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Economic Progress in the Developing Countries

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Introduction

IN THIS AGE of worldwide conflict over freedom and law before the apocalyptic backdrop of atomic weapons of destruction, the economic expansion of the leading industrial countries proceeds with breathtaking velocity. The economies of the industrially less advanced and of the purely agrarian and mining areas are growing also, but mostly at a substantially slower pace. Moreover, progress in public sanitation, combat against infectious diseases and the advance of medicine in general have slowly reduced mortality, in developing countries particularly, and have thereby accelerated the growth of population in such areas. Hence the social product per capita is growing more slowly than the gross national product.

The differential economic growth of the industrialized countries on one side and the agrarian countries on the other is not confined to their commercial and industrial spheres. Contrary to assumptions considered valid for centuries, agricultural production in the industrial countries has increased much more rapidly than in the majority of the agrarian countries, i.e., in the developing countries. Simultaneously,

the output of farm products in the industrial countries of the Free World—Western Europe, North America and Japan—has grown much faster and more consistently than in the countries of the vast Soviet realm extending from Helmstedt to Vladivostok.

Interdependence of Industrial and Agrarian Countries

In spite of these extraordinary developments the fact remains that the industrial and the agrarian countries are mutually dependent on each other in their economic performance as well as in the further healthy growth of their economies. Both groups of nations have a vital interest in an optimal exchange of goods and services. The industrial countries need agricultural commodities—food, feed and industrial raw materials—as well as ores and other raw materials from the developing countries. The industrial countries export to the developing nations goods for agriculture, forestry, fisheries, mining, construction, as well as for transportation and communication, and industrially produced consumer goods. The developing countries in turn need foreign markets for their exports of goods and services in order to earn the foreign exchange to pay for their imports and to service their foreign debts.

However, quite aside from this mutual interdependence between the Free World's industrial and developing countries, the former are motivated also by their political and military security interests in keeping the developing countries from becoming satellites of the Soviet powers. Self-preservation and the task of guarding the peace demand that nothing be omitted in supporting the fight against poverty, hunger, disease and illiteracy in the developing countries. In reality, neither this mutual interest nor the economic exchange of goods, services, technical knowledge and capital between the leading industrial countries and the developing countries is anything new or without precedent. Indeed, the economic history of the West, particularly during the last two hundred years, is to a great extent identical with the history of the industrially advanced countries' economic and technical assistance to underdeveloped countries. This assistance was motivated by wholesome self-interest. Among the underdeveloped countries have been the United States of America, and Canada, Latin America, the Balkans and Russia, just as large parts of Asia, Africa, and the Middle East now are.

Until World War I the United States was a capital importing country. The American railroads between the Atlantic and Pacific coasts were built just as much with British and Continental European capital and technical aid as were the railroads of Tsarist Russia, India, and Africa. Similarly with such aid, a large number of port installations, canals, and public utility enterprises (water, gas, and electricity) were built in the New World, in Asia, Africa and Oceania; and such capital and technical assistance developed the plantation economy (sugar cane, coffee, tea, cocoa, coconuts, palmoil, pineapples, rubber, sisal), the pastoral economy with sheep, beef cattle and dairy cows (wool, lamb, beef, butter, cheese, hides), and the mining and petroleum industries in overseas areas.

To that chapter of assistance to economic progress in the underdeveloped countries in Africa, Asia, Oceania and Latin America, the German nation contributed its worthy share up to World War I. After the two world wars, in the course of the dissolution of colonial domination and the granting of political independence to nearly all developing areas, the countries of the Free World and newly created independent agencies of the United Nations initi-

ated large scale support of economic progress in the developing countries. Thus, during the years since the Korean War the industrial countries of the Free World have made over fifty billion dollars of capital available to the underdeveloped countries. Aside from the aid of the industrial states, a number of international agencies are active in providing long term capital aid. The International Monetary Fund, the World Bank, the International Finance Corporation, the International Development Association, the Development Committee of the OECD, and the Development Fund of the European Economic Community are the most important capital-providing agencies. The capital aid of the Free World to the developing countries has increased from year to year. In each of the two years 1961 and 1962 it amounted to more than eight billion dollars (1961—eight and four-tenths billion dollars; 1962—eight and seven-tenths billion dollars). More than 40 per cent of this sum was made available as grants or gifts.

