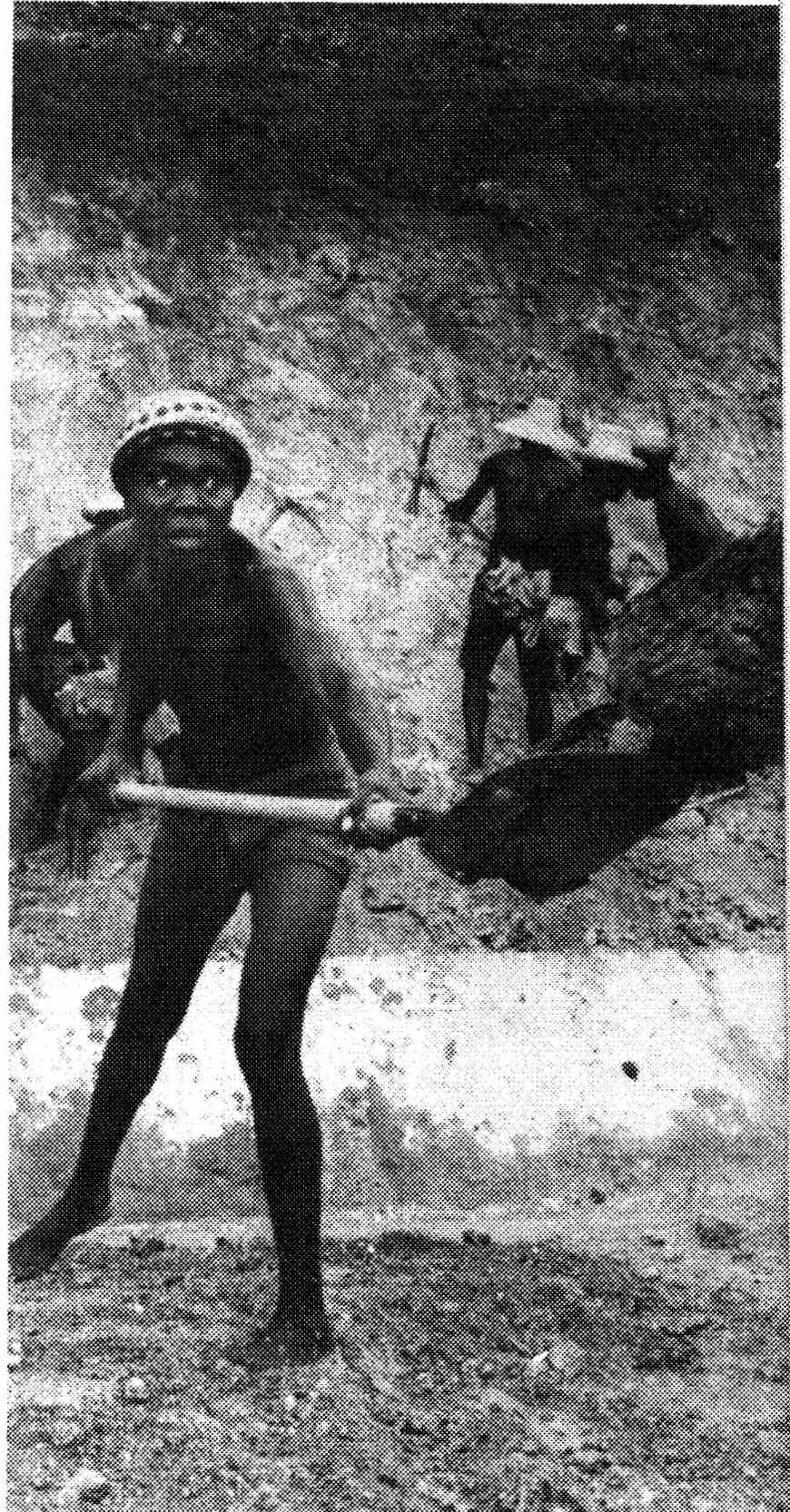


War on Hunger

A Report from The Agency for International Development



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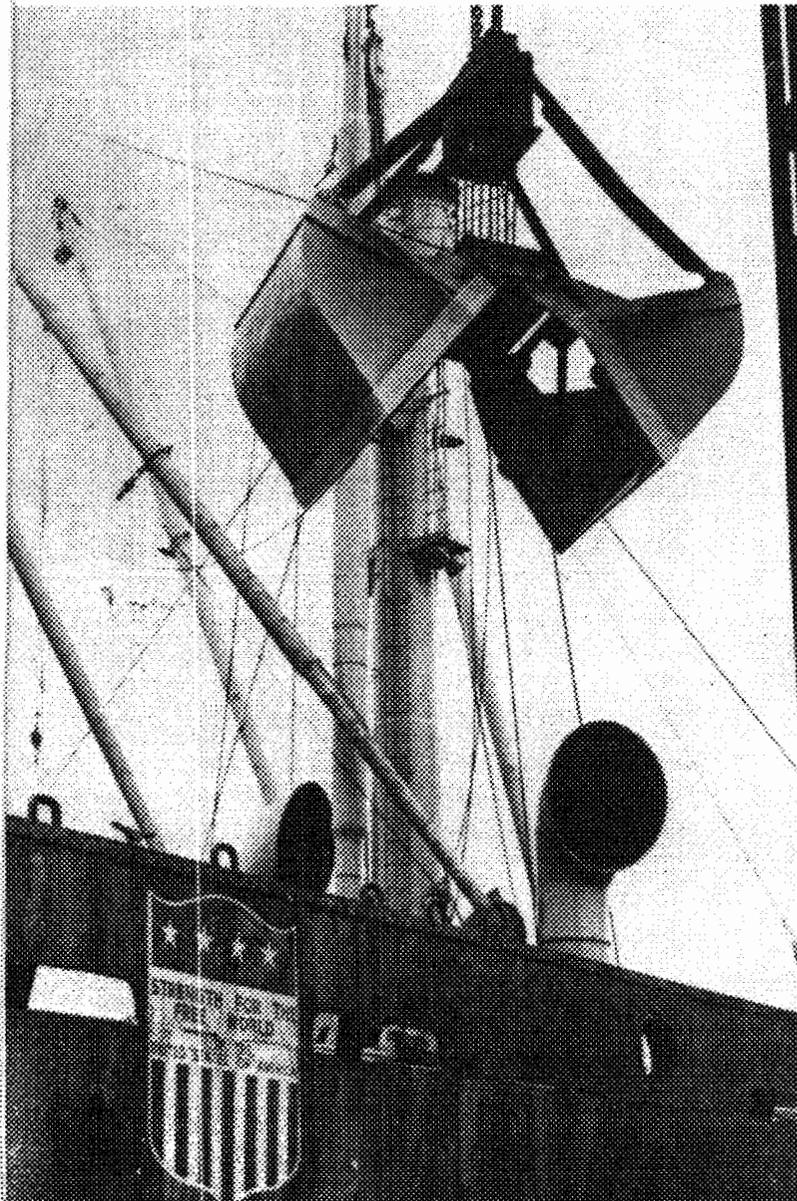
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COVER: Foreign aid in the years of the Marshall Plan and foreign aid today under the Agency for International Development. After 30 years, the effort is still the same: helping those who need help and sowing the seeds of friendship and peace to our global neighbors.



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The Marshall Plan:

The Speech

This month marks the 30th anniversary of the famed Commencement Address delivered by Secretary of State George C. Marshall at Harvard University. This was the speech that launched the unprecedented and successful "Marshall Plan" providing economic assistance for a ravaged post-war Europe.

HARVARD . . . JUNE 5, 1947

I need not tell you gentlemen that the world situation is very serious. That must be apparent to all intelligent people. I think one difficulty is that the problem is one of such enormous complexity that the very mass of facts presented to the public by press and radio make it exceedingly difficult for the man in the street to reach a clear appraisal of the situation. Furthermore, the people of this country are distant from the troubled areas of the earth and it is hard for them to comprehend the plight and consequent reactions of the long-suffering peoples and the effect of those reactions on their governments in connection with our efforts to promote peace in the world.

In considering the requirements for the rehabilitation of Europe, the physical loss of life, the visible destruction of cities, factories, mines, and railroads was correctly estimated, but it has become obvious during recent months that this visible destruction was probably less serious than the dislocation of the entire fabric of European economy. For the past 10 years conditions have been highly abnormal. The feverish preparation for war and the more feverish maintenance of the war effort engulfed all

aspects of national economies. Machinery has fallen into disrepair or is entirely obsolete. Under the arbitrary and destructive Nazi rule, virtually every possible enterprise was geared into the German war machine. Long-standing commercial ties, private institutions, banks, insurance companies, and shipping companies disappeared, through loss of capital, absorption through nationalization, or by simple destruction. In many countries, confidence in the local currency has been severely shaken. The breakdown of the business structure of Europe during the war was complete. Recovery has been seriously retarded by the fact that two years after the close of hostilities a peace settlement with Germany and Austria has not been agreed upon. But even given a more prompt solution of these difficult problems, the rehabilitation of the economic structure of Europe quite evidently will require a much longer time and greater effort than had been foreseen.

There is a phase of this matter which is both interesting and serious. The farmer has always produced the foodstuffs to exchange with the city dweller for the other necessities

of life. This division of labor is the basis of modern civilization. At the present time it is threatened with breakdown. The town and city industries are not producing adequate goods to exchange with the food-producing farmer. Raw materials and fuel are in short supply. Machinery is lacking or worn out. The farmer or the peasant cannot find the goods for sale which he desires to purchase. So the sale of his farm produce for money which he cannot use seems to him an unprofitable transaction. He, therefore, has withdrawn many fields from crop cultivation and is using them for grazing. He feeds more grain to stock and finds for himself and his family an ample supply of food, however short he may be on clothing and the other ordinary gadgets of civilization. Meanwhile, people in the cities are short of food and fuel. So the governments are forced to use their foreign money and credits to procure these necessities abroad. This process exhausts funds which are urgently needed for reconstruction. Thus a very serious situation is rapidly developing which bodes no good for the world. The modern system of the division of labor upon which the exchange of products is based is in danger of breaking down.

The truth of the matter is that Europe's requirements for the next three or four years of foreign food and other essential products—principally from America—are so much greater than her present ability to pay that she must have substantial additional help or face economic, social, and political deterioration of a very grave character.

The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole. The manufacturer and the farmer throughout wide areas must be able and willing to exchange their products for currencies, the continuing value of which is not open to question.

Aside from the demoralizing effect on the world at large and the possibilities of disturbances arising as a result of the desperation of the people concerned, the consequences to the economy of the United States should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there can be no

political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a piecemeal basis as various crises develop. Any assistance that this Government may render in the future should provide a cure rather than a mere palliative. Any government that is willing to assist in the task of recovery will find full cooperation, I am sure, on the part of the United States Government. Any government which maneuvers to block the recovery of other countries cannot expect help from us. Furthermore, governments, political parties, or groups which seek to perpetuate human misery in order to profit therefrom politically or otherwise will encounter the opposition of the United States.

It is already evident that before the United States Government can proceed much further in its efforts to alleviate the situation and help start the European world on its way to recovery, there must be some agreement among the countries of Europe as to the requirements of the situation and the part those countries themselves will take in order to give proper effect to whatever action might be undertaken by this Government. It would be neither fitting nor efficacious for this Government to undertake to draw up unilaterally a program designed to place Europe on its feet economically. This is the business of the Europeans. The initiative, I think, must come from Europe.

The role of this country should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so. The program should be a joint one, agreed to by a number, if not all, European nations.

An essential part of any successful action on the part of the United States is an understanding on the part of the people of America of the character of the problem and the remedies to be applied. Political passion and prejudice should have no part. With foresight, and a willingness on the part of our people to face up to the vast responsibility which history has clearly placed upon our country, the difficulties I have outlined can and will be overcome.

The Marshall Plan:

The Plan

"Without the Marshall Plan we would have thrown away the peace . . ."

