

## ‘‘POINT FOUR’’

### OUR CHANCE TO ACHIEVE FREEDOM FROM FEAR

and

#### What YOU Can Do About It

Fellow Citizens:

Whatever our individual circumstances, we all have one thing in common—over all of us hangs the fear lest forces beyond our control destroy whatever security we have been able to achieve for ourselves and our families.

*There is a way for us to lighten this burden of fear. There is a way to lessen the danger of war and to prevent an economic collapse here at home.*

*There is a way to reverse the present drift toward disaster.*

Almost a year ago *the way out was indicated by President Truman, in these words:*

“More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas.

“For the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people . . .

“We must embark upon a bold new program . . .

“We should make available to peace-loving peoples the benefits of our store of technical knowledge . . . and, in cooperation with other nations, we should foster capital investment in areas needing development. . . .”

The way out of the cold-war in which we are floundering—the way out of the depression toward which we are heading—lies in the carrying out of this wise and statesmanlike utterance.

A year has passed since these words were spoken.

Where is the bold new program of action to give these words life and meaning?

The Administration has placed before Congress a so-called “Point Four” proposal. It is neither bold nor very new. It is too narrow in scope, too

restricted in function and too niggardly in means to accomplish more than a small part of the President's purpose.

This proposal is molded in the pattern of bargain-basement diplomacy which has wrecked all our best-intentioned efforts—the pattern of trying to make one dollar do the work of two—of sending out a little boy to do a man's work. This pattern of penny-wisdom has wrecked our loan to Britain, has contributed to the failure of our policy in Asia and is in danger of wrecking the most constructive post-war effort we have undertaken—the Marshall Plan.

This bargain-basement diplomacy has not only squandered our resources but weakened the ties of friendship between us and the nations we have sought to help.

As it stands, the Administration's "Point Four" proposal will merely build another half-bridge that leads nowhere.

But the President's purpose can be carried out if the proposal is amended. Whether it is amended—whether "Point Four" becomes a milestone in the World's progress toward peace, or merely another brave intention wrecked by penny-pinching, timidity and lack of vision—that is up to us as citizens.

There isn't much you and I can do about this if we act merely as individuals. But, if we act together, we can see to it that a timid little plan becomes a truly "Bold New Program".

That is our great opportunity—to make "Point Four" the turning-point in post-war history.

Effective citizen action will demand a certain amount of citizen homework. To make this homework as easy as possible, I have tried to pack into a pamphlet of three chapters (62 pages) the information I think you need to make up your mind whether the effort is worth-while. You will find in this pamphlet, first of all, a brief discussion of the possibilities of citizen action; next, an analysis of our present foreign policy and a statement of why I think it has not led to peace; and, finally, the constructive alternative which could be developed out of the President's "Point Four" proposal. You will find also the text of the pending Bill and a specific indication of the type of amendments which I think are needed.

There are few moments in history when citizen action in one nation can decisively influence the course of world events. You and I are living through one such moment now.

JAMES P. WARBURG.

New York City,  
Dec. 1, 1949.

(The foregoing statement has appeared as an advertisement for the second edition in the *N. Y. Times*.)

## A Call to Action—

American citizens have the power to shape their own political destinies. Nowhere is this power more in need of proper expression right now than in the formulation of a sound foreign economic policy. For in these next two years—1950 and 1951—our Congress and our Government must decide the fate of the Marshall Plan and establish its immediate successor.

Some form of international economic cooperation is here to stay as the foundation of our foreign relations. But *what* form it will take is still undecided. Will the Marshall Plan blend neatly and fully into a much-broadened concept of Point Four, the “Bold New Program” of President Truman’s heartening challenge, one which not only takes into account the needs of the underdeveloped areas of the world, but which is premised on the interdependence of all nations? Will our new economic policy develop a program of mutual aid administered through United Nations agencies to the fullest extent possible, a program which enables governments to improve the welfare of their people? Will this economic policy be the expression of the best thought and loftiest aspirations of the American people?

Only a positive declaration of our faith in mankind and a practical application of that faith through well-conceived international economic measures will meet the need of these days. In it are the hopes for attaining peace.

It is this big effort that we Americans are urged to make by James Warburg’s pamphlet. As persons, we can do much or little according to our individual strength. But as a collection of like-purposed people we can exert the deciding influence on our Congressmen and Senators and on our Administration in Washington. This pamphlet extends an invitation to all people of good will to act in effective concert right now. We commend this analysis for your reading, your thoughtful consideration and appropriate action.

DEWEY ANDERSON,  
Director, Public Affairs Institute,  
Washington, D. C.

MORRIS L. COOKE,  
Consulting Engineer.

## ACKNOWLEDGMENTS

In preparing this pamphlet—especially the last chapter—I have benefited greatly from consultation with many others. In particular I wish to acknowledge a debt of gratitude to all those who participated in a most illuminating week-end conference arranged by the Post-War World Council and the Foundation for World Government. The varied experience and the diverse points of view brought to bear upon the problem of world wide resource development on this occasion are largely responsible for whatever merit this presentation may possess.

I am indebted to the editors of Harper's Magazine for permission to reprint, in the section of Chapter Two subtitled "Bargain-Base ment Diplomacy", a substantial portion of an article of mine which appeared in a recent issue of their publication. Also I wish to acknowledge gratefully the permission of the Woodrow Wilson Foundation to reprint, in the Appendix, Beatrice Pitney Lamb's summary of the United Nations Report on Technical Aid Programs.

J. P. W.

## Chapter One

### THE CITIZEN IN TODAY'S SOCIETY.

#### "WHAT CAN I DO?"

In recent years I have been privileged to participate in many interesting discussions with all sorts of groups throughout the country—groups which had come together primarily because of a common anxiety and a common desire to help find the way out of the dangerous cold-war morass in which we are now floundering. Almost invariably these discussions came down to a single question:

"But what can the ordinary citizen do?"

It is easy enough to give a superficial answer to this question. It is easy enough to say: "Keep yourself informed. Learn to understand the problems with which our nation is confronted and to form your own opinion about them. Test that opinion in discussion against the opinions of others. Write to your Senators and Congressman. Join organizations which are working for the creation of an informed public opinion and a constructive approach to the world's problems."

All this is sound advice, but it fails to answer the question satisfactorily.

Take the simple injunction to keep yourself informed. It is perfectly true that we in this country have better access to information than any other people on this earth. But the very wealth of material available makes it difficult for us to select and concentrate. Books, magazines, newspapers, motion pictures, radio and television compete for every minute of eye and ear time. Weekly news magazines condense for us the events chronicled in the daily press, and these digests are in turn digested by ever shorter summaries, until eventually our vast resources in informational material come to us in the form of head-line paragraphs. Moreover, we are being trained to accept opinion without studying fact. Commentators and columnists present us with neatly packaged opinions on current issues, brightly phrased and ready for us to repeat as our own

when occasion arises. It is not easy to keep informed. It is perfectly possible to do so, but I, for one, find that it takes me about two hours every day to do my homework.

Unless you are informed, you cannot, of course, form your own opinions. Unless you do form your own opinions, you either cannot participate at all in the making of national policy, or else you limit your participation to the more or less blind support of someone else's opinion. If you choose the latter course, you are a ready-made victim for propaganda. That is precisely what the vast majority of us are today.

Because most of us do limit our participation to the backing of someone else's opinion, without really having an opinion of our own, a strange thing is happening in this country. We still have "government by consent of the governed", but the consent of the governed is increasingly obtained by appeal to emotion rather than by appeal to reason. This makes it extremely difficult to make any reasoned criticism of our Government's policies effective.

For the past three years we have been indoctrinated with the dogma that Russian aggressive expansionism and Russian unwillingness to cooperate constitute the sole obstacle to the establishment of enduring peace. The acceptance of this dogma by our policy-makers has provided the rationalization for their preponderantly negative foreign policies. Their propaganda of fear has produced reluctant public acceptance of the need to shore up any rickety remnant of the past as a bulwark against communism. Their propaganda of fear was used to gain public acceptance of even the one constructive element in our post-war policy, the Marshall Plan.

Ever since this trend developed I have devoted my entire time to an effort to set the very real Soviet menace in its proper context—to bring about a realization that a large part of the world crisis through which we are living has nothing to do with Russian expansionism or communist conspiracy—and to gain support for a more serene and more constructive approach to the complex world problem. This effort has been essentially an appeal to reason. As such I must say that the appeal has had more than a fair hearing. Many of the criticisms I have put forward as a private citizen have been widely and fairly reported by the press and radio. They have been patiently listened to by many audiences. I have had the

privilege of laying my suggestions before high Government executives and of testifying before legislative committees.

The lesson I have learned from this experience is that you cannot hope to alter a fear-inspired negative policy solely by an appeal to reason.

Logically, it ought to be true that, if you think a policy is wrong, the thing to do is to show why it is wrong, and then, if possible, produce a better alternative. If you see a man turn off into a road that you know ends in a dangerous wash-out around the corner, you first of all stop and warn him. The warning will be more effective if you can also produce a road-map and show the man by what other, safer road he might reach his destination. But, when you are dealing with a fear-inspired negative policy, it does not work that way. You are not dealing with a man who wants to get to a certain destination; you are dealing with a man who wants to get away—a man who is pursued, or thinks himself pursued. Telling him that the wash-out ahead is dangerous will not stop him, unless you can also tell him where he can hide safely and ambush his pursuer.

But the minute you fall into this trap, you are lost altogether. The minute you say to yourself that you can stop this frightened fugitive from killing himself only if you also tell him how to hide or ambush his pursuer, you are accepting the very premise that you seek to destroy. You are not making the man realize that his fear is exaggerated or unfounded. You are merely turning him from flight toward aggression.

When fear is in the saddle—when a great and powerful nation has lost the inspiration of a high purpose—when its government's policies consist alternately of inaction through paralysis of fear and feverish activity inspired by recurrent paroxysms of panic—then something more is needed than reasoned criticism. That "something more" is the eloquent advocacy of an act of faith.

What you and I must do, if we wish to preserve our ability to exercise a voice in the making of our country's foreign policy, is to mobilize hope as the counter-agent to fear. We need to look at the world anew, to re-assess the needs and aspirations of our fellow-men, to re-evaluate the extent and limits of our effective power to meet those needs and aspirations—and then to dedicate ourselves to the making of a promise that can and will be fulfilled. We must find the faith to believe that we shall

discover the road to peace, not merely through our power of resisting that which is evil, but through our power of creating that which is good.

I am certain of one thing. There is a wealth of common sense and courage in the American people. There is more than sense and courage. There is a deep and sincere longing to help and a willingness to sacrifice. At present these gifts are being squandered. What we need in Washington are men who will lift their eyes from the in-pouring telegrams and from the military maps on the walls of their offices, and who will look, instead, into the steady eyes and steadfast hearts of the American people.

We, as citizens, can help the harassed and overburdened men in our nation's capital to lift their eyes from the papers that litter their desks to a clearer and broader vision. We can do this by letting them know that we understand what has been wrong and that we also understand what is needed to set us right.

### What We Are Up Against

The free world stands or falls on its belief in government of the people, for the people and by the people. Obviously, there can be no government *by* the people unless the individual citizen participates actively in the making of major policy decisions. We know this. And yet we are forced to recognize that, in our own free society, there is a steadily diminishing participation by the individual in the decisions made by our society as a whole. Our problem, then, is to overcome this trend and turn it into the opposite direction. To do this we must understand the factors which operate in our favor as well as the obstacles which stand in our path.

The factors which operate in our favor are, first of all, the high level of common sense, courage and cooperative impulse in our society; next, the inextinguishable optimism of the American people; and, finally, the ingenuity of the American people in finding ways to accomplish by group action purposes which cannot be achieved by individuals acting alone. The "pressure group"—which may in itself serve either social or anti-social purposes—is perhaps the most characteristic product of this cooperative ingenuity.

There can be no doubt whatever that pressure groups have played an important part in our history. For instance, the battle of two such

pressure groups—the interventionist “Fight for Freedom Committee” and the isolationist “America First” organization—served to clarify this nation’s attitude in the recent war. More recently the “Committee for the Marshall Plan” played an important part in mobilizing public support for this undertaking. Innumerable other examples could be cited. They show that this is a technique which works—a technique by means of which we, as citizens acting together, can affect national decisions which we are powerless to influence as mere individuals.

If enough of us pool our common sense, our courage and our desire to help, and agree upon a common purpose, there is no reason to assume that we shall be powerless to influence policy toward that purpose. If we hit upon a program, or an idea for a program, which corresponds to the prevailing sentiments of the majority of the American people, we shall soon attract a powerful following. We shall be given the most effective sort of help from the most unexpected quarters. We shall find ourselves rolling up a snowball of public opinion.

If, on the other hand, we organize for a purpose which does not correspond to the sentiments of a large proportion of our fellow-citizens, we shall fail—and the chances are that we shall deserve to fail. I say this because I profoundly believe that, if the American people are given the facts, the American people as a whole are wiser than any group of Americans that tries to do their thinking for them.

