king's to use as he saw fit and the Chinese were used as one means of increasing revenues to a level required to meet the needs of monarch and government. The term "budget" was not used until 1890. A budget management system came into being in 1913 but the emphasis was largely on a record of governmental revenues and expenditures. The replacement of the absolute monarchy by a constitutional monarchy in 1932 led to some changes essentially in the direction of tight legislative control over the executive branch. Little real progress was made in the modernization of public administration in general and fiscal management in particular until the 1950's when the pressures for economic development required increased attention to these activities.

Recognition of Need for Change

During the early 1950's some Thai officials recognized that modernization of fiscal management was essential for more effective allocation of government resources and control of expenditures. Perhaps even more important, political leaders recognized the benefits to be derived by the government's improving its posture in the world of international finance and economies. This recognition from within was supported by pressures from foreign assistance agencies, well aware that economic

development would require deep involvement of government in economic affairs, and this in turn made improvement of fiscal management a high priority requirement. The government requested surveys by foreign experts, and among them a 1952 study by the Public Administration Service of Chicago and a 1957 study by the World Bank identified the fiscal problem.

In keeping with its long tradition of use of foreign nationals as consultants and operating officials, the government continued to seek assistance abroad. In 1955, Alexander Grant and Company of Chicago made a brief survey of Thai financial administration, but no action was taken. In 1956, the Thai government arranged for the professional advice and assistance of the Public Administration Service of Chicago through a contract financed by the USAID Mission. In planning for this work, PAS was able to draw on its studies in Thailand in 1952.[2]

Broad Scope of Contract

The contract went far beyond surveys and included provisions for installation of recommendations and training of Thai personnel. Starting initially with the goal of improvement of the budget system, the program was expanded to include interrelated improvements in the accounting and auditing systems, as well as in revenue administration. The network of institutions was expanded to include the establishment of an organization and methods office and assistance to the Thais in studies toward improvement of the operations of some of the key ministries.

Project Associates

In its work, PAS drew heavily on the large number ofThais who had received training abroad. The Ministry of Finance assigned to PAS personnel who had been trained abroad, for the most part prior to expansion of AID training activities in fiscal management. Between 1957 and 1963 AID sponsored 45 participants for a wide variety of training related to improvement of fiscal management, e.g., three weeks in mechanized budget control accounting; four months in audit techniques; six months at George Washington University in Budget and Accounting; three months of observation of Budgeting and Accounting in U.K., Sweden, West Germany, and France; 24 months in Fiscal Management at the University of Southern California, etc.

Sixty-two Thais were appointed as Project Associates. Twenty-five of these men and women were sent abroad for additional specialized training in field management under AID sponsorship. They were able to put their training to work and thus reduce the number of foreign nationals required. By contributing their knowledge of the Thai people and the Thai government they were able to help the foreign experts develop plans and procedures that were realistic in a Thai setting. At the same time, they were able to supplement their theoretical knowledge or short-term observations with the practical experience of the foreign experts. In addition to acquiring insights into techniques and their application, these men and women were able to learn first-hand new ways to get things done by rubbing shoulders with their foreign colleagues,

and in turn, to help their colleagues avoid some of the mistakes inevitable in working in a foreign culture. This process of training abroad and learning at home continued throughout the project.

Budget System

In 1956, budget preparation was the responsibility of a unit of the Comptroller-General Department of the Ministry of Finance. This office did little more than check the mathematical accuracy of figures presented by the ministries. Forms and procedures were rudimentary. The annual budget consisted of a one volume document in which estimates were presented topically by sources and by spending agency. PAS and Thai officials soon agreed on plans for a more comprehensive approach to budgeting.

PAS reports that "the legal bases for budgeting were examined; new forms and procedures for the accumulation and analysis of estimates were designed; a tentative classification for budgetary and accounting purposes was prepared; a new more detailed and complete budget format was devised; a training course based on the new system was prepared; a proposed budget procedures act was drafted; and a reorganization and staffing plan contemplating a budget department was developed. Organizational, procedural, institutional and other recommendations" were made to the Comptroller-General, both formally and informally. In part because of the shortage of trained personnel, the Council of Ministers was not prepared to move immediately on the proposal for establishing budgeting as a department. Instead on Feburary 14, 1958, it was made a "suen," still within the Comptroller-General Department.

Interim measures were adopted in 1957 and 1958 looking toward full operation of the new budget system by 1959. As some phases of the new system were to be effective for the first half of 1958, the first training course was held between October 1 and November 14, 1957. Forty officials participated in the 21 lesson course conducted by PAS technicians and their Thai associates. Subsequently the same course was offered by the Thai associates to budget technicians in a number of operating departments. Barely two weeks before the start of the course, there was a political crisis but this did not lead to a military take-over for another year.

The new government adopted an interim budget for the first half of 1958. A new allotment control system was applied to this interim budget and to the regular appropriation made for the remainder of that year. During 1958, also, expenditures were classified according to the old and new system for use in preparation of the 1959 budget.