TRB in *The New Republic* April 30, 1977

This month marks the 30th anniversary of the famed Commencement Address delivered by Secretary of State George C. Marshall at Harvard University. The speech launched the unprecedented and successful "Marshall Plan" providing economic assistance for a ravaged postwar Europe. Although few people suspected it at the time, the speech also marked the beginning of foreign economic assistance as an instrument of U.S. foreign policy.

Three decades of foreign assistance have seen numerous changes in theory and practice. The United States has provided more than \$100 billion in goods and other resource services in an effort to carry out what General Marshall thought the United States should do to bring about economic health in the world, "without which there can be no political stability and no assured peace."

That is still the foundation on which the rationale for foreign assistance rests.

A look back at the Marshall Plan, how it began and its significance follows. The material is excerpted from an article that appeared in the April 1973 issue of *War on Hunger*.*

Europe in the summer of 1947 was, in the words of Winston Churchill, "a rubble heap, a charnel house, a breeding ground of pestilence and hate." But amidst the ashes of the devastated continent a flame of hope flickered, kindled by Secretary Marshall's speech of June 5.

His proposal, to go down in history as the "Marshall Plan," was like "a lifeline to sinking men," said Ernest Bevin, British Foreign Minister.

* The article was written by Betty Sneed and Jerry E. Rosenthal. Additional articles on Secretary Marshall's speech appeared in the June 1972 issue of *War on Hunger*.



Secretary of State George C. Marshall delivered the speech that launched the European recovery plan 30 years ago.

The lifeline was not to become a reality until 10 months later, April 1948, but when the Economic Cooperation Administration did come into being, it functioned swiftly and effectively. By 1952, four years after the enactment of the European Recovery Program, Europe was on its feet.

America's first formal "foreign aid" effort had succeeded.

In June 1947, Secretary Marshall had put it up to the Europeans. "The initiative," he said at Harvard University's Commencement, "must come from Europe . . . The program should be a joint one . . ." He had invited all European nations, including Russia.

Europe's reaction was almost immediate. Dean Acheson, who was then Under Secretary of State, sent word to Mr. Bevin that General Marshall's offer in his speech was most serious and made with President Truman's full support. Mr. Bevin and French Foreign Minister Georges Bidault met June 17 to discuss preliminary plans. Two days later they announced an invitation had been issued to Soviet Russia and on June 22 Russia replied that she would attend the

meeting. Five days later the three powers met in Paris. Soviet Foreign Minister Molotov brought with him 89 experts, but by July 2 they had all gone home. Russia had backed out, rejecting, among other ideas, the key proposal that the European plan be a joint operation.

Great Britain and France persisted, however, and issued invitations to 22 nations to attend a meeting in Paris on July 12 to set up a Committee of Cooperation. Fourteen accepted. In addition to Britain and France, those who sent representatives were Austria, Belgium, Denmark, Eire (Ireland), Greece, Iceland, Italy, Luxembourg, Norway, Netherlands, Portugal, Sweden, Switzerland and Turkey. The eight others were Albania, Bulgaria, Czechoslovakia, Finland, Hungary, Poland, Romania and Yugoslavia. These countries needed help too, but Russian pressure kept them out. Czechoslovakia, in fact, accepted in principle, but then had to withdraw its acceptance. Poland also had intended to accept but was compelled to stay out. West Germany was not invited, but her inclusion in the Marshall Plan was contemplated from the beginning. She joined what became the Organiza-

tion for European Economic Cooperation in 1949.

The 16 nations meeting in Paris in July 1947 formed the Committee of European Economic Cooperation (CEEC) with Oliver Franks as chairman. A working group was set up with instructions to come up with a plan by September 1. It did. A proposal was submitted to Secretary Marshall on September 22.

Meanwhile, President Truman and Secretary Marshall had taken steps to find out how the United States would fulfill its role. William Clayton, Under Secretary of State for Economic Affairs, had provided some of the depressing information that formed a basis for Secretary Marshall's proposal. He delegated his deputy, Willard Thorp, to chair a steering committee in the State Department. Paul Nitze, then Deputy Director of the Office of International Trade Policy, headed a task force. C. Tyler (Ty) Wood, who was later to have a distinguished career with AID, was an original member of the State Department group.

President Truman appointed three other committees. One, headed by Secretary of Interior Julius Krug, investigated the effect a large-scale assistance



The severe economic and social distress that followed World War II was made worse by bitter weather and shortages in 1947. Amidst the rubble of a war-torn Europe came a shining hope for the people, the Marshall Plan.

program would have on U.S. natural resources. Another, headed by Edwin G. Nourse, chairman of the Council of Economic Advisors, studied the effect on the U.S. economy. The third and most influential committee was headed by W. Averell Harriman, then Secretary of Commerce. This committee, called the President's Committee on Foreign Aid, was carefully picked by President Truman with the advice of Senator Arthur Vandenberg (R-Mich.). It was comprised of leaders in the business, labor, agricultural, education and civic fields. Its report was a major factor in generating public and congressional support.

Another committee, composed of members of the House of Representatives, was headed by Christian A. Herter, who some years later served as Secretary of State. The Herter Committee studied the situation in Europe first hand and its valuable report gave strong impetus to eventual enactment of the legislation.

A special citizens committee for the Marshall Plan also was organized later. More than 300 prominent citizens (including Dean Acheson, then in private life) participated in organizing regional groups promoting news and editorial coverage, setting up speakers bureaus and other public relations efforts.

By the time CEEC Chairman Franks submitted the European nations' proposal to Secretary Marshall, the planning on the U.S. side was well started, although far from firm. The Harriman Committee's job was all-important. It was charged with analyzing the principles and policies which would guide the program, determining the needs and capacities of the European countries, the volume of assistance required, its relation to the American domestic economy and problems of finance and administration.

Richard M. Bissell Jr., was selected by Mr. Harriman as the executive secretary for the committee.

Mr. Bissell recalled several years ago:

"It would have been impossible to bring together any group like the Harriman Committee if it had not been for the war, which had ended only two years before. These men's experiences, sense of duty and statesmanship made it possible to study, discuss and come up with a serious report in a short time."

The report was important in many respects to the successful presentation of the European Recovery Program to the public, press and Congress. One aspect, recalled by Harlan Cleveland who had worked on the State Department planning team, "was the concept that the important thing is not the volume of our aid but the effects in Europe and our influence in Europe upon national economic and financial policies."

The Harriman Report also made clear that the United States had vital interests in Europe's recovery—humanitarian, economic, strategic and political. However, it stated very definitely: "Only the Europeans can save Europe." This first line, credited to Paul Hoffraan, who was to become the Marshall Plan



New homes were a priority following the war. The emblem shows that it is part of the Marshall Plan.

Administrator, expressed in a few words the philosophy that was to dominate the thinking of those who participated in the Marshall Plan.

The Harriman Committee recommended an independent government agency to administer the program, seek close cooperation with Congress, and establish a foreign organization which would include representatives from each of the participating countries. It estimated the cost of the four-year program between \$13 and \$17 billion.

Meanwhile, the Krug Committee had reported that the effect on U.S. resources would be minimal, although some agricultural and industrial products were in short supply. The Nourse Committee came to the conclusion that the United States could carry out a large-scale program without harming the economy.

Ty Wood was involved at the start of the planning operation and was chairman of the group known informally as "the board of directors." The "board," usually consisting of 12 to 14 persons, studied the requirements, procurement and organization. Mr. Wood likened it to setting up a new international company in a field in which there was no precedent.

The "board" acted as a think tank with experts drafting papers on how the proposed program would involve their specialties. These papers would be passed around and discussed by the group. The "board" met two or three times a week, usually until late at night. Saturdays and Sundays were no holidays.

"I remember working until 7 p.m. one Sunday," Mr. Wood recalls, "and wishing everyone a good weekend."

One important deliberation by the planning group was to determine the type of administration the program should have. Secretary Marshall, in his decisive but gentle manner, made it clear eventually that he didn't want the administration in the State Department.

Although the Marshall Plan proposal was unprecedented, public support grew throughout the summer and fall of 1947. Gallup polled the American public on the Marshall Plan four times from July to December. A majority were in favor, and at the time President Truman submitted the legislation to a special session of Congress in December, the proportion of those who regarded the European Recovery Program unfavorably was only 17 percent.

It was significant that the argument most telling with those who were polled was that the Marshall Plan "will halt the spread of communism in Europe."

Besides the Cold War considerations, there were other reasons for public support.

"We had won a war," Lincoln Gordon recalled in an interview in 1973, "and this was part of seeing the victory through. Many people felt that having fought the war, to let Western Europe collapse for want of some dollars would have been a tragedy."

Mr. Bissell agreed. "There remained from the war years a strong concern with the state of the world. The Marshall Plan was humane and benign. It wasn't destructive, but constructive."

The sudden enmity of Russia, however, was a clinching factor. Mr. Harriman recently recalled the reaction in February of 1948 when the Communists took over the government of Czechoslovakia. "This aroused Congress and the people," he said. "It contributed greatly to the acceptance of the Marshall Plan as a means of combatting the spread of communism in Europe."

Mr. Harriman, on the basis of his extensive experience in Europe during the war—he had been a special representative of President Roosevelt and Ambassador to Russia—had, of course, exerted strong influence on the findings of the committee which he headed and in congressional hearings. In this respect, Paul Hoffman also carried great weight.

Although there was substantial public and congressional support, the progress of the legislation was not entirely smooth or without considerable questioning and debate.

Senator Arthur Vandenberg of Michigan was Chairman of the Senate Foreign Relations Committee. Secretary Marshall, Mr. Harriman, Mr. Hoffman and others consulted with him continually.

In order to reconcile the differences concerning organizational arrangements that had emerged during the various studies of the Marshall Plan proposal,

the Senator had asked the Brookings Institution to review this problem for his committee. The Brookings Report called for a special government agency which, differing from the Herter Committee's proposal, would not be a government corporation. The administrator would be appointed by the President and would be independent of the State Department. The overseas mission chiefs, however, would be under the authority of the country ambassadors. This was adopted in the final bill.

Senator Vandenberg's committee heard more than 90 witnesses and received scores of written statements. A report of the Council of Foreign Relations published later that year stated:

"When the Senate Committee went into executive session early in February it had at its disposal . . . probably a greater quantity of thorough and well-prepared documentation than had accompanied any previous legislative proposal coming before the Congress."

Secretary of Defense James V. Forrestal testified that the cost of the European Recovery Program would be high, but lower than it would cost the United States for a huge armaments program—the alternative.

Henry L. Stimson, who had been Secretary of War during World War II, said that "the American people would have to face the problem of the salvation of Europe even if the problem of Russia did not exist." There would have to be a "Marshall Plan" even if there wasn't a cold war.



Secretary Marshall, center, met constantly with Senator Arthur Vandenberg left, and Senator Thomas Connally.

There were, of course, arguments against the Plan. N. R. Danielian, writing in the *Atlantic Monthly* of August 1947, believed that massive aid would have no beneficial effect on Europe and would weaken the economy of the United States. A Washington columnist in November voiced the opinion of many critics that U.S. economic aid could not stop the Communists. "To imagine that this militant drive for world conquest can be halted by billions of dollars," he wrote, "is like believing that the Atlantic can be bailed out with a soup ladle."

Senator Wherry of Nebraska called the Marshall Plan a "rat hole."

Continued on page 19

New Directions for AID



***A Summary of
The Presentation
To the Congress***

***Foreign Assistance
Programs
For Fiscal 1978***

Agency for International Development



Helping the millions of poor people in the developing countries is the objective of the AID programs, which aim to overcome

poverty, disease, illiteracy, and hunger. The programs for fiscal 1978 are geared to this goal.

For millions of people, U.S. foreign economic assistance is a vital resource in their struggle to overcome:

- **Poverty**—More than one fourth of all people on Earth exist on incomes of less than \$3 a week.
- **Hunger**—Between 400 million and 500 million people are seriously malnourished.
- **Ignorance**—More than half of the school-age children in the developing countries are not in classes.
- **Disease**—Tens of millions in Africa, Asia and Latin America have no access to health care.

For more than a quarter of a century the American people, through the Agency for International Development and its predecessors, along with other agencies and activities, have sought to help the people of the developing countries surmount these and other serious obstacles to their economic and social progress.