And now, before we get down to specific cases, let us have a look at the obstacles to the maintenance of citizen participation in our free democracy.

The chief obstacles are Big Business and Big Government. To recognize this fact is not to condemn either Big Business or Big Government as evils to be eradicated by turning back the clock, but merely to face an acute problem for which we must find a solution.

Big Business is the child of the power-driven machine and the invention of the financial device known as the corporation. The machine led to the development of the techniques of mass production; the corporation developed the means to finance mass production.

Big Government is the child of Big Business. The increasing concentration of industrial and financial power produced the need for instrumen-

talities by which society as a whole might protect itself against the tyranny of the machine and the great corporation. In this country we began with the concept that the best government was that which governed least. This was because our country was born in a time when the only tyranny which threatened individual freedom was the tyranny of an absolute monarch. When Jefferson wrote the Declaration of Independence, there were no machines and no great corporations to produce a dangerous concentration of economic power. Hence it was thought that, if political power could be sufficiently diffused in a federal structure, individual freedom and government by the people would be assured. Because of this heritage, we still look with suspicion upon any tendency to concentrate political power—that is, any tendency toward the development of Big Government. Yet, year after year, we now create a bigger and more powerful government, because we can find no other way to regulate in the public interest the constantly growing concentration of industrial and financial power.

The growth of Big Business has not been due to the selfish cupidity of anti-social individuals. It is in the nature of technological development to promote concentration, to make complex the originally simple processes of manufacturing goods for consumption, and to demand the use of ever greater accumulations of capital. It is in the nature of finance capitalism, based upon a profit incentive system, to destroy the free market, to eliminate competition, and to create monopolies.

Before the advent of the machine and the corporation, the businessman was an individual operating as an individual. Sometimes he hired help or worked with other individuals as partners; sometimes he worked alone or with his family. He either made something and sold it, like a shoemaker; or he performed a service, like a chimney-sweep; or he acted as an intermediary, like the country store-keeper. His relation to society was relatively simple. He offered his goods or services to the consumer in competition with others similarly engaged, and competition controlled the quality of his goods or services and the prices he could obtain for them.

Today's big businessman is a totally different creature. He does not own his business; he is a manager operating for absentee owners. Neither his costs nor his prices are determined by free competition in a free market. The cost of his raw materials is affected by monopolistic control, or by government tariffs, subsidies and price regulations. His transportation and power costs are determined by government regulation. His labor

costs are affected by social legislation and union contracts. Similarly the prices at which he sells are affected by laws, trade agreements and taxes. His is still competing, but competing in a market in which both costs and prices have become semi-rigid. His business has become a highly complex enterprise, requiring any number of raw materials, tools, machines and semi-manufactured goods, any number of services and skills, and a highly complicated accounting system.

The modern business has become so complex that only the management, which devotes full time to its problems, can really understand it. A few boards of directors actually work closely with the management and participate in decisions, but in the vast majority of business corporations the directors merely follow the recommendations of management. Moreover, in most corporations, the directors are only technically elected by the shareholders. Actually they are a more or less self-perpetuating body. In most big businesses whose ownership is widely distributed, there is very little participation in management by the owners. Generally speaking, both management and directors consider quite conscientiously what they conceive to be the interests of the shareholder, but rarely, if ever, seek to discover what the shareholders themselves consider to be their interest. In other words, Big Business management has developed a sort of a benevolent paternalism toward the people who own Big Business but who in no sense participate in the direction of its affairs.

The relation of Big Business to Labor is another matter. Here, too, the tendency of Big Business management was, on the whole, paternalistic, but not sufficiently benevolent to satisfy the majority of workers. The growth of the trade union movement, as an offset to the machine and the corporation, has created its own pyramid of power to protect that segment of society which lives directly on the wages paid by Big Business. But within the labor movement itself, the participation of the individual worker has been diminished by the advent of what we might call Big Labor. Union leadership has tended to become as self-perpetuating and as paternalistic as the management of Big Business. The individual coal miner has as little to say about the policies of John L. Lewis' United Mine Workers as has the individual shareholder about the policies of the United States Steel Corporation, which employs the miner. Union leadership is nowadays only in rare instances truly responsive to the will of the rank and file member.

In between Big Business and Big Labor, in our present-day society, stands the consumer—that is, the American family. This category embraces every American citizen, including the dirt farmer, the shareholders who provide the capital for Big Business, and the workers whose dues support Big Labor. The consumer has nothing to say in shaping the policies which determine the state of the nation's business. His only way of protecting himself is through using the instruments of public power, that is through government. Consumer protest has produced government regulation of transportation and public utilities, pure food and drug legislation, anti-trust laws, and similar intervention to prevent abuse. Citizen's protest against the recurring booms and depressions of a "free economy" has caused the gradual growth of what is now called the welfare state.

It is interesting to note that, at each step in the progressive intervention by government on behalf of the ordinary citizen, the ordinary citizen himself has had grave misgivings. We recognize the need for Big Government and yet we don't want Big Government. We do not want Big Government partly because of our tradition but also because, as government gets bigger, we feel that we have less contact with it, less power to participate in its decisions, less chance to keep it a government by the people. When we lose our sense of participation in government, we are even more disturbed than over our inability to participate in the conduct of the nation's business.

This might seem paradoxical to anyone who does not understand the nature of the American people. It might seem strange that we, a business-minded people, who worry far more about another depression than about another war, should accept exclusion from participation in shaping our nation's economic affairs and protest bitterly over our loss of participation in the shaping of our political policies. Yet the answer is fairly obvious. Our ideal has been, and still is, a society in which every citizen has *an equal voice in the management*. Some other societies strive for the ideal of *an equal share for each citizen in the material benefits of society*. We do not as yet really seek economic democracy. We seek political democracy, which we like to think gives every citizen equality of opportunity. The fact that we have not achieved this goal, especially with regard to Negro citizens, does not alter the fact that this is the ideal toward which we strive. This is why we are somewhat complacent about our exclusion from the affairs of Big Business, but healthily resentful of not being able to participate in the management of Big Government. We

are convinced that government belongs to all of us as free and equal citizens. We still like to think that business belongs to each of us as a rugged individual, at liberty to make out of it what he can.

Assuming that this is the nature of our society, and that a change in our basic attitude will come about only over a long period of years, if at all, let us concern ourselves with the practical question of how we might better achieve that which we want to achieve—namely, a greater participation by each of us in the management of Big Government.

Since the United States is now the sole great reservoir of economic and military power in the Western world—since we alone among the Western peoples may be in a position to exert a decisive influence upon the future course of events—the conduct of our nation's foreign affairs has become the single most important aspect of our Government's activity. Most of us realize instinctively that this is true. Most of us are also unhappily aware that, since the war ended, we have done much but accomplished little toward helping to get the world started on the road to lasting peace and reasonable prosperity. The people I have seen and talked to across the length and breadth of our land are not happy with our present foreign policy. They suspect that it is taking us toward war rather than toward peace. They are not satisfied with our Government's repeated insistence that it is only Russia which stands in the way of a peaceful and happy world. They are angry with Russia. They have not the slightest desire to appease her, and they are doubtful whether Russia would agree to any arrangement short of appeasement. Yet they feel, if I am any judge of their feelings, that there ought to be something better for the United States of America to do than merely to try to anticipate and frustrate the moves made by the fourteen men in the Kremlin.

As I see it, the people who express these sentiments are entirely right. There *are* better things for us to do. The way for us to stop Russia is to stop letting Russia make our foreign policy. The way for us to help build world peace and world prosperity is to develop a positive, constructive policy toward that end. The way to dispel the false promise of communism is to fulfill the true promise of democracy. That is why the Point Four Program presents a great opportunity. But, before we discuss this program, let us try to discover what has prevented our taking constructive action until now.

## Chapter Two

### OUR IMMATURITY IN WORLD AFFAIRS

---

Hardly a day passes without some official in Washington telling us how successfully our foreign policies have been operating. Yet we are all more or less aware that these assurances are to some extent whistling in the dark. We have spent a fabulous amount of money in trying to restore peace and security to the world. We have given up our past attitude of selfish isolationism. We have assumed responsibility. We have tried our level best to cooperate with other nations—even to the extent of offering to yield to a supra-national authority our recent post-war monopoly of atomic energy. And yet we are no nearer to the goal of lasting peace than we were on the day that war ended.

One reason why our efforts have borne so little fruit is that we have gone at the post-war problem in an immature way. To say this is not to minimize the fact that one nation—the Soviet Union—has made the post-war problem infinitely more difficult. There can be no doubt whatever that such has been the case. But, as I see it, we have been frustrated less by Soviet intransigence than by our own immature reaction to that intransigence. We have been frustrated less by the whole, highly complex post-war problem, including Russian obstructionism, than by our own inability to face that problem in an adult way.

When we say that an individual is immature, or behaves in an immature manner, we mean that the behavior of such an individual betrays a lack of judgment attributable in large measure to lack of experience. We mean that the individual's actions seem motivated by emotion rather than reason; that his behavior seems to consist of a series of improvizations, as opposed to the step-wise procedure of a thought-out plan; and that these improvizations, based upon acquisitiveness or fear, display a tendency to over-reach and attempt the impossible. We mean by immaturity also the tendency to become too quickly discouraged in the face of failure, to seek a scapegoat rather than the reason for failure, and to vacillate between over-aggressive self-assertion and an excessive display of passive helplessness. The immature individual lacks, above all things, a true sense of proportion—a perspective of himself in relation to the world around him. Egocentricity is at its peak in infancy and sometimes

again in extreme old age. The infant feels itself the centre of the universe, surrounded by beings of vastly superior power who are either "good" or "bad" according to whether or not they gratify its desires.

The analogy between individual and group behavior must not, of course, be driven too far. But it is true, I think, that we, as a nation, have displayed some of these symptoms of immaturity. We have been motivated by fear rather than reason. We have improvised to meet changing circumstances rather than acting in accordance with a thought-out plan. We have at times overestimated our power and tried to do the impossible. At other times we have behaved as if we had no power whatever. When we have failed, we have sought a scapegoat rather than the reason for our failure. The most striking evidence of immaturity in our post-war behavior has been the consistent pattern of self-delusion upon which most of our actions have been based. This applies both to the declared aims of our policy and to the means chosen to achieve these aims. Let me cite some examples.

The major aim of our post-war foreign policy has been to achieve an enduring peace. There are, I submit, three kinds of peace which might conceivably last for a long time.

First, there is the possibility of a *Pax Americana*—that is to say, a peace enforced by the benevolent military and economic power of the United States. The outright advocates of this type of peace usually speak in terms of what they call "the American Century". They have ample historical precedent for their position. They can point to the centuries of the *Pax Romana* and to the more recent period of the *Pax Britannica*. It is true that neither the peace enforced by the Roman legions nor the peace enforced by British seapower wholly eliminated armed conflict; both periods were interrupted by occasional wars; but these conflicts were kept localized and more or less under the control of the paramount power. The open advocates of a *Pax Americana* now wish to see the United States assume the role of the paramount power, armed with supremacy in the air and atomic weapons. Whether or not they are wise, they are at least clear.

Second, there is the theoretical possibility of a *Pax Sovietica*, in which Russia would become the world's judge and the world's policeman. This idea does not appeal to many people outside the Soviet orbit. Nevertheless, it is as logical from the Russian point of view as is the *Pax Americana* from ours.

It is clear, I think, that neither the *Pax Americana* nor the *Pax Sovietica* could be achieved without a major war. We should certainly not submit to Russian domination, nor would the Russians peaceably accept the overlordship of the United States.

There remains, then, the third kind of peace—a peace arrived at by mutual consent rather than by conquest. Such a peace has never yet been achieved on this planet. There are many people who say that such a peace cannot be achieved now or at any time within the foreseeable future. You are familiar with their arguments, many of which you have heard from the official spokesmen of our Government. These arguments can be summed up in a sentence:

“Peace by agreement is impossible so long as one-half of the world desires justice, freedom and security for all men, while the other half is dominated by a power pursuing the contrary aim.”

This sentence is a fair paraphrase of President Truman’s Inaugural Address and of many other official utterances within the past two years. Whether or not this is sound, it is clear that the Russians have a different concept of justice, freedom and security—a concept repugnant to us and difficult for us to understand. But it does not follow that the Russians seek to impose upon the world something *which they conceive to be injustice, slavery and insecurity*.

Let us, however, assume that the Truman thesis is correct. The logical conclusion would then be that, since a peace by agreement is impossible, we must try to impose by force a *Pax Americana*. But that is not the conclusion drawn by our present policy-makers.

The conclusion drawn by our present policy-makers is the illogical one, that a *Pax Americana* can be achieved by peaceful means—that is to say, by establishing under American leadership a preponderance of military and economic power sufficient to make us the world’s policeman, *without* our having to establish our supremacy by war.