In spite of this capital transfusion of major proportions the problems of effective support of economic progress in the developing countries are a serious concern to the leading powers of the Free World. There is no lack of motivation or determination to offer active help. However, since nearly all developing countries are politically independent, the actual effectiveness of industrial countries' willingness to give assistance requires the positive collaboration of the recipient countries and their prudent utilization of the aid. In spite of the sovereignty of the developing countries' governments the responsibility for success or failure of development aid rests primarily upon the countries and organizations that make it available, for two reasons: first, because they have greater historical experience and greater freedom in the choice of methods toward development; and, second, because the aid depends on resources which are scarce in all parts of the world.

Diversity of the Developing Nations

In order to indicate the multiple facets and the complexity of the world-wide situation, a few characteristics of the deceptively uniform concept of "developing countries" must be mentioned. As previously stated, these countries comprise many new political units which were formerly dependent colonies and have received their independence from their mother countries since World War II. Ten years ago they had more than 850 million inhabitants. But there are also many other developing countries which have been independent states with parliamentary government for generations. Among them are highly civilized countries of old civilizations, but among them also are others with a minimum of national solidarity, countries where the minimal prerequisites of political, social or economic stability must still be created. Some of these countries have a multitude of languages, or even if they have one common language their population is split wide open by racial or religious disparity. In their geographical location the peoples of the developing countries are scattered across all climatic zones, from deserts to tropical rain forests, and across all topographical sites, from level plains and valleys to high mountain ranges. In their access to the World Market by low-cost maritime shipping these countries again are at extreme variance. Hence, all generalizations concerning the natural resources of the developing countries deserve to be treated with utmost caution.

This is even more true of the evaluation of the potentialities for economic development. Some developing countries have a comprehensive public school system which

is being built from the foundations or is already functioning in its full structure, but do not have an educated middle class or an elite of educated citizens. In other areas there is a leading social stratum of young politicians, civil servants, and scientists, chiefly educated in European universities or colleges, while the education and training of the majority of the existing manpower leave much to be desired. There are developing countries with an orderly, stable and clean public administration—and there are others with corrupt politicians, civil servants open to bribery, seething social revolt, active terrorists and ominous insecurity. There are developing countries with stable, hard and freely convertible currencies, and there are others with hectic inflation and a flight of indigenous capital to industrial countries. Naturally, under such an enormous variety of conditions the prospects for economic progress—with or without foreign aid for development—differ greatly from country to country.

Responsibility of Donor Nations

Moreover, it is a grievous error to assume that the problems of aid to underdeveloped countries are identical with those of the Marshall Plan, which was so eminently successful. In the countries which are in the process of transition to the division of labor and the market economy, the task of advancing economic progress reaches into dimensions other than the purely economic aspect of the life of a national society.

All this makes it so much more important for the aid-granting states of the Free World to have a clear vision concerning their common, overall goal of a policy to development assistance and to properly coordinate the measures taken by each nation. This goal cannot be purely materialistic gain—such as, a plan to produce *x* tons of steel or cement in a minimum of time—or the leap in nationalistic prestige signified by a country's own steel factory. The only worthy goal of an economic policy based on respect for human dignity is the creation of optimal conditions for the people, under which individuals are able to develop the gifts and talents with which their Creator endowed them, and to unfold their personalities with responsibility and self-discipline in the service of their fellow men. Economic policy must be oriented toward offering human beings optimal opportunities for the self-fulfillment and pursuit of happiness to which they aspire. According to the faith of the Free World, which has pragmatic sanction from the solid experience of centuries, free people are incomparably more productive in their work than forced laborers. Thus, respect for human dignity is not only the essential ethical foundation of the political philosophy of freedom, but it simultaneously guarantees the greatest possible economic productivity of human resources. For this reason, the effectiveness of development aid, from the standpoint of the grantors, must not be undermined by coercive collectivistic policies or other coercive methods of state capitalism.

Quite aside from humanitarian principles concerning the rights and duties of the individual person, it must be the goal of development aid to contribute to the emergence of free and independent nations which will be capable of standing economically on their own feet and to lift the level of existence of their citizens.