Change of Government

With the military take-over in October 1958, the pace of the project became faster. The new government brought in and placed in prominent positions several professional people who now had new strength and support. As a case in point the new Minister of Finance was asked to return from his post as Ambassador to Malaya. He served for some seven years, with full support and a major hand in selecting some of the top personnel.

One of the first specific measures was the appointment by the Chairman of the Revolutionary Party of a temporary Budget and Finance Committee. The Committee authorized allotments for the first quarter of 1959 and these became the first entries for the new accounting system. The Committee also issued new regulations governing disbursements which required classification of expenditures and thus gave legal sanction to the new accounting system.

With the new mechanized accounting system about to go into operation on January 1, 1959, reports were soon to be available in time to meet executive needs. Despite some normal difficulties in installing any new system, there was a regular flow of reporting by March 1959. Before this, of course, a detailed system had been developed, a preliminary accounting manual had been completed, and a 20-lesson training course prepared which was given later, in condensed form to some 150 representatives of operating departments and provincial offices.

Transfer of Budget Office

Shortly after the new government took over and a new cabinet was appointed, high priority attention was given to governmental reorganization. A number of key functions were concentrated in the Office of the Prime Minister. As a part of the Governmental Reorganization Act of February 1959 the budget was moved out of the Comptroller-General's office and given Bureau status within the office of the Prime Minister. The Bureau's prestige was further enhanced when the new Budget Procedures Act was adopted in October 1959. If we accept Riggs' interpretation of

the Thai Bureaucracy, the close association with the Prime Minister may well have been a more important factor in ready acceptance of the system than its modern techniques.[3]

This legislation authorized the Budget Director to make the budget and enforce budget procedures and controls and gave the Minister of Finance authority to prescribe and regulate accounting systems, forms and procedures relating to incurring obligations, payment, and incurring and control of debt. Though the main thrust of the process was better control over regular governmental funds, a continuing effort was made to bring under budgetary control a large number of special funds which had been outside the budgetary process.

A little later work started on the regional accounting system. In October 1960 all regional treasurers attended a 10-day training session at which the revised system was discussed and the preliminary manual presented. This was followed by a two-day visit to see a pilot demonstration of the new system in operation. Revisions were made and then an expanded training program undertaken at regional centers. The training program was heavily on the Thais who had participated in the development work.

Similar work was done on improvement in auditing but this lapsed because of lack of interest. Late in 1962 interest revived, in part through intervention of USAID.

Revenue Code

Earlier limited efforts on the revenue side had not been particularly productive, but in 1959 PAS was asked to provide assistance in

revision of the revenue code. After a study of the existing system, new chapters of a completely revised code were drafted. Each of these chapters was discussed item by item with a Committee broadly representative of the fiscal agencies of the government. A small group of two Thais and two PAS technicians prepared an agreed draft of the statute reflecting recommendations on policy, revenue, technical and language issues. There were several further reviews of the total code. At various stages of the review process various individuals and groups representative of the business community and the public were invited to meet with the committee, in marked contrast to prior practice, because theretofore legislation had been held secret until enacted.

As the code proceeded, implementing actions were initiated and in February 1962 the Minister of Finance requested a comprehensive survey of the organization and administration of the Revenue Department.

Some Conclusions

Various other activities were undertaken as a part of this project but the key element was training. Some [illegible],400 Thais received direct training by PAS technicians and Thai associates as a part of this project. The most intensive training, of course, was the on-the-job training provided the 62 staff associates. The results of the training are evident in that on the close of the project, January 31, 1963, almost every one held a key position in the modernized fiscal management of the Government of Thailand.

The work of institutionalizing fiscal reform is not yet complete and never will be fully completed. Nevertheless there are a number of indicators that the process is well underway. All regular funds are now flowing through the budget system. All appropriation requests are scrutinized, though the intensity of the review may be modulated, as is the case in more advanced countries, for some more powerful cabinet offices. The allotment system is working as well as the accounting system.

Internally, three successive Budget Directors have been appointed, each with good professional training and experience and with the stature required for the post. Almost all the Thai project associates are employed in important functions and those with training abroad are playing key roles. Of at least equal importance, the Budget Bureau is a focal point for other administrative reforms.

Has the system improved the quality of Thai fiscal decisions or the prudence of its fiscal activities? Even if objective answers were possible, they lie beyond the scope of this brief study. Key officials now have modern tools to use in arriving at their decisions and the development of these tools was the goal of the project. How wisely the tools are used will depend on deep-seated changes in the social and political structure and the development of pressures that make the political leadership and the Bureaucracy responsive to the needs of development and the pressures of various groups within the society.

Notes on Chapter XI

1 This abbreviated account is drawn from the PAS Report Project for the Modernization of Government Fiscal Management - Final Report, 1963; Voradilok, Wanchek, Modernization of Budgeting in Thailand, a Master's Thesis at the University of Southern California, February 1963; Siffin, William J., Thai Bureaucracy - Institutional Change and Development, 1966; Riggs, Fred W., Thailand - The Modernization of a Bureaucratic Polity, 1966; Chapter IV of the report to AID Recommendations for Future Research on The Processes of Cultural Change, Department of Anthropology, Cornell University, Ithaca, New York, 1966; Modernization of Government Budget Administration, prepared by PAS, for Agency for International Development, 1962; Morris, G. M., Characteristics of the General Accounting System of the Government of Thailand (mimeo.); and discussions with Herman Pope and G. M. Morris of PAS.