There is only one thing wrong with this conclusion: it overlooks the fact that, in a world in which power has become concentrated in only two poles of superpower, such an attempt “peacefully” to establish supremacy necessarily leads to an arms race, in which the other half of the world pursues precisely the same aim. Each side sees in its own attainment of

preponderance of power the only sure guarantee of peace. Each side makes defensive preparations and alliances which necessarily appear as offensive preparations to the other. Armament leads to counter-armament—alliance to counter-alliance—until eventually the productive resources on both sides are so pre-empted by defensive preparation that the burden becomes intolerable and mass discontent sets in. To prevent discontent from causing an overthrow of leadership, leadership on each side throws the blame for restriction and privation wholly upon the evil machinations of the other. That is the sort of vicious circle of mutual distrust and provocation in which we now find ourselves with the Soviet Union.

Never mind who started it. Let us say that the Russians began the struggle for world domination and that we have merely been acting in self-defense. The fact remains that we have been proceeding upon a wholly illogical conclusion from our own premise. We have proceeded on the assumption that, whereas the Russians would *not* let us make a peace by agreement, the Russians *would* acquiesce in our achieving a *Pax Americana* by outarming them and creating a system of alliances more powerful than their own.

The absurdity of this conclusion has been obscured by the curious process of immature self-delusion in which we have been indulging. We have not admitted frankly to ourselves that we are aiming at a *Pax Americana*. We talk about a One World-United Nations peace. We talk about strengthening the United Nations and supporting it with every means at our command. But our policy-makers have frowned upon any suggestion to transform the United Nations into a world organization capable of enacting and enforcing world law. While talking about One World, they have operated on the concept of American judgment and American power applied to the strengthening of our half of a divided world.

The process of immature self-delusion applies not only to the determination of our policy aims but to our choice of means and to our appraisal of success or failure. At the present moment we are in a mood of self-congratulation. We arrived last summer at what appeared to be a major victory in the cold war, when the Berlin airlift and counter-blockade forced the Russians to back down. At the same time the Marshall Plan had all but locked the doors of Western Europe against further communist penetration. The Atlantic Pact then showed the Russians that they could not

resort to military aggression against Western Europe without becoming involved in a war with us; and our expanded military power, plus our sole possession of the atomic bomb, made it clear to the Russians that they could not hope to win a war with the United States. In spite of their recently shattered illusion about the atomic bomb, some of our policy-makers are still inclined to think that, in Europe at least, we must be on the right road and that, if we continue along this line, we shall eventually arrive at a peace enforced by American power subtly operating behind the facade of an almost wholly impotent world organization.

Let us leave aside altogether what has been happening in China and the Far East, where, admittedly, we have been unsuccessful, and let us try to examine the facts with regard to Europe, where we feel so sure that we are on the right road.

The first fact is that we have *not* won a great victory in the cold war. It is true that we have frustrated the Russian blockade of Berlin. This blockade was imposed by Moscow for the maximum objective of halting the creation of a West German state and, failing that, for the minimum objective of forcing the Western Allies out of Berlin. The airlift and the counter-blockade denied both aims to the Kremlin. But the blockade and counter-blockade also brought into the open the basic weakness of our own position. The strangulation of East-West trade accelerated the crisis in our whole West European Recovery Program. It became almost as urgently necessary for us to end the stalemate as it was for the Russians. The Russians were forced to recognize that their so-called Molotov Plan for the recovery of Eastern Europe was wholly incapable of satisfying the needs of their satellites. We were forced to recognize that our Marshall Plan could not succeed in making Western Europe self-supporting so long as the European trading community remained split into two parts, neither of which could live without the other. Thus both sides became anxious to find a face-saving device to end the stalemate.

In the resulting moves toward cooling off the overheated cold war, we can claim to have lost less face than the Russians. But that is the extent of our victory. It remains to be seen whether we actually gained or lost at Paris in beating off the Russian attempt to stop the creation of a West German state. Both sides came to Paris asserting their desire to end the partition of Germany. Each blamed the other for the existing

state of affairs, and each made proposals as to how partition might be ended and the Iron Curtain lifted between the two Germanys. But—the Russian proposals were clearly not intended to be acceptable to the West, and the Western proposals were clearly not intended to be acceptable to the Russians.

The Russians put forward nothing more than a proposal to return to the unworkable Potsdam Agreement, probably because they feared that a unification of Germany would alienate the Poles and the Czechs, at a time when considerable unrest among the Soviet satellites already existed.

The stated reason for our making a counter-proposal, which we obviously intended to be unacceptable to the Russians, was our concern for the preservation of democracy and political freedom in the Western zones. Anyone who suffers from the delusion that democracy exists in Western Germany should read Delbert Clark's "Again the Goose-step", or Drew Middleton's "Struggle for Germany". The real reason why we were unwilling to risk making a proposal for unification which might have been accepted was that Western Germany had become the keystone of our West European Recovery Program, and that we were unwilling to allow the Russians any voice in the control of West German industry.

The simple fact is that we are caught on the horns of a dilemma, created by the cold war. Economically, Western Europe cannot become self-supporting and thus immune to communist penetration, unless it includes a healthy and productive Germany. Militarily, Western Europe cannot become capable of self-defense, unless it includes a rearmed Germany. But, politically, Western Europe will fly apart altogether, if a strong, united and rearmed Germany is allowed to come into existence.

The Russians face a similar dilemma. Eastern Europe, and Russia itself, cannot achieve full recovery without trade with the West, and particularly without trade with Western Germany. But, if the barriers are let down and a united Germany grows strong, such a united Germany—even if it maintains a position of neutrality as between Russia and the West—will be a threat to Russian hegemony in Eastern Europe. Therefore Russia wants a united Germany only if she can completely control it.

Thus, neither the Russians nor we are at present sincere in saying that we want to unite Germany. Neither the Russians nor we have reached

the point of really wanting to end the cold war in Europe. Each of us would like to carry it a little further in the hope of gaining certain advantages; but each of us, in the meanwhile, would like to loosen a little the restrictions which now strangle recovery on both sides of the Iron Curtain. The Russians have not solved their problem of meeting the urgent needs of their satellites and thus keeping them in line. Nor have we solved our problem in Western Europe, which has assumed new and menacing aspects. Neither side has as yet realized that there can be no such thing as peaceful victory in the present power struggle.

Whatever may be said about the immaturity of our approach to Europe can be doubled with respect to our post-war policy in Asia.

### Bargain-Basement Diplomacy

A foreign policy may fail because it rests upon a faulty analysis of world conditions and therefore aims at the wrong targets. It may also fail because it operates with ill-chosen or insufficient means toward the achievement of soundly conceived objectives.

Not everyone will agree that our foreign policy has rested upon an over-simple analysis of the world crisis and has been too predominantly negative and fear-inspired. But, even leaving to one side such errors as there may have been in our policy-makers' appraisal of world conditions, and assuming that their postwar decisions have been altogether sound, surely there are grounds for believing that something has been radically wrong *with the manner in which we have executed these decisions*—something so radically wrong that it would account for failure to achieve our ends, even if the ends had been chosen with the most profound wisdom.

Our postwar purpose, developed during the war, was to preserve the victorious anti-Axis coalition in order to make and maintain a peace based upon great power co-operation. This meant, in effect, that our objective was to preserve harmony and co-operation between the United States, Great Britain, and the Soviet Union. The assumption that such harmony could be preserved underlay the great concessions made to Russia at Yalta; it underlay the basic conception of the United Nations' structure as set up at San Francisco.

Our first postwar actions of great significance were three. We embarked upon a helter-skelter demobilization of our armed forces. We cut off wartime Lend-Lease without any prior notice or discussion. We removed rationing and price controls from our own economy.

To anyone who remembered our withdrawal from world affairs in 1919-20, these three acts taken together looked like another American retreat into isolationism. The hasty demobilization of our armed forces, which included the disorganization and demoralization of our army of occupation in Germany, frightened our Western Allies and must have made the Russians at least conscious of the fact that no force remotely comparable to their Red Army now stood between them and the Channel. The brusque termination of Lend-Lease embarrassed both our Western Allies and the Soviet Union, forcing them to make overnight the difficult transition from heavy dependence upon American aid to self-support. The removal of rationing and price controls, at a time when most of the world was underfed and in dire need of almost every conceivable kind of food, raw material, and consumer goods, must have made all our friends wonder what had become of the wartime spirit of loyal sacrifice and mutual co-operation.

As it turned out, we were not by any means returning to our former isolationist pattern. Later events showed that, in the elation of victory, our government had merely gone on a temporary binge of irresponsibility. But a certain amount of damage had been done. Suspicions had been aroused, resentments created, and the task of postwar reconstruction rendered infinitely more difficult.

Great Britain and the Soviet Union lost little time in applying to us for large loans to tide them over the period of transition. Russia applied for a loan of one billion dollars. Britain, which had to consider not merely her own needs but also her complicated obligations as the center of the sterling area, estimated her requirements at something like seven billion dollars.

So far as Russia was concerned, nothing was done. In March 1946, our government suddenly "discovered" that the Russian application of October 1945 had been "lost" in a transfer of files from the Foreign Economic Administration to the State Department. The Russian request

was formally acknowledged without explanation of the "loss" or delay. This was at a time when the stated aim of our foreign policy was still to make and preserve a peace by friendly co-operation with the Soviet Union.

Great Britain received a sympathetic hearing. But, after six months of negotiations, our government decided that three or four billion dollars would be about all that the American Congress and the American people could be expected to grant. The issue was not put up to the American people. The American people were not told that Britain estimated her needs at almost seven billion dollars. It was assumed, on the American people's behalf, that they would perhaps give Britain three or four billion dollars and no more. Our negotiators first deluded themselves into the belief that three and a half billions would actually do the job. Then they deluded Congress and the American people into thinking the same, fortifying their plea for granting the loan by painting the full picture of the disaster that would occur if Britain did not receive the required aid. The loan was approved by Congress on the utterly false assumption that a bridge had been built across the yawning British deficit. Quite apart from certain clearly unfulfillable conditions attached to the loan (which later very nearly wrecked the British economy altogether), the truth was that a bridge had been built just about half way across the gap—which, as everyone knows, is not a good way to reach the other side.

Later on, when the true facts came to light, it was inevitable that resentments should be aroused on both sides. A large segment of American opinion felt that the British had let us down—even though it was generally understood that the severe winter of 1946-47 had upset the calculation. A large segment of British opinion felt that it would have been better to accept no loan at all than to take the inadequate amount offered. Thus, the British problem remained unsolved, with each side tending to blame the other for the costly failure.

This is the pattern of method and procedure which our government has followed in almost all of its major policies since the beginning of 1946. This is the pattern of failure which dogs all our best-intentioned efforts. It has little or nothing to do with the basic aims of our policy. *It has to do with a process of self-deception which has become the habit of the bipartisan team which has made foreign policy under the Truman Administration.*

The formula runs like this. A dangerous situation is seen to be developing in some part of the world. Unless this situation is met by economic or military assistance from the United States, dire consequences will arise. Therefore the United States must act. How much will it take to meet the situation? Careful analysis shows that it will take a very large amount. To get that amount out of Congress requires a thorough frightening of both Congress and the American people. But, even if Congress is scared into granting this amount, where is the money to come from? We can't increase our huge national debt. We have promised to reduce it. Higher taxes? Don't be silly. Congress will never do that. We'd better cut down the amount.

And so the amount is cut down before the problem is ever placed before Congress—cut down to a point where we are no longer proposing to meet the dangerous situation but merely to “do something about it.” And then Congress and the people are systematically frightened into building a bridge half-way across a river, under the impression that they are building a bridge all the way across.

That is what happened to the British loan. That is what happened to the Marshall Plan. That is what happened in China. That is what happened to the program to rearm Western Europe. That is what will go on happening again and again until the American people wake up to this dangerous business and put a stop to it.

The danger is not merely that we shall end up with a lot of half-bridges that get us nowhere. The danger is that each time we build a half-bridge we weaken or lose a friend. Our government is not merely frittering away our own material resources. It is also dissipating the good will which should be earned by the native generosity of the American people.

The Military Aid Program for Western Europe is the most recent example of this pattern of self-deception. We were told early in 1949 that a very dangerous condition existed because the military weakness of Western Europe invited Russian aggression. (This weakness had existed ever since the withdrawal of our own forces in 1945.) We were told that the danger had now become acute because the success of the Marshall Plan had denied to the Soviet Union the possibility of further expansion through communist penetration or subversion. (We were not told that

the Marshall Plan, in spite of its well-nigh miraculous success to date, was about to fall flat on its face, unless something were done quickly to solve the growing dollar famine. More of this in a moment.) We were told that we must do more than deter Russian aggression by openly declaring, as we have in the Atlantic Treaty, that we shall fight Russia if she invades Europe. We were told that, in addition, we must protect Western Europe against being overrun, in the event of war, because we could not afford to undertake another Normandy invasion and Europe could not afford another liberation. Therefore, we were told that we must proceed at once to build up a defense force in Western Europe which could hold off a Russian invasion at the Elbe or, at worst, at the Rhine, at least until "our own power could be brought to bear."

