4. Conditions attached to assistance: Self-help, development planning, and economic and social reforms

The emphasis given to self-help measures in the President's foreign aid message of March 22, 1961, and in his alliance for progress address of March 13, 1961, stems from a recognition of two fundamental factors: (*a*) External economic assistance is mainly a means of helping people to help themselves, and the basic responsibility for achieving national economic and social welfare goals must lie with the developing countries themselves; and (*b*) basic economic reforms in the fields of taxation, land tenure, governmental administration, and social and economic justice generally are not only essential conditions for overall economic progress in many developing countries, but are indispensable for the realization of our political and social objectives.

In the past far too many of our aid dollars have been used in a haphazard way to provide temporary support to weak, corrupt, and unresponsive governments. While virtually all governments of poor countries regard economic development and social progress as a fundamental goal, many, if not most, have failed to formulate comprehensive programs and to take measures which mobilize fully the resources of their economies for the achievement of this goal. The political leaders of these countries exhort the United States and international institutions to provide more economic assistance, but they have not taken the steps which would make it possible for them to use economic assistance effectively and productively. Of course, they would all like large amounts of untied dollars or other foreign exchange for meeting balance-of-payments deficits, but aid provided in this way may either not promote economic growth or it may serve to prolong a condition under which some sections of the country or economic groups enjoy rapid economic growth and prosperity while others continue to stagnate.

Anyone who has traveled in Latin America is conscious of the dualistic nature of the Latin American economies. For example, in Venezuela, which has a per capita GNP of \$600–\$700 per annum (approaching that of some of the countries of Western Europe), only about 10 percent of the population (including the petroleum workers) enjoy relatively high levels of living, while the remaining 90 percent are little, if any, better off than the rural populations of most other Latin American countries which may have per capita incomes of \$100–\$200 per year. Nearly 50 percent of the population of Venezuela is illiterate, and most of the labor force in the rural areas is composed of landless workers or subsistence farmers. A similar picture of economic dualism exists in Brazil and Peru.

In the presentation of the administration's new AID program special emphasis was given to the need for development planning as against the financing of isolated projects which are not formulated within the framework of a broad economic program, and with only sporadic or discontinuous relationships between the various external economic assistance agencies and the individual developing countries. It must be recognized, however, that a development plan, no matter how well conceived, does not constitute a magic key or formula to successful growth. Most developing countries of the world have something which they call a development plan, but in most cases they are not based on an adequate survey of resources, on longrun projections of demand for commodities and services, on a properly