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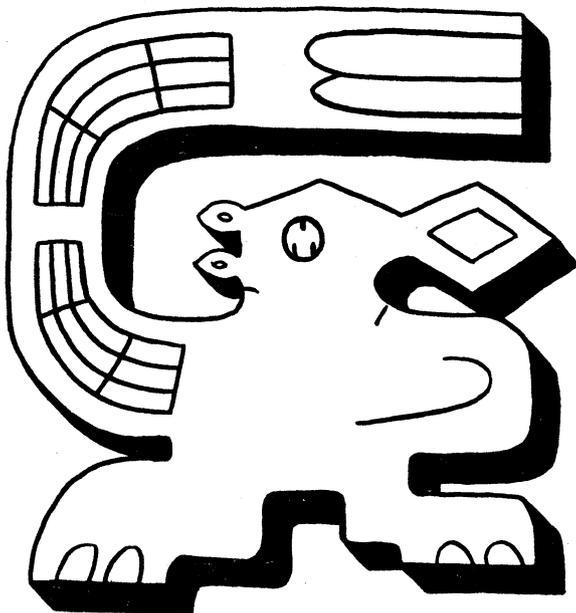
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# Problems and Prospects of Multi-and Bilateral Assistance for Agricultural Development

by Peter Dorner

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Department of Applied Economics  
UNIVERSITY OF MINNESOTA  
1994 Buford Avenue - 232 ClaOff  
ST PAUL MN 55108-6040 U.S.A.

LAND TENURE CENTER  
University of Wisconsin-Madison  
53706

PROBLEMS AND PROSPECTS OF MULTI- AND BILATERAL  
ASSISTANCE FOR AGRICULTURAL DEVELOPMENT\*

Peter Dorner\*\*

I am greatly honored to be invited to appear before this committee to present my views on these very difficult issues. I do not consider myself an expert on the specific methods of channeling assistance to the less developed countries. However, as a result of research carried out by myself and that of many colleagues and students, I do have some thoughts on these matters that I would like to share with you. Before dealing specifically with the problems and prospects of multilateral and bilateral assistance, it is necessary to provide some background and a general frame of reference for interpreting the conclusions to be presented later.

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\*Statement prepared for the United States Senate Appropriations Subcommittee on Foreign Operations, June 2, 1972.

\*\*Professor of Agricultural Economics and the Land Tenure Center, University of Wisconsin, Madison, Without attributing any responsibility to them, I am happy to acknowledge the helpful comments received on an earlier draft from Thomas F. Carroll, Kenneth H. Parsons, William C. Thiesenhusen, and Eric B. Shearer. I am indebted also to John Bielefeldt for his editorial assistance.

Many countries have more illiterate adults today than they did twenty years ago, and the income gap between rich and poor has often widened (both within the less industrialized countries and between those countries and the industrialized ones). There has been considerable economic growth but, paradoxically, little development, if development is conceived to include the expansion of opportunities and the enhancement of human capacities needed to exploit them. The reduction of mass poverty, unemployment, and inequality must be included in our conception of development.

What went wrong? ( I do not subscribe to the view that the persisting and deepening unemployment-distributional crisis can be attributed to some malicious plan of the industrial world to keep primarily agrarian nations dependent and in poverty. However, the consequences are not too different from those that might have resulted had there been a deliberate plan.)

Economists and policy makers too often assume that job creation and a more egalitarian income distribution are the automatic concomitants of economic growth. In assuming a close positive correlation between output expansion and employment, economic planners have emphasized increases in the rate of capital accumulation, including capital transfers from the industrial nations to the less developed ones. Expanded capital imports are accompanied by

technical assistance in order to increase the effective capital absorptive capacity of the less developed countries.

[Without question the less industrialized countries must incorporate new techniques of production if they are to raise their levels of output and their factor productivity. But technology is not all of one cloth; it must retain an organic, functional relation to the existing factor proportions and endowments of a nation. The factor proportions (especially labor/capital) of the industrial nations, where most of the new technical innovations occur, differ greatly from those in the less developed countries to which this technology is exported.]