So what does our government propose to Congress and to the American people in order to meet this emergency? It proposes a grant of just over one billion dollars to be spent over the next two years in rebuilding the military strength of Western Europe.

What does one billion dollars mean in terms of the problem posed to us?

Western Europe has at present about ten divisions, most of them poorly equipped. In the air it has next to nothing beyond a small but efficient British Fighter Command. Russia—according to the *lowest* estimates—has over 150 fully equipped and mobilized divisions. Russia has considerable air power. Again, according to the *lowest* estimates, it would take at least forty fully equipped and mobilized divisions, supported by ample air power, to hold a Russian invasion at the Rhine "until our own power could be brought to bear." (Our own power on the ground consists, at present, of about ten combat divisions.)

It costs about one quarter of a billion dollars to equip one armored division. Where does this program of one billion dollars get us? How can it build even half the defense force so urgently needed? What good is a defense force that could *almost* hold off an invasion?

What about atomic bombs? (This was in the last halcyon days of our atomic monopoly.) Couldn't we stop the Russians with a much smaller ground force if we used atomic weapons on Russian troop concentrations and supply lines as well as upon the industrial centers of the Soviet Union? Perhaps so. But if we drop atomic bombs all over Ger-

many—which this would mean—good-by to any hope of Germany's being on our side as a bulwark against communism. As a matter of fact, the planners of this project defended it until September 23, 1949, on the now curious grounds that it was designed to create a defense force in Western Europe by 1952—the earliest date at which the Russians could be expected to have atomic weapons. Figure that one out for yourself.

It is obvious, of course, that our military men would like to see a much larger and faster program of rearming Western Europe, if its territory is to be made safe against invasion. But the State Department knows that it cannot afford to let rearmament in Western Europe interfere with recovery, and this limits severely the number of men who can be withdrawn for military service from the farms and factories of France, Britain, and the Low Countries. The State Department knows, too, that it cannot propose rearming the Germans without letting loose a storm of protest here and abroad. Nor can it rearm the Italians beyond the limitations of the Italian Peace Treaty. It could, of course, propose that we increase our own combat forces and station a large part of them in Western Europe now, before any war starts. But that would require a war-scare to make all previous war-scares look like amateur performances. Furthermore, it would require more billions added to our already swollen military budget.

So our government went to Congress with a program which implied an unfulfillable promise to our friends, and deluded the American people into thinking that this particular danger had been met by their willingness to fork over another billion dollars. Congress—by this time thoroughly accustomed to the pattern—went through the usual motions of anxious doubt and economy mindedness, chipping off a little here and a little there, fiddling with bookkeeping entries, striking out grants of power which were put in for the precise purpose of letting Congress strike them out, and passed the measure substantially as requested. No one who supported the program ever asked whether the appropriation was big enough for the enormous commitment undertaken. The only questions raised were whether the amount proposed might not be excessive.

This pattern of self-delusion reverses the well-known maxim of Theodore Roosevelt. We are not speaking softly and carrying a Big Stick. We shout our commitments from the housetops and equip ourselves with a fine collection of photographs of Big Sticks.

## The Dollar-Sterling Crisis

Manifestly, the world is full of dangerous situations which could be met if some one put up the means of meeting them. Equally evident is the fact that the United States, rich as it is, cannot provide the means for meeting each and every emergency. What has just been said merely indicates that we should decide which emergencies we can and should meet, *and then meet them*, instead of taking half-measures all over the world. This would leave a number of doors unlocked against danger, but at least we should know that there were a few places in the world through which danger definitely could not come upon us.

Right now we are faced with the fact that the apparently successful Marshall Plan is likely to collapse in failure. The chickens are coming home to roost. The Marshall Plan was devised to meet a crisis of under-production, shortage and inflation. It has done so with remarkable success. Western Europe as a whole is now producing half again as much as it was before the war. But Western Europe now faces rising unemployment and a curtailment of production because it cannot exchange its goods for the food and raw materials it needs to continue its production. Specifically, Western Europe cannot earn enough dollars to buy the food and raw materials which can be bought only with dollars. Consequently, instead of drawing closer together in a powerful economic union, the countries of Western Europe are competing with each other for dollars, restricting trade with each other, and desperately trying each to make itself as self-sufficient as possible in order to survive. The longer this goes on, the more the Marshall Plan will tend to go into reverse.

Many Americans, including some of our policy-makers, regard this dollar shortage as a disease of the European economy. They insist that, if the European countries would only remove all trade restrictions between each other and within their own economies, the dollar shortage would disappear. There is a widespread belief among Americans that the Europeans could do these things, if they—especially the British—were not so obstinately committed to socialistic experiments in planned economy. Governor Dewey has gone so far as to advocate that we force Western Europe to stop this nonsense by threatening to withhold further aid.

Here again we see the pattern of immature self-deception. The dollar shortage is not primarily a disease of the European economy, nor a

product of socialist experimentation. Nor does the cure lie primarily in anything the West Europeans could now do or fail to do.

In the last thirty years the United States has doubled and then redoubled its production, thereby likewise doubling and redoubling its purchasing power and its relative importance as a consumer as well as producer of the world supply of goods. During the same period, Europe, torn and partially devastated by two great wars, has suffered the obsolescence of its productive machinery, the exhaustion of its population, and the dissipation of its accumulated reserves. In the nineteenth century, Western Europe as a whole was the nerve and brain centre of a colonial world empire. In the twentieth century Western Europe has gradually become a nerve and brain centre without a body to nourish it and without arms and legs to direct and control. It is now in the position of a man who in middle-age retired to the management of an estate, acquired through hard work in early life, and who then loses the estate and is compelled to go back to the sort of work he did in his youth. Picture Western Europe not as one such man, but as nineteen such men, living close together, with each of them having suffered a similar misfortune—nineteen middle-aged men, forced to go back to manual work to support their families and competing with each other for the things their families need.

Meanwhile, we have become not only the major source of the food, raw materials and tools which the other peoples of the world need in order to work and earn a livelihood, but also the sole possible buyer of many of the goods produced by the other peoples of the world. Moreover, our development of mass production, as against the batch production of the rest of the world, has enabled us not only to produce more goods, but cheaper goods of relatively high quality.

The heart of the post-war economic crisis lies in the rise of American power, the decline of European power, and our failure to understand the full implications of our newly acquired position. We realize that we are rich while others are poor, well-fed while others are hungry, powerful where others are weak. We realize this emotionally and are ready to give, to feed, to share our good fortune. But we do not understand intellectually the kind of responsibility our preponderant strength and power place upon us. We do not understand, for example, that being the world's greatest producer and seller of goods places upon us the responsibility to

buy what other peoples produce. We are quite willing to recognize that our surplus production belongs to the world, but we are not willing to recognize that our surplus purchasing power also belongs to the world. Thus we persist in keeping our domestic industries protected by a tariff designed to protect the infant industries of a young and struggling debtor nation.

Even the Marshall Plan, by far the most adult and constructive feature of our post-war policy, was undertaken half in the spirit of charity and half out of fear-inspired anxiety to build a dam against communism; whereas, if we had fully understood the post-war problem, the primary purpose of the Marshall Plan would have been to harness our great surplus resources to the restoration of some sort of balance between the Old World and the New. Had we fully understood the nature of the post-war problem, we should have begun with the realization that we ourselves needed, in our own interest, to find a way to get rid of the huge surplus in our balance of payments with the rest of the world.

The same problem still faces us today in more acute form. The devaluation of currencies recently undertaken will not cure it. At best it will provide temporary relief. If we want Europe to stop permanently the mad scramble for dollars which is driving it toward weakness and fragmentation, we must, in one way or another, supply enough dollars so that the scramble can stop. We must not again chisel away at a generous undertaking to the point where an operation to induce lasting recovery becomes merely a never-ending subsidy to provide relief. *We must stop thinking of the money we spend abroad as expense, and think of it instead as investment.*

What is demanded of us at the present time is a far-reaching and continuing program of long-term investment abroad, in which Government must lead the way and private capital follow. Such a program must go beyond the present limited concept of the Point Four Program. It is true enough that the world needs the technical advice and know-how we are proposing to export. What it needs even more is the planned development of its natural resources. It needs such things as TVA developments on the Rhone River in France, on the Jordan River in the Middle East, and on the great rivers of India—and perhaps even of China. We cannot expect to carry out such a program effectively without channeling it through some sort of supra-national organization. If the funds for this type of imaginative reconstruction flow direct into the world from the

United States Treasury or from Wall Street, we shall make ourselves into the absentee landlord of a world which hates us, even while it thrives on the wealth we pour into its development.

Cost a lot of money? Of course it will cost a lot of money. When the Marshall Plan was under discussion, I frightened and infuriated a good friend of mine in the Department of State by publicly pleading for the Plan's adoption even though it might cost us sixty or seventy billion dollars over a period of ten years. What I am talking about now will cost us even more, because the Marshall Plan dealt with only a small part of the world, and the problem we face is a world problem. But "cost" is not the right word. If you offer a millionaire the chance to invest \$50,000 a year for ten years in a sound development, he will not protest that you are asking for half of his fortune. He will consider whether the proposed annual investment of his income for ten years will or will not make him another million dollars of capital. Our annual income as a nation may soon reach three hundred billion dollars. What I am talking about is a program of foreign investment that will take something like three percent of that annual income and invest it in our own future peace and prosperity, by raising the living standards and the purchasing power of the other peoples of the world.

The immature approach is to think that peace can be built by shoring up crumbling walls and patching a leaky roof. The mature approach is to recognize that a new house needs to be built for the world to live in. That new house must be planned by many minds and built by many hands. We can neither design it alone, nor build it alone. We can help to do both, especially because at present we have what amounts to a monopoly on building materials, and because we alone have substantial surplus capital to invest. But the house, when built, must be the world's cooperative apartment, in which we—like everyone else—will be a tenant. That is the essential difference between a peace by mutual consent and a *Pax Americana*.

The mature nation thinks in terms of reasonable agreement between equals. The immature nation thinks in terms of power—power to rebuild the world's house *the way it wants*, and then to offer to others the facilities and arrangements *it thinks they should want* at terms *it thinks fair and generous*. The immature nation, like the immature individual, thinks in terms of the parent-child relationship. The mature nation, like the mature individual, thinks in terms of brotherhood.

Lest you think I have overdone the well-known parable of the moat and the beam and have treated our own foibles too harshly, let me make it clear that I have not been dealing in comparative terms. I have not been discussing the *relative* immaturity of our foreign policy, nor have I meant to imply that certain other nations are necessarily more mature or less mature than we. The thing which concerns me and in which I have tried to arouse your concern, is that, irrespective of other nations, we are up against a difficult problem arising within ourselves. This is nothing more nor less than the age-old problem of growing up to man's estate, which, as you well know, is rarely accomplished without pain.

A most encouraging sign of our advancing maturity was given in the communiqué issued on September 12, 1949, by the Foreign Ministers of the United States, Great Britain and Canada, after their preliminary conference on the Dollar-Sterling crisis. Here we have the American Government officially recognizing that our foreign trade policies have not been consistent with our position as the world's greatest creditor nation and coming boldly to the conclusion that these policies must be drastically altered. Unfortunately, it is one thing to recognize the twin requirements of tariff revision and long-range investment abroad, and quite another thing to meet these requirements. Secretary Acheson courageously took the bull by the horns, but his colleague in the Treasury Department still mumbled that whatever steps were to be taken must fall within the framework of existing policy. The important thing is that working parties have been created to study the problems in detail and to work out the necessary programs.

The great question now is whether these working parties will let the chips fall where they may, or whether they will recommend only such action as may be deemed "politically possible."

If the working parties make, or are forced to make, political compromises, it is safe to predict that our pattern of immature self-delusion will be continued and that no lasting cure will be effected. If the working parties report what needs to be done, irrespective of how many probable votes can be counted "for" or "against" in the House and Senate, then it will be up to the American people—up to you and me as citizens—to see that our representatives in Congress find the necessary public support for doing the "politically impossible."

When that day comes—if it comes—we shall have achieved maturity.

## Chapter Three

### OUR GREAT OPPORTUNITY

#### I.

In the next few months we, the citizens of the United States, shall have our first real opportunity to throw ourselves behind a mature and constructive effort to build the peace . . . our first real opportunity, and perhaps our last.

After four years of continuous post-war crisis—four years in which we have gone from emergency to emergency, dealing chiefly with symptoms—we shall have our first real chance to come to grips with the basic causes of the world's malady.

There are two sets of basic causes of the present state of world affairs. One set is primarily economic; the other political. The two are inter-related and require separate, though inter-related cures.

The fundamental economic causes of anxiety, tension and unrest are hunger, privation, disease and ignorance. The fundamental political causes are oppression and exploitation of the many by the few anywhere on the face of the earth. Wherever people are oppressed and exploited—whether by alien domination or domestic tyranny—whether by dictatorship of the Right or the Left—there we find the seeds of internal violence or external aggression.