2 Interest in improvement of fiscal management was one manifestation of a broader interest in the improvement of government promoted actively by foreign assistance agencies. A parallel development was establishment of an Institute of Public Administration at Thammasat University. Indiana University played a major role in this program under contract with the Agency for International Development.

3 Thailand - The Modernization of a Bureaucratic Polity, East-West Center Press, Honolulu, 1966.

PART III

THOUGHTS ON POLICY AND OPERATIONS

In Part III I have presented a series of recommendations for changes in public policy and methods of operation necessary to overcome some of the shortcomings shown by the earlier analysis. These recommendations are intended to create an improved environment for basic reforms, increase the capacity of developing countries to carry out program operations, and add new dimensions to the training of foreign nationals and their advisors.

Some of these recommendations can be initiated by the agencies themselves. Others will require legislative support and substantial increase in funds. In my view these are necessary costs to improve the process of development and a prudent investment by the more advanced countries.

CHAPTER XIV

RECOMMENDATIONS FOR THE FUTURE

I.

Summary

In this chapter I have made three overall recommendations and within each one there are three specific proposals. All of these are either new or expansions of current practice.

I have proposed that foreign assistance agencies undertake programs planned to create a more favorable environment for development. This will involve working in the area of ideas and stimulating change. Specific proposals are included for new types of long-term and short-term programs in fields critical to development. There is a related proposal for stimulating understanding and discussion of important development problems in the developing countries themselves. Finally there is a recommendation for a new program called Sectoral Self Analysis designed to create better understanding of problems in the developing countries, and through understanding, create the strength to remove the roadblocks to development.

The second set of recommendations will increase capacity to carry out program operations. A completely new program is proposed called Matching Development Assistance Grants. A second proposal involves a new program of direct training in operations in the developing countries and as a part of this proposal eventual establishment of Institutes of

Applied Administration and Technology. The third proposal is to provide assistance through coordinated Development Assistance Teams with competence to cover the complex areas involved in development.

The third recommendation deals with Training for Development. The first proposal is for a series of conferences to examine the education and training in the more advanced countries of foreign nationals from developing countries. The second deals with the establishment of new schools for development. The final proposal is a plea for the training of foreign advisors before they are assigned overseas to advise the developing countries.

II.

In recent years most of the authorities have advocated "balanced" economic development and this "balance" has become one of the prime objectives of assistance programs, especially the program of the United States. In working toward this long-range goal, foreign assistance agencies have tended to put their resources primarily into three activities: (1) loans on concessional terms for infrastructure and industrial development and more recently for leverage to influence the establishment of public policies and institutions contributing to development; (2) advice and assistance with respect to public policies; and (3) development planning. A fourth activity (sometimes viewed as an appendix that might have been useful at an earlier stage of evolution) is technical assistance or its newer misnomer, institutional development.

Though inclined to the belief that growth and development cannot be "balanced," for purposes of my proposals it is not necessary to argue the nature of growth. It is my contention that optimum growth and development, balanced or unbalanced, cannot be achieved with the current imbalance in the foreign assistance programs.

The analysis in Part I and the vignettes in Part II point to a clear need for foreign assistance programs to give much higher priority to four areas of activity, three of which will be described in this chapter -- Changing Environments, Program Operations, and Training for Development. The fourth, Civic Development, is largely beyond the scope of this work but "people involvement" should be worked into almost every project and program as one means of improving quality and contributing toward civic development.

This type of "balanced" foreign assistance programs will require long-term commitments. The kinds of reforms vital to development in many countries may well take a generation or two, or even more, just as they have in the now more advanced countries. The kinds of institutions required will require assistance, in some instances, over decades.

No attempt has been made to assess the costs of these new activities. All three new programs will be far more costly than current technical assistance. Some of these costs might be met through redistribution of capital assistance funds used to promote reforms based on the questionable notion of the leverage of money in bringing about basic reforms. I am inclined to believe, however, that present levels of capital

assistance are inadequate and the new programs must be considered as necessary additional expenses essential to improve the quality and pace of development.

III.

Changing Environments

As discussed in previous chapters, the course of development in a particular country is largely a matter of chance. Often activities are undertaken within a country because one local individual or one foreign advisor pushes for a course of action. Activities of equal or higher priority in the development process may well be neglected because there are not enough individuals in a position to press for local action and/or for foreign assistance. Some agencies, like the United Nations accept this local determinism as a basis for their assistance programs; others, like AID and the World Bank, attempt to influence the course of development, but have few activities designed consciously to bring about the changes in the environment that are essential preconditions for development.

