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The President's Point Four Program

Recommendations to the Congress

Address by Assistant Secretary Allen

OFFICE OF PUBLIC AFFAIRS • DEPARTMENT OF STATE

The President's Recommendations for Technical Assistance Program for Underdeveloped Areas Sent to the Congress[1]

To the Congress of the United States:

In order to enable the United States, in cooperation with other countries, to assist the peoples of economically underdeveloped areas to raise their standards of living, I recommend the enactment of legislation to authorize an expanded program of technical assistance for such areas, and an experimental program for encouraging the outflow of private investment beneficial to their economic development. These measures are the essential first steps in an undertaking which will call upon private enterprise and voluntary organizations in the United States, as well as the government, to take part in a constantly growing effort to improve economic conditions in the less developed regions of the world.

The grinding poverty and the lack of economic opportunity for many millions of people in the economically underdeveloped parts of Africa, the Near and Far East, and certain regions of Central and South America, constitute one of the greatest challenges of the world today. In spite of their age-old economic and social handicaps, the peoples in these areas have, in recent decades, been stirred and awakened. The spread of industrial civilization, the growing understanding of modern concepts of government, and the impact of two World Wars have changed their lives and their outlook. They are eager to play a greater part in the community of nations.

All these areas have a common problem. They must create a firm economic base for the democratic aspirations of their citizens. Without such an economic base, they will be unable to meet the expectations which the modern world has aroused in their peoples. If they are frustrated and disappointed, they may turn to false doctrines which hold that the way of progress lies through tyranny.

For the United States the great awakening of these peoples holds tremendous promise. It is not only a promise that new and stronger nations will be associated with us in the cause of human freedom, it is also a promise of new economic strength and growth for ourselves.

With many of the economically underdeveloped areas of the world, we have long had ties of trade and commerce. In many instances today we greatly need the products of their labor and their resources. If the productivity and the purchasing power of these countries are expanded, our own industry and agriculture will benefit. Our experience shows that the volume of our foreign trade is far greater with highly developed countries than it is with countries having a low standard of living and inadequate industry. To increase the output and the national income of the less developed regions is to increase our own economic stability.

In addition, the development of these areas is of utmost importance to our efforts to restore the economies of the free European nations. As the economies of the underdeveloped areas expand, they will provide needed products for Europe and will offer a better market for European goods. Such expansion is an essential part of the growing system of world trade which is necessary for European recovery.

Furthermore, the development of these areas will strengthen the United Nations and the fabric of world peace. The preamble to the Charter of the United Nations states that the economic and social advancement of all people is an essential bulwark of peace. Under article 56 of the Charter, we have promised to take separate action and to act jointly with other nations "to promote higher standards of living, full employment, and conditions of economic and social progress and development."

For these various reasons, assistance in the development of the economically underdeveloped areas has become one of the major elements of our foreign policy. In my inaugural address, I outlined a program to help the peoples of these areas to attain greater production as a way to prosperity and peace.

The major effort in such a program must be local in character; it must be made by the people of the underdeveloped areas themselves. It is essential, however, to the success of their effort that there be help from abroad. In some cases, the peoples of these areas will be unable to begin their part of this great enterprise without initial aid from other countries.

[1] House Doc. 240, 81st Cong. 1st sess.

The aid that is needed falls roughly into two categories. The first is the technical, scientific, and managerial knowledge necessary to economic development. This category includes not only medical and educational knowledge, and assistance and advice in such basic fields as sanitation, communications, road building, and governmental services, but also, and perhaps most important, assistance in the survey of resources and in planning for long-range economic development.

The second category is production goods—machinery and equipment—and financial assistance in the creation of productive enterprises. The underdeveloped areas need capital for port and harbor development, roads and communications, irrigation and drainage projects, as well as for public utilities and the whole range of extractive, processing, and manufacturing industries. Much of the capital required can be provided by these areas themselves, in spite of their low standards of living. But much must come from abroad.