Responsibility of Recipient Nations

Unfortunately in extended parts of the world the minimal prerequisites of a state of law and order, which are so essential for any stable and vigorous economic development do not exist and are not yet

fully recognized as essential. Among them is, first of all, security of life, liberty and property of the citizen. In the legal framework of the economic order the institution of private property in means of production and natural resources, including land, must guarantee freedom of enterprise. People must be free to choose their vocation, their employer, and their location. Traffic and markets must function under enforced rules, and public health must be protected by enforced sanitary regulations. Economic progress can proceed only in states where these foundations of economic order are not only printed on paper but have the full sanction of law enforcement.

Many specific factors are responsible for development. But among them a few have the broadest influence of all. The morals of work and life of the individual, the family, and the community have a high rank, and with them the prevailing measure of self-reliance, thrift, sense of orderliness, and will to help one's fellow man. How much productive work is possible within a given social atmosphere will then depend on the existing capacity for good husbandry and managerial ability. This capacity comprises first, the ability to determine and to adjust the structure and proportions of an enterprise, irrespective of whether it be a household, a midget farm, or a large-scale enterprise; second, the ability to operate the enterprise throughout the year, and to direct and control its functions; and third, the skilled performance of the necessary kinds of work. *The total sum of this capacity in any human association, which is inherited and which is continually being augmented by migration, experience, education, training, research, and invention, is by far the most decisive part of productive capital. It is the core of any society's assets in human resources.* Neither the possession of fertile soil, nor the presence of huge deposits of minerals deep in the earth, nor wind, nor hydropower as such give any assurance that the inhabitants of the area will not vegetate in abject poverty. It is not the environment or the material circumstances that determine the rise or decline or stagnation of the welfare of people, but their own willpower, determination, and doggedness in their pursuit of well-being.

Levels of Development

The dynamic process of economic development has consisted at all times and in all countries of an increasing division of labor, resulting in more and more refined vocational and professional specialization, and a consequent increasing exchange of goods and services in the market. Inseparable from this process are continually improved tools and supplies, increasing mobility of men and materials, and the use of mechanical power. All this requires capital formation and capital use. The resulting increase in productivity is inseparable from an acceleration in exchanging goods and services in the market. Economic growth leads in a relatively short time to an increase in turnover in the market.

In appraising the economy of predominantly agricultural countries it is, therefore, a serious error to assume that the entire economic output or social product of the agricultural part of the economy can be measured by the value of the farm products sold in the market. Since the "underdeveloped economy" is by definition functioning primarily by the work of self-suppliers or self-supporting units and can therefore have only a relatively small proportion of market exchange, it is discovering the obvious or repeating the definition if one proves statistically that this part of the

output is small. The error is, however, not only in degree but in substance.

In an economy with a dominantly agrarian structure agriculture is the compounded industry which contains the nuclei of all other industries. The farm people are performing scores of types of work which eventually become the domain of specialized crafts. They build barns, huts and houses, bridges, fences, and dams, dig peat, wells, ditches, pave roads, cut cordwood, construction timber, and lumber, make ladders, harrows, rollers, furniture, plant fruit trees, oilpalms, rubber trees; they spin, weave, dye, launder, make clothes and shoes, soap and candles, bake bread, churn butter and make cheese, slaughter cattle, smoke and pickle fish, venison, poultry and meat, store potatoes, fruit and vegetables and preserve them. They transport all sorts of materials as well as people and animals by means of beasts of burden, or draft animals. Farm people educate children and give the young people training in different skills.

The overwhelming portion of those goods and services which comprise the real national product is consumed on the spot by those who produce them. The attempt, therefore, to measure the real income of people living in this sort of rural existence by the yardstick of a highly developed transportation and market exchange economy with its specialization of all activities—the yardstick of market turnover—is an experiment with unsuitable tools and can lead only to totally misleading results.

The most serious result of this error is, however, not the general acceptance of absurdly low figures for the average per capita income of large countries, but the unrestrained exaggeration of what is called general mass poverty and the derived assumption that in such countries there is neither capital in existence in agriculture, nor any possibility of forming capital in agriculture. The fact is that draft animals and all other livestock, stocks of seed, food and feed commodities, farm tools and implements, including particularly the costly transport rolling stock, as well as all improvements on land, buildings, fences, pavements, wells, bridges, trees and shrubs represent capital that is continually being formed in agriculture. Therefore, summary statements about the impossibility of forming capital are little but theoretical ivory-tower abstractions that serve only to confuse the issues and to spread pessimism.