AID, an arm of the Department of State, has some 6000 employes working in Washington, D.C. and more than 60 countries around the world to help administer U.S. foreign economic assistance. Much progress has been made through this assistance. Food production has increased significantly; life expectancy has lengthened; smallpox, measles and malaria no longer are the scourges that once killed millions; literacy has inched upwards; and the Gross National Product of most developing countries has risen.

But uncontrolled population growth; shortages of energy, housing and jobs; inflation; inadequate infrastructure and insufficient investment have frustrated the development of many countries.

According to the Development Assistance Committee of the Organization for Economic Cooperation and Development: "The situation for the poorer regions is more serious than indicated . . . present assistance efforts are not adequate . . ."

Although help for the poorest people of the world is in the American humanitarian tradition, there are other compelling reasons for economic assistance to developing countries:

- The American people cannot escape the economic and political effects of population pressures, food and energy shortages, environmental influences and other policies and actions of the developing countries.

- Economic progress in the developing countries means an expansion of trade for the United States. These countries—not including the oil-producers—accounted for 25 percent of our exports and 23 percent of our imports in 1976. U.S. goods bought by less developed nations account for up to 2.8 million jobs in the United States.

- Our fundamental security interests are bound up with potential regional conflicts in the Third World.

- U.S. foreign policy more and more is conducted in large multilateral forums where developing nations exert strong influence.

To address these challenges of an interdependent world, the U.S. foreign assistance effort takes several forms:

Development Assistance—Programs aimed at helping developing countries meet their pressing economic and social problems.

Security Supporting Assistance—Programs directed at providing economic support for the continuing effort to achieve peace and stability in the Middle East, southern Africa and other areas essential to U.S. interests.

Multilateral Assistance—Contributions to international financial institutions engaged in economic development programs.

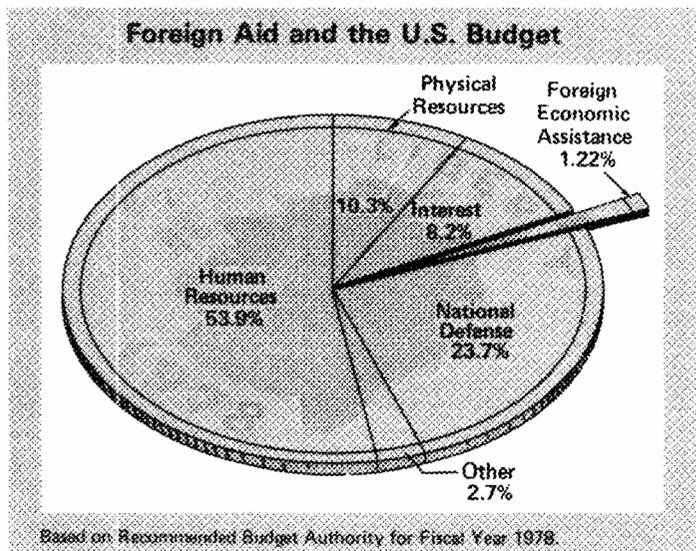
Food for Peace—Sales and donations of U. S. agricultural commodities to alleviate hunger and food shortages by direct food aid.

Peace Corps—Direct people-to-people assistance.

The Cost

In 1976, these forms of economic assistance totaled \$4.4 billion, about .26 percent of the U.S. Gross National Product. The United States stood 12th among donor nations in the percentage of GNP provided for economic aid.*

U.S. foreign aid accounted for one-quarter of 1 percent of the nation's GNP—considerably less than what the American people spend for alcoholic beverages, or pet food, or cosmetics. Over the past several years, the annual cost to the United States of foreign aid has amounted to slightly more than one cent out of each Federal budget dollar.



A small part of the U.S. budget goes to foreign economic aid.

This report is concerned primarily with *Development Assistance* and *Security Supporting Assistance*, administered by the Agency for International Development (AID).**

Development Assistance

This category of assistance consists of grants and loans for programs aimed at:

- Increasing and improving *food production and nutrition*.
- Encouraging *family planning*;
- Making available *health care services*.
- Providing guidance and materials for *education and human resources*.
- Extending *technical assistance* and other programs focused on *energy, research, reconstruction, and selected development problems*.
- Sustaining *American schools and hospitals abroad*.
- Contributing to *international organizations and programs*.
- Meeting emergency needs of *disaster victims*.
- Funding U.S. participation in a long-term, multi-donor effort for the *development of the African Sahel*.

Food and Nutrition

Food production in developing countries has only barely kept pace with rapid population growth. If the trends of recent years continue, it has been estimated that the developing country food grain gap could increase to over 100 million tons by 1985. Yet even at current levels of production, perhaps 500 million people suffer from malnutrition.

Increased food production is needed to alleviate hunger and malnutrition and to provide the production base for expanded rural employment, growing rural incomes and resources, and broader access to infrastructure and social services.

The key to increased food production and progressive modernization of the rural economy is improved access by potentially efficient small producers—farmers, herders, fishermen, processors—to profitable, appropriate technologies. Better access requires various combi-

* Development Assistance Committee Report, January 1977.

** Funds for contributions to international financial institutions, Public Law 480 (Food for Peace) and the Peace Corps are authorized by Congress under legislation separate from the Foreign Assistance Act, the AID authorizing legislation.

nations of access to productive assets; vigorous local political, economic and social institutions; adequate incentives; aggressive efforts to develop and diffuse relevant technologies; and appropriate infrastructure and institutions for input supply marketing, finance, and rural manufacturing.

The response to the 1974 World Food Conference has indicated broad agreement among developing country governments and international bilateral assistance agencies on the need for an increased commitment of resources to food production and rural development. AID's own allocations to the Food and Nutrition account have increased from \$275 million in FY 1974 to \$586.9 million requested in FY 1978.

About one-fifth of the amount proposed for the FY 1978 Food and Nutrition program will assist in the development and diffusion of improved technologies for small producers:

- AID will continue to provide financing for the International Agriculture Research Centers within the framework of the Consultative Group on International Agricultural Research (CGIAR); the work of the centers now embraces the major food crops and animals of the developing world and most of its ecological zones.
- AID-funded research and adaptation efforts carried out by U. S. universities and other institutions will contribute to the development of improved technologies in such areas as crop, livestock and fish production; fertilizer use; production and use of appropriate mechanical implements; resource assessment; and energy production.
- Developing country research capacity will be strengthened, with particular emphasis on adapting research efforts to the needs of small producers; for example, Paraguay will establish a small-farmer research institute using multi-disciplinary field teams and numerous on-farm demonstrations for applied research and extension.

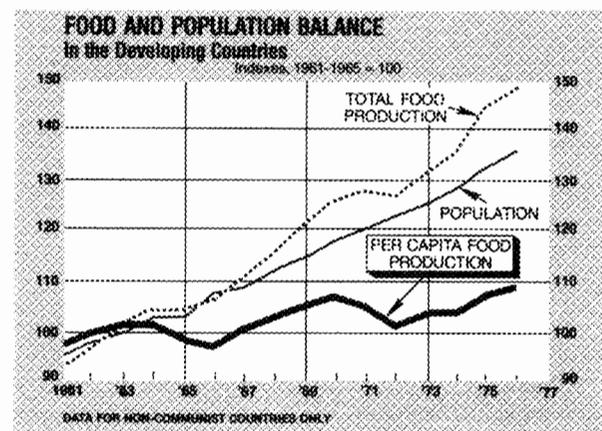
One-tenth of the proposed amount will support activities which address the policy and institutional factors which broadly influence access to improved technologies and the impact of rural change:

- In the Philippines, programs will provide continued or expanded support for land tenure reform, cooperative development, and the strengthening of provincial and local administration.
- Small farmers and the landless in Guatemala and Peru will receive assistance in the settlement of new lands.
- Cooperatives and other small farmer and local organizations will be assisted in Ghana, Liberia, Bolivia, Honduras, Nicaragua, Paraguay, and Indonesia.

Two-fifths of Food and Nutrition program funding will support the expansion of rural physical infrastructure and related institutions, including land and water development, secondary and rural roads, and rural

electrification:

- Programs in water development stress improved access to water for small farmers and better on-farm water management; for example, Pakistan will initiate a large-scale program to apply demonstrated watercourse improvement, land levelling, and water management techniques to small and medium-size farms.
- AID will assist in strengthening range, soil and watershed management programs in Kenya, Tanzania, Cameroon, Chad, Mali, Mauritania, Niger, Senegal, Bolivia, Honduras, Nicaragua, and Yemen.
- Rural road programs provide maximum access for the resources invested by using cost-effective construction methods; for example, AID will initiate support for Kenya's program of low-cost, labor-intensive rural road construction.
- Rural electrification programs will be assisted in Bangladesh, Pakistan, Indonesia, and Honduras.



Per capita food production has made only slight progress.

Roughly one-third of the Food and Nutrition program will help developing countries provide small producers with better access to inputs, finance and market:

- For example, Rwanda is expanding grain storage which will sharply reduce post-harvest losses.
- Bolivia will provide technical assistance and financing to small-scale rural enterprises and agribusiness to expand the market for small farmer crops and generate rural employment.

The alleviation of hunger and malnutrition requires specific nutrition programs in addition to increased food production and expanded employment and incomes for the poor; activities planned for FY 1978 include:

- Continued testing and development of low-cost nutritious foods; assessment of alternative nutrition interventions; nutrition surveys; and planning and initiation of research on the impact of varying degrees of malnutrition.

In addition, AID administers P. L. 480 food aid (Food for Peace, Title II), allocated by the Department

of Agriculture, to alleviate suffering of disaster victims, combat hunger and malnutrition, and promote economic development through the use of food as a development resource.

For fiscal 1978, AID is requesting 1.5 million metric tons for *donations* (Title II) to humanitarian programs, principally maternal and child care. Together with Title I *sales* (negotiated by USDA) the United States provides between 5 million and 6 million tons of food annually to food-short countries.

AID also administers the \$200 million U.S. contribution to the International Fund for Agricultural Development (IFAD) now in process of ratification by the international community. The \$1 billion fund, an outgrowth of the World Food Conference, is designed to increase the flow of resources to help improve food and nutrition in developing countries. It is expected to become operational later this year.

Substantial increases in development assistance levels are necessary to address the global food problem. In the meantime, the United States must be prepared to continue a substantial program of food aid. Food aid is often critical in the near term to provide low-cost food imports for the poor countries and to alleviate emergency and disaster situations. For the longer term, food aid can be used to support economic development.

Population Planning

Since the late 1960s, many developing countries have expanded fertility control programs and adopted development policies encouraging smaller families. Some decline in birth rates gives real hope that population growth can be effectively contained in the long run.

- In Indonesia, Taiwan, Korea, Thailand, and Colombia, more than 20 percent of eligible couples are now using effective means of birth control.
- Indonesia, Thailand, and the Philippines are rapidly expanding family planning services to the majority of their populations. Village-level auxiliary personnel are being added to existing health services.
- Nepal opened 60 new rural health clinics and trained 200 village-level workers for family planning outreach programs.
- In Jamaica and Bangladesh, commercial sales of contraceptives are being expanded through small shops and local salesmen.

But the scope of the population problem remains enormous. Substantially more resources will be required on a global scale to bring population growth to manageable proportions. To achieve a "replace-



This woman already has four children. In countries requesting assistance, AID is helping in family planning programs.

ment" fertility level of approximately two children per family, for example, about 65 percent of all fertile couples need to practice some form of contraception.