Just as the disease is compounded of economic and political factors, so the cure must be designed along the same lines. The fight for peace is, in effect, the fight for higher living standards combined with the fight for freedom.

Our great opportunity in the coming months lies in the development of a program which will aid both the fight for higher living standards and the fight for freedom. Although this program will operate primarily in

the field of economics, its political impact can be profound and far-reaching.

The basis of our great opportunity lies in the fact that ignorance, want and misery are actually technologically obsolete. That is to say, ignorance, want and misery need not exist much longer anywhere on this earth, if the human race can learn how to disseminate knowledge which already exists and how to cooperate in its application.

Realizing the importance of this fact, the United Nations, and especially the Food and Agriculture Organization, began some time ago to develop programs for providing technical assistance to agriculture and industry in the underdeveloped parts of the world. Similar exploratory work was undertaken by some of the other specialized agencies, as, for example, in health and education. This work has so far been on a small scale and has been hampered by insufficient funds. A report issued by the Secretary-General of the United Nations in June, 1949, summarizes the work done and the projects under consideration. A digest of this report may be found in Appendix I.

New impetus was given to this idea in January, 1949, when President Truman, in his Inaugural Address, enunciated his "Point Four Program" of American assistance to resource development in the world's underdeveloped areas.

This is what the President said:

"We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of under-developed areas.

"More than half the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas.

"For the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people.

"The United States is preeminent among nations in the development of industrial and scientific techniques. The material resources

which we can afford to use for the assistance of other peoples are limited. But our imponderable resources in technical knowledge are constantly growing and are inexhaustible.

“I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. And, in cooperation with other nations, we should foster capital investment in areas needing development.

“Our aim should be to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens.

“We invite other countries to pool their technological resources in this undertaking. Their contributions will be warmly welcomed. This should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable. It must be a world-wide effort for the achievement of peace, plenty, and freedom.

“With the cooperation of business, private capital, agriculture, and labor in this country, this program can greatly increase the industrial activity in other nations and can raise substantially their standards of living.

“Such new economic developments must be devised and controlled to benefit the peoples of the areas in which they are established. Guarantees to the investor must be balanced by guarantees in the interest of the people whose resources and whose labor go into these developments.

“The old imperialism—exploitation for foreign profit—has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair-dealing.

“All countries, including our own, will greatly benefit from a constructive program for the better use of the world’s human and natural resources. Experience shows that our commerce with other countries expands as they progress industrially and economically.

“Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge.

“Only by helping the least fortunate of its members to help themselves can the human family achieve the decent, satisfying life that is the right of all people.

“Democracy alone can supply the vitalizing force to stir the peoples of the world into triumphant action, not only against their human oppressors, but also against their ancient enemies—hunger, misery, and despair.”

This promise of American aid aroused the interest and the hopes of mankind, and the President’s ringing repudiation of old-fashioned imperialism and foreign exploitation—his clear affirmation that his purpose was to benefit the peoples of the areas concerned—gave substance to the belief that the program would indeed be both bold and new. The concrete proposals foreshadowed by the Inaugural Address were awaited here and abroad with keen interest, for it appeared that the long-awaited moment had come when the United States would give an affirmative and constructive turn to its post-war foreign policy.

Although the “bold new program” bore the label, “Point Four”, the hope was kindled that it would become something more than the mere extension of a fear-inspired, negative policy. It was evident that the new program could succeed—and succeed brilliantly—if it were to become the means of shifting the emphasis in overall American policy from fear to hope—from the frantic shoring up of crumbling walls to the careful planning and building of a new dwelling place for mankind.

Similarly, it was apparent that, if the new program were to succeed, it must not be permitted to become another bargain-basement item to be squeezed out of an overburdened budget. It would have to be conceived—*not as an expense—but as a desirable investment in world peace and prosperity, and hence as a desirable investment of American capital in the future welfare of the American people.*

Ever since January, 1949, people all over the world have been asking each other: “Will the American promise come true?”

## The Nature of the Need

What is required to relieve tensions and anxiety, to restore the hope of mankind in the future, and the faith of mankind in itself, is an act of faith—an act of faith which unequivocally demonstrates that somewhere on this earth there is a people ready to undertake great risks and sacrifices in order to back up its belief that man is capable of planning a better world and of achieving it.

We alone among the peoples of this earth have the resources to make such an act of faith effective.

The tensions and frustrations which are driving the world toward disaster do not originate in the so-called ideological combat between the two halves of a divided world. The ideological combat has its origins in the political, economic and social strains inherent in a world which has become physically one without learning how to govern itself as an entity—which has learned technologically how to produce abundance without learning sociologically how to apply its knowledge and distribute the fruits of production—which has learned how to prolong life without learning how to provide its increasing population with life's necessities. If hunger, disease, ignorance and poverty are basic causes of the world crisis, food, health, education and the development of the world's abundant resources for the benefit of the world's peoples are the basic cure.

To effect this cure the peoples of the world must embark upon a cooperative effort not merely to develop but also to conserve and wisely use the wealth which lies within themselves and in the Earth which they inhabit. Such an effort must apply first of all to the so-called underdeveloped areas, for here lie the greatest untapped sources of wealth as well as the greatest sources of explosive anxiety and tension. But the effort must not be confined solely to the underdeveloped areas. It is not possible to separate the development of the peoples and the natural resources of Asia, Africa or the Middle East from the pressing problem of redressing the balance of trade and the balance of payments between Europe and America. The sterling-dollar crisis arises as much in India and Malaya as it does in the British Isles. Nor can it be overlooked that the natural resources of the highly-developed countries must be included in such a program. It is true that the surplus resources of North America must supply the original impetus. But it is equally true that these resources are

not inexhaustible, unless they are conserved, put to intelligent use and further developed. The TVA is by no means a completed development project; its greatest benefits are perhaps still to come. The Missouri and Columbia Valley projects are still on paper. There are not even paper plans as yet for the effective conservation of our dwindling Western forests.

The nature of the needed program was ably defined before a recent United Nations Scientific Conference by Dr. Stephen Raushenbush, Consultant to the Public Affairs Institute and the United States Department of the Interior. He put it in these terms:

“The task is not simply that of transferring population into industry to increase wealth, but to make that transfer under a grouping of conditions which can produce the most effective use of the resources. That combination must include at least 1) access to technology, education, and particularly understanding about productivity, 2) access to low-cost capital, 3) wide-spread use of low-cost energy, 4) low-unit-cost, large-scale production, without excessive claims for security at the start, 5) careful timing, programming and single-agency operation, 6) adequate agricultural development and conservation in partnership with industrial growth, and 7) a really adequate large-scale effort at the start of the conversion process.”

### Can We Afford It?

The ultimate demands of a program capable of realizing the ideal expressed by President Truman are obviously very great. In the beginning they will of necessity fall very largely, though by no means solely, upon the United States. The program is likely to grow like an inverted Christmas tree, with the smallest demand for investment in the first year and successively greater demands as resource development gets under way. Once the program gets into its stride, however, the dependence upon American capital is likely to become relatively less each year as the economic strength of other countries increases. A fair guess might be that the load upon our resources would rise from something less than half a billion dollars in the first year to several billions in the second and third year and perhaps to as much as five or six billions in the fourth and fifth years, declining thereafter, even though the program itself would continue to expand. What we need, of course, is not a guess but a concrete plan based upon careful study. The guess is submitted merely to give some

indication of the probable trends and some approximation to the amounts involved, in order that we may consider whether such a program lies within or without the realm of the possible.

One thing seems clear. We should not embark upon this much-needed program at all, unless we are able and willing to see it through. The American people must not be misled by the relatively small financial requirements of the first year. They must not be beguiled into a commitment they do not fully understand nor misguided into building another half-bridge that leads nowhere. As yet no effort whatsoever has been made to enable the American people to understand such a program and to make up their minds about it.

Assuming that the nature of the problem is something like what has been indicated above, can we afford it?

At present we are producing approximately twenty billion dollars a year more in goods and services than we consume. We have, in other words, about twenty billion dollars a year of excess productive capacity to use in the implementation of our foreign policy—whatever we decide that foreign policy should be. This twenty billions can be increased over a period of time by further development and conservation of our own great natural resources, even though we simultaneously increase our domestic consumption.

At the present time we are spending some fifteen billions a year on our own military establishment, one or two billions more on atomic energy development, and one billion and a half on military aid to potential allies in a possible war against the Soviet Union. In addition we are spending about four billions a year on the Marshall Plan. This makes a total of about twenty-three billion dollars a year, of which only a little more than one sixth is being spent in a constructive effort to build the peace. The rest is devoted to the negative purpose of preventing Russian military aggression—or Russian victory in the event of such aggression.

Of this total expenditure on foreign policy, all but the Marshall Plan funds and the Military Aid appropriations—together about five and a half billions—are being spent in this country. These five and a half billions, which we are giving away, serve for the moment to fill the gap in our balance of payments and thus enable us to keep our own economy going. But these five and a half billions do not suffice to enable other countries to buy enough of what they need in this country to keep their economies going on more than a hand-to-mouth basis. Moreover, the

Marshall Plan is now running into heavy weather and is likely to be drastically cut down by Congress as it becomes painfully evident that its goal of making Western Europe independent of American aid in 1952 will not be realized.

The answer seems clear. The Marshall Plan has served its purpose of restoring production in Western Europe. It cannot solve the crisis of trade and exchange which now blocks complete European recovery. But that crisis could be solved if the Marshall Plan were integrated in a new and broader plan of worldwide reconstruction and development—a plan which would take into consideration, as the Marshall Plan did not, that Europe, and particularly Western Europe alone, cannot be considered separately from Asia, Africa, the Middle East and Latin America.

My own conclusion, on the basis of these considerations is that we not only can afford to undertake our part in a worldwide development program, but that we actually cannot afford *not* to undertake *some* program which will gradually eliminate the dangerous gap in our balance of payments. Since only a small part of this gap can be closed by increased American imports, it seems evident that the only way to offset our continuing excess exports of goods is to embark upon a deliberate program of exporting capital. The alternative is to face a drastic shrinkage in our domestic economy.

What better program of capital export can there be than one which will build up the purchasing power of the other nations of the world to a point where, eventually, there will be no unbalance to correct?

The question, it seems to me, is not whether a truly "bold new program" is practical or within our means, but rather whether we have the imagination, the courage and the will to undertake it.

In the long run it is, of course, obvious that we cannot pile more billions on to the huge amounts we are already spending to implement our foreign policy. But if, at the same time that we begin a program of long-term investment abroad to build up the living standards and the purchasing power of the rest of the world, we also re-examine and revise our present expenditures on stop-gap solutions, then we can well afford a temporary increase of our overall expenditures.

It is true that the arms race cannot now be halted overnight. But it is also true that we can, overnight, redirect our policy toward halting the

arms race, by assuming the leadership in a determined effort to develop the United Nations into a kind of world organization that alone will make disarmament possible. An important move in this direction has already made considerable headway in Congress where a concurrent resolution to this effect has been sponsored by 104 Representatives and 22 Senators.

Moreover, some of the money we shall spend on the new program can be saved—by coordinating the Marshall Plan with the new worldwide development plan—by recognizing that the only way to protect Western Europe from military invasion is to prevent that invasion from being attempted—and by cleaning up the Augean stable which now apparently exists in our defense establishment. All this could be done without jeopardizing our national security and without over-straining our national resources.

### What Is the Great Opportunity?

The opportunity we face in 1950 is to extricate ourselves from a dilemma which is becoming increasingly apparent. The Marshall Plan is not going to make Western Europe self-supporting by 1952, the year in which it is supposed to terminate. This places before us the choice of indefinitely protracting this particular effort, or abandoning it. Indefinite protraction is difficult to defend, precisely because it is indefinite. Abandonment of Western Europe is, on the other hand, unthinkable.

The opportunity we face now is to develop a new plan, which will avoid the basic error of the Marshall Plan—namely, that it attempted to deal with Western Europe as if it were, or could be made into, a self-contained entity. The opportunity we face is to save what has been accomplished by the Marshall Plan and to carry the work to a successful conclusion, by integrating our efforts in Western Europe with a simultaneous attack upon those aspects of the problem which lie in Asia, Africa, the Middle East and Latin America.

This, too, will be an undertaking of unknown duration and unknown magnitude. But, because it will be directed at the whole of the problem, it *can* succeed, whereas any attack upon an isolated part of the problem is necessarily foredoomed to failure. In trying to bring about recovery in Western Europe alone, we have tried to fill a relatively small bucket—but a bucket which leaked into every other part of the world. In undertaking a worldwide cooperative plan of reconstruction and development, we shall be attempting to fill a much larger bucket, but a bucket which is reasonably sure not to leak.

## II.

Let us now try to reduce our ideas to a few basic principles and then see to what extent the concrete proposals, which have so far been submitted to Congress, conform to these principles.

The four big questions to answer are:

How big in scope should the program be—or how big must it be in order to succeed?

What should be the relation of the program to the free world's struggle against totalitarianism?

Through what agencies should the program be planned and carried out?

How should the program be financed?