The use of statistical averages for large and populous countries further conjures up the equally unrealistic impression of a village society with all its members existing on an identical and equal level of misery. In reality, I have seen in my travels of several decades on all continents hordes of people who were bitterly poor, but nowhere was there a uniform level of poverty.

In discussing development aid it is furthermore generally accepted as a fact that in countries with a high proportion of illiteracy no progress is possible until a comprehensive public school and higher education system have actually abolished illiteracy. While we are all agreed that a broad general education is a vital necessity for social and economic progress, it is also true that it will take considerable time until the majority of the people will be able to read and write. The assumption that it is impossible to teach illiterate people better methods of work, better skills, and thus to increase their productivity runs counter to all experience. It is a fact that at a time when the majority of those on American farms were still illiterate, the productivity of farm labor was already increasing substantially. If it were true that the inability to read and write were identical with absence of intelligence, alertness, curiosity or articulation, there would be no hope for

progress in such countries. How could one ever make people literate? In reality, the illiterate part of the population in many countries is of normal intelligence and is, therefore, receptive to the direct transmittal of practical knowledge and know-how by spoken communication, by radio, or by demonstration, visual aid displays, and films. One does not need symbols on paper to pass on to small farmers methods of effectively eradicating rats and other rodents, or of using improved seeds, pesticides, weed killers, or commercial fertilizers. It has also been proved that one does not need them for casting ballots for electing representatives.

Developing Policy

In executing a policy to aid economic progress in developing countries the question immediately poses itself, where should one begin—in industry or agriculture? According to widely held views, all aid should go exclusively to industry, transportation and energy supply, because industrialization is said to be identical with economic growth. Indeed, some go even further and demand that, in order to accelerate economic progress, capital formation for the infra-structure and investment in industry be imposed by the State upon the farm population. This policy of confiscating a substantial part of the income which in a consumer-oriented market economy is earned by the farm population is not only the brutal development policy of the Soviet realm, but has for a long time been adopted in the planned economies of various African and Latin American states, frequently under the camouflage of price-stabilization or differential foreign exchange rates. But it is one of the basic facts of economic reality that if a nation's agriculture is to be efficient in the use of land and manpower it needs more capital per worker than nearly any other branch of the economy. It is merely the logical result, therefore, when agricultural output limps behind the other parts of the economy in all those countries where it is hobbled by a policy that squeezes capital out of agriculture instead of giving the farm population the freedom to save and accumulate capital of its own, and making additional loan capital available to farmers. The further result of such policies is that the shortage of indigenous food supplies caused by the constant bleeding of agriculture impedes a more balanced development of the entire economy.

The decline in the rate of economic growth in Soviet Russia during the last two years to 2.5 per cent per annum, or to less than half the rate of the United States, or to one-fourth the rate of growth in the economy of Japan, demonstrates the weakness of this coercive power policy, which above all involves the enormous cost of unlimited suffering of the rural population. The well known failure of Red China's coercive policy, with its deep animosity toward the farm people, led to a decline of 30 per cent in industrial production from 1959 to 1962. The cause of this decline was the same as in Soviet Russia.

It is axiomatic that economic progress in developing countries, particularly when the process is initiated in industry, trade, commerce, and transportation, simultaneously requires a consistent improvement in the productivity of labor in agriculture. Farms must supply the increasing demand for food, feed, and fibers for a growing population with a rising per capita income and the resulting shift to food of a higher value per unit. The farmer must at the same time strive to lower the unit costs of production, particularly the cost of marketing. In addition, agriculture must earn foreign exchange by export of farm products. Agriculture must also offer to the ris-

ing crafts and industries of the nation an expanding market for farmers' needs—i.e., producer goods and general manufactured consumer goods—while it must transfer manpower that is set free by the increasing productivity of farm labor to the urban parts of the economy.

In the developing countries rising agricultural productivity cannot be separated from general economic progress. Even with maximum speed of industrialization, two-thirds of the people in most of those countries will still have to earn their livelihood in forms of rural farm existence. If their welfare is to be energetically improved and their poverty diminished, economic and social change must not be confined to the cities; it must from the very beginning become effective and visible especially in the villages. The exodus of people from farms into appalling big cities and suburban slum areas would be adjusted to more reasonable internal migration if living and income-earning conditions in the villages were improving while the necessary expansion of industry proceeds. There is little excuse for having millions of rural *nouveaux pauvres* in the wake of thousands of *nouveaux riches* promoted by lopsided planned industrialization.