This international technological dualism is directly and casually related to the dualism internal to the less developed countries. Much of the advanced technology available for transfer from the industrialized countries, when imported into a country with widely different circumstances of factor proportions (i.e., redundant labor and scarce capital) and a much lower degree of industrialization, fails to generate spread effects and linkages. A modern enclave prospers, leaving most of the population in poverty, with income differentials between those in the modern and those in the traditional sectors widening in much the same way that these differentials are growing between the rich, industrial and the less

developed countries.

*Land reform*

In most countries there are two sub-sectors of agriculture: (1) the large farm, more commercialized sub-sector, and (2) the small farm less commercialized one. The latter usually holds the overwhelming majority of the rural population (although it has much less than a proportionate share of the farm land). Farm operators in the small farm sector are often tenants and sharecroppers with insecure rights to the land they operate. Generally, only the larger farms can gain access to and utilize effectively the agricultural machine technology from the industrial countries, and even divisible inputs such as improved seeds and fertilizers (the Green Revolution technology) may not be neutral to scale if the benefits of public credit and service agencies are directed mainly to the larger farmers. Capital and technology transfer increases the prospects of profits from farming. [But without land reforms and related institutional changes, the polarization of economic opportunities also increases, and small farmers are often displaced from their insecure position as tenants.]

An appropriately restructured land tenure system can provide new incentives to develop technology specifically designed to meet the needs of the new farm units created; reliance on imports which can serve only part of the agriculture as presently organized will only widen the gap between the two sub-sectors. This points up an urgent

[need for in-country research organizations dedicated to investigating the problems and to developing the technology that is most fitting to a country's circumstances. These will often be different problems demanding different techniques than those based on the state of the arts in the industrial nations.]

The primary criterion for measuring progress and the impact of capital and technology transfer has been growth in output (average rates of increase in real output per capita). This measure, however, tells us nothing about the composition of that output or its distribution. The general assumption is that employment and distribution will take care of themselves or, in any case, must be separated from policies designed to increase output. [To combine welfare concerns with those of increased output, it is often argued, is to interfere with the market signals of prices, wages, and profits and thereby to distort the whole incentive structure. These welfare concerns, it is maintained, must be handled separately and can indeed be addressed only after output has been increased since without such increase there is very little to distribute. If the assumptions of free and competitive product and factor markets with the absence of economic power were met, this might be a reasonable argument. But these assumptions are erroneous since there are many market imperfections and wide disparities in resource ownership.] Income distribution

and employment may take care of themselves in the theoretical model, but they don't in the real world.

A focus on production without explicit attention to income distribution and the creation of more employment opportunities may yield increased output of certain commodities and growing labor productivity for a part of the labor force. Yet such policies tend to widen income disparities and throw the burden of adjustment on the disadvantaged, who join the ranks of the landless, continue to crowd into existing small farm areas, move out to rapidly shrinking frontiers, or join the underemployed in the cities. The capital intensive (labor saving) nature of imported technology does not permit the expansion of the industrial sector at a rate sufficiently rapid to absorb these growing numbers.

Until the mid-1960s, it was often assumed that agriculture would continue to serve as a vast reservoir holding redundant labor until such time as industry needed it. Rapid population growth rates of the past several decades are now resulting in equally high rates of growth in the labor force. Since the opportunity structure in agriculture in a pre-land-reform system has often been defective, this growth in numbers has led to massive rural-urban migrations.]

But even if it were possible to avoid the movement to the cities, people cannot simply be placed "on ice"

until such time as they are needed. They must be engaged in worthwhile, productive activity in order to gain the skills and discipline which development requires. Perhaps an even more important impact of idleness is the depression of hopes, aspirations and self-respect, especially among the young, who look to adults of their immediate culture and community for models to emulate. The development of human capacities is not likely to be achieved when large numbers are forced to rely solely on the public dole--even if it were possible to administer the necessary tax and welfare policies to accomplish this.<sup>1</sup> Land must be viewed not merely as a resource to be efficiently combined with scarce capital so as to maximize agricultural output; but also as a vehicle for employing people and for developing their skills and experience. Indeed the manner in which increased production is achieved, and the number of people who participate in and reap benefits from the experience, may be as significant as the short-run production increase itself.