The two categories of aid are closely related. Technical assistance is necessary to lay the groundwork for productive investment. Investment, in turn, brings with it technical assistance. In general, however, technical surveys of resources and of the possibilities of economic development must precede substantial capital investment. Furthermore, in many of the areas concerned, technical assistance in improving sanitation, communications, or education is required to create conditions in which capital investment can be fruitful.

This country, in recent years, has conducted relatively modest programs of technical cooperation with other countries. In the field of education, channels of exchange and communication have been opened between our citizens and those of other countries. To some extent, the expert assistance of a number of Federal agencies, such as the Public Health Service and the Department of Agriculture, has been made available to other countries. We have also participated in the activities of the United Nations, its specialized agencies, and other international organizations to disseminate useful techniques among nations.

Through these various activities, we have gained considerable experience in rendering technical assistance to other countries. What is needed now is to expand and integrate these activities and to concentrate them particularly on the economic development of underdeveloped areas.

Much of the aid that is needed can be provided most effectively through the United Nations. Shortly after my inaugural address, this government asked the Economic and Social Council of the United Nations to consider what the United Nations and the specialized international agencies could do in this program.

The Secretary-General of the United Nations thereupon asked the United Nations Secretariat and the Secretariats of the specialized international agencies to draw up cooperative plans for technical assistance to underdeveloped areas. As a result, a survey was made of technical projects suitable for these agencies in such fields as industry, labor, agriculture, scientific research with respect to natural resources, and fiscal management. The total cost of the program submitted as a result of this survey was estimated to be about 35 million dollars for the first year. It is expected that the United Nations and the specialized international agencies will shortly adopt programs for carrying out projects of the type included in this survey.

In addition to our participation in this work of the United Nations, much of the technical assistance required can be provided directly by the United States to countries needing it. A careful examination of the existing information concerning the underdeveloped countries shows particular need for technicians and experts with United States training in plant and animal diseases, malaria and typhus control, water supply and sewer systems, metallurgy and mining, and nearly all phases of industry.

It has already been shown that experts in these fields can bring about tremendous improvements. For example, the health of the people of many foreign communities has been greatly improved by the work of United States sanitary engineers in setting up modern water supply systems. The food supply of many areas has been increased as the result of the advice of United States agricultural experts in the control of animal diseases and the improvement of crops. These are only examples of the wide range of benefits resulting from the careful application of modern techniques to local problems. The benefits which a comprehensive program of expert assistance will make possible can only be revealed by studies and surveys undertaken as a part of the program itself.

To inaugurate the program, I recommend a first year appropriation of not to exceed 45 million dollars. This includes 10 million dollars already requested in the 1950 Budget for activities of this character. The sum recommended will cover both our participation in the programs of the international agencies and the assistance to be provided directly by the United States.

In every case, whether the operation is conducted through the United Nations, the other international agencies, or directly by the United States, the country receiving the benefit of the aid will be required to bear a substantial portion of the expense.

The activities necessary to carry out our program of technical aid will be diverse in character and will have to be performed by a number of different government agencies and private instrumentalities. It will be necessary to utilize not only the resources of international agencies and the United States Government, but also the facili-

ties and the experience of the private business and nonprofit organizations that have long been active in this work.

Since a number of Federal agencies will be involved in the program, I recommend that the administration of the program be vested in the President, with authority to delegate to the Secretary of State and to other government officers, as may be appropriate. With such administrative flexibility, it will be possible to modify the management of the program as it expands and to meet the practical problems that will arise in its administration in the future.

The second category of outside aid needed by the underdeveloped areas is the provision of capital for the creation of productive enterprises. The International Bank for Reconstruction and Development and the Export-Import Bank have provided some capital for underdeveloped areas, and, as the economic growth of these areas progresses, should be expected to provide a great deal more. In addition, private sources of funds must be encouraged to provide a major part of the capital required.

In view of the present troubled condition of the world—the distortion of world trade, the shortage of dollars, and other aftereffects of the war—the problem of substantially increasing the flow of American capital abroad presents serious difficulties. In all probability novel devices will have to be employed if the investment from this country is to reach proportions sufficient to carry out the objectives of our program.

All countries concerned with the program should work together to bring about conditions favorable to the flow of private capital. To this end we are negotiating agreements with other countries to protect the American investor from unwarranted or discriminatory treatment under the laws of the country in which he makes his investment.