Limitations of Current Programs

Present capital assistance programs are effective in lending for construction activities and for the development of financial institutions which may be important in stimulating economic growth. Capital assistance has been used on a limited basis for projects for basic reforms in

education and administration but it has yet to be demonstrated that the availability of loans will offer an effective incentive for far-reaching reforms unless the country was just about prepared to move on the reforms and lacked only the money to carry them out.

Program lending, in which large sums are made available to a few selected countries in return for country pledge to undertake a series of agreed-upon major reforms, can be effective only when there are some substantial numbers of people within the country who are prepared to develop the reforms, push them through, and implement them. Without strong local interest, basic reforms are not feasible, regardless of financial inducements.

Technical assistance, even more than capital assistance, is likely to be responsive to the urgings of small groups of individuals and may not reflect the interests of the country or concern with activities of high priority impact on development. This may lead to programming to respond to Waterson's "nuclei" and Thurber's "islands" of development, but it often leads to a hodgepodge of unrelated activities, many of which may be low on the scale of priorities of development needs.

Training programs for the most part are not really designed to change the environments for development. They are largely to reinforce on-going programs and to give employees the technical skills required to implement activities.

Though experience shows that many reforms have been significantly influenced by individuals trained abroad some five to 15 years earlier, the reforms were almost a by-product of training intended to develop

technical skills. Similarly, many reforms are the results of the ideas and efforts of men and women who received their university education in the more advanced countries even though much of the subject matter of their education had little or no direct relevance to the developing countries.

A few special programs, like Harvard Law School's International Program in Taxation, are designed to help the participants mold policy when they return to their home countries but these programs reach so few individuals, 10-15 per year, that they can have little effect on development needs.

World of Ideas

The nature and pace of development is too important to the more advanced countries to leave the nature and direction of reforms to chance. I am therefore proposing a new three-point program to stimulate the creation of environments favorable to change in developing countries. The program includes integrated programs of training in fields critical to development, stimulation of learning and debate about important problems in developing countries, and sectoral self-analysis.

My premise is that development, in a real sense, means social revolution. Revolutions begin, not with technology but with ideas, and I see no reason why the foreign assistance agencies need continue to back into the world of ideas through technology. Granted that foreign assistance ordinarily cannot press for specific reforms, there is no reason why we cannot help local leaders crystallize their own ideas about the reforms they need and want for their own development.

1. Integrated Program of Training in Fields Critical to Development

It is proposed that the foreign assistance agencies set up programs to train present and future leaders who can devise and promote programs of reforms in their own countries. The training of enough people to have an impact on the country over a period of years, would include (a) young men and women who study for advanced degrees and thus acquire the basic background and knowledge of comparative experience to help devise and promote reforms and (b) parallel short-term training for members of the legislature, press, business men, bankers and others whose understanding and support is essential to the approval and implementation of reforms.

Individuals and groups would concentrate their study on a comparative approach to theory and practice in developing countries and in the earlier experience of the more advanced countries. The program would include consideration of what these other countries did, how they did it, and why. Every effort should be made to have some or all of the training in the country which has or has tried to effect reforms.

Foreign assistance agencies, with their colleagues from developing countries, would need to identify areas critical to development in which deep and difficult reforms are required. These might include: Land Reform; Tax Policy; Role of Government in development; Education Reform; the legal system in relation to development, etc.

Foreign assistance agencies would need to work with universities in developing their competence in the selected fields and in giving them

financial support over extended periods. Even more work would be required in creating institutions which could provide the short-term training required.

Discussion

a. The program cannot be "project related" because the training should begin ten, 20, 30 years before some countries would be prepared to initiate a project. It needs to be continued for a number of years on a scale to create a nucleus strong enough to influence political action for particular reforms.

b. This program is no panacea. It will be costly. But the odds are in its favor. At present, there may be only five or ten people in a country who have much more than a vague emotional knowledge of land reform, for example, and the different ways it might be approached. They have little chance against the entrenched interests. With a hundred or two hundred knowledgeable and influential people, the chances of sound, peaceful change are materially increased. Our present course of inaction leaves the platform for the uninformed and demagogues. As the pressures for change build up, we may be faced with the alternatives of crash programs devised by foreign experts, which rarely work well, or violent change when the people will no longer sit still. It seems the more prudent course to invest the next ten years in an effort to achieve reasonably orderly peaceful reforms.

2. Stimulation of Understanding in the Developing Countries

Education and training abroad cannot do the whole job. Foreign assistance agencies can play an important role in bringing information

and ideas directly to the developing countries. It is proposed that in identified fields of reform activity, the foreign assistance agencies provide lecturers, discussion leaders and experts who can discuss, from a comparative point of view, the theoretical and practical problems involved in effecting reforms.

The objective is to spread greater understanding of the issues and problems other countries have encountered in attempting and effecting reforms.

Though the objective is the stimulation of local action, the nature of the discussion should be adapted to local circumstances. In one country it might be limited to comparative analysis of say, land reform programs in Mexico, Japan, and Taiwan. In another it might go beyond this to an effort to analyze local issues and problems. In still another it might involve assistance and advice in developing a legislative proposal.