It is in trying to combine output with employment and distribution goals in the same general policy, rather than in their separation, that land reform becomes

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<sup>1</sup>A vast public welfare system is impossible in poor countries where from one-half to two-thirds of the population is at the margin of subsistence.

strategic. [This combination cannot be achieved without redistribution of property rights in land from those owning (or claiming) much to those owning little or none. Land resources are usually insufficient within existing small farm, subsistence areas to deal with the problems without such redistribution. Poverty cannot be eliminated by working only with the poor. The poor need resources now controlled by others. (This, incidentally, applies equally to efforts to eliminate poverty in the United States.)]

The separation of production policies from distribution policies is frequently defended by pointing out that unless and until production is increased, there is little to distribute. This argument is not convincing; indeed it is often a rationalization of the well-to-do who are trying to protect their privileged position. Under a system of private property, those who own the means of production also receive the income from their use. Increased output is more or less automatically distributed, in the very process of its production, to these owners.

[The argument also fails to note that the product mix may be inappropriate to begin with. If GNP is increased by producing luxury houses and automobiles, it is impossible to convert them into low cost housing and bus transport.]

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<sup>2</sup>Mahbub Ul Haq, "Employment in the 1970's: A New Perspective," International Development Review, 1971/4, pp. 10-11.

Note  
incl.  
poor analogy -  
yes?

[The administrative capacity effectively to utilize tax policy as a distributive mechanism is too weak (even if the political will to enforce it were present) in most of the less developed countries. Thus distribution policies must be built into the very pattern and organization of production.]

*Tax  
policy no  
answer*

It might make sense to separate employment-welfare-income distribution policies from production policies if the rules governing the ownership of property were considered fixed, sacred, and unchangeable. If the large farm owner is to be provided with the necessary incentives to increase output efficiently (according to private decision making criteria of efficiency rather than efficiency criteria appropriate to the larger social unit), he must not be required to support a labor force he does not need and does not wish to manage. [But it is precisely the rules of property ownership (land tenure) that must often be changed in order to make increased output and improved access to economic opportunities for the underprivileged a unified and consistent goal of policy.] The technological gap is too wide, the internal disparities too great, and the population growth rates too high to continue a policy course which separates production from employment creation and distribution. The performance records of the past several decades in those countries where major land reforms have been implemented indicate no incompatibility between

these two policy objectives--increasing agricultural output and increasing employment with a more egalitarian income distribution.

*redistribution  
alone not  
enough*

Of course land redistribution by itself, even though it may eliminate the traditional economic power of present landlords, will not result in broad based rural development nor prevent aimless migration to the cities. Special programs are needed to create and improve delivery systems for credit, farm inputs and outputs, health, and education so that these and other services reach the small farmers. The newly won equity in land following a land reform must, through these programs, be converted into market opportunities.

*Pro-  
centric  
gov. gov.*

This, then, is the setting within which international assistance for agricultural development must operate. The question arises: Why are policies not formulated to accommodate both of these requirements-- increased production and increased employment with a more equitable distribution? These distributional questions, of course, raise many tough issues. [The analytical tools are often inadequate since many of the theoretical preconceptions of the development process grew out of the experience in the highly industrialized nations. Thus economic analyses underlying development planning and international assistance have often led to inappropriate policies which intensified the international and the internal disparities.]

*see various growth model theories*

A growing number of economists, and other social scientists working in the area of development, seem to agree, but only a fumbling beginning has been made in this most difficult \* area of analytical redirections.

These analytical problems would be relatively less important if the resource and opportunity structure within the less developed countries were less skewed--if the mis-allocation of land and human resources were corrected through re-distributive land reforms. [However, the acceptance of the inevitable consequences of a land reform-- a redistribution of economic and political power and influence, with the mass of presently excluded farmers gaining a voice in shaping public programs and policies-- clearly implies bold political decisions. The possibility of getting these decisions often depends on the kind of pressure group activity, especially from strong peasant organizations, that can be mustered in favor of the reform. Many of the less developed countries where reforms are needed lack rural organizations of tenants, sharecroppers, farm laborers, or small owners. This lack often reflects intolerance of and opposition to such organizations among those who stand to lose if reforms are implemented.]