In negotiating such treaties we do not, of course, ask privileges for American capital greater than those granted to other investors in underdeveloped countries or greater than we ourselves grant in this country. We believe that American enterprise should not waste local resources, should provide adequate wages and working conditions for local labor, and should bear an equitable share of the burden of local taxes. At the same time, we believe that investors will send their capital abroad on an increasing scale only if they are given assurance against risk of loss through expropriation without compensation, unfair or discriminatory treatment, destruction through war or rebellion, or the inability to convert their earnings into dollars.

Although our investment treaties will be directed at mitigating such risks, they cannot eliminate them entirely. With the best will in the world a foreign country, particularly an underdeveloped country, may not be able to obtain the dollar exchange necessary for the prompt remittance of earnings on dollar capital. Damage or loss resulting from internal and international violence may be beyond the power of our treaty signatories to control.

Many of these conditions of instability in underdeveloped areas which deter foreign investment are themselves a consequence of the lack of economic development which only foreign investment can cure. Therefore, to wait until stable conditions are assured before encouraging the outflow of capital to underdeveloped areas would defer the attainment of our objectives indefinitely. It is necessary to take vigorous action now to break out of this vicious circle.

Since the development of underdeveloped economic areas is of major importance in our foreign policy, it is appropriate to use the resources of the government to accelerate private efforts toward that end. I recommend, therefore, that the Export-Import Bank be authorized to guarantee United States private capital, invested in productive enterprises abroad which contribute to economic development in underdeveloped areas, against the risks peculiar to those investments.

This guarantee activity will at the outset be largely experimental. Some investments may require only a guarantee against the danger of inconvertibility, others may need protection against the danger of expropriation and other dangers as well. It is impossible at this time to write a standard guarantee. The Bank will, of course, be able to require the payment of premiums for such protection, but there is no way now to determine what premium rates will be most appropriate in the long run. Only experience can provide answers to these questions.

The Bank has sufficient resources at the present time to begin the guarantee program and to carry on its lending activities as well without any increase in its authorized funds. If the demand for guarantees should prove large, and lending activities continue on the scale expected, it will be necessary to request the Congress at a later date to increase the authorized funds of the Bank.

The enactment of these two legislative proposals, the first pertaining to technical assistance and the second to the encouragement of foreign investment, will constitute a national endorsement of a program of major importance in our efforts for world peace and economic stability. Nevertheless, these measures are only the first steps. We are here embarking on a venture that extends far into the future. We are at the beginning of a rising curve of activity, private, governmental, and international, that will continue for many years to come. It is all the more important, therefore, that we start promptly.

In the economically underdeveloped areas of the world today there are new creative energies. We look forward to the time when these countries will be stronger and more independent than they are now, and yet more closely bound to us and to other

nations by ties of friendship and commerce, and by kindred ideals. On the other hand, unless we aid the newly awakened spirit in these peoples to find the course of fruitful development, they may fall under the control of those whose philosophy is hostile to human freedom, thereby prolonging the unsettled state of the world and postponing the achievement of permanent peace.

Before the peoples of these areas we hold out the promise of a better future through the democratic way of life. It is vital that we move quickly to bring the meaning of that promise home to them in their daily lives.

HARRY S. TRUMAN

THE WHITE HOUSE,
June 24, 1949.

Where Do We Stand on Point Four?

by George V. Allen, Assistant Secretary for Public Affairs [1]

President Truman, you will recall, launched the planning of a world technical cooperation program, on a cooperative basis, with his declaration of policy at his inauguration last January 20.

He said that the United States, in cooperation with the United Nations, and with other governments, would attempt to pool the technical knowledge and skills of the more advanced countries to stimulate the progress of the underdeveloped countries.

There was obviously both selfishness and altruism in Mr. Truman's proposal. It was selfish because the United States does its greatest trade with the countries that are economically prosperous. It was selfish because an economy of private enterprise can remain most healthy in a world-wide expanding economy. It was selfish because the peace of the world and the security of the United States depends upon the well-being of the underdeveloped nations.