Discussion

a. Changes of this type do not come in a day or a year. The foreign assistance agencies must be prepared to maintain these programs for at least 10 years, to have panels of enough speakers and discussion leaders so that requests can be filled promptly and the experts can spend enough time in the country for informal discussions with influential people in addition to the public discussions.

b. This speakers' program needs to be closely related to the long-term education and short-term training discussed above. It should not be project-related as one of its objectives is the stimulation of sound projects when the time is ripe.

c. There is not much doubt that this type of new program will precipitate local controversy, from time to time, and the foreign assistance agencies will be affected. This, in my judgment, is a small price to pay for encouraging sound reforms when the alternative is considered - continuing to work publicly at the technical level, privately at the political level, until local pressures get so great that entrenched interests are forced, by peaceful or other means, to make concessions and the environment may no longer permit rational action.

3. Sectoral Self Analysis

As recognition has grown that it will be years before national planning becomes a major factor in development in many countries, there is increasing interest in sectoral planning. Like economic planning, sectoral analysis seems headed in the direction of the cult of the initiated who know its myths and mysteries or will soon create them. At this early stage, it is still possible to make it public property and a vital force to stimulate necessary reforms. Many countries have the capacity to do this work now with leadership and guidance from foreign assistance agencies.

It is proposed that the foreign assistance agencies embark on a pilot program of Sectoral Self-Analysis in perhaps a half-dozen countries. The objective will be to have the country itself analyze its problems, publicize its findings, and hammer out its own devices to move at least a little more rapidly along the road to development.

In this program small local groups familiar with different facets of the sector would meet together over perhaps a year or two to analyze the problems and develop at least partial solutions they consider workable. Their objective would be to increase public awareness and concern about problems and then to propose solutions that advance development activities. They would have available a new type of assistance which brings various kinds of technical knowledge to men who are not technicians but can contribute the judgment to shape the future of their own country. The group in agriculture, for instance, might include a member of the legislature, a banker, a representative of cooperatives, a progressive land owner, a tenant-farmers' representative, one or two graduates of foreign agricultural colleges, one or two economists, an urban labor representative and a merchant. The technical input can be made through small staff services and foreign assistance.

Discussion

a. The primary need in most developing countries is to create broader conscious awareness of particular problems. Members of the study groups will get this awareness by their personal participation. They will spread this awareness by publicizing their findings and conclusions and encouraging public or private discussion, depending on the openness of a particular society.

b. As the groups begin to develop proposals for action, they themselves will represent somewhat of a cross-section of the country. Even more, they can serve as channels for the thinking of their own constituencies. They are thus in reasonably good positions to develop workable action programs.

c. There may be some countries which are so lacking in manpower that they would not have a dozen or so men of this type to draw on for sectoral study. Such countries should be considered in a pre-development stage and be programmed accordingly.

d. It may be appropriate in some countries for the staff services to be provided by the Ministries, but few of them have the capacity for the broad, multi-disciplinary planning contemplated in Sectoral Self Analysis. Neither do they have the diversity of channels of influence of the study groups.

e. Study groups will need technical assistance of a high order and largely different from that usually provided by foreign assistance agencies. Though there will be need for some special studies of the traditional type, there will be greater need for guides and check lists and other analytical devices. There will be need, also, for guidance on the organization and operation of public study groups and commissions. Advice and assistance to the staff services will be needed as well as experts who can contribute their specialties to the understanding of the sub-sectors. Above all there will be need for sectoral statesmen who can help the group look at the total sectoral picture in perspective.

f. This proposal is built around a simple premise. Though developing countries lack people with technical skills, they do not lack for people of intelligence and ability whose interest and concern for development and progress can be aroused. Once some of the leaders and the people become aware and concerned, the technical gaps can be filled. Foreign assistance agencies have a responsibility for helping to focus and arouse public concern as well as for helping fill the technical gaps.

IV.

Increasing Capacity for Program Operations

Even when planning is reasonably effective, operations usually break down and the people do not get the type of fast, flexible, dynamic services needed for development. Foreign assistance agencies have not been consistently helpful in the operational areas where the principle problems are limited local funds and lack of operational skills in the developing countries and too narrowly conceived technical assistance.

Technical assistance has been largely the province of the subject matter specialist who is not especially skilled in institution building or in the installation of operating systems. Training at home or abroad, for the most part, has neither reached enough people nor given them the how-to-do-it skills required. Foreign lending has been largely for foreign exchange for purchases of equipment and skills from the more advanced countries. Though important for infrastructure and private sector development, this kind of lending does not meet the need for the high local costs of development. Since development is already lagging behind rising expectations, new devices must be created to facilitate development during the period before local tax revenues reach adequate levels.

To meet these problems it is proposed that foreign assistance agencies embark on a new program of Matching Development Assistance Grants, In-Country Operational Training, and Coordinated Development Assistance Teams. Each of these proposals will be discussed below.

1. Matching Development Assistance Grants

As discussed earlier, development is costly business and the major share of these costs are for personal services and locally available supplies, equipment and facilities. At the same time, few developing countries have the public revenues to finance these services, and even with foreign assistance, cannot increase their tax collections rapidly enough to the levels required for development, e.g., an increase of 33 percent to 50 percent in many countries. Even where revenues are reasonably adequate, countries cannot realistically reduce allocations to traditional services rapidly enough to meet development needs.