### Four Principles

1. *Scope of the Program.* Since the basic economic problem of our time is one of unbalance—especially unbalance between North America and the rest of the world—the problem of the underdeveloped areas cannot be separated from the problem of redressing the balance of payments between Europe and the United States. The contemplated program must therefore be worldwide, or at least as worldwide as is possible in view of the existing cleavages. Since the surplus resources of the North American Continent are essential to the carrying out of a worldwide program, but are, on the other hand, themselves not inexhaustible, the program must also concern itself very seriously with the further development, conservation and use of the resources of Canada and the United States.

2. *Relation of Program to Totalitarian Menace.* The program cannot ignore the existing threat of totalitarianism. On the other hand, it cannot succeed if it becomes merely another instrument in the existing negative power struggle. The work undertaken in the underdeveloped areas, especially in Asia, must not be controlled by considerations arising out of European cold war alliances. The success of the program as a whole will depend very largely upon its adoption being coincident with a conscious shift of emphasis in present United States foreign policy.

3. *The Channeling of the Program.* Since the impact of economic action under the program will carry the widest social, political and cultural implications, the cooperative program for the development, conservation and use of the world's resources must obviously be planned by governments cooperating through international agencies. The program obviously cannot be planned, or simply be permitted to develop through uncoordinated private initiative. The contemplated program should, therefore, be channeled through the United Nations, if possible; if not, through some other international organization—perhaps an ad hoc organization—and only in the last resort through bilateral arrangements between the United States and any beneficiary country. In the event of resort to such bilateral arrangements, they should be made only in such a way as to be consistent with the overall policies developed through the United Nations or other international organizations.

4. *Method of Financing the Program.* The nature of the long-term investments required will be such as to provide their primary return to the lending countries in the benefits of increased purchasing power on the part of the beneficiaries, rather than in conventional interest or dividends. On the other hand, the development of the under-developed areas will undoubtedly provide increasing orthodox investment opportunities.

It follows that the germinal funds for carrying out the proposed program must be public funds. Such public funds will be required especially for harbors, transportation facilities, public health and education. Some of these funds can be provided through loans from the International Bank for Reconstruction and Development. Others may flow from the Export-Import Bank, or from national treasuries through some central agency. Public investment should stimulate and create the necessary climate for private investment, but it is essential that such private investment must not be permitted to create social, economic, or political conditions which run counter to the overall cooperative plan or to the interests of the peoples concerned. The same safeguards must, of course, be applied to all investment of public funds in any given area.

### The Current Proposals

Let us now consider to what extent the proposals before Congress conform to the four major principles just stated. The current proposals consist of the following Bills:

1. The Administration-sponsored Kee Bill (HR. 5615) entitled "The International Technical Cooperation Act of 1949."

2. The Administration-sponsored proposal to provide Export-Import Bank guarantees for private American investment abroad (S. 2197).

3. The Republican-sponsored Herter Bill (HR 6026) entitled "The Foreign Economic Development Act of 1949."

The text of the Administration proposal will be found in Appendix II.

1. *As to Scope.* The Administration program for implementing "Point Four" is limited to the underdeveloped areas. It is therefore as yet too restricted to meet the needs, and requires broadening by amendment.

The Herter counter-proposal, while not confined to the underdeveloped areas, is even more limited by two other disturbing qualifications: (1) "willingness to cooperate with the United States"; and (2) willingness "to struggle against communism and other forms of statism."

"Willingness to cooperate with the United States" is quite explicitly defined in the Herter Bill. It involves willingness to sign a bilateral economic treaty with the United States (Section 11) which would grant to American business a number of inducements to investment. These inducements include greater rights, privileges and immunities than those enjoyed by the indigenous business enterprises in the participating country. They would, if granted, enable American capital to become the absentee owner of many of the participating country's productive resources, and to remain the absentee owner even after the original investment had been repaid. They would enjoin indigenous business from competing with American-owned enterprise, even where such American enterprise did not fully meet the needs of the country concerned. The treaty would in some cases call for repeal of existing laws against majority foreign ownership, and would provide for exemption from currency controls affecting indigenous enterprises. In return for all these rights and immunities the Herter proposal would not guarantee to the signatory of the proposed treaty that any American capital would actually be invested, that any American goods or technical processes would actually be made available, or that anything at all would happen other than the making of cooperative surveys and reports for which the foreign signatory would be expected to pay "its proportionate share". This qualification seems so one-sided as to make the whole program inoperative. Our experience with the Bell-Tydings Act in the Philippines should be a warning.

The second qualification, which stipulates a willingness to "struggle against communism and other forms of statism" is ambiguous in the extreme. It is clearly intended to make the development program into an instrument in the existing negative power struggle. In addition, the qualification seems to imply that the whole program is intended to become the instrument of a worldwide crusade to promote American free enterprise capitalism. This raises such questions as whether the Labor Government of Britain is "struggling against statism", whether the Scandinavian countries would be ineligible because of their Socialist Governments, and whether Western Germany would be eligible only so long as the free enterprise Christian Democrats remain in power.

2. *As to Channels of Operation.* The preceding comments serve to show that the Herter proposal relies entirely upon bilateral arrangements between the United States and each of the would-be beneficiaries. If carried out, such a proposal would result in making the United States the economic overlord of the world. There is nothing cooperative about this concept.

The Administration proposal emphasizes cooperation with the United Nations, the Inter-American Organization and other international agencies. It looks toward cooperative planning of technical assistance through the United Nations. It seems, however, to be based upon the tacit assumption that in the later financing of development projects, bilateral arrangements will have to play a very important part. This is an element of danger. The Administration has been at pains to make clear that it condemns old-fashioned imperialism or foreign exploitation and that its program is to be based upon "democratic fair dealing". In the President's own words, "New economic developments must be devised and controlled to benefit the peoples of the areas in which they are established." This intention is admirable, but it seems doubtful whether it can be realized unless a more conscious effort is made to restrict bilateralism.

3. *As to Methods of Financing.* The Administration proposal relies heavily, and the Herter proposal almost entirely, upon inducing a flow abroad of private American capital. The Administration hopes to stimulate the flow of private capital through indirect Government guarantee by means of the Export-Import Bank. The Republican Bill seeks to attract American private capital abroad by forcing the beneficiary countries to offer it special inducements. Both proposals seem in this sense unrealistic.

As already stated, the germinal funds for the program will have to be provided in large amounts by governments, although some private capital might simultaneously be invested and more might be expected to follow later, when the preconditions for private investment have been created.

A special word of caution seems appropriate with regard to the Administration proposal to provide indirect Government guarantees for private American investors in foreign countries. From the private investor's point of view, these guarantees are likely to prove unsatisfactory because they will probably cover only certain specific foreseeable contingencies. Even these guarantees are likely to be subject to more than one interpretation should the contingencies arise. From the Government's point of view—that is, from the taxpayer's point of view—contingent liabilities of unknown dimensions would seem equally unsatisfactory. Over and beyond these considerations, the principle of causing the Government to act in this capacity is far-reaching and wide open to abuse. It would seem wiser to let private investors assume whatever risks they wish, leaving other risks to be assumed or not assumed by Government in its discretion. Then each party will know where it stands.

4. *As to the amount of financing required.* Reliance upon the export of technical advice and "know-how", supported by loans from the International Bank and such private capital as might be induced to flow abroad, will be inadequate—even if the International Bank greatly liberalizes its present policy and speeds up its procedure. The Administration proposal has no doubt been conditioned by the present mood of Congress, which is clearly against any further expansion of foreign loans at this time. But the fact is that, if this program is to succeed, the Administration must undertake to change the mood of Congress and of the people. It must place this program before Congress and the people in its true light—as an enterprise of great magnitude requiring a truly bold and new approach to stable peace and prosperity.

In a speech on November 1, 1949, to the American Society of Civil Engineers, President Truman himself adopted a wise motto. "Make no little plans", he said. "You can always amend a big plan, but you can never expand a little one."

The present Administration-sponsored proposal for carrying out the "bold new program" is as yet a "little plan".

Our job is to make it a big one.

To accomplish this purpose we shall have to bring about constructive amendments to the present Administration proposals. These amendments would aim at three major purposes :

1. To broaden the *geographical* scope of the program so as to include not only the underdeveloped areas but also the partially developed areas and even the highly developed areas such as the United States.

2. To broaden the *functional* scope of the program so as to include, from the beginning, not only technical aid and possible private investment but also the use of public funds as seed-money for actual project development.

3. To commit the program more definitely to a multilateral co-operative approach through an international agency, in preference to bilateral bargains between the United States and each of the participating countries, which would throw the United States into the role of the "harsh banker" who imposes conditions.

We shall have to fight hard for such amendments and for the ultimate passage of the amended legislation. Not only do the facts need to be presented to the American people, but expert study is needed before the appropriate amendments can be drawn and the case built up for their adoption. I have reason to hope that at least some of this expert study will be undertaken promptly by a qualified research organization under foundation sponsorship.

When this introductory study has been published, I shall have gone about as far as a single citizen can go in a matter of this sort. Several thousand copies are being sent, with the message stated on the back cover, to a selected list of educators, writers, editors, public servants and public-spirited citizens, as well as to every member of the 81st Congress. I wish I had the ability to do more and thus to make this initial effort more effective.

From here on the job can be done only through cooperative action—such as was discussed in the first chapter—by citizens who see the need for such action and who are willing to pool their energies, their skills and their resources to see it through.

Would you like to help?

The back cover will tell you how.

## APPENDIX I.

### United Nations Report

Meeting a month after the President's Inaugural Address, the Economic and Social Council instructed the Secretary-General to consult with the directors of the specialized agencies and draw up a "comprehensive program," including "methods of financing" and "ways of coordinating the planning and execution of the program."

At the beginning of June, the report of the Secretary-General on technical assistance was released. It is the result of intensive study and cooperation among the secretariats of the U. N. and the specialized agencies. The report describes in considerable detail the many types of projects for technical assistance proposed by the U. N. itself and individually by five of its specialized agencies. The proposals are based on actual experience. They are an extension and enlargement of advisory work which the various agencies have already begun in a smaller way. They provide for expert help in every field that plays a part in determining the standard of living of a nation; in improving agriculture and thus increasing the supply of food and raw materials; in expanding industry and the production of goods; in building up transport systems so that men and materials can move to the places where they are most needed; in providing a basic education and technical training without which new machines would stand idle and social growth would be stunted; in health conditions to give people energy and ambition. The U. N. plan is truly a comprehensive one, bringing into focus many types of activities. It adds up to an impressive total.

The projects described in the report are so numerous that only a few samples can be given here of what each agency proposes to do.

#### Projects of the Food and Agriculture Organization (FAO)

Steel mills and other heavy industries often seem to the under-developed nations like a magic cure for all their ills, but economists point out that before they can succeed in feeding an industrial population, they must produce more food. Most of the people in the under-developed countries make their living by farming, yet their rate of production is less than one-tenth of that of farmers in the more advanced countries, and

hunger is a chronic condition. Agricultural changes must come before the building of the longed-for factories. The kind of technical aid which the Food and Agriculture Organization is equipped to give is of the utmost importance.

### *Irrigation and drainage*

In a large part of the world there is either too much of too little water for the best growth of crops. Either irrigation or drainage is needed. FAO proposes to send out experts to show Member governments how to set up water control projects.

### *Soil Management*

Improper use has damaged the soil in many areas especially where rainfall is scanty or the slopes are steep. Under proper management, however, even soils that have been in use for thousands of years can be made far more productive. It is a matter of choosing the right crops for the soil and for the slope, and of using good tillage methods plus fertilizers and chemicals, if necessary. FAO proposes to expand its present program on soil management with special emphasis on the training of local technicians so that under-developed countries may carry out soil use programs of their own.

### *Farm implements*

One of the most fundamental means of increasing agricultural production is to make better implements available to farmers. Large-scale power machinery may theoretically be the ideal solution but its introduction is costly and its operation is far beyond the technical knowledge of farmers in many of the under-developed countries. Better hand tools, animal-drawn implements and simple machines must first be introduced. FAO proposes to give local demonstrations of how these should be used. It proposes also to help governments set up agricultural extension services through which agricultural information of the kind needed locally can be spread to farmers through the under-developed countries.

### *Better seeds*

In many countries little or no attention has been given to the use of better seed, though this is one of the quickest and most effective means of improving food production. For example, it is estimated that if the best

variety of rice were sown, yields could be increased by 10%, which would mean more food for millions of people. FAO proposes to push further its program of supplying improved seeds and helping governments to teach farmers to use them.

### *Animal breeding*

It is estimated that livestock production could be increased by 25% in 10 years if modern breeding methods were generally applied. FAO plans to send experts to under-developed countries to help work out livestock breeding programs.

### *Better use of forests*

About 30% of the land of the world is covered with forests. Properly managed, these forests can provide at least twice the present world output of timber. They can also guard against erosion and reduced floods by protecting the head waters of rivers. At the present time, most countries are not using their forests properly either for production or protection. FAO proposes advisory work along these lines.