On the other hand, this plan was altruistic because the United States was not seeking any political favors. It was asking no privileges for American business greater than those accorded to businessmen from any other country. And the United States was willing to contribute more than its proportionate share in this program.

The President called his plan "bold and new". It is bold because for the first time a major nation has made it a national concern to facilitate the development of lesser developed countries, which contain well over half the population of the world, and because the plan looks beyond the immediate political alarms and crises to a long-range program, extending over many decades. This proposal is a demonstration of confidence in the possibility of achieving world peace.

The program is new in its world-wide scope. On a small scale, our government has had experience with this type of program in Latin America.

Now what has been happening on the plans for Point 4 since last January 20?

The United Nations Organization has given active leadership. The Secretariats of the United Nations specialized agencies have had numerous meetings to discuss the work which their organizations might undertake in the fields of agriculture, education, health, and general economic development. The Secretariats have now submitted their proposals to their various governing bodies. You may have seen a news story recently from New York, indicating that the total of these proposals would cost 84 million dollars for the first two years. Next month at Geneva, the Economic and Social Council will review these proposals. Thereafter, the combined United Nations program will be examined by the United States and other members of the United Nations who are willing to contribute to the Point-4 program. As you know, the Point-4 program is a wholly voluntary contribution, over and above our membership assessment in the United Nations.

Within the United States Government itself the Department of State has been given responsibility for drafting the necessary legislation and recommending a first year program. This work is now completed, and the President will probably be sending to Congress this week a message requesting consideration of Point-4 legislation at this session.

It is not possible to discuss the contents of the first year's program, because each project will have to be negotiated with another government, and part of the expense will be borne by the other government.

[1] An address delivered before the American Society of Engineering Education at Troy, N. Y. on June 23, 1949, and released to the press on the same date.

However, I can assure you that engineering will play a prominent part in that program, and subject to approval by the United States Congress, and by other countries which may contribute to this cooperative venture, hundreds of American and other engineers will be going annually to assist the governments of underdeveloped areas of the world.

I do not mean to overemphasize the role of government in this program, for it is likely that United States engineering firms and contractors will contribute a major share to the Point-4 program.

I am unable to give you details of the proposed program, but let me review some of our recent experiences in working with other governments on engineering matters.

The government now has two programs of technical assistance in Latin America.

First, there is an Interdepartmental Committee on Scientific and Cultural Cooperation, which draws upon the technical skills and personnel of all the federal agencies to supply technical assistance to other governments. I am chairman of that Committee, which has about 180 technicians working in Latin America today.

Second, there is a government corporation, the Institute of Inter-American Affairs, which is conducting programs for the improvement of the basic economy of Latin America. It works primarily in the fields of food supply, health, and education. I sit on the Board of Directors of that corporation.

These two programs utilize engineering skills of many sorts in assisting other governments. Here are some examples:

1. *Mining.* If you go to Mexico City today, you will find in the laboratories of the Mexican Government two mining engineers supplied by the United States Bureau of Mines. These are shirt-sleeves men who are helping the Mexicans work out processes for extracting or reducing ores, so as to make mining less expensive. The United States supplied these men primarily because of our interest in lead, zinc, and other strategic minerals. However, they are available to work on any mining or metallurgical process requested by the Mexican Government.

Since 1942, the United States has sent to Brazil a number of geologists to assist that government in locating and mapping its strategic minerals. These American geologists and their Brazilian colleagues have uncovered the largest deposits of manganese in the Western Hemisphere. The United States, since its earliest development of iron and steel, has been forced to import manganese from the other side of the Atlantic and the Pacific. Now, for the first time, we may become self-sufficient within this hemisphere. United States Steel has entered into a contract with the Brazilian Government for development of one of these manganese deposits.

2. *Irrigation.* In Haiti, an engineering field party of the Institute of Inter-American Affairs has just completed a small concrete aqueduct carrying water out of the mountains into the arid coastal plain about 25 miles behind the capital of Port-au-Prince. This aqueduct is irrigating approximately 1,500 acres of land that have been largely abandoned since French colonial days over a hundred years ago, and the irrigated area is now being expanded. Haiti, as you may know, has a severe food shortage.