Even when funds are available, few countries have demonstrated the capacity to perform operations rapidly and efficiently enough to have a significant impact on development.

Neither current patterns of lending nor technical assistance meet these needs. Lending is primarily for foreign exchange costs, a relatively minor part of the costs of building institutions for program administration, education and training and for other labor-intensive activities. Technical assistance, with its primary emphasis on the application of technology and long-range institution building, is rarely comprehensive enough to get operations moving on the scale required to have a significant, rapid, visible impact on development.

To meet these problems it is proposed that foreign assistance agencies undertake a new program of Matching Development Assistance Grants.

Under this program the foreign assistance agency would match appropriated funds of a developing country for a mutually acceptable operational program that would advance development and establish or strengthen a modernizing institution. Matching funds would be granted for the first two years. Grants would be continued on a decreasing scale corresponding to increasing local appropriations for the next five years after which the program would be continued with full local funding of operational costs. Some continuity of technical assistance would be provided if that were necessary.

The matching grants would start after the developing country had developed an acceptable plan which would include statement of goals and proposed methods of achieving objectives with respect to relevant technology, administration, and financing. Legislative approval or equivalent type of public governmental commitment would be required as well as commitment of necessary local financial resources. In the legislation there would be need for the flexibility and the controls essential for institutional development. Provisions would be included for periodic joint reviews to appraise the effectiveness with which the plan is being carried out and the justification for continuity of joint efforts.

Technical assistance would be provided in the development of the plan, in training personnel, and in facilitating operations. When mutually desirable, foreign advisors would be used in supervisory positions to improve operations and train local personnel.

Discussion

a. This proposal would require participating developing countries to spell out their objectives and operational programs and obtain public sanction before embarking on significant long-term programs. The development of the plan would provide a basis for appropriate public discussion, often now missing from development efforts.

b. The program is assured of adequate financing commitments for seven years which, coupled with effective planning and assistance, should be long enough to demonstrate an effective operational job, build a good foundation for an effective institution, and win sustained support. In this period the pattern of increasing local appropriations should be well established and should lead to subsequent adequate levels of financing.

c. The matching grant program will make it possible for countries to initiate development programs before their current revenue levels would permit but at the same time their plans would be expected to indicate sources and projections of local financial support, and where appropriate, commitments with respect to fiscal reforms.

d. The program of Matching Development Grants will speed development and institution building by at least ten years and demonstrate to the people the interests of their governments and foreign assistance agencies in meeting their wants and needs.

e. The program will be costly and may affect the foreign exchange position of countries like the United States. Initially, the program can be small and experimental, limited to perhaps a half-dozen countries.

f. The program will involve foreign assistance agencies in the internal affairs of developing countries and therefore in local political controversy. Cooperative efforts, including technical and capital assistance, always involve the internal affairs of developing countries. This plan brings those efforts into the open in a way that makes it possible for the policy makers of the country to decide whether or not they want to participate. On the other hand, the program clearly identifies the foreign assistance agencies with those seeking important changes in the country.

2. In-Country Training

Important efforts are now being made in many countries to improve the educational systems at all levels. For the long-run, these improvements are of vital importance and must be continued and expanded. Considering the magnitude of the problem, these efforts will not have an appreciable effect on development for at least another decade or two. To meet the needs for skills critical to development it is proposed that foreign assistance agencies undertake a new program of direct operational training in the developing countries and encourage the establishment of Institutes of Applied Administration and Technology.

The main initial thrust of this program will not be institution-building. It will be on direct training in how-to-do what needs to be done. Foreign assistance agencies would use trainers from abroad and from the host country to conduct classes, workshops, laboratories in whatever knowledges and operational skills were required to advance development

programs. Just enough theory would be provided to establish the framework for learning methods of application. Though some high level training would be included, the main thrust would be at the middle and lower levels.

At the beginning there would be no effort to standardize the training but to adapt to some of the major needs of individual countries. Very soon, however, common areas of concern would appear and some programs could be developed such as Brazil's successful adaptation of the United States' wartime Training Within Industry Program.

Programs would include such matters as first-line and middle level supervision, how to prepare or examine a budget request, how to organize office space, motor vehicle care and maintenance, how to file certain types of records, how to maintain types of controls, compilation of statistics, methods of preparation of reports, how to lay out and schedule work, how to conduct a meeting or conference.

The same sort of approach would be used in technical fields: how to prepare a lesson plan; how to make a quick soils analysis, procedures to follow in a home nursing visit, how to fill out and review a loan application, how to organize a credit union, etc., etc.

The target should be to reach hundreds and perhaps thousands with this type of training during the first two years. There should be follow up to see that the training is being used to advance development. When this type of training, which can change attitudes as well as skills, begins to catch the imagination, the developing countries should be encouraged to establish Institutes of Applied Administration and Technology.

Initial efforts, however, should be concentrated on action programs to speed and facilitate development.