Among the other programs proposed by FAO are ones to combat *plant diseases*, to combat *insect pests*, to control *animal diseases*, to improve *poultry raising* and to promote better use of *fisheries*.

## Projects of the World Health Organization (WHO)

Low productivity and poor health tend to form a vicious circle. People grow unhealthy if they have not enough to eat but if they are unhealthy it is hard for them to produce enough food or other goods exchangeable for food. As indicated above, the program of the FAO aims to break this vicious circle by spreading improved agricultural techniques. For its part, the WHO proposes to attack the circle by helping governments improve the health of their people. If the farmer has good health and improved agricultural techniques his productivity will rise rapidly and the vicious circle will be broken.

In the past international health work has emphasized quarantine measures to check the spread of epidemics. WHO suggests that this approach is wasteful, that money would be better spent on a more positive approach, that if certain reservoirs of disease were eliminated, fewer epidemics would break out and the need of quarantine measures would be cut down. WHO proposes a concerted attack on these areas or reservoirs.

## *Malaria*

The weakening effect of malaria is now a major obstacle to productivity in many lands. Yet WHO believes that malaria can be controlled and in time can be eliminated. In Greece by spraying DDT from aeroplanes the incidence of malaria was reduced in some parts from 95% to 5%. As an important part of its work towards economic development, WHO proposes to advise governments on methods of control of malaria and to give demonstrations.

*Tuberculosis, venereal disease, cholera, and plague,* are among the other diseases which WHO proposes to combat as part of the development program.

## *Environmental sanitation*

WHO points out that disease has the greatest chance of spreading when living conditions are unhealthy. It proposes a number of programs to educate governments on proper health measures and to show them how to teach people certain fundamentals about sewage disposal, safe water supplies, insect control, sanitary handling of food and milk and adequate housing.

## *Health demonstration areas*

WHO plans to choose a limited number of areas in which to demonstrate all the forms of health activity which it believes important; for example, eliminating the diseases of the areas, improved public health administration, environmental sanitation, maternal and child health work. In these demonstration areas WHO hopes to show what can be accomplished by giving a broad health education to the people.

## Projects of the United Nations Educational, Scientific and Cultural Organization (UNESCO)

Progress in agricultural productivity and also in public health depends in the last analysis on the education of the people. A number of projects suggested by UNESCO would thus dovetail closely into projects of the other specialized agencies.

## *Technical education*

The under-developed countries need skilled personnel at every level. But they have few if any training courses and technical schools where their

people can learn the skills needed for economic development. UNESCO proposes to give countries which request it help and advice in setting up technical education systems.

### *Elementary education*

Technical education, however, is impossible unless it is based on efficient and widespread elementary education. Many under-developed areas are in great need of assistance regarding methods of teaching, textbooks, curricula and a lot of other essential questions. UNESCO proposes to give advice in these fields upon request.

### *Fundamental adult education*

Unless economic development is to wait for a new educated generation to grow up, adults must be given some fundamental education. Two-thirds of the human race are unable to read and write. This blocks progress since the printed word is one of the chief methods of spreading ideas and facts needed for development. UNESCO has been conducting experiments in literacy campaigns. It proposes to continue and expand its work along these lines, and it stresses that the teaching of reading and writing must be combined with the teaching of subjects which especially interest adults in the under-developed areas such as health, agriculture and rural industries.

### *Training of teachers*

Through fellowships, scholarships, demonstration projects and training centers UNESCO proposes to help in the training of the teachers and scientific workers needed for economic development.

### *Protection of local cultures*

“Every society is a living unity: all its institutions are interrelated. . . . To introduce new ways of living . . . without taking into account the problem of readapting the whole society does not lead to progress. . . . History furnishes dramatic examples of societies thrown into upheaval—sometimes with grave consequences to the whole world—by unbalanced programs of industrialization.” These are UNESCO’s words of caution. In order to safeguard against such disasters UNESCO proposes to send out sociologists and anthropologists to help plan development programs.

## Projects of the International Labor Organization (ILO)

Much of the development program is a labor problem. How can workers be found to do the many new types of jobs that need to be done? How can the migration of people from country districts to new centers of industry be handled in orderly fashion? How can the hours and working conditions of the new laboring groups be protected?

On the basis of its twenty-nine years of work with labor problems, the International Labor Organization proposes to help show the under-developed countries how to solve problems such as these.

### *Employment service machinery*

To place workers in the jobs best suited for them, well-run employment services are needed. The ILO proposes to give nations assistance and advice on organizing and operating such services. It proposes to help link up these services in different areas so that workers will not migrate aimlessly but go where they are needed.

It also proposes to set up centers to give professional training to staff members of the employment services.

### *Vocational training and apprenticeship*

In certain under-developed areas ILO has recently been teaching governments new methods of training workers for particular occupations, methods which were worked out in England and the United States under the war-time need of speeding up all training processes. ILO proposes to increase this form of aid. It also proposes to set up training centers to teach instructors.

### *Wage policies*

If wages are too low, workers do not have the incentive to good work. If they are too high, they place too heavy a burden on the industries. ILO points out that the under-developed countries need help in forming wage policies. For example, it proposes to advise them what kind of wage laws may be needed under particular conditions and how minimum wages rates can be decided.

### *Industrial safety*

The workers in the under-developed areas know little about machines. Therefore, it will be particularly hard to prevent industrial accidents. The

ILO proposes to give governments advice on the safety laws and regulations which are needed and to show them how to teach workers simple safety rules.

### *Women and children in industry*

Experience shows that when new industries are developing there is particular danger that women and children will be exploited. The ILO proposes to give advice on this subject.

### **Projects of the International Civil Aviation Organization (ICAO)**

Under-developed countries lack means of transport. Roads and railroads take years to build. Meanwhile, air transport can help development. It can make it possible for the country to make use of men and materials in places otherwise difficult to reach. In several ways, ICAO proposes to help governments develop their air transport systems.

### *Air transport surveys*

A first step is to study the geography of an area, take stock of what means of transport exist and estimate what new links are needed and what the cost would be. ICAO proposes to furnish experts to help make such surveys.

### *Airports and air facilities*

ICAO proposes to furnish experts to design improvements in existing airports and in the radio stations which aid air traffic.

## **Projects of the United Nations**

The United Nations itself proposes that its part in the program of technical assistance will be to give aid in fields not handled by the specialized agencies and to coordinate their work.

### *Industrial assistance*

In developing new industries, the under-developed countries need to find out what kind of machines and what processes make the best use of local materials. The U.N. proposes to advise them on this problem and help set up small pilot plants to test out particular processes.

### *Road construction*

Roads are essential to development. The U.N. proposes to send out experts to demonstrate how they may be built. They would also help decide what local materials can best be used and help plan where the new roads should go.

### *Surveys of natural resources*

To develop its resources a country must know what resources it has. In many areas no surveys have ever been made. The U.N. proposes to send out experts to show local personnel how to collect the knowledge that is needed.

### *Housing*

As workers collect in new centers of industry they must be housed. Bad slums may easily develop. The U.N. proposes to send housing experts to help plan model communities.

### *Over-all advice*

The U.N. proposes to help governments make an over-all plan of action, decide what to undertake first and which services it most needs from the specialized agencies.

The U.N. itself would also give aid in connection with *mining industries, electric power development, railroads, inland water ways, government administration and social welfare services.*

### **Funds for Technical Assistance.**

To make available the kind of aid described in the report, both the U.N. itself and the specialized agencies will require more funds than their ordinary budgets provide. The Secretary-General's report proposes that special budgets be set up for the purpose. It also proposes that a Technical Assistance Committee, composed of representatives of the U.N. and the specialized agencies, sift the requests for aid which governments submit, allocate these to the proper agencies and in general act as a coordinating body.

The estimated cost of the complete program for two years is \$86,042,383, of which \$35,862,576 would be spent in the first year and

\$50,179,807 the second. However, the plan is still tentative. Since aid is to be given to particular countries only on their request, the projects actually undertaken will depend upon what governments ask for. Furthermore, the plan must be approved by the Assembly of the U.N. and the policy-making bodies of the other agencies involved. The necessary funds must also be raised.

As the wealthiest nation in the world, the United States pays a major part of the expenses of all inter-governmental agencies. Because of this other nations are watching to see what this government will do now that a detailed draft has been worked out in response to President Truman's request for a "bold new program." Within the United States government, an inter-departmental committee, headed by Assistant Secretary of State for Economic Affairs, Mr. Willard L. Thorp, has been studying both the U.N. proposals and other ways of aiding the under-developed countries. On June 24, President Truman asked Congress to approve his plan for the under-developed regions of the world. He asked for an appropriation of \$45,000,000 for technical assistance in the coming year. Some of this would be spent through the U.N. and the specialized agencies. But it is apparently planned that some of it will be spent apart from the United Nations.

### Capital for Development

The important questions of policy to be decided by Congress and the American people are these: How much aid will this country give to the under-developed areas? Will it give this aid singly, according to its own plan? Or will it give it through international channels and thus help build up not only the under-developed countries but also the machinery for international cooperation?

The giving of technical assistance is only one part of the problem of development. The other part is the securing of vast sums of capital to carry out the various projects which technical advice indicates are needed. It is not enough to plan out what irrigation and drainage projects a country needs. Money must be found actually to build dams and irrigation canals. It is not enough to advise a government that the cost of moving food on human backs or on wheelbarrows is many times what it would cost to move the same food by modern means of transportation. Railroads must be built, canals must be dug, boat docks and wharfs must be constructed. The advice which the countries obtain through technical assistance always tends to point to the need for large loans or grants.

How then is economic development to be financed? In June, the Secretary-General published a separate report on this subject. There are, he reminds us, only two ways of financing development. Money must either come from within the under-developed countries or from outside. The major share of the capital will have to be raised domestically, but foreign capital must play an important part especially at the beginning. As soon as exports have grown and the country is therefore earning foreign exchange, there will be less need for investment from abroad.

The chief obstacle to domestic financing is that very little money is saved in the under-developed countries because people live so near the subsistence level. Almost all they produce is acutely needed. As the Food and Agriculture Organization has pointed out, even very inexpensive equipment—a sythe, a wheel hoe, or a single donkey—is beyond the means of millions of farmers. Furthermore, in the under-developed areas, the wealthy few tend to keep their wealth in unproductive forms, to collect precious stones or hoard gold. If the under-developed countries are to find the money needed for development, more money must be saved and this must be directed into the productive enterprises which are needed.

The Secretary-General's report points out a whole series of steps that might be taken to influence this process. Better banking systems must be established, government administration must be improved, tax policies must be changed.

As for the other possible source of money,—capital from abroad,—the report points out that foreign financing can take a number of forms. Individuals or private concerns from the more advanced countries may themselves start up enterprises in under-developed countries. In this "direct investment," the outside concern retains control over the enterprise. Secondly, money may be loaned by private foreign investors, but without retaining this control. Thirdly, money may be loaned or granted by foreign governments. Finally, the loans may be made by some international agency, such as the International Bank for Reconstruction and Development.

Since the war, there has been very little private investment. Because of unsettled conditions and other factors, the incentives for private foreign investment seem to be lacking. Hence the increased emphasis on loans from governments and international agencies.

The report makes it clear that the chief problem is how to reconcile the aims of under-developed countries with the interests of individual busi-

ness enterprises or governments which would have money to lend. The under-developed countries, of course, wish to be as free as possible of foreign control. They dislike the outside interference which foreign investors have usually exerted in the past. The latter, on the other hand, are concerned with the security of their investments. Past experience has shown the possible dangers. Too often governments have nationalized foreign enterprises without giving the previous owners prompt and adequate compensation. In some cases, currency restrictions have prevented the transfer of income and capital back to the investor. Often the under-developed countries have proved unable to maintain enough law and order to safeguard the investment.

To help bridge the gap between the investor's need for security and the borrower's desire for freedom from outside control, the International Chamber of Commerce has suggested the adoption of an international code of fair treatment for foreign investments, setting forth the relative rights and duties of both the investor and the borrower. A draft of such a code is included in the Secretary-General's report. It will undoubtedly be considered by the Economic and Social Council.

But even if such a code were adopted many difficulties would remain. Many of the projects needed by the under-developed countries are not of a kind to earn money and repay the investment. This is true of such important items as school systems, roads and health services. For such purposes, the under-developed countries have clearly hoped that they might secure from the United States outright grants similar to the aid received by the Marshall Plan countries of Western Europe.

The report also discusses the scale at which capital investments will be needed. According to estimates of the Food and Agriculture Organization, the under-developed countries will need \$17 billion a year for the next four years, of which \$4 billion would have to be raised from outside.

Though primarily interested in agricultural problems, the Food and Agriculture Organization points out how much attention must be given to non-farm industry if the living standards in these countries are to be raised. In most of the countries the size of each farm is small and the number of people working on the land is greater than would be needed if even a few labor-saving implements were introduced. Some of the population should begin to manufacture simple products needed for a higher standard of living such as textiles, pots and pans, milk cans, beds, scythes and other simple farm equipment. "With millions of the people . . . dressed in

rag, literally sleeping on the ground, hauling their daily water in heavy clay pots, and tilling and harvesting their crops with only a hoe and a sickle, the potential demands for clothing, house furnishings and farm equipment are almost unlimited, as soon as their farm production and their buying power expand."