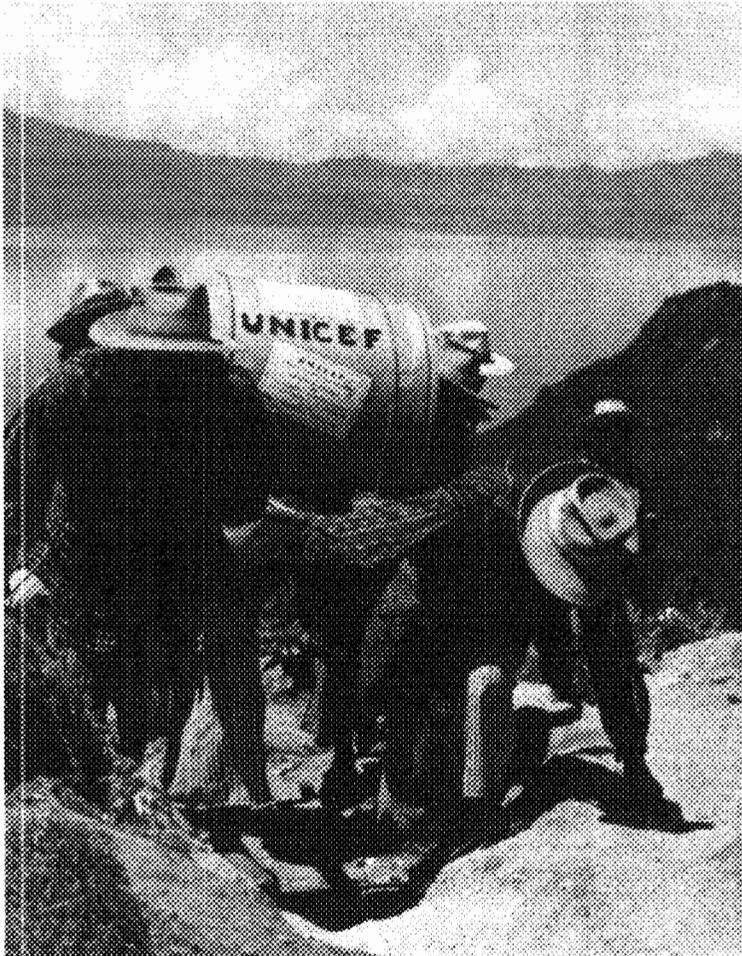
Pilot studies to test new and simpler village and household delivery systems are underway in Egypt, Korea, Mexico, Tunisia, Bangladesh, Taiwan and Nicaragua. Others are planned in Morocco, Thailand and the Philippines.

Financing of contraceptives and family planning services, particularly programs that emphasize low-cost, village-based services, is a major emphasis when requested by developing countries and participation is voluntary.

Where countries have both fertility and health objectives—Thailand, El Salvador, and Tunisia, for example—AID concentrates on integrating basic health, nutrition, and family planning services so accessible care can be provided at affordable cost.

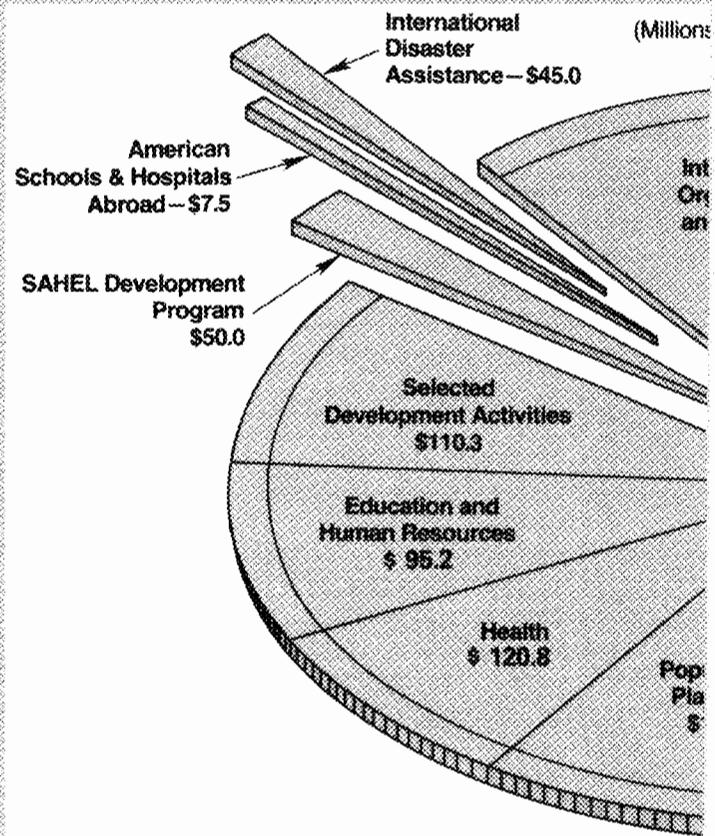
Crucial to this effort will be the extension of networks of paramedics. In Java and Bali, paramedic networks are being used to reach rural residents.

AID will continue to support the International Planned Parenthood Federation, Pathfinder Fund, and other non-profit family planning organizations pioneering in new family planning activities in countries whose governments do not yet participate in population programs. Africa and Latin America lag behind other regions in adopting national policies.

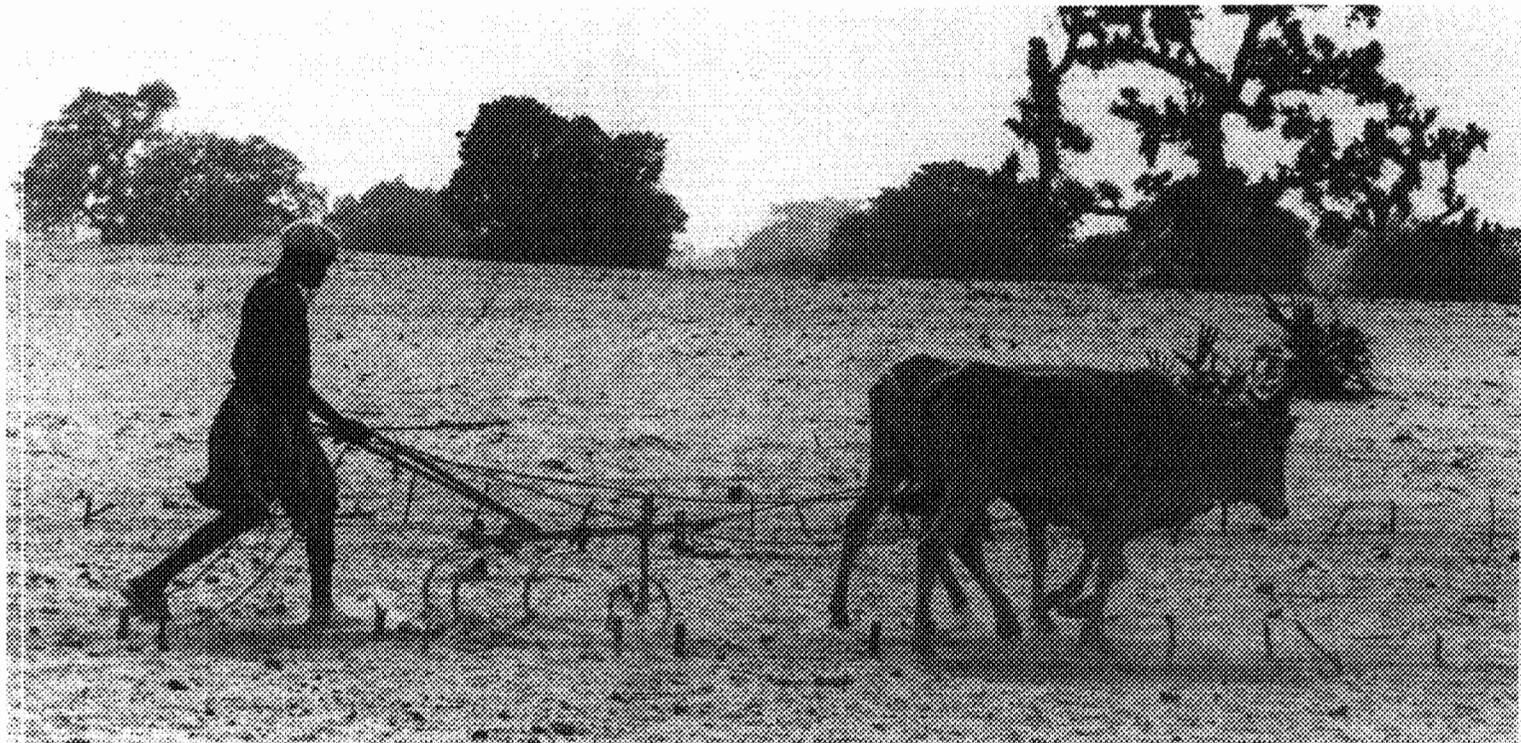


Above, food from UNICEF is carried to a village in the mountains. Below, a man plows his field with the hope that the agricultural methods he has been taught through AID programs will give him a better yield. In countries where human existence is directly related to agriculture, such programs are vital.

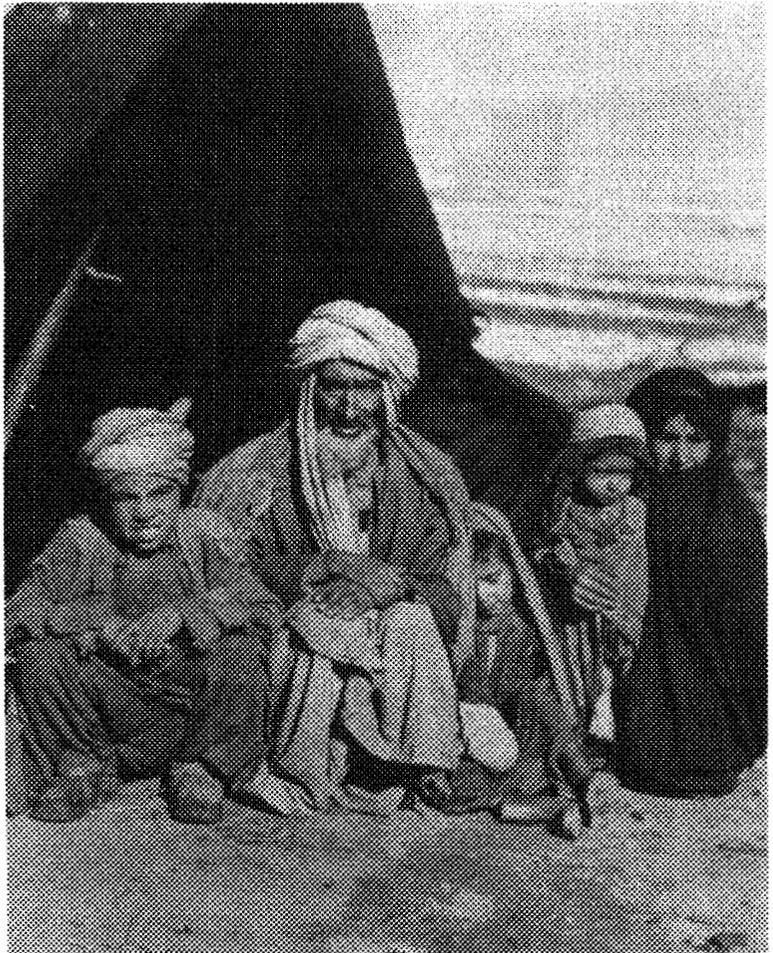
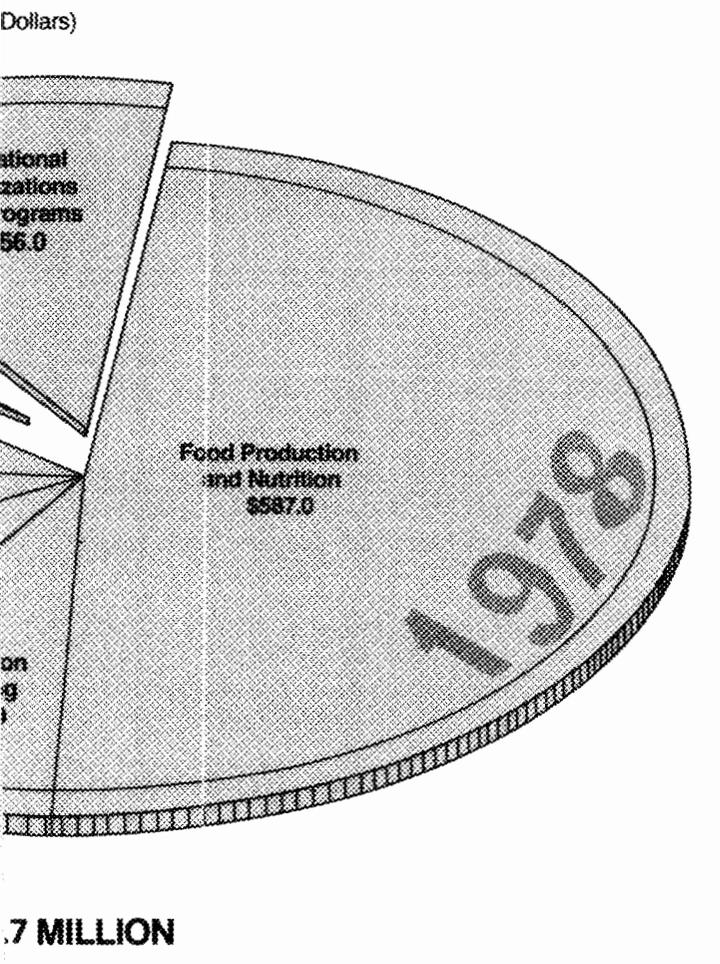
A.I.D. DEVELOPMENT ASSISTANCE