Discussion

a. Improvement of education and the building of institutions are sounder long-range objectives than the type of operational training proposed. It is important to speed and broaden development, however, and operational training is an important device to fill the gaps before education and institutions can show significant results. Furthermore, efforts at institution building are hampered by the same lack of operational skills that impede other phases of development.

b. The changing of attitudes, approaches, and work habits is of great importance in many countries. These changes cannot be effected by lecture and exhortation but operational training, with its how-to-do-it approach, is one method of attacking some of these basic problems.

c. It would be preferable to build operational training into local institutions from the beginning but, with few exceptions, local training institutions do not exist or are not geared for operational training. To set up a local institution would be slow and premature, because there is not likely to be much support for the type of training that few developing countries have ever seen on any scale. The program, therefore, needs local sponsorship but at least at the beginning, the initiative must come largely from the foreign assistance agencies to develop and operate the program alone or as a cooperative venture with an appropriate local group.

d. Though some opposition may be encountered, the larger problem is likely to be inertia until responsible local leaders see the program as a major technical break-through. Then they are likely to put burdens on the program that it cannot carry.

e. Operational costs are not likely to be a major factor as emphasis must be placed largely on use of local facilities and resources, i.e., in many places training in "shoe-box filing" may be more appropriate than computer operation.

f. The largest problem confronting the foreign assistance agencies will be finding or developing the trainers with interest and knowledge of the "nuts and bolts" activities and an understanding of the cultural factors in particular countries. By tapping some of the limited but highly successful training experience of foreign assistance agencies, the experience of governmental and industrial training agencies at home and abroad, and some of the newer organizations seeking major new approaches in education, pilot programs can be started fairly quickly. Then if they live up to their technological and political potential, the foreign assistance agencies can use this experience in developing their own resources before making operational training one of the major new initiatives of the program.

3. Coordinated Development Assistance Teams

There is still great appeal in the picture of the individual technician helping to improve the lot of his less fortunate neighbors. The

earlier discussions have demonstrated that development assistance is a much more complex business than can normally be handled by one individual.

It is proposed that foreign assistance agencies use coordinated development assistance teams as the normal method of providing assistance for the duration of projects.

These teams would be composed of advisors who are professionals in the subject matter field, in administration, and winning public and political support. In each of these phases, they should have competence in the principles of necessary reforms, the techniques for establishment of systems and procedures, and for individual and group training. In other words, assistance in development and institution building requires the use of resources commensurate with the complexity of the problems.

I am not suggesting that the small country need be overwhelmed with large numbers of foreign advisors. It may well be that only one or two need be in residence for long periods. The varied specialists, however, must know the country and the project and the program. They must be prepared to spend whatever time is necessary in the country and in providing continuing advice and guidance by correspondence over a period of years.

Discussion

a. The process of development and institution building requires attention to the elements in Charts I and II. From time to time, one individual advisor may have the range of knowledge and skills required but

these individuals are so rare that it is unsound management to build a program around capacity to recruit and retain such rare individuals.

b. The scope and variety of activities, as well as the different levels of activity, require that there be an input in the varied skills required on a fully coordinated basis with other assistance inputs.

c. It is essential that the advisors, in all specialties, have an understanding of the nature and level of their technology relevant to the particular country, as well as the realities of the political and social environment in the country. This knowledge cannot ordinarily be acquired by advisors who make brief visits as visiting experts. It argues for continuity.

d. At the same time the giving and acceptance of advice is a very personal matter. It involves a close mutual confidence between advisor and advisee built on personal relationships that can be developed only through shared experience over extended periods.

e. Though various administrative arrangements are feasible, this type of program will require the use of institutions in the advanced countries that can provide the continuity of knowledge, interest, skills, and relevant technology.

V.

Training for Development

Educational institutions in the more advanced countries have as their purpose, in addition to transmitting and enriching their cultural heritage,

equipping their students to cope with the present and future problems of their own societies. These problems are vastly different from those in developing countries and therefore the methods and technology for coping with them must be different.

The kind of training that equips a doctor to deal with individual patients who can afford to pay for services, and encourages 60 percent of the young doctors to go into specialties, is not suitable for the one doctor who, without professional colleagues and assistants and modern testing equipment, must provide health services to 30,000 illiterates not aware of the germ theory. Training in ecometrics, including use of advanced computers, may not be particularly helpful for men going to most developing countries where statistics in volume are rarely available, accurate, or current. Agricultural techniques applicable to large-scale capital intensive farming by educated farmers will need major adaptation for a country where the bulk of the farming is done at subsistence levels where the farmers' only extra cash comes from the sale of a goat or two kept for just such an emergency. The principles of public administration which have application to Western Society require major adjustment in societies lacking public responsibility in executives, without channels for expression of concern for orderly, efficient government, and almost no trained personnel.

The differences between the needs of the more advanced and the developing countries are so great that they cannot be corrected by establishing a few courses in development. These differences cast grave doubts on the capacity of higher educational institutions in advanced countries

to provide an effective education for students from developing countries and for men and women who are preparing to serve as advisors to the developing countries.