Besides simple industries the Food and Agriculture Organization recommends investment in water control projects, transport and communications, food processing, storage and marketing, houses, electricity, telephone and other improved communication so that business men can learn in time where goods are for sale, and where the demand for such goods exists.

The Secretary-General's report also contains a statement by the International Bank for Reconstruction and Development which has been frequently attacked by under-developed countries for not having loaned more money for development projects. The Bank points out that it is not empowered to make loans except for projects that are sound financially. It states that up to now there has been a great shortage of sound development projects in shape for financing.

---

This summary, by Beatrice Pitney Lamb, is reprinted from Vol. 4, No. 7, of the *United Nations News* by permission of the Woodrow Wilson Foundation.

APPENDIX II.

81ST CONGRESS  
1ST SESSION

# H. R. 5615

---

## IN THE HOUSE OF REPRESENTATIVES

JULY 12, 1949

Mr. KEE introduced the following bill; which was referred to the Committee on Foreign Affairs

---

## A BILL

To promote the foreign policy of the United States and to authorize participation in a cooperative endeavor for assisting in the development of economically underdeveloped areas of the world.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*  
3        That this Act may be cited as the "International Technical  
4        Cooperation Act of 1949".

5        SEC. 2. The Congress hereby finds that the United  
6        States and other nations of the world have a common interest  
7        in the material progress of all peoples, both as an end in  
8        itself and because such progress will further the advance of  
9        human freedom, the secure growth of democratic ways of

1 life, the expansion of mutually beneficial commerce, and the  
2 development of international understanding and good will.  
3 The Congress further finds that the efforts of the peoples  
4 living in economically underdeveloped areas of the world  
5 to realize their full capabilities and to develop the resources  
6 of the lands in which they live, can be furthered through  
7 the cooperative endeavor of all nations to assist in such  
8 development. It is, therefore, declared to be the policy of  
9 the United States, in the interest of its people, as well as  
10 that of other peoples, to promote the development of econom-  
11 ically underdeveloped areas of the world.

12       SEC. 3. It is the objective of this Act to effectuate the  
13 policy set forth in section 2 by enabling the Government  
14 of the United States to participate in programs, in coopera-  
15 tion with other interested governments, for the interchange  
16 of technical knowledge and skills which contribute to the  
17 balanced and integrated development of the economic  
18 resources and productive capacities of economically under-  
19 developed areas.

20       SEC. 4. In carrying out the objective of this Act—

21           (a) the participation of the United Nations, the  
22       Organization of American States, and their related  
23       organizations and of other international organizations  
24       shall be sought wherever practicable; and

1           (b) the participation of private agencies and per-  
2           sons shall be encouraged.

3           SEC. 5. As used in this Act—

4           (a) the term “technical cooperation programs”  
5           means activities serving as a means for the inter-  
6           national interchange of technical knowledge and skills  
7           which are designed primarily to contribute to the  
8           balanced and integrated development of the economic  
9           resources and productive capacities of economically  
10          underdeveloped areas. Such activities may include,  
11          but need not be limited to, economic, engineering, medi-  
12          cal, educational, and fiscal surveys, demonstration,  
13          training, and similar projects that serve the purpose  
14          of promoting the development of economic resources  
15          and productive capacities of underdeveloped areas.  
16          The term “technical cooperation programs” does not  
17          include such activities authorized by the United States  
18          Information and Educational Exchange Act of 1948  
19          (62 Stat. 6) as are not primarily related to economic  
20          development, nor activities undertaken now or hereafter  
21          pursuant to the International Aviation Facilities Act  
22          (62 Stat. 450), nor pursuant to the Philippine Re-  
23          habilitation Act of 1946 (60 Stat. 128), as amended,  
24          nor pursuant to the Foreign Assistance Act of 1948

1 (62 Stat. 137), as amended, nor activities under-  
2 taken now or hereafter in the administration of areas  
3 occupied by the United States armed forces;

4 (b) the term "United States Government agency"  
5 means any department, agency, board, wholly or partly  
6 owned corporation or instrumentality, commission, or  
7 independent establishment of the United States Govern-  
8 ment; and

9 (c) the term "international organization" means  
10 any intergovernmental organization and subordinate  
11 bodies thereof, of which the United States is a member.

12 SEC. 6. In order to carry out the objective of this Act,  
13 the President is authorized to plan, undertake, administer,  
14 and execute technical cooperation programs and, in so  
15 doing, to—

16 (a) prescribe such rules and regulations as may be  
17 necessary and proper to carry out any of the provisions  
18 of this Act and to prosecute technical cooperation pro-  
19 grams to completion;

20 (b) coordinate and direct existing and new techni-  
21 cal cooperation programs carried on by any United  
22 States Government agency;

23 (c) utilize the services and facilities of private agen-  
24 cies and persons;

25 (d) make advances and grants in aid of technical

1 cooperation programs to any person, corporation, or  
2 other body of persons, or to any foreign government or  
3 foreign government agency or to any international  
4 organization;

5 (e) make and perform contracts of agreements in  
6 respect of technical cooperation programs on behalf of  
7 the United States Government with any person, corpora-  
8 tion, or other body of persons however designated,  
9 whether within or without the United States, or with  
10 any foreign government or foreign government agency  
11 or with any international organization;

12 (f) enter into contracts, within the limits of ap-  
13 propriations or contract authorizations hereafter made  
14 available, that, subject to the action of any succeeding  
15 Congress, may run for not to exceed three years in any  
16 one case;

17 (g) acquire or accept in the name of the United  
18 States Government by purchase, devise, bequest, gift,  
19 grant, or otherwise, any money, services, and property,  
20 both real and personal, as he finds to be necessary, and  
21 in any manner dispose of all property so acquired except  
22 property declared to be surplus. Receipts arising from  
23 the disposition of property not acquired with appro-  
24 priated funds, except surplus property, shall be avail-

1       able for expenditure for the purposes of this Act in the  
2       country in which the property is located. Any money  
3       acquired hereunder shall be received and accounted for  
4       under such regulations as the Secretary of the Treasury  
5       may prescribe;

6           (h) provide for printing and binding outside the  
7       continental limits of the United States, without regard  
8       to section 11 of the Act of March 1, 1919 (44 U. S. C.  
9       111); and

10          (i) appoint such advisory committees as he may  
11       determine to be necessary or desirable.

12       SEC. 7. The President shall terminate United States  
13       support for and participation in any technical cooperation  
14       program or programs whenever he determines that such  
15       support and participation no longer contribute effectively  
16       to the objective of this Act.

17       SEC. 8. The President may exercise any power or  
18       authority conferred on him by this Act through the Secre-  
19       tary of State or through any other officer or employee of  
20       the United States Government.

21       SEC. 9 To further the objective of this Act, the Secre-  
22       tary of State may establish an Institute of International  
23       Technical Cooperation within the Department of State.

24       SEC. 10. In order to carry out the objective of this Act—

25          (a) officers, employees, agents, and attorneys may

1 be employed for duty within the continental limits of  
2 the United States in accordance with the provisions of  
3 the civil-service laws and the Classification Act of 1923,  
4 as amended; except that the President may, by and  
5 with the advice and consent of the Senate, appoint one  
6 person who shall be compensated at a rate fixed by  
7 the President without regard to the Classification Act  
8 of 1923, as amended, but not in excess of \$16,000 per  
9 annum;

10 (b) persons employed for duty outside the conti-  
11 nental limits of the United States shall receive compen-  
12 sation at any of the rates provided for the Foreign  
13 Service Reserve and Staff by the Foreign Service Act  
14 of 1946 (60 Stat. 999), together with allowances and  
15 benefits established thereunder, and may be appointed  
16 to any class in the Foreign Service Reserve or Staff  
17 in accordance with the provisions of such Act. Alien  
18 clerks and employees may be employed in accordance  
19 with the provisions of such Act;

20 (c) officers and employees of the United States  
21 Government may be detailed to offices or positions to  
22 which no compensation is attached with any foreign  
23 government or foreign government agency or with any  
24 international organization: *Provided*, That while so de-  
25 tailed any such person shall be considered, for the pur-

1 pose of preserving his privileges, rights, seniority, or  
2 other benefits, an officer or employee of the United  
3 States Government and of the United States Govern-  
4 ment agency from which detailed and shall continue to  
5 receive therefrom his regular compensation, which shall  
6 be reimbursed to such agency from funds available under  
7 this Act: *Provided further*, That such acceptance of  
8 office shall in no case involve the taking of an oath of  
9 allegiance to another government;

10 (d) experts and consultants or organizations thereof  
11 may be employed as authorized by section 15 of the  
12 Act of August 2, 1946 (5 U. S. C. 55a), and individuals  
13 so employed may be compensated at a rate not in excess  
14 of \$50 per diem; and

15 (e) such additional civilian personnel may be em-  
16 ployed without regard to section 14 (a) of the Federal  
17 Employees Pay Act of 1946 (60 Stat. 219), as  
18 amended, as may be necessary to carry out the policies  
19 and purposes of this Act.

20 SEC. 11. The President shall transmit to the Congress  
21 an annual report of operations under this Act.

22 SEC. 12. (a) There are hereby authorized to be ap-  
23 propriated such sums as may be necessary to carry out the  
24 purposes of this Act. Activities provided for under this  
25 Act may be prosecuted under such appropriations or under

1 authority granted in appropriation acts to enter into con-  
2 tracts pending enactment of such appropriations. Unobli-  
3 gated balances of such appropriations for any fiscal year  
4 may, when so specified in the appropriation act concerned,  
5 be carried over to any succeeding fiscal year or years. The  
6 President may allocate to any United States Government  
7 agency any part of any appropriation available for carrying  
8 out the purposes of this Act. Such funds shall be available  
9 for obligation and expenditure for the purposes of this Act  
10 in accordance with authority granted hereunder or under  
11 authority governing the activities of the Government agencies  
12 to which such funds are allocated.

13 (b) Nothing in this Act is intended nor shall it be  
14 construed as an expressed or implied commitment to pro-  
15 vide any specific assistance, whether of funds, commodities,  
16 or services, to any country or countries, or to any interna-  
17 tional organization.

18 SEC. 13. If any provision of this Act or the application  
19 of any provision to any circumstances or persons shall be  
20 held invalid, the validity of the remainder of the Act and the  
21 applicability of such provision to other circumstances or  
22 persons shall not be affected thereby.

The following message was carried on the back cover of the first edition of ten thousand copies:

This pamphlet is an experiment. It has been printed and published by the author because commercial facilities do not exist for making this type of material available quickly and inexpensively, at a time when both are of the essence.

A first edition of ten thousand copies is being sent out free to a selected list, of whom you are one. A second edition will be offered publicly at 25 cents per copy. This offer will be made by means of a display advertisement in the *New York Times* carrying the text of the letter printed on the front cover of the pamphlet. The cost of the operation up to this point comes to about 50 cents per copy of the first edition.

If, having read this pamphlet, you find yourself in sympathy with the effort to present the facts about this chance to achieve freedom from fear to the American people, here are some things you can do, if you feel so inclined:

1. You can pay for the cost of the copy you have received. (Fifty cents will cover it. A dollar will pay for some one else's free copy as well.)
2. You can order a number of copies and send them to your friends. (See enclosed order blank for second edition.)
3. You can contribute ideas or money to further promotion in whatever way you like. (For example, by organizing a group to pay for an advertisement in your local paper, or in some magazine whose readers you think would be interested. Coupons in such an advertisement should be addressed to me and identify the publication in which the advertisement appeared.)
4. Most important of all. **WILL YOU WORK?** Money is needed to do the job, but money alone won't get it done. If a Citizens Committee is formed, will you join it? Will you pool your ideas, energy, skill and resources with others working toward the same end?

*The enclosed self-addressed envelope will carry back your answer on a form prepared for your convenience.*

*Will you mail it? Today?*

And will you be kind enough not to be offended if you receive only a printed acknowledgment on a penny postcard? Orders will be filled promptly, but ideas contributed will take time to digest and correlate.

Thank you.

JAMES P. WARBURG  
70 East 45th Street  
New York 17, N. Y.

Please read the message on the preceding page, which appeared in this space in the first edition. Since then, in a period of less than a week, a number of encouraging things have happened:

1. A number of important organizations have placed bulk orders for distribution among their members.
2. Groups of individuals in a number of cities have expressed interest in the suggestion made in paragraph "3" on the preceding page.
3. A foundation has undertaken to sponsor an authoritative study by a qualified research organization, designed to supplement this introductory booklet with data applicable to the question of precisely what amendments to the pending "Point Four" legislation may be desirable.

**CITIZEN ACTION HAS STARTED.**

**Will YOU Help Too? (See enclosed return envelope.)**