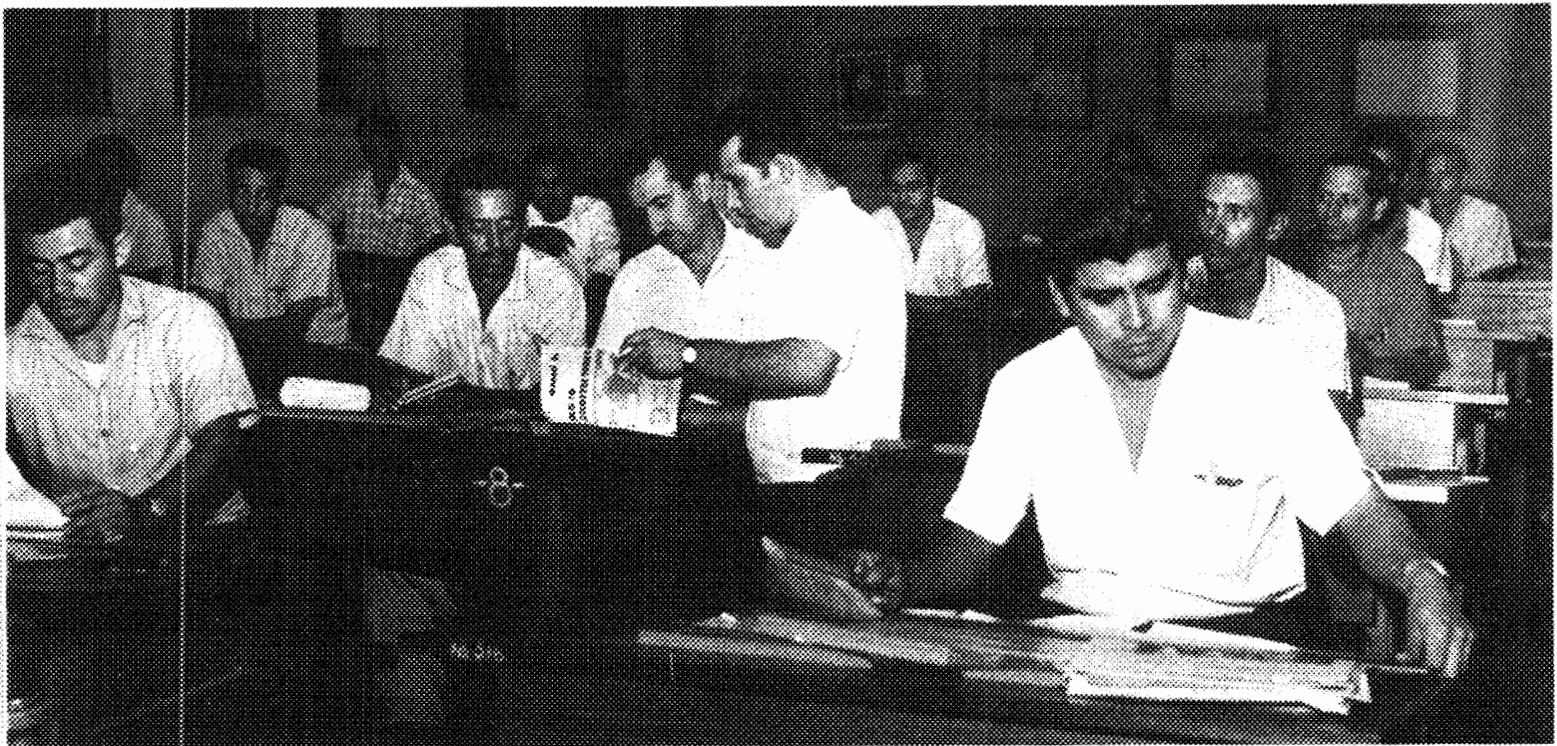
TOTAL \$ 1,000.0



PROGRAMS PROPOSED FOR FY 1978



Above, life is changing for poverty-stricken nomads who need medical care, education, and a way of making a living. Below, an adult education class is underway. AID programs in education seek to use innovative, practical methods rather than traditional means which are not always feasible.

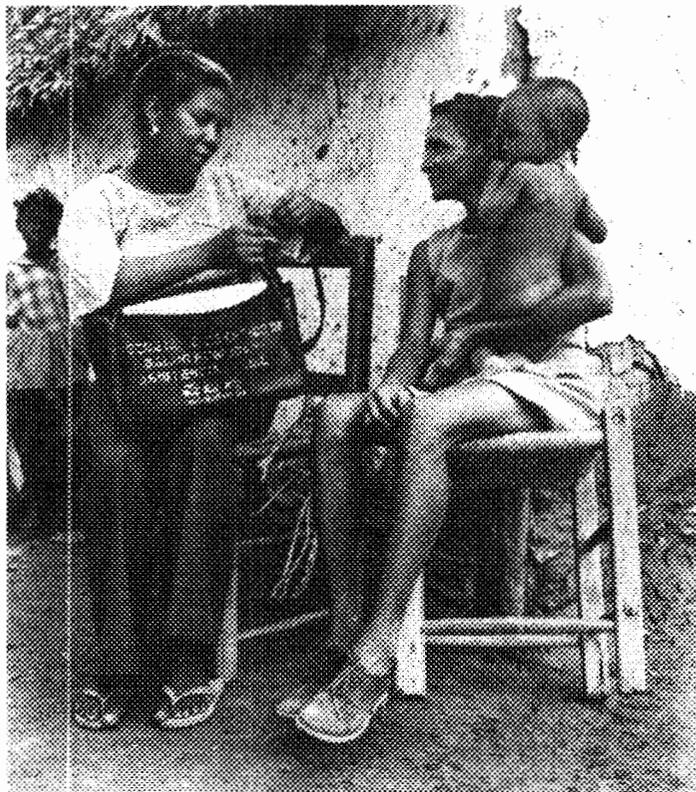


AID will expand operations research, program evaluation, and demographic studies to assess the demographic impact of AID population assistance. Management information systems, for example, are in use in Indonesia, the Philippines, Pakistan and Jamaica.

AID is proposing a new section in the Foreign Assistance Act which would focus additional resources on assessing the impact of development programs and policies on population growth. For example, the AID Mission in Pakistan has reviewed national development plans and AID programs for their fertility impact and found ways to modify several projects by employing women.

Health

A major rethinking of ways to improve health in the developing countries is underway. AID is developing more effective technologies to provide simple, effective and affordable services for the poor.



Under an AID program, this woman helps provide health care, family planning services, and nutritional instruction.

Integrated health delivery systems, still at an early stage of development, offer promise for improving the health of the poor majorities significantly over the next decade:

- In Thailand, a project to develop and evaluate such services has found cost-effective ways to use middle-level health auxiliaries and community

health workers in the delivery of basic health care to rural residents.

- Liberia has introduced the concept of village health workers trained and supported to operate within their homes areas.
- A pilot project financed by AID in Bolivia is being extended to rural areas with an AID grant. Similar grant or loan programs are planned in Guatemala and Haiti.

In addition to better health services, AID is assisting with:

- Better health planning, relating the impact of agricultural, educational, and other kinds of development to health needs.
- Environmental control, particularly pure water and sanitation systems to curtail the spread of enteric, viral, and bacterial diseases and major parasitic disease.
- Control of major tropical diseases such as malaria, schistosomiasis, trypanosomiasis (sleeping sickness), and onchocerciasis (river blindness).

Education and Human Resources Development

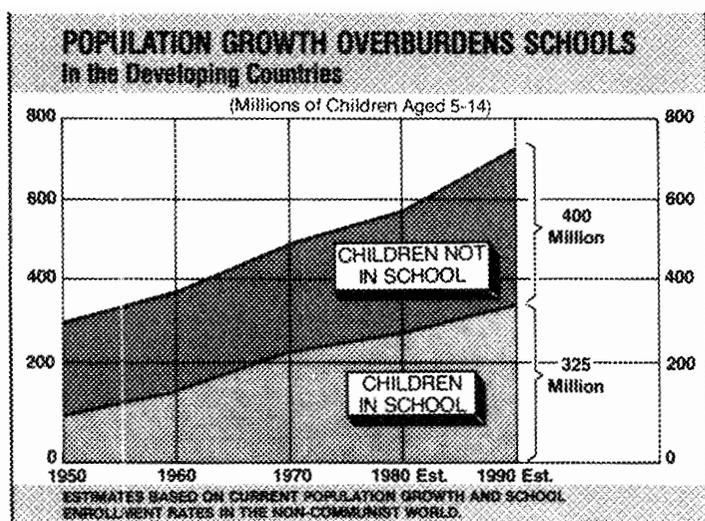
Skills and knowledge are crucial to the efforts of the world's poor to improve the quality of their lives. In Africa, median educational attainments are less than one year; in Asia, less than two years.

To reach the millions outside formal school systems, AID is encouraging developing countries to adopt alternate forms of low-cost education:

- In Ghana, Morocco, Senegal, and Upper Volta, where women play a key role in agriculture, programs of informal education are improving women's skills in food production as well as in health, nutrition, and family planning.
- Ethiopia is developing 25 community skills centers to reach the rural poor.
- Barrio schools built with AID's help in the Philippines will also serve as community learning centers for young people not in school and adults.

In other programs in fiscal 1978, AID will support efforts by the developing countries to:

- Train elementary school teachers, improve curricula, and develop inexpensive learning materials.
- Train civil servants and upgrade the training capacity of development institutions whose programs reach the poor.



As population increases, the burden on schools grows.

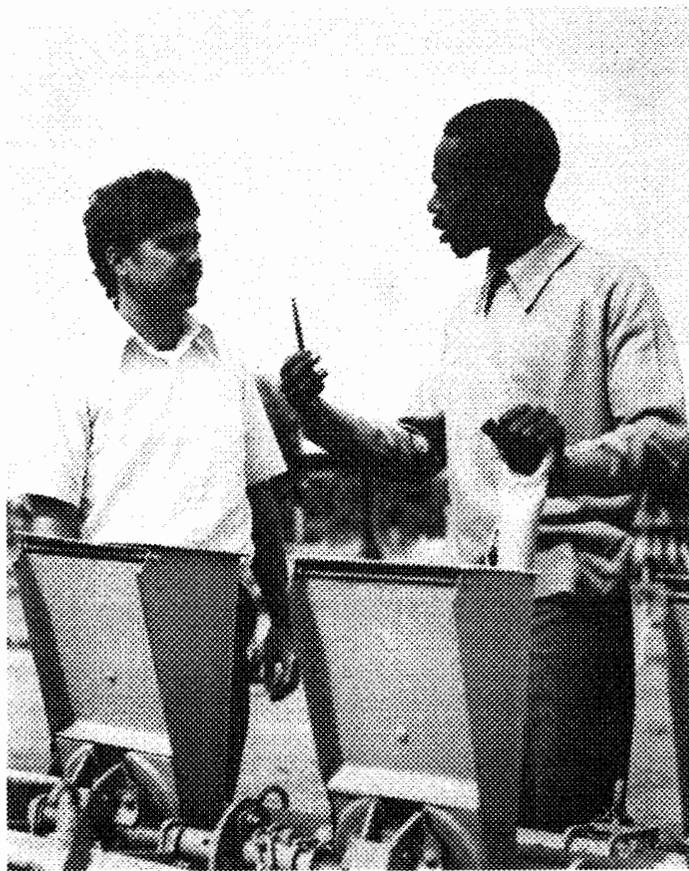
- Expand research programs for overcoming problems of illiteracy, school dropout, and other educational deficiencies.
- Examine interrelationships between education, health, and nutrition policies so as to make sound educational investments through increased production and conservation of energy.
- Conduct research on the development process to increase benefits of assistance to developing countries.
- Assist in reconstruction following natural or man-made disasters.
- Help solve special development problems in the poorest countries.
- Assist the development efforts of regional and international development organizations.
- Develop approaches to strengthening urban-based activities that support the development of rural areas and meet basic needs of the urban poor.

