under which fund assistance shall be made available. Bilateral discussions relating to a country's budget, exchange rate, or central bank policies are more difficult for the United States in setting forth aid conditions. Many of the conditions for self-help which we may want to include in our agreements relating to the provision of development assistance are equally delicate, and it may often be easier for the United States to tie its aid to agreements arrived at by international agencies, such as the World Bank, or regional agencies, such as the Inter-American Development Bank (IDB) or the Organization of American States (OAS). Such arrangements will at least help to avoid the charge of direct interference by the United States in the internal economic and political affairs of recipient countries. We shall return to this question at a later point in this discussion.

2. Assistance for long-range economic development

The distinction between long-range economic development and social development programs is by no means clear either from the standpoint of the fundamental purposes to be served, or of the forms in which the assistance is to be made available. However, long-range economic development is usually identified with investment projects in industry, agriculture, mining (including petroleum), and basic services and facilities necessary for industrial and agricultural output, such as power and transportation. Social projects, on the other hand, relate more to the immediate improvement of the welfare of the lower income classes, or, as in the case of education, involve a combination of social welfare and a longrun investment for increasing future output and productivity. Certain projects in agriculture, such as irrigation and mechanized equipment for commercial farming, are regarded as long-range economic development, while other projects, which may also contribute to agricultural output, are associated with land reform or rural improvement and, hence, fall in the social reform category.

Long-range development assistance has tended to absorb the largest proportion of the external public economic assistance to developing countries. Most of this assistance in the past has been provided for specific projects, and the assistance has taken the form of financing from institutions such as the Export-Import Bank, the World Bank, the DLF, and ICA for the purchase of the imported components of hydroelectric dams, highway or railroad construction, or industrial plants, in the developing countries. By and large the local currency expenditures have been met from internal private or governmental sources. Moreover, as in the case of stabilization assistance, most of the long-run development assistance has been made available to governments or to quasi-public institutions. This is partly because most of the large projects are in the public sector of the economies and partly because much of the assistance to private industry or agriculture is channeled through government agencies. For example, governments may borrow abroad for the financing of capital equipment for industry or for agricultural implements to the rural sector which government agencies sell directly or through dealers to private firms or cooperatives. Alternatively, the loans may be made to the governments or to government development banks, which then make available the foreign exchange proceeds to other private or governmental