*Keyway of the four class*

In several countries land reforms have been carried out in response to peasant revolutions, dramatizing not only the plight but also the potential strength of the

peasantry.<sup>3</sup>

*viz. China*

The energizing force in the development process is not provided solely or even primarily by the investment plans and projects of administrators and entrepreneurs. The informed self-interest of farmers and urban workers and their creative human energies are strategic to any long term development effort. [While authoritarian measures can carry development to a certain stage, it is the voluntary effort of the mass of common people who must provide the energy and the markets to keep the process going.] Continued progress requires widely shared economic and political citizenship, which can often be realized only through basic reforms and the reallocation of power.

*doctrines peasant*

Many arguments against reform and redistribution are rooted in philosophical-ideological concepts based on the nature of, and the rights vested in, private property. Such arguments, not surprisingly, most frequently come from large landowners and people representing their interests. Some even claim that private property is a right ordained by natural law and that any attack on it is an attack on the basic unit of society--the family. Private property,

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<sup>3</sup> Marion Brown, "Peasant Organizations as Vehicles of Reform," in Land Reform in Latin America: Issues and Cases, Peter Dorner, editor. Land Economics Monograph No. 3, University of Wisconsin, 1971.

it is claimed, is a pillar of civilization. [If this premise is accepted, then it must be admitted that property cannot perform these laudable functions if most people are without it. The logic of this argument suggests a wider distribution of property--not a condition where the mass of people are deprived of it.]

*response to  
feudal argument*

What is often overlooked, even by less dogmatic adherents to the concept, is that private property cannot exist without an organization to protect it and enforce the rules. In the absence of nation states, for example, feudal lords had to have their own army to protect their "property." Private property does not imply absolute rights; all nations place many restrictions on it, and the state reserves the right to alter the rules in the future.

[Private property, freedom of contract, and competition may often accentuate existing inequalities. These institutional forms have far different consequences in an open, mobile society with alternatives widely recognized and available than they do in a class structured, immobile society with alternatives greatly restricted.] The survival and effective functioning of these institutional forms rests on the freedom and flexibility within a political system that permits the emergence of organizations and pressure groups as natural outgrowths of commonly recognized and shared interests. Without such organizations, without a multitude of interests pressuring governmental officials,

*if depends  
on the  
starting  
point*

who is to say what constitutes the public interest? In the absence of such pressures, government policies may serve only the interests of the few. The fact of the matter is that private property and freedom of enterprise cannot perform in the public interest until there is a more equal distribution of wealth, power, and opportunity.

There is, of course, no reason to believe that nations will choose a post-reform system based on private property in land. (Under conditions existing in the less industrialized countries today, major reforms will often lead to mixed systems of private, state, and cooperative enterprises. These issues must be worked out by the people of each country.)

Given these difficult and highly sensitive internal political issues of independent nation states, international assistance agencies, both bilateral and multi-lateral, clearly cannot make these decisions for national governments. Yet neither are they completely passive or neutral participants in this process. Governments are made up of individuals who represent a wide variety of interests and ideological commitments. There is no homogeneous, monolithic view on such fundamental issues as those represented by development policies and strategies. Minority positions evolve into those of the majority--sometimes over a short period of time. Diversity and conflict inevitably exist, political situations in many countries are relatively

*Almost  
development  
plans*

fluid, and new alignments of power sometimes emerge very rapidly. International assistance agencies can certainly help to support and strengthen such minority positions operating within governments if such positions conform with the policies that the international agency would like to see adopted.

This same diversity of positions is evident within every international assistance agency itself. Here too the basic thrust of past policy has focussed on capital transfer and output maximization within the existing institutional structure. But the minority position favoring greater emphasis on combining employment and distribution with production objectives is growing. Strong leadership by top officials can help to strengthen this minority view

At the very least, such agency heads and their representatives must speak out vigorously on these vital issues irrespective of what individual governments may say or do. This is entirely appropriate since the United Nations has on numerous occasions enunciated the principles proclaiming full "participation of all members of society in productive and socially useful labour" and the establishment of "forms of ownership of land and of the means of production which preclude any kind of exploitation of man, ensure equal rights to property for all, and create conditions leading to genuine equality among people."