3. *Drainage for Malaria Control.* Engineers of the Institute of Inter-American Affairs were asked to tackle the malaria problem of the Santa River Valley in Peru where 25 percent of the population were infected. The mosquitoes were breeding in marshes along the river. In one year the Institute engineers drained the area surrounding the mouth of the river, and the incidence of malaria dropped from 25 percent to 2 percent. The cost of this project was supplied largely by the Peruvian Government, and the labor was Peruvian. The United States supplied the technical knowledge.

4. *Aviation.* The Civil Aeronautics Administration has field parties in five Latin American countries today, advising other governments on the location and construction of their airfields and the maintenance of their airways communications. Many of the United States personnel are engineers.

5. *Brazilian Air Mission.* In Brazil the United States has facilitated an entirely different kind of aviation mission. The Brazilian Government itself has recruited 20 of the outstanding aviation technicians of the United States, employed directly by the Brazilian Government to develop a national aviation program. The staff is headed by Dr. C. I. Stanton, former deputy administrator of the United States Civil Aeronautics Administration, and Professor Richard H. Smith, former dean of Aeronautical Engineering at M.I.T. These men have organized a complete engineering school for the Brazilian Government.

6. *Mechanical Engineers.* The Department of Agriculture has sent to Cuba several mechanical engineers who are helping to develop the necessary machinery for extracting fiber from the kenaf plant. Kenaf is an agricultural product developed by United States and Cuban scientists to replace jute. The agricultural phase of the work has been completed, but the machinery for processing the fiber is not yet satisfactory. When this project is completed, the United States will no longer be dependent entirely on the Far East for this important type of fiber.

7. *Water Supply Engineers in the Amazon.* The Institute of Inter-American Affairs engineers have supervised the construction of about 20 municipal

water supply plants in Brazilian towns along the Amazon. The Amazon Valley was completely lacking in pure water systems, and water-borne parasites had become the principal national health problem. I recently heard an interesting anecdote about the first of these water systems in the Amazon, which was constructed in 1943. It was built in a town of 2,500 people, which served as a county capital. The engineers, in order to allow for population expansion, built the system to supply 4,000 people. Within 2 years after the water system was constructed, people had moved from miles around into this town, and its population had grown to 6,000 people—50 percent greater than the water supply capacity. The plant had since been enlarged. Moreover, this town had been located for centuries on the bank of the Amazon, because everyone had to carry water in buckets from the river bank. Within 1 year after the water system was constructed, the population began moving inland from the river and the center of town now is almost 2 miles from the river, on higher and more healthful ground. That is what one American engineer can contribute to one foreign community.

8. *Training Engineers in the United States.* Many of our federal agencies are conducting classes and individual training courses for technicians from Latin America. More than 2,000 technicians and scientists have been brought to the United States under this program during the past 10 years. Approximately 400 of these were in various fields of engineering. Right now in Washington there are training courses going on for Latin American engineers in the Public Roads Administration, the Civil Aeronautics Administration, the Bureau of Reclamation, the National Bureau of Standards, the Coast and Geodetic Survey, and the Public Health Service. This last agency is training sanitary engineers.

9. *London Science Staff.* An entirely different kind of engineering activity is represented by the science staff in the United States Embassy at London.

The Department of State has maintained a science staff in the London Embassy for almost 2 years. This staff both acquires and gives information of a scientific and technical nature.

Last year, from April 1948 to April 1949, an engineer was the Chief Scientific Officer—Dean W. R. Woolrich, Dean of the College of Engineering, University of Texas. His contribution to the work of the staff was considerable and is illustrative of the kind of assistance engineers will be giving to the Point-4 program, as well as other U.S. foreign programs. He made a study of government sponsored research in the Department of Scientific and Industrial Research in Great Britain. He surveyed and appraised the whole system of engineering education, government and private, talking with officials in engineering schools and assessing the kinds of courses, methods of teaching, requirements for degrees, selection of students, and organization and management of engineering colleges. While in London, Dean Woolrich was a member of the U.S. Educational Commission in the U.K. administering the Fulbright program in Great Britain.