Sahel Development Program

Prolonged drought in the African Sahel has threatened the survival of seven countries: Senegal, Mauritania, Upper Volta, Chad, Mali, Niger, and The Gambia. Desertification is occurring on a large scale. The food production capacity of West Africa is seriously endangered.

In response to a coordinated program initiative by these countries, AID is playing a leading role in building broad international support for a multi-donor development investment program dedicated to the goal of eventual self-sufficiency for the Sahel:

- Drawing on the \$5 million fund appropriated by the Congress for that purpose, AID has been working with other donor governments and the Sahelian states in long-range planning for coordination of assistance programs.
- AID is working on a package of effective projects and a long-term development strategy that the United States could support.
- Assistance will be furnished as part of a multi-donor development plan based on an equitable sharing of costs with other donors and recipient countries.



In the Sahel, training in new agriculture methods and equipment is helping the people recover from a prolonged drought.

International Disaster Assistance

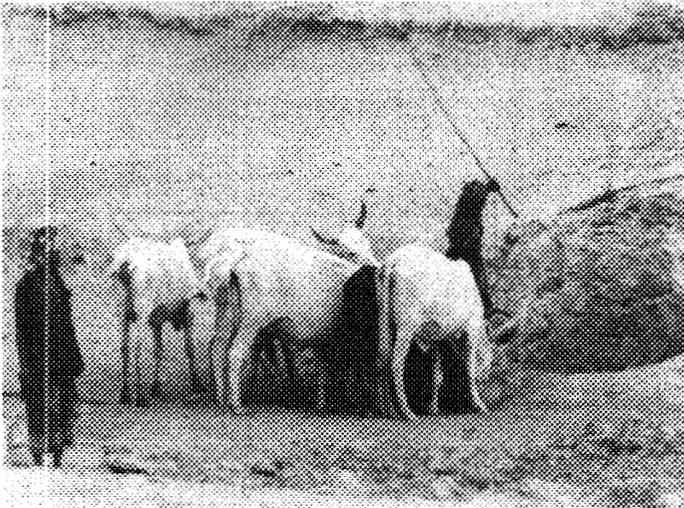
The American people traditionally have responded generously to appeals to reduce human suffering abroad brought about by natural or man-made disasters. While it is not possible to predict the timing, location, or intensity of disaster situations, experience indicates that the United States will respond to between 25 and 50 disasters annually.

AID's Office of Foreign Disaster Assistance, which coordinates the U.S. response, committed \$62.1 million for the relief and rehabilitation of disaster victims in fiscal 1976 and the transition quarter, includ-

ing victims of:

- Major earthquakes in Italy, Guatemala and Indonesia;
- Floods in Ethiopia;
- An Epidemic in Benin;
- Landslides in Nepal;
- Civil strife in Angola, Lebanon, and the Western Sahara.

The fiscal 1978 request includes an increase of \$20 million for Lebanon relief and rehabilitation beyond that already authorized, in addition to \$25 million for AID's world-wide disaster assistance program.



The water hole is almost dry, a result of a disastrous drought. Well-digging projects ease the problem.

American Schools and Hospitals Abroad

Assistance to schools and hospitals abroad founded or sponsored by U.S. citizens focuses on projects that demonstrate American ideas and practices.

International Organizations and Programs

The \$256 million request for voluntary contributions by the United States to selected development programs of the United Nations and the Organization of American States (OAS) will support ongoing programs:

- \$130 million for the UN Development Program (UNDP)
- \$52 million for the UN Relief and Works Agency (UNRWA) in support of food, health and educational services for Palestine refugees.
- \$20 million for the UN Children's Fund (UNICEF).
- \$17.5 million for the Organization of American States.
- \$36.5 million for other programs including the International Atomic Energy Agency (IAEA), World Meteorological Organization (WMO), World Food Program (WFP), UN Institute for Training and Research (UNITAR), training for southern Africans, and the UN Revolving Fund for Natural Resources Exploration.

A contribution of \$10 million for the United Nations Environment Fund will complete the current U.S. commitment to provide \$40 million to assist this organization to coordinate international cooperation in protecting the human environment.

Security Supporting Assistance

Regional conflicts continue to threaten fundamental U.S. security interests in the Middle East, southern Africa, and other areas around the world.

The Security Supporting Assistance Programs—closely coordinated with the President, Secretary of State and Congress — proposed for fiscal 1978 are designed to help recipient countries address their economic problems through efforts consistent with U.S. interests in security, stability, and peace.

Middle East

Movement toward a permanent peace in the Middle East, although delayed by events in Lebanon, now appears to have promise of gaining renewed momentum. Realization of that promise will depend in part on continued strengthening of the economies of the region.

The Israeli-Arab peace settlement led, with U.S. economic support, to solid economic gains for the region as a whole:

- Israel after virtually no growth in 1975 and large increases in the balance of payments deficit, registered a gain of 3 percent in GNP in 1976. Rising exports have substantially reduced the trade deficit.

Despite arduous efforts and measurable progress, the Middle East countries continue to confront massive economic problems. For fiscal 1978, AID is requesting:

- **\$785 million to help Israel** meet very substantial financial burdens. Of this, \$635 million would continue imports of sorely needed U.S. agricultural and industrial commodities and related services (\$375 million in grants and \$260 million on concessional loan terms).

The remaining \$150 million will be provided as a cash grant in consideration of the continuing readjustment costs resulting from the Sinai withdrawal.

- An additional \$8.3 million in P.L. 480 (Food for Peace) Title I sales is programmed in fiscal 1978, supplemented by \$25 million in Housing Investment Guaranties.
- Egypt continued to rebuild the Suez area. The Egyptian economy benefitted particularly from the reopening of the Suez Canal and return of the Sinai oil fields.
- Jordan's economy received strong stimulus from the growing remittances of workers emigrating to the Gulf states.
- Syria, on the other hand, has had to adjust economic plans in part due to economic strains caused by Syrian involvement in Lebanon and the burden of Lebanese refugees.
- **\$750 million for Egypt:** \$271.5 million in concessional-term loans to carry forward the National Development Program; \$250 million in loans to finance essential imports; \$190 million for reconstruction and development of the Suez area (\$60 million as a grant for water and sewage facilities; \$30 million as a loan for port development and a \$100 million loan for an electric generating plant); \$38.5 million in assistance grants for rural development, health, population, education and manpower projects benefitting the poor majority.
- The National Industrial Bank will be assisted under the Development Program loans, together with major projects in telecommunications, railway rolling stock, cement and flat-glass plants, food storage, and agricultural mechanization.
- An additional P.L. 480 program of \$130 million in Title I food sales (primarily wheat) and \$16.1 million in Title II donations is planned.
- **\$93 million for Jordan:** \$42 million in budgetary support grants; \$46 million in capital loans for rural development in the Jordan Valley and water and sewage facilities in Aqaba; \$5 million in technical assistance grants for food and nutrition,

health, education, and selected projects in planning and development; P.L. 480 programs of \$5.9 million in Title I food sales and \$1.8 million in Title II donations.

- **\$90 million for Syria's** development effort: \$28 million as a loan for the Akkar Plain irrigation system; \$60 million in loans to improve highway transportation between Latakia and Tartous; \$2 million in technical assistance grants for agriculture, nutrition, health, and training; \$15.6 million Title I and \$36 million Title II P.L.480.

- **Middle East Special Requirements Fund: \$ 25 Million**

- \$3 million will assist U.S. private voluntary organizations working in the West Bank of the Jordan and Gaza areas.

Other Programs

- \$9.5 million for Malta: U.S. share of NATO commitments under a 1972 agreement.
- \$7 million for Spain: To finance the second installment of the five-year Treaty of Friendship and Cooperation signed by the United States in September 1976, and providing for programs in educational, cultural, scientific, and technological cooperation.

Africa

The United States is dedicated to the attainment of majority rule in southern Africa through peaceful means. Prospects for a successful transition to majority governments will depend in part on alleviating the region's economic distress.

The dislocation of large numbers of people who have fled their homes as refugees is further complicated by a general disruption in regional transport links. Adding to the general economic deterioration is a decline in copper prices and other export commodities.

The Administration's request for southern Africa as a whole consists of two Supporting Assistance Programs:

- A southern Africa Special Requirements Fund, for which AID is requesting \$100 million.
- New and ongoing development projects, for which AID requests \$35 million.

The Special Requirements Fund will be used to meet still undetermined needs in the region as efforts toward a political settlement go forward. Specific country requirements will depend to a large extent on intervening developments in the region, for the Zimbabwe Development Fund.

Jamaica

The United States and Jamaica, the largest of the English-speaking Caribbean Islands, share close ties built on common democratic traditions and a high

degree of economic interdependence.

- Jamaica provides 51 percent of U.S. bauxite and 25 percent of U.S. alumina requirements.
- The United States provides nearly 40 percent of Jamaican imports.
- U.S. private investment in Jamaica exceeds \$1 billion.
- More than 500,000 Jamaicans have migrated to the United States and a large number of American tourists visit Jamaica each year.

Jamaica currently faces an economic crisis severely aggravated by the near depletion of its foreign exchange reserves. Confronted with a continuing adverse balance of payments situation, the Jamaican Government in January 1977 initiated an austerity program designed to cut back imports, reduce other outflows of foreign exchange, and limit her fiscal deficit by increasing government revenues.

However, this austerity program threatens to contribute to a further slowdown and disruption of the economy, thus increasing unemployment which already affects an estimated 24 percent of the labor force.