Repercussions of Price-fixing

Before and after World War II, in direct response to public price guarantees at levels substantially above equilibrium between supply and demand, agriculture in North America, Australia and New Zealand has produced enormous surpluses which, through price-support purchases, have landed in Government granaries. Western Europe is moving rapidly in the same direction. This accumulation of burdensome excess supplies is not—as must be emphasized—the result of the policy of giving income support to agriculture. It is exclusively the result of the unfortunate and ill-conceived method chosen for income support, namely the fixing of prices and the implicit fettering of the price mechanism in the market. This enormously costly stockpiling of exorbitant proportions by the state has led first in the United States, then in the United Nations and its Food and Agriculture Organization, to the idea of granting development aid in massive proportions in the form of gifts of food or of subsidized credits in kind—namely surplus commodities. The highly desirable aid by private charity organizations, which succeeds in bringing help directly to the poorest of the poor, has been outdistanced by the mass transfer of goods from government to government, although private charity also gets a share. Under the American "Food for Peace" program not less than 1.2 billion dollars worth of farm products has been delivered primarily to developing countries since 1954, partly as outright gifts, partly at far below normal trade conditions. Experience with this program, however, has merely supplied solid evidence for what sober and unprejudiced evaluation of probable effects and repercussions foresaw before the program began.

If the developing countries are to gain economic strength as well as maintain their political independence it is mandatory that they have a wholesome commercial exchange of goods, services, and capital on a truly competitive basis with the industrial countries. It is a non-debatable fact that nothing accelerates economic development more than prosperity of foreign trade. At the same time it is impossible in any country to distribute farm products obtained as gifts or acquired at far below competitive prices via detours in the domestic market without causing undesirable side-effects. Moreoever sub-

sidized export-dumping is the diametric opposite of what an optimal volume of international trade demands. This deserves particular emphasis in the year of the Kennedy Round in the GATT negotiations. As a temporary expedient in an emergency it may be permissible to dispose by unrequited gifts of food stockpiles which cannot otherwise be liquidated due to price fixing. But, to establish as a permanent agricultural policy something that has developed only as a painful correction of a temporary situation violates all economic reason. Those surpluses or excess stocks are not the result of anybody's intentions or will. Yet they are most conspicuously and durably existent. They not only cause exorbitant costs when they are acquired, stored, revolved, transported, and in the process of being given away as gifts, but they lead inevitably to the undesirable bypassing of the ordinary market. Of 5 billion dollars total agricultural export of the United States in 1962 no less than 30 per cent was disposed of at other than normal commercial trade conditions. This whole operation is something basically different from necessary aid action in cases of disasters or passing emergencies.

There circulates at present the not only utopian but dangerous idea of assisting the developing countries permanently by forcing the agricultural out-put in industrial export countries by maintaining farm prices at excessively high levels and donating the thus artificially created excess supplies perpetually as gifts. The proponents use chiefly two dubious arguments in support. They assert, first, that one-half of all people on this earth are suffering today from hunger, i.e., severe shortage of food calories, or from an unbalanced diet according to medical standards. They claim, second, that until the year 2000 the population of the earth will grow probably faster than the output of food.

As to the first argument, it may be said that there is no better proof of the absence of famine of any serious extent in the Free World than the fact that it is exceedingly difficult to place large quantities of cereals even as free gifts. At the same time nobody disputes the claim that the diet of the people, particularly in underdeveloped countries, is amenable to qualitative improvement and in certain countries is in need of being improved.

With reference to the completely vague speculative statistical projections concerning population growth in the next thirty or forty years, it deserves mention that —according to the unanimous appraisal of all experts—there are no compelling reasons why even the estimated future maximum demand cannot be satisfied by increasing production in the developing countries. What is needed for the necessary increase in output is the application of the advanced techniques, cultural practices and harvesting methods which in parts of Western Europe, Japan, Taiwan, the U.S.A., Canada, New Zealand and Australia are in general use in crop production and in breeding, keeping, and feeding farm animals. All the great achievements of scientific research and production techniques in forestry and farming, in horticulture and the modern market economy in general, which have involved enormous costs, *are available free of charge to all developing countries.* A sort of magic free cafeteria service would mean for the giver-nations an extravagantly costly detour in development aid, and for the recipient countries a temptation to tackle the most urgent tasks halfheartedly or to postpone them altogether—something that would lead to dependence on the givers. Moreover, this sort of aid has been discredited in the eyes of some developing countries by the fact that the farm population of the recipient countries considers it a by-prod-

uct of internal policies of the donating countries and, due to subsidization, a form of unfair competition by foreigners in their own market.