\*-  
[N/ED-  
"income  
redist."  
file]



International assistance agencies are of course limited in the action they can take. In theory at least, such agencies cannot by-pass national governments to reach and influence directly the people in the receiving country, and assistance directed at helping the underprivileged, when channeled through the existing governmental bureaucracy, may often fail to achieve its intended objectives.

Nevertheless, some possibilities do exist. First, if a national government is able to muster the political will and overcome the forces of presently entrenched interests, [international assistance agencies should make every effort to help such a government achieve its goal of restructuring its economic system if such restructuring will lead to a much wider participation in productive and socially useful labor.]

Second, international assistance agencies should take every precaution to ensure that their efforts are not actually working counter to the urgent requirements to create more jobs, improve income distribution, and elevate the conditions of life of the mass of people at the bottom of present income distribution pyramids. [In selecting and evaluating projects, these agencies should give preference to those which hold promise for benefitting the large mass of rural people rather than the privileged few. The social, employment, and income distribution effects of development projects should be accorded equal weight vis a vis the other variables in conventional benefit-cost calculations.]

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IO's

cost-  
benefit  
calculations

Assistance should be withheld from projects likely to lead to increased concentration of wealth and income and to greater social inequalities.

Third, there should be better communication and coordination among the various multi- and bilateral assistance agencies in any given country. Ideally, such coordinative efforts should be made within the country's own planning process. There should be sufficient similarity of purpose and criteria so that the international assistance agencies are not operating at cross purposes. A major effort needs to be made to strengthen the in-country capacity for independent research, analysis and evaluation which should precede and accompany all major development programs to make certain that benefits reach the poor.

(Some observers have suggested that the United States' contribution to international assistance could be more effectively used in achieving the broad development goals (of reducing unemployment and poverty while also raising output) by channeling such assistance through the multilateral agencies (the United Nations and its affiliated agencies, the World Bank group, and the regional development banks).] Several comments are in order before addressing this specific question. The United States is of course a major financial contributor (in many cases the single most important contributor) to these agencies. In my judgment, this is as it should be; the United States should continue,

*multi-lateral  
vs. bi-lateral*

and even increase, future contributions. All of these agencies have weaknesses, some have overgrown and cumbersome bureaucracies, many of the technicians are appointed under various political pressures, etc. But we must try to improve them rather than abandon them.

The international banks carry out a most essential function and in general have performed reasonably well. They have been criticized for funding only "bankable" projects--those with a very favorable benefit/cost ratio and an acceptable plan for implementation. Banks, however, do operate under certain constraints. They cannot run the risk of defaulting on their own obligations. The international banks are dependent on the governments of their member countries, and additionally they have to rely on international capital markets for a considerable part of their loanable funds. These particular constraints do not apply to bilateral assistance agencies.

A more telling criticism, it seems, is their tendency to use narrow criteria of project selection, evaluation, and design rather than the more inclusive ones outlined earlier. The incorporation of these broader criteria does not yield sloppy evaluative procedures and the financing of less worthy projects. It does yield a broader view of development than that inherent in the criterion of economic growth. External financing from all sources, though ordinarily representing only a minor

portion of a country's overall development investments, has nevertheless served to draw substantial national resources into projects approved according to the narrow economic growth criterion. [Calculations of standard benefit/cost ratios are based on existing patterns of resource and income distribution. But since the impoverished masses have little income and few resources, their needs are not registered in these calculations; additional criteria of employment creation and resource distribution must be specifically included in the evaluations.]

Many mistakes in international assistance have been made by the United States (Agency for International Development and its predecessors) as well as by other nations and international agencies. There have also been successes and major accomplishments. The generally critical tone of this paper results from an attempt to highlight the problems rather than to completely evaluate all international assistance for agricultural development. [Yet I fail to see how the many difficulties inherent in this process can be resolved simply by having the United States channel all of its contributions through multilateral assistance agencies.]