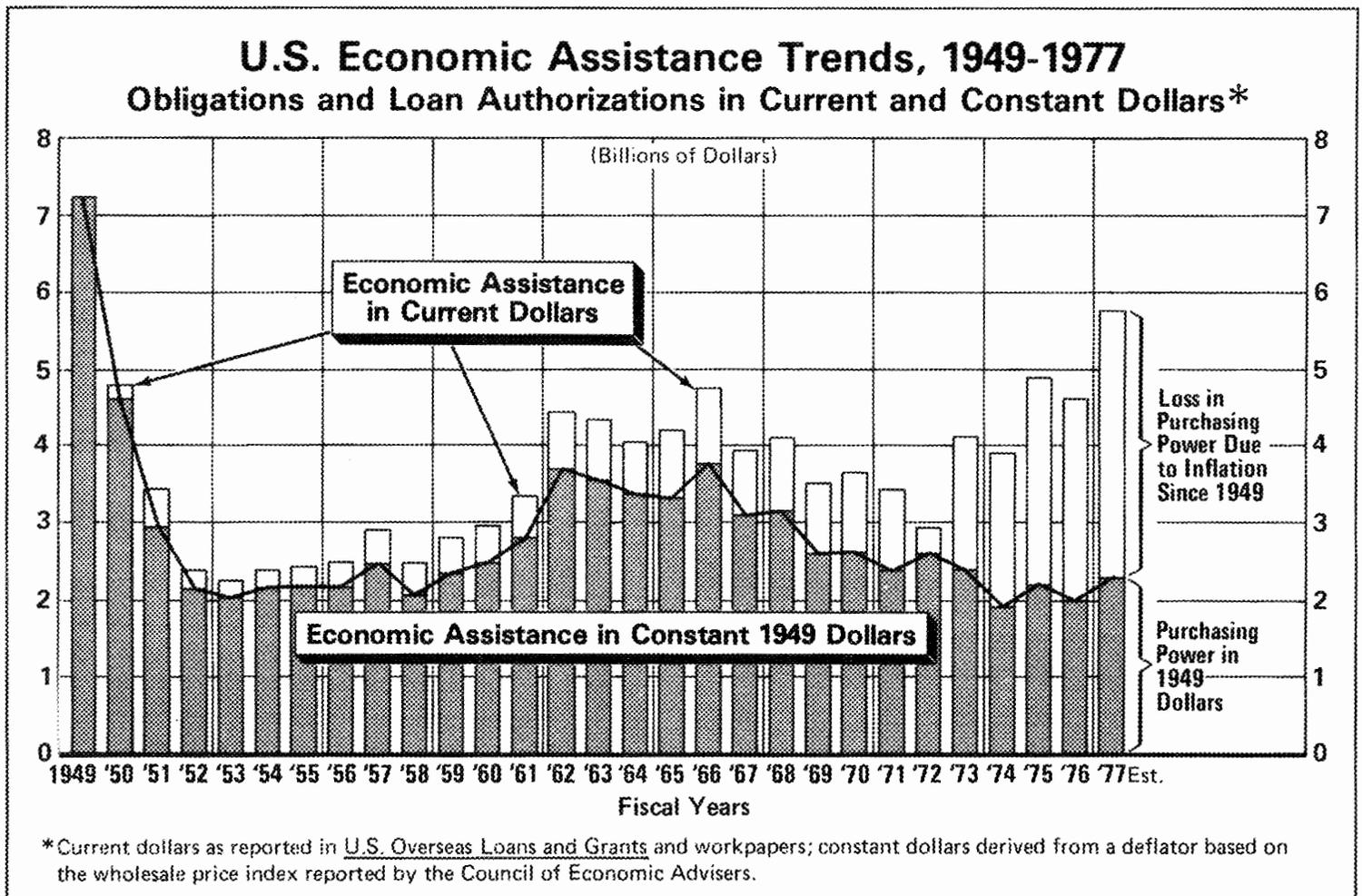
AID proposes to reorient its fiscal 1978 program to augment the efforts of the Jamaican Government.

Subject to further discussions with the Government, supporting assistance of \$10 million will finance essential commodity imports from the United States and grant technical assistance. It is anticipated that counterpart funds generated from imports will be programmed for priority development activities.

This program will supplement assistance from other friendly nations including Canada and Trinidad and Tobago, which have helped Jamaica through its present economic difficulties.

Our Goal

As President Carter stated in a recent address to the Congress, "The future of the United States will be affected by the ability of developing nations to overcome poverty, achieve healthy growth, and provide more secure lives for their people. We join with other nations in combining our efforts, knowledge, and resources to help poorer countries overcome the problems of hunger, disease, and illiteracy."



In 1949, during the Marshall Plan, the economic aid dollar went a lot farther than it does now in providing help to the poor

countries of the world. Inflation has made its mark on the U.S. foreign assistance program.



The Vespar motor scooter was a new product developed through Marshall Plan industrial programs designed to boost the economy

of war-torn Europe. The Marshall Plan laid the foundations for economic cooperation in Europe.

Continued from page 6

John Gerrity in *The Pathfinder* of October 1947 wrote of the sacrifices Americans might have to make:

"Hopes of cutting government costs, and thereby taxes, will vanish in the wake of Europe-bound ships. Moreover, a government, saddled with these heavy costs, will have little money to spend on its own new roads, schools, hospitals or any other public welfare projects that may be sorely needed."

However, he added: "No thinking man entertains for a moment the outmoded notion that this nation can withdraw from the world and hold its sights down to its own shorelines. A diseased world would soon spread its virus to America."

This was the general theme of those who supported the legislation. Senator Vandenberg on several occasions commented:

"It is a plan for peace, stability and freedom. As such, it involves the clear self-interest of the United States. It can be the turning point in history for 100 years to come. If it succeeds, our children and our children's children will call us blessed."

The Administration had aimed to have the bill become law by April 1, 1948. The situation in Europe had grown worse. Another severe winter had caused further hardships. The Communist takeover of Czechoslovakia in February pointed up the political threat. Italy, which had the largest Communist party in

Western Europe, was scheduled to hold an election April 18.

The bill moved forward. It had been submitted by President Truman on December 19, 1947. The Senate approved the bill March 13 by a vote of 69 to 17. The House voted 329 to 74 on March 31. President Truman signed the bill on April 3.

The bill was a broad document. Participating countries would be those that signed the report of the CEEC, plus West Germany. U.S. assistance would be administered through the Economic Cooperation Administration (ECA), but the program was not to extend beyond June 30, 1952, unless approved by Congress.

There would be a citizens advisory board of 12 members selected by the President and approved by the Senate. In addition to an Administrator, there would be a U.S. Special Representative in Europe appointed by the President with the rank of Ambassador. Missions would be established in each of the participating countries; at least 50 percent of all materials shipped from the United States would be in U.S. vessels; the United Nations and other international agencies would be asked to cooperate and the Latin American nations would be encouraged to make available whatever assistance they could. A joint Committee on Foreign Economic Cooperation was set up by Con-

gress to make a continuous study of the programs.

Instead of a four-year appropriation the bill authorized a total of \$5.3 billion for the first 12 months. Another \$1.5 billion carried the ECA to June 30, 1949.

No time was lost in putting the European Recovery Program into action. Personnel were needed immediately. What resulted was the assembling of a remarkable staff that merged exceptional skill and talent with compatible personalities. Those who were the leaders in the ECA look back on their experience today somewhat like old college teammates who remember the year they won the football championship.

"There was great morale," Mr. Harriman recalled recently. "The feeling was that of a crusade. The people we brought in had a very high sense of purpose. Paul Hoffman had the quality of instilling the feeling of urgency. He was dedicated to the job, and a super salesman as well."

Marshall Plan Aid

Here are the totals of grants and loans (in millions of dollars) provided by the United States to countries participating in the Marshall Plan—April 3, 1948 to June 30, 1952.

Austria	\$ 677.8
Belgium-Luxembourg	559.3
Denmark	273.0
France	2,713.6
West Germany	1,390.6
Greece	706.7
Iceland	29.3
Indonesia (Netherlands East Indies)	101.4
Ireland	147.5
Italy (including Trieste)	1,508.8
Netherlands	982.1
Norway	255.3
Portugal	51.2
Sweden	107.3
Turkey	225.1
United Kingdom	3,189.8
Regional	407.0
TOTAL	\$13,325.8

Mr. Hoffman speedily assembled his staff. Richard Bissell had been recruited nine months before by Mr. Harriman to serve as executive secretary of the Harriman Committee.

Mr. Bissell was instrumental in bringing Lincoln Gordon into ECA later on. Ty Wood also moved over to ECA from the State Department later that year. Dennis A. Fitzgerald was recruited from the Department of Agriculture. Some of the others who were recruited included William Foster, who became Mr. Harriman's deputy in Europe, Milton Katz, David Zellerbach, Thomas Finletter, Alex Henderson, Robert Triffin, Al Friendly, Roscoe Drummond, Wayne

C. Taylor, John Kenney, Barry Bingham, Luther Hodges, Robert Mullen and Harlan Cleveland. David K. Bruce also served in ECA.

"There was a great feeling of friendship," Mr. Bissell recalled. Mr. Bissell further remarked that although the ECA attracted bright, enterprising people, there were no prima donnas. Mr. Wood put it this way:

"We had a sense of mission, a sense that we were participating in one of the great movements of history."

The great movement was also a fast one. Immediately upon his arrival in Washington, Mr. Bissell authorized \$38 million to purchase commodities. Nine thousand tons of wheat were en route to Europe within two weeks. A week later six more ships were on their way to France, the Netherlands and Italy.

The fast action and zeal impressed the Europeans—as it was intended to do. One of the hopes of those who administered the recovery program was that European entrepreneurs and leaders of labor unions would break with inhibiting traditions, try different methods and adopt different social attitudes.

Of particular concern was the philosophy and practice of industry.

"Both industrial leaders and labor unions feared overproduction," Mr. Harriman recalled. "They did not understand production as the key to growth. Also, their industries were geared to cartels, limited production and fixed prices. Labor was afraid of lay-offs. We had to show them that production was the key to progress—they should set their sights high toward an expanding economy.

"True," he added, "they had highly skilled labor and know-how, but they were unfamiliar with the idea of the production cycle creating and manufacturing a wider variety of products."

He cited as an example the case of American steel experts advising European steelmakers to diversify, to produce lighter steel products. This was typical of the considerable amounts of technical assistance provided by the United States under the Marshall Plan. In addition, hundreds of Europeans were trained in American technological and managerial processes.

Mr. Bissell also pointed out that Europe's industry at this time was still monopolistic. "The concept of anti-trust legislation was unknown. It went after a high margin of profit on low volume instead of low margin based on high volume. What we tried to do was change this concept."

The problem of economic integration was paramount. The late Mr. Hoffman in 1972 noted why economic union was necessary.

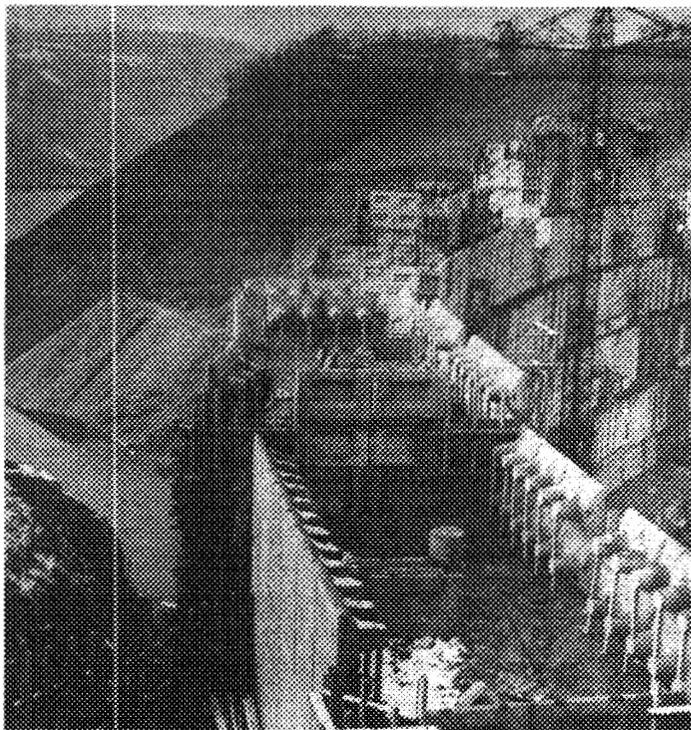
"In its best pre-war year," Mr. Hoffman said, "Europe with almost 300 million people had a gross national product of \$150 billion. In that same year the United States with 150 million people had a GNP of \$300 billion. . . The reason for this is that the

United States is one mass market. It is only when you have a mass market that large-scale manufacturing which involves very substantial expenditures can be justified."

The Organization for European Economic Cooperation, which eventually became the present Organization for Economic Cooperation and Development (OECD), was the body that recommended the division of aid from the United States, set the standards for self-help and established procedures for mutual action.

