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# The Case for Qualified Optimism

by Paul G. Hoffman,

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**D**eep concern is felt about the progress achieved in the first Development Decade and about the problems to be faced in the second. Put another way, it seems clear that governments of both the richer and the poorer countries are looking at the past with some disappointment and at the future with many doubts.

Obviously, there is cause for concern. It is indeed tragic that hundreds of millions of people throughout Asia, Africa, the Middle East and Latin America have not been able to banish from their lives the hateful presence of poverty. It is indeed disturbing that the world as a whole has not been able to dispel the grave threats to peace which poverty and poverty of opportunity still generate. And it is, to say the least, distressing that full international cooperation in development and development assistance has still not been achieved — even though all nations have time and again agreed that world-wide economic and social progress is one area where their interests absolutely coincide.

## **Optimism for the Future**

Granted all this, when I look back at the road we have travelled since 1960 I am encouraged rather than disheartened. And when I consider the opportunities offered by the coming decade of the seventies, I feel more hopeful still. This optimism is by no means unqualified. It is based

on intangible factors as much as on hard evidence, and it is hedged around by many „ifs“ and „buts“. Nevertheless, I believe that we have during recent years laid the groundwork for eventual victory in the war on global want. More important still, I believe that as a result of this foundation-building we are now in a position to make major and relatively rapid progress against hunger, disease, ignorance, unemployment and many other specific causes of human frustration and suffering.

Moreover, I believe that we have an obligation to give these accomplishments due weight—not in any spirit of complacency or self-congratulation—but because undue disillusion with the effectiveness of development aid and undue discouragement with the pace of development progress show signs of seriously endangering the entire development effort.

## **Growing Realization Since 1960**

There has been a growing realization that every nation, rich or poor, has an equal stake in the success of global development and that, consequently, the responsibility for speeding development progress rests with equal weight on all countries. This realization has, among much else, made possible the evolution of the United Nations Development Programme into a full and true partnership — a partnership in which countries receiving the UNDP's aid themselves bear more than half the costs involved.

\* Slightly shortened version of a statement of Paul G. Hoffman to the 23rd Session of the General Assembly Second Committee, United Nations, on November 11, 1968.

Second, there has been growing realization that poverty in the low-income nations does not stem from any lack of either natural or human resources but from a great under-utilization of those resources. In fact, it is generally accepted today that the developing countries are currently able to employ only about 20 p.c. of their natural resource potentials and 10 p.c. of their human productive capabilities. This leaves 80 p.c. of the developing world's natural wealth and 90 p.c. of its man-and-woman power as yet untapped. The work of the UNDP is specifically designed to help each low-income country convert its latent potentials into fuller productivity. Thus verification of the fact that such vast resources exist means validation of the basic premises which led to the establishment of our Programme.

Third, there has been a growing realization during the 1960's that adequate pre-investment and technical assistance play a unique and indispensable role in the whole development process. Pre-investment assistance, it has come to be appreciated, is not simply a means whereby low-income countries can become able to attract—on a sound and business-like basis—the large amounts of capital investment they require for rapid economic progress. It is also the means by which these countries become able to use external capital, domestic capital and all other available growth assets with maximum effectiveness. Since the UNDP is the world's largest single source of multilateral pre-investment aid, and since it provides such assistance to more countries and in a broader range of fields than does any other programme, its activities have assumed since the start of this decade a steadily increasing significance.

#### **World-wide Work of the UNDP**

A report on growth in the world-wide work of the UNDP outlines what was accomplished during 1967 and the early months of 1968—in carrying out large-scale surveys of natural resources and assessments of their economic value, in strengthening educational and training institutions throughout the low-income lands, in creating new facilities for applying science and technology to major development problems, in improving development planning, providing fellowships for advanced studies abroad, and performing many other essential tasks of pre-investment and technical assistance. The report further describes some of the difficulties encountered by our partnership and the steps it took to resolve those difficulties, as well as the measurable results achieved in stimulating follow-up investment and in other key areas of the Programme's work. It also demonstrates the broad range of knowledge and skills brought to that work by the 15 international

agencies which actually deliver to the low-income countries the services financed by the UNDP.