Dean Woolrich also worked on a plan to promote Western European interchange of unclassified industrial and agricultural technology now in possession of the governments participating in ERP. He cooperated with ECA and OEEC and with British and French government officials in developing the plan which has been accepted by the OEEC. Arrangements are now underway to put the plan into effect. Exchange arrangements are to be carried out by the countries among themselves. If successful, the project is likely to aid significantly in European economic recovery and to place the cooperating countries in a much stronger position to participate in the Point-4 program than they otherwise would be.

The best example I can recall of how the government and private enterprise work together in this field of technical cooperation is a story that came out of Afghanistan. In 1935, the Afghanistan Government sent to the United States a student of engineering. After he had graduated from an American engineering school, the Bureau of Reclamation took him into its laboratories at Denver for 9 months of training. Shortly after this student returned to Afghanistan, he was appointed Minister of Public Works. When consideration arose in 1942 for the construction of a major dam in Afghanistan, this former student asked the United States Government if it could send a survey engineer. The State Department arranged for a trip by Mr. Jack Savage of the Bureau of Reclamation, whom many of you know as the designer of Boulder Dam. Jack Savage spent only a month in Afghanistan, advising on the feasibility of the project. The Afghanistan Government then issued a series of contracts to United States engineering and construction firms, now aggregating many millions of dollars.

Here in one sequence you can see the relationship of our program for foreign students, our training of foreign technicians in United States Government agencies, our sending of technical advisers to other governments, and the role played by private American companies.

As soon as these professional schools are established, it is found that the scientific training and particularly the laboratory work in the high schools is inadequate, and it is necessary to revise the high school curriculum.

In many underdeveloped countries we find that education has been restricted to the wealthy families who have a social repugnance for hand labor. They lack what Harold Lasswell calls "the dignity of overalls."

One of the methods which the United States has attempted to use in overcoming this attitude is to

recommend handicrafts and shop work in the primary schools of a country. We have tried to break down the social attitude towards manual labor at the youngest possible age.

These educational problems are fundamental in any improvement to engineering services in most backward countries.

This year the United States has had over 25,000 foreign students enrolled in its universities. Approximately 5,100 of these students were studying engineering. That is over 20 percent. Nearly all of these students have been assisted at one time or another by our cultural officers in the American missions abroad or by our reception centers in the United States for assisting foreign visitors. The State Department is doing its best, within the limits of our university capacity to stimulate both the quantity and quality of the foreign students. The most important contribution to this program, however, has been the excellent fellowship program and counciling services of the various universities, including our engineering schools.

I believe we have been more successful in aiding foreign students to come to the United States than we have been in supplying visiting professors to institutions abroad. Under the Point-4 program there will undoubtedly be a greater demand than at present for the sending of United States visiting professors of engineering to other countries.

And this brings me to a subject of particular interest to members of your organization.

I believe that the Point-4 program will put strain upon the available pool of skilled personnel in this country, including the engineering profession. The Government will be looking to its own staff, to private engineering companies and to universities to determine what outstanding engineers are available for foreign assignment, and those who can be spared will be the first assigned. But I forsee in the second and third and ensuing years a demand for personnel which will compel the United States to turn to its young college graduates to undertake assignments abroad. Many of our technicians in Latin America today are under 30 years of age. I believe this is true of a majority of our sanitary engineers.

This is a problem which should be of concern to all of our professional schools. It means that some of our engineering students, to be properly prepared for their work, should have foreign languages and some "area studies." It means that the counseling services of our universities must become more familiar with the overseas opportunities for college graduates.

Such foreign assignments will be an all-round benefit to the United States and to the individual. The individual will be given experience far beyond his years and beyond any opportunities he would have in the United States to exercise such broad authority at so young a period in his life. This in turn enriches the pool of trained manpower which the United States possesses and gives our nation a richer experience in world affairs, which will enable us better to fill our new role in world leadership.

I have heard it said that engineers contributed more to the winning of the war than any other profession.

I foresee that the role of engineers in the program for peace, as laid down by President Truman, will be equally important.

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