To meet these problems it is proposed that foreign assistance agencies undertake: (1) a series of conferences on the education and training of students from developing countries, (2) within existing institutions, sponsor establishment of a few new schools of development economics, administration, agriculture, education, and health (or medicine), (3) establish new programs for the training of foreign advisors. Each of these proposals will be explored below.

1. Conferences on Education and Training for Development

The number of foreign nationals studying in the advanced countries under the sponsorship of foreign assistance programs is an almost negligible part of the foreign student population in the advanced countries. In the U. S., for example, there are around 100,000 foreign students, mainly from developing countries, and around 6,000 AID-sponsored participants, many of them in non-university programs.

Most of these foreign students are enrolled in the same courses as American students, learning the same principles, theories, and techniques that have been molded and adapted to American society. Some of the courses may be of universal applicability. Others, by themselves, may be of benefit to the foreign student, but serious question may be raised about the whole course of study. The whole subject needs examination by educators, by

practitioners in development, representatives of developing countries and university professors and administrators with overseas experience.

It is proposed that there be a series of conferences to examine the relevance to development needs of curriculum and courses of study in higher education in the advanced countries.

Discussion

a. The foreign nationals who study abroad are perhaps the major source for future leadership in the developing countries. What they learn or fail to learn may well influence the course of history.

b. In the United States, at least, there are major divisions of responsibility with respect to the education and training of foreign nationals and there is need for an overview of the total problem.

c. The conferences should cut across disciplinary lines as few of the students will work in narrow specialties when they return home.

d. It is essential to have active participation of non-academic as well as academic personnel in the conferences in order to develop the proper mix of higher education and development realities and needs.

e. The conferences, in part, should be organized on a geographic basis to give special attention to the needs of particular regions such as Africa and Latin America. At the same time, there should be ample opportunity for discussion of generic problems without concern for geographic boundaries.

f. Though primary emphasis would be on courses of study, attention should be given to other factors in meeting the needs of developing

countries through these foreign students, e.g., housing, counselling, finances, social activities.

2. Establishment of New Schools of Development

A number of universities have become centers for assistance to particular countries and for the training of students and practitioners from those countries. Without waiting for the results of the conferences described above, it is proposed that the foreign assistance agencies assist a few of these selected universities to establish new programs to meet the needs of groups of countries having similar problems.

In these programs, the foreign students would take some of the same courses as their American colleagues but many or perhaps most of the courses would be different. The courses and the courses of study would be designed to respond to development needs abroad. Efforts would be made to teach a technology relevant to the developing countries. Important attention would be given to the development process, institution building, and administration.

Discussion

a. Some universities already have enough knowledge and experience to begin experimentation and it would be unfortunate to delay individual initiative for several years for the completion of the conferences.

b. Despite their experience, the universities should have the benefit of the same type of advice as suggested above for the conferences.

c. Though focused on the foreign nationals, the programs should expand currently wholly inadequate resources for training Americans for overseas service in these fields.

d. These planning efforts will be costly and support through foreign assistance programs will be necessary. This support can serve also as a control to avoid proliferation beyond the point for the need for this type of training center and the resources to man it.

3. Training of Foreign Advisors

Seventy-five or a hundred years ago it was possible to find the handful of experts who, without previous overseas experience, could do reasonably well as foreign advisors. The advisors were few in number and there was glamour attached to work in exotic places. This held true during Point IV programs. Though no longer true, foreign assistance agencies still operate on the premise that enough qualified individuals can be found who with a few weeks of orientation and perhaps some language training can serve effectively as advisors overseas.

Previous discussion has shown that this premise is false. Education in the advanced countries rarely equips a person with the technology relevant to developing countries. Even where the person has the imagination and ingenuity to adapt technology, he rarely has the knowledge in depth of the development process. Knowledge and skill in institution building is not common. Understanding of the culture and historical developments in the country of assignment is even more unusual.

Many advisors learn well on the job and in a few years acquire the knowledge and skill they should have had when they stepped off the plane for their first assignment. The social, economic and political costs of assignment of untrained personnel are staggering.

It is proposed that the foreign assistance agencies establish special programs for the training of all long-term personnel prior to assignment overseas. The training would apply to direct hire, contract and loan-financed personnel. The training would include technology relevant to the assignment, the development process, institution-building, and relevent aspects of the culture and history of the country of assignment.

Discussion

a. Development is costly business for the developing as well as the advanced countries. Improvement of the quality of advisory services will speed and strengthen the development process, and over a perid of time, lead to fewer mistakes and a better return on the investment in development.

b. Though there is much we do not know about development, there is much that is known. It can be organized and taught in a form useful for practitioners.

c. The program can be neither pure theory nor pure application but a blend of both. Its development will require the sharing of experience among the academic community and operating officials. The training should be given by institutions that can tailor their programs to meet clearly defined objectives within defined time limits.

d. Training of four to six months will be costly. The price is low, however, compared with the cost of the largely unproductive first year of overseas service of most advisors. The overall cost will be more than offset if the training helps reduce the development process and foreign assistance by even two months.