#### **Growth in Total Commitments**

The UNDP's origins go back almost 20 years to the establishment, in 1950, of the Expanded Programme for Technical Assistance. This was a modest beginning, for in its first operational year EPTA's total authorized programme commitments—including counterpart support by recipient countries—came only to an estimated \$10 mn. In 1959, when the United Nations Special Fund was created, the combined comparable programme commitments for pre-investment and technical assistance work rose to a figure of \$129 mn. This year, under the auspices of the UNDP, the total has grown to \$467 mn.

The Programme's growth is further illustrated by the growing volume of goods and services furnished to the low-income countries. In 1950-1951, under EPTA, some 800 international experts were sent into the field, while a slightly larger number of fellowships for study abroad was provided to developing-country men and women. Some \$300,000 was spent on subcontracts and equipment for programme work. By 1960, with the advent of the Special Fund, the figure for expert assignments rose to 2,340, for fellowships to just over 2,000, and for subcontracts and equipment to \$3 mn. Data for 1968 are not as yet complete. But as closely as we can estimate, there will be over 8,000 expert assignments, while 6,300 fellowships will be made available. Expenditures for subcontracts and equipment should rise to \$51 mn., a 17-fold increase over the first year of the Special Fund.

This growth in total commitments and in goods and services provided has been made possible in part by a steady increase in voluntary contributions from nations at all levels of development. Rising from \$20 mn in 1950, to \$55 mn in 1959, and to \$183 mn in 1968, contributions to our central resources may, there is reason to hope, top the \$200 mn annual mark when all pledges for 1969 are in hand.

#### **Measured Results of Aid**

These inputs of material and human resources have shown measurable results. At the end of 1967—the latest date for which firm figures are available—over \$2,000 mn in follow-up investments had been directly or indirectly stimulated by UNDP-supported pre-investment activities. And it is noteworthy that more than 40 p.c. of this amount was raised in the same low-income countries where the money is now at work to expand power-generating facilities, increase industrial and agricultural output, and create new transport and communications networks.

Moreover, in addition to the 40,000 fellowships granted for study abroad by the UNDP and its predecessors, ten times that number of men and women—some 400,000—have been trained for essential occupations in their own countries. Among them are nearly 65,000 engineers and technicians; over 45,000 managers, supervisors, marketing specialists and skilled workers; more than 50,000 industrial and vocational instructors; almost 18,000 specialists in public utilities and services; some 10,000 secondary school teachers and 6,000 administrators and development planners.

### **Projection of Developing Country Needs**

But our basic concern is with the future and not with the past. Reflecting this, the Governing Council of the United Nations Development Programme some time ago requested that a study be undertaken to establish the size and nature of low-income country needs for UNDP assistance through the end of 1970, as well as the capacity of the Programme and the participating agencies to provide substantially increased services. The first phase of this study—a projection of developing country needs—was completed during 1967. The second phase, which deals with the capacity of the UNDP system, is now underway.

Data for the study were compiled from two separate sources—the participating agencies, and the UNDP's resident representatives in 18 countries which were considered to form a good model of the low-income world as a whole. Both estimates must be taken with some reservations, as must all calculations in this highly complex field. Still, the study can be accepted as showing—with reasonable reliability—the magnitude of valid needs for UNDP assistance.

Significantly both the agency and the Resident Representative estimates for the 1968-1970 period show a very large increase over the previous three years. Even the smaller of these two projections—that of the Resident Representatives—calls for average annual earmarkings from 1968 through 1970 of \$ 425 mn. This is double the annual figure for 1965 through 1967.

