

A second reason given for having a large bilateral aid program together with a well-staffed mission in each country is that only by this means can the United States exert a larger leadership role in coordinating the assistance activities of all free world agencies, multilateral and bilateral. In other words, this assumes that the agency with the largest amount of money to spend, and perhaps the largest staff, will have the dominant voice in determining development assistance policies generally. We shall examine this argument in the following section.

The third reason for favoring bilateral over multilateral assistance is that it is easier to tie bilateral assistance to U.S. exports than in the case of financial contributions to multilateral agencies. This argument, of course, cuts both ways; that is, other countries providing development assistance on a bilateral basis are also tying their aid to their own exports. If we go on the assumption that the United States will provide the vast bulk of the development assistance, this argument has some merit. On the other hand, if in the longer run this is not true and if in addition the United States expects its exports to be competitive in world markets, it might be to our advantage to make our aid available on an untied basis through multilateral agencies. Finally, it is quite possible to tie contributions to a multilateral assistance agency to U.S. exports. For example, in the case of the Social Progress Trust Fund administered by the IDB, the dollars must either be spent in the United States or for making purchases in other Latin American countries.

While recognizing that the United States will always have need for a reasonable amount of aid funds to be employed directly as a tool of U.S. foreign policy, there are rather compelling reasons why we should move in the direction of multilateral administration of development assistance. First, we have come to recognize that the promotion of economic development requires a long-range program in which various types of aid are coordinated and employed to promote self-help measures in the developing country. In this context long-range development assistance has limited usefulness in achieving short-term political advantages or concessions from developing countries, which would be of special interest to the United States as against the general interest of the Western World in maintaining stability, independence, and democratically inclined governments in the less developed areas. In those cases where there are special U.S. political interests to be served, we should, of course, be prepared to promote them by supplementing multilateral with bilateral assistance.

A second reason favoring a move to multilateral assistance has to do with the longrun relative economic position of the United States vis-a-vis the rest of the free world. In spite of the rude shock caused by our balance-of-payments deficit and in spite of the high rates of economic growth in the industrialized countries of Western Europe and Japan relative to our own, the Government and the people of the United States are still somewhat inclined to view our economic power position as relatively little changed from that of the late 1940's or early 1950's. Although the job of keeping the free world free has grown enormously with the expansion of the economic and military power of the Sino-Soviet bloc, our own relative capabilities have grown weaker. Our gross national product as a percentage of the combined gross national product of the developed countries of the