The United States is not alone in experiencing problems and frustrations with its international assistance programs. For example, the Swedish government, sponsoring and financing a rural development project in Ethiopia, has

*multilateral  
distribution  
pl. se not  
answer*

been very frustrated to see its assistance contributing to tenant evictions when landlords take over operation of their own land as a result of the more favorable income earning prospects in farming. This phenomenon occurs whenever technology is made available to increase farming profitability, and where land tenure conditions are such that the former cultivators have little security in their rights to land.

The U. S. Agency for International Development, as well as some of the international banks and other agencies, have been showing greater flexibility in their response to these broader developmental issues. [There is a growing number of people within these agencies who are very much interested in having international assistance directed toward these broader objectives--equalization of opportunities, creation of secure employment on the land, improved income distribution, and a reduction of mass poverty. With respect to past performance, however, the record of USAID and several of the major international agencies is not too good.]

Several years ago, the Land Tenure Center published a paper on the United States aid program to Latin American agriculture for the period 1962-1968.<sup>4</sup> There are, of

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<sup>4</sup>L. Harlan Davis, "United States Assistance to Agriculture in Latin America through the Agency for International Development." Land Tenure Center Paper, No. 71, University of Wisconsin, Madison, 1970.



course, many difficulties in trying to identify the beneficiaries of various loans and grants (and general program support is excluded entirely since no allocative determination is possible). [However, using USAID's own classification scheme and carefully studying the official documents and reports, Davis concluded that slightly over 50 percent of all agricultural assistance benefited primarily the commercial agricultural subsector (generally the larger farms). Only 15 percent was aimed directly at agrarian reform or the beneficiaries of reform programs. The remaining 35 percent went for general improvements that might well benefit both large and small farms. In a recent up-dating of this study to include 1969 and 1970, these percentages changed slightly to 52, 19 and 29 for the three categories, respectively.<sup>5</sup>]

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[I have recently reviewed the financial assistance to agriculture by the United Nations Development Programme for the years 1959 through January 1971.<sup>6</sup> Again keeping in mind the problems of classification and allocation, the percentage of total assistance to agriculture which could be

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<sup>5</sup>L. Harlan Davis, "An Economic Study of United States AID For Agricultural Development In Latin America," April 1972 (Preliminary Draft, Mimeographed).

<sup>6</sup>See Projects in the Special Fund Component as of 31 January, 1971, UNDP, DP/SF/Reports, Series B, No. 11.

directly related to agrarian reform or for helping small producers was: Latin America 11 percent; Asia and the Far East 7 percent; Africa 8 percent; and the Middle East 5 percent.]

Using a slightly different classification, Carroll made estimates of international financial assistance to Latin American agriculture for the years 1961-1965.<sup>7</sup> Of the three agencies included in the study (the Inter-American Development Bank, the World Bank, and USAID), the IDB ranked first both in commitments for agriculture (absolute value and proportion of total IDB assistance) and in the proportion of agricultural assistance authorized for low-income farm development and land tenure improvement programs. USAID was a close second in the latter category, but the World Bank ranked a quite distant third.

Shearer points out that ". . . the immobility of the traditional agrarian structure in all but a few of the member countries are reflected in the small share of external lending for agricultural development which has actually been channeled to direct support of ongoing agrarian reform programs. In fact, less than 10 percent--virtually all from IDB and USAID--out of a total of nearly

<sup>7</sup>Thomas F. Carroll, "Issues of Financing Agrarian Reform: The Latin American Experience," United Nations Food and Agricultural Organization, WLR/66/5, Rome, Italy, 1966.

% U.S. aid goes to poor ↓  
\*

relative effectiveness of IDB, WB & AID

US \$1,800 million authorized for 'agriculture' during the sixties has gone to true agrarian reform programs or projects. . . . Of equal importance is the difficulty of applying the newly recognized factors in rational and lasting rural development (both economic and social) to conventional agricultural projects without changing the agrarian structure and while agricultural policies tend to favor the large producers. For instance, the World Bank, which has shifted its support from irrigation and machinery imports to cattle production, has benefited directly only a few thousand producers by virtue of the land ownership and ranch management structure prevailing in the region."<sup>8</sup>

Development projects and the international financial assistance devoted to them are too complex and diverse to present a clearcut, definitive picture. [All the above percentages should be evaluated in terms of their ordinal rather than their cardinal values and magnitudes. But they do suggest that the record of United States assistance is no worse, is perhaps even better, than that of the international agencies under the criterion of assistance directed to agrarian reform and small farm producers.]