### **Pre-Investment and Technical Assistance ...**

There is independent confirmation of this need to greatly increase pre-investment and technical assistance both from the UNDP and from other sources. Analysis of those developing countries in which GNP has shown an annual growth rate of 5 p.c. or more during the 1960's reveals that the flow of external resources to these countries has been roughly twice as large as that to countries registering lower growth rates. Accordingly, Mr Robert McNamara, President of the World Bank, hopes to double capital investments by the Bank—and there is general agreement that all

external resource flows should be similarly doubled. Yet given the present levelling-off in governmental assistance from the richer to the poorer countries—a trend which, realistically speaking, will probably not turn upwards greatly in the near future—it is only logical to assume that much of the added resources needed by the low-income nations will have to come from loans granted at normal commercial rates and from public and private investments. This will require the opening-up on a very large scale of sound investment opportunities for which, in turn, a large-scale increase in pre-investment work is an absolute prerequisite.

### **... and Knowledge Assistance**

Nor does the case for increased pre-investment end here. Consider, for example, the unquestioned need to raise the developing world's agricultural output. Money alone will never get this job done. What is required as well is knowledge—knowledge of the potentially productive acreage that is now lying completely fallow, knowledge of the cultivated acreage that is being inadequately farmed, knowledge of the requirements for fertilizers and for irrigation that can make these lands more fruitful, knowledge of modern agricultural techniques and of potential marketing opportunities. Essential, too, is the development of hardier, more productive crop strains—of more nutritious food for livestock—and of improved veterinary services. The list goes on and on. It includes work-oriented literacy training for farmers, specialized training for agricultural extension workers, the improvement of rural opportunities and living conditions, and a great many other items. All of these areas, it should be noted, are the province of pre-investment and technical assistance; and all of them are fields of activity for the United Nations Development Programme.

Then there are the problems faced by the low-income countries as they strive to create a diversified industrial base. To succeed, they need more than grants or loans for building factories. They need to know what raw materials are locally available, and the costs and methods of extracting them. They need to know what possibilities exist for profitable export sales and how to exploit these opportunities. They need skilled personnel at every level from the entrepreneur to the worker on the assembly line. They need improved urban housing and better health services for their industrial labor. They need economical fuels and efficient power grids; new railroads, highways and waterways and transport equipment for all of these. They need the capability to plan on a regional basis so as to avoid wasteful competition. Again, this is only a partial listing. Yet in every one of these areas, the low-income countries require growing pre-investment assistance and in every one they are requesting more of

it from the United Nations Development Programme.

### **Realigning of Organization at UNDP**

What applies to agriculture and industry applies in equal measure across the whole broad spectrum of economic and social development. I would simply add here that in addition to the growing need for UNDP aid, our Programme is challenged by the growing capacity of the low-income countries to make use of such aid in ever more varied and sophisticated forms. The current study of the UNDP system's ability to deliver an increased volume of services will, of course, also deal with this qualitative aspect of the problem.

The new programming procedures under which technical assistance requests are now being considered as soon as received—rather than on the previous biennial basis—are, I believe, a particularly important forward step. So, too, is the creation of a Development Finance Service to explore and exploit all possibilities for follow-up financing of our pre-investment work, as well as the fact that summaries of preliminary findings are now being issued on investment-oriented

projects. Finally, there is the addition of the United Nations Industrial Development Organization, the African Development Bank and the Inter-American Development Bank to the roster of international agencies participating in our Programme.

### **Development of Man's in-born Potentials**

Ahead of us lie difficult, if hopeful, years. These years will confront us with hard problems and hard choices. But I venture to suggest that we will find the problems easier to solve and the choices easier to make if we constantly remind ourselves that our concern is not with poverty but with people. Poverty is an abstraction, poor people are a living reality. Thus the goal is not to build elegant economic models, not simply to trace upward lines on the chart, not just to increase GNP's, improve trade balances, or better any statistical index. The goal is to meet human needs, to give each individual among hundreds of millions of the poor a chance to build a life that is really worth living. This is the true goal of the business we call development. It is also, I think, a guideline to practical action and not simply an ideal.

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