The Outlook

In conclusion, it can be said that the future course of development aid policy calls for planning with a warm heart and a cool head. In the interest of continuity, improving effectiveness, and urgently needed thrift in the use of scarce means, it must, aside from capital investment, concentrate primarily on making professional advisory and training personnel available for service in the developing countries and on training professional manpower from those countries. The investment of capital must be, if it is to be successful, the task of private enterprises because this secures the immediate assignment of highly qualified experts as well as the availability of the specific accrued capital of experience and judgment needed for each project. These extremely scarce professional experts and this sort of cautiously guarded capital of experience are not available in the hands of governments—not in the industrially advanced countries and even less so in the developing countries.

In this sense it is one of the most promising ventures of the Free World that some time ago in Paris leading American, Canadian, West European, and Japanese industrialists and bankers launched the Atlantic Community group for the Economic Development of Latin America (ADELA) with headquarters in Paris. They had the support of the Organization for Economic Cooperation and Development (OECD) composed of twenty nations, the Inter-American Development Bank and the Organization of American States (OAS). This new, private consortium on investment counts on a participation of forty million dollars from business enterprises in the United States, Canada, Western Europe, and Japan, and expects to make loans of two hundred million dollars available.

For the success of all investment of foreign capital it is just as essential that the road be paved to the gradual acquisition of shares by citizens of the developing country as it is to secure protection against confiscation by the government.

The more efforts to make capital available for an acceleration of economic development succeed the more it becomes important to direct properly the utilization of the knowledge and skills of the more advanced countries by means of trade school courses, training on the job, practical demonstration and pilot plants.

It is advisable to recognize that in coping with this sort of program all industrial countries are still in the midst of experiments and learning. Yet it is certain that the ability to speak the language of the host countries is a first prerequisite for the prospect of success of the technical advisers. This holds true nowhere more than in Latin America. To get the feeling for the existing economic system and its legal framework, the mores, customs, the taboos of the society and consideration of national, racial or religious sensitivities and to make proper allowance for enough time for such studies are further important requirements. Next to them top priority should be given to the search for the smallest means which promise to augment the intelligently defined real income of the majority of the farm population most effectively and consistently under the given specific circumstances. For this task there is a crucial demand for experts of several disciplines, and particularly responsible experts who are more interested in the practical application of knowledge and skills than in sophisticated intellectual acro-

batics. Due respect for the complexity of the task demands that technical advisers and project leaders must not be made available only for weeks or months but for at least two or three years, and that they live in the midst of the human association for whose members' welfare they are concerned.

One of the finest examples for immediately effective technical development assistance which I have seen in recent years was the work of a team of four German masters of crafts in Katmandu, the capital of Nepal, in the Himalaya Mountains. Those most knowledgeable technicians, with a wide range of refined skills, one specialist each for leather work, carpentry, machine shop, and sheet metal or tinsmith's work, lived there with their families for several years. They operated the Ford Foundation's craftsmen trade schools with trainees who were craftsmen from distant and remote mountain villages and had a truly respectable success and spontaneous and enthusiastic approval.

Success or failure of a development program will not be determined by the number of technical assistance personnel made available or the number of the trainees enrolled. What really counts is the initiation of that vital self-regenerating and continuing process of increasing the productivity of the work and the ensuing lifting of their welfare by the people themselves.

In the interest of progress toward this lofty goal in this restless, turbulent phase of history, it appears to me as of supreme importance that, in prudent restraint, the statesmen responsible for the strategy of development aid do not conceive it as a permanent institution of increasing magnitude, but as a limited activity of high quality which will eventually become self-liquidating as it succeeds. This strategy must be guided by the endeavor to help developing countries as soon as is feasible to develop their own professional and skilled personnel and to put them into the saddle. In spite of the multitude of hindrances and many disappointments, the leading countries of the Free World have had pioneering success in their assistance to economic progress in the developing countries, and they are well on their way to render such aid more effective and less costly.