<sup>8</sup> Eric B. Shearer, "Rural Development Strategy and External Agricultural Lending Policies In Latin America," Washington, D. C., April 21, 1971, p. 2 (mimeographed).

*"mix" of bilateral, multilateral aid*

[The question is not really whether to channel all U.S. assistance through the international agencies. The United States should increase its support for those agencies but also maintain a large bilateral assistance effort.] The less developed countries desperately need more capital, and U.S. economic and technical assistance can have an impact. With its great wealth, the U.S. can and must play a major role. It cannot withdraw from the world. Although extricating the United States from the Southeast Asian War must be the top priority on the nation's agenda, we should not conclude that bilateral assistance efforts are the root cause of that tragic misfortune of mistaken policy. Changes must indeed be made to minimize the political involvements resulting from our assistance programs. Among the major changes is the separation of economic and technical assistance from military and security assistance. The latter should be subject to different criteria, decided on different grounds, and administered by a different agency.

As noted earlier, international agencies operate under certain constraints which do not apply to bilateral agencies. On the other hand, their international character and representation has advantages not available to a national, bilateral assistance program. One specific contribution of the USAID program, however, which must be emphasized (although I am not a completely impartial

observer on this point) is the substantial efforts in supporting university programs both in the U.S. and abroad. Large numbers of faculty and students have participated in research, training, and technical assistance programs. This is most essential if international assistance efforts are to be able to respond more adequately to the developmental needs of the less developed countries. International banks and agencies have also been interested in buying services from universities, but they have not provided the continuing support needed by universities if they are to enlarge their staff and programs for performing these expanded functions.

The real question is how to get U.S. international assistance--that channeled through multilateral agencies as well as that provided through its bilateral programs--organized and administered to focus on the key issues of employment creation, income distribution, and broad gauged rural development. As a major contributor, the U.S. has an influential voice in the multilateral assistance agencies. Generally, the U.S. position as represented on the policy making boards of these agencies has favored the conservative, traditional view of development (i.e., development equated with economic growth). The United States needs a firm policy position and representatives on these international agencies that are willing to push for this policy--a policy emphasizing not only economic growth, but a much more widely

based participation in its achievement. [Present U.S. representatives on the boards of the international banks are from the U. S. Treasury Department. They generally reflect the more conservative and traditional position. Judging by his public statements, the President of the World Bank, Mr. McNamara, is trying to push the policies of the Bank more in the direction I have been suggesting. He faces opposition from some member governments, as well as internal resistance from some parts of the bureaucracy. The U.S. could be very influential if it gave full support to such attempts at policy redirection.]

There is an increased awareness and a growing position within USAID reflecting a greater sensitivity and flexibility on these issues. Here again the movement in this direction may be constrained somewhat by the State Department (which is likely to retain a more conservative view) as well as by certain segments of the internal bureaucracy. But Congress must also assume some responsibility for the particular emphasis of the U.S. international assistance programs. Many restrictions have been placed on the U.S. bilateral programs. The Agency for International Development (and its predecessors) has never been considered permanent nor has it been given the long term financing which development planning requires. Congress reflects a wide range of ideological viewpoints on such sensitive issues as land reform and income distribution.

These are not lost on the USAID administrators, and at least in part may explain the tendency to make loans and grants for those projects with a quick payoff in tangible and measurable results. Human progress and development, however, have many dimensions which do not lend themselves to such approaches and such short-run measurements of success.

The questions at issue are not only problems internal to assistance agencies. They represent a major challenge for increased understanding on the part of the entire international community. There is an urgent need for continuing research and communication to achieve such understanding. The magnitude of the institutional reconstruction efforts required as a result of rapid population growth and the transfer of technology are without precedent.

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