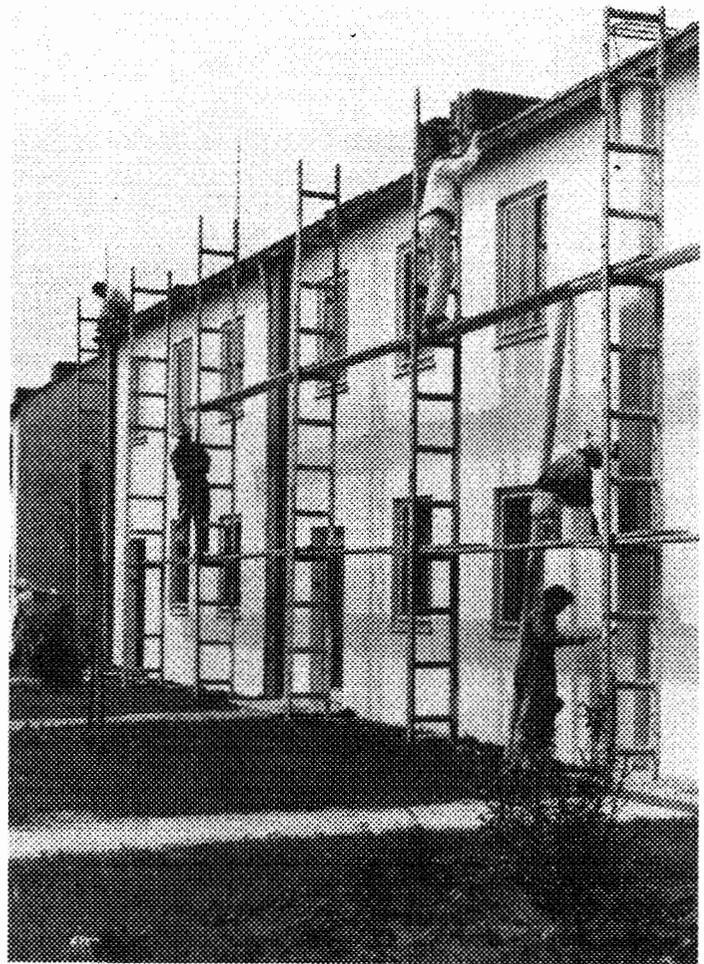
"Although the OEEC at first violently objected, I insisted that the organization assume this initiative," Mr. Harriman recalled. "I felt that if we tried to divide the pie, we would create enmities among the European participants. The assumption of their responsibilities gave the organization real authority and contributed to its effectiveness in many other fields."

The philosophy of having a committee comprised of representatives of each country allocate the amounts of aid, rather than having the United States deal bilaterally with each country, had a purpose in addition to promoting integration. It meant that the powerful United States would be dealing with an entity on somewhat more equitable terms than with individually weak nations.



The Marshall Plan helped rebuild post-war Europe.

The United States policy was to avoid the image of "big brother," the idea of charity or to evoke gratitude. "To minimize our contribution we estimated that our aid represented about 5 percent of the total GNP of the combined countries," Mr. Harriman said. "Our emphasis was that 95 percent of the effort was Europe's."

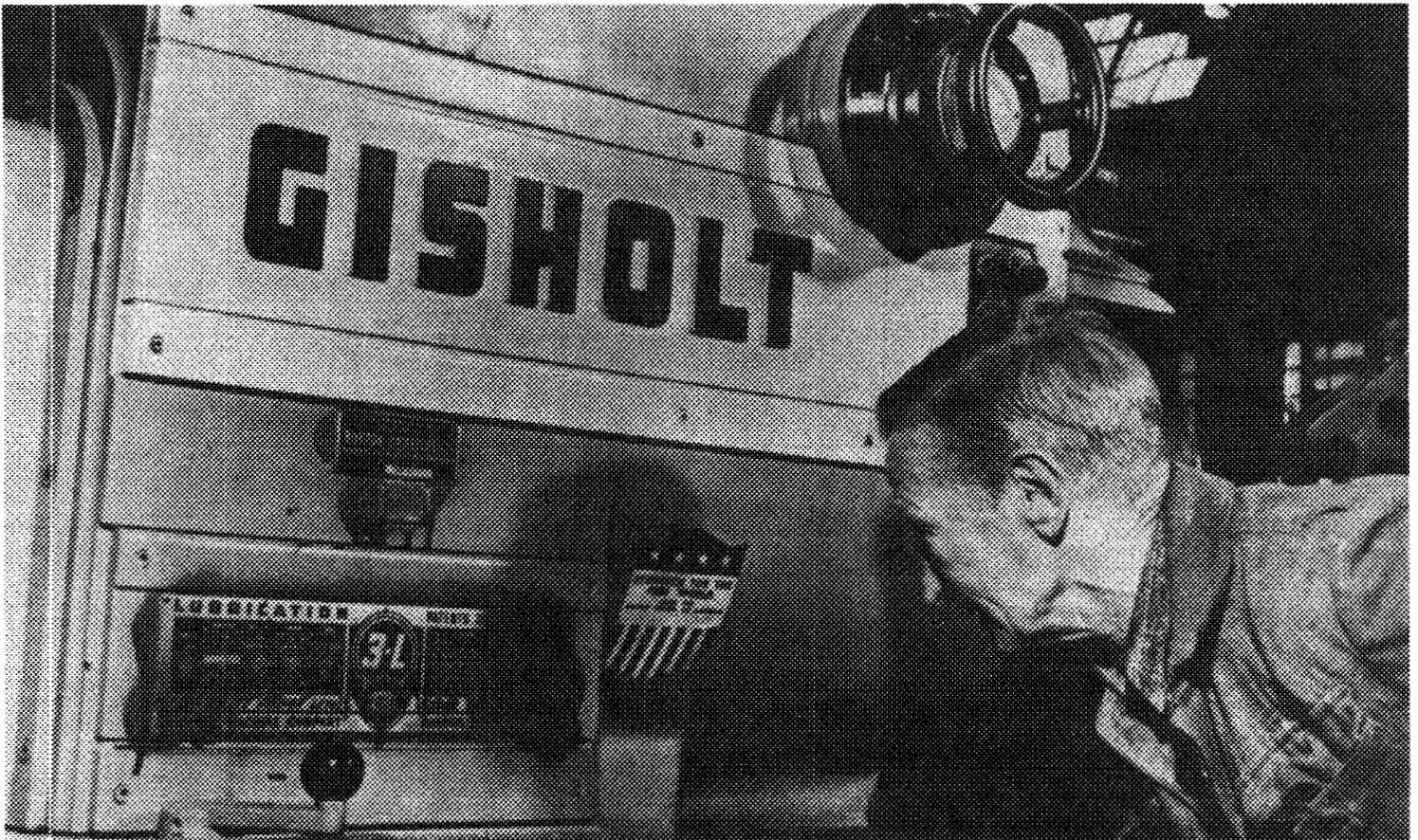


German coal miners received new homes through a Marshall Plan program.

Besides the economic rehabilitation of Western Europe, Mr. Harriman noted the long-range political benefits of the Marshall Plan. "Great Britain at the time feared losing her identity," he said. "She had her ties with the Commonwealth nations. This posed some problems, but it is interesting that just a few years ago Britain at last became a part of the Common Market, a move that had its beginning with the Marshall Plan. Also, there was the rapprochement of France and West Germany. France, particularly, was extremely cooperative during the course of the Marshall Plan. West Germany, of course, prospered."

In addition, the Marshall Plan strengthened government institutions. The basis was laid for a healthier and stronger Atlantic community, Mr. Bissell believes. Without it, NATO would scarcely have been possible, Mr. Hoffman, summing up the Marshall Plan's effect, said in the waning days of ECA:

"For the first time in history, a body of men are beginning to think and to plan and to build together as Europeans and not as nationals of separate states. They are developing more and more the habit of working together, of looking at their problems as common European problems. They are getting in the habit of having their economic plans criticized, and



New machinery to replace obsolete and destroyed equipment was vital to the success of the Marshall Plan. An Italian worker

recognizes the shield of the Economic Cooperation Administration on this new machine.

of criticizing those of other countries, and of working those separate plans into a common program. They are working as Europeans, with but one thought in mind: the economic recovery and economic unit, and the well-being of Europe as a whole."

"Although the Marshall Plan was originally proposed for a four-year period at a maximum cost of approximately \$17 billion, the program came to a successful conclusion nine months ahead of schedule at a cost of approximately \$13 billion.

By 1951, Europe's overall production was up 37 percent. Industrial output in OEEC countries had risen from 87 percent of its pre-war level in 1947 to 134 percent in 1951.

Steel production, which was approximately 30 million tons in 1947, had nearly doubled by 1951.

Textile products (cotton, wool) greatly increased while in some cases others (rayon) nearly doubled. Cement production doubled. Petroleum refining increased sixfold from 250,000 barrels a day to 1.5 million a day.

Agricultural output climbed 10 percent above its pre-war level. The Gross National Product gained more than \$30 billion.

Inflation was brought under control. The economic level was ahead of pre-war days. Trade increased among the European countries and with the United States.

Comparing the Marshall Plan with assistance programs for the developing countries, those who participated in the European Recovery Program point out that there is little similarity. They agree that the infrastructure of Europe and that of the developing countries differs; Europe is culturally akin to the United States, while the cultures of many of the developing countries are not; political structures of the European countries and the United States are allied.

"Development," Mr. Hoffman once said, "requires a longer time than the rehabilitation of a country's economy. Also, the progress in Europe was visible. It often is not in the developing countries."

Mr. Wood recently commented, "In my mind the Marshall Plan was the culmination of the American movement away from isolationism but it left us a legacy that still plagues us in the feeling so many Americans have that, because the job in Europe was done quickly, results in the less developed world should come just as fast.

"I think the Marshall Plan also taught us a lesson in that it didn't always produce friends at the time and indeed was accompanied by some hostility toward us. But it did produce the result we wanted, which was reconstruction and growing economic and political strength and we would do well to remember this when we become impatient with nations receiving our aid now."



IN PRINT

Curbing the Population Explosion

A Review by Carl J. Hemmer and R. T. Ravenholt

Population and Development by Ronald G. Ridker. Johns Hopkins University Press, Baltimore, 1976. 467 pp. \$22.50

During the early 1970s, the family planning approach to population growth control came under increasing attack. With an eye on disappointing growth curves for IUD acceptors, some who had urged the startup of energetic national family planning programs in the 1960s began to hedge their support. Critics warned that programs were stalling or were sure to stall in the near future because delivery systems were mainly meeting the needs of older couples seeking to prevent a fifth or later birth. Conceived on the premise that national family planning programs could not effect quick and substantial reductions in birth rates, a constituency was born that sought to identify the "other" actions that countries could undertake to bring fertility down.

Bernard Berelson's summary of the previous decade's study of "other interventions," "Beyond Family Planning" (*Studies in Family Planning*, February 1969), reports on the explosion of research that so dominated population discussion in the late 1960s. Researchers flooded journals with country-specific and cross-country studies that sought to define the social and economic forces that shape the fertility decisions of couples in the developing world. Writing in this field was so abundant during the last-half-decade that one state-of-the-art essay has now been proposed to summarize the numerous state-of-the-art papers already published. The debate over alternatives to family planning programs also had a profound influence on the discussions and documents of the World Population Conference of

1974. A developmentalist "chic" at that time depicted family planning programs as largely outmoded and inadequate. Development, in its many forms, came to be viewed as the most effective "contraceptive".

It is within this larger context that the compendium, *Population and Development. The Search for Selective Interventions*, can be understood. The editor, Mr. Ronald Ridker of Resources for the Future, saw a growing need in the mid-1970s to distill out of the voluminous body of literature on determinants of fertility the findings that would be useful in the formulation of country population policies. Ridker asked fourteen social scientists who had, in various ways, contributed to the "beyond family planning" literature to join him in reviewing what was known of the linkages between fertility and those social and economic determinants of fertility that might serve as policy instruments. Since the purpose of the exercise was to weigh interventions other than family planning, the volume does not attempt to review studies of the effect of family planning programs on fertility.

During 1975, the invited authors reviewed the extant body of "linkage" literature, considered policies (or "selective interventions") that could be built on the known linkages, and sought to define critical research needs. A conference was held to subject the findings to critical review and, after further modification of the drafts, the papers presented in this compendium were put into final form.

The resulting volume serves varied interests. Scholars will find it a carefully written reference work on the eleven subject areas that are covered. The authors of each section are well-known in their fields

and their systematic summaries of what is known about nonfamily planning interventions to modify fertility are clearly useful.

For program administrators and those who frame policy or development plans, the volume is a sobering antidote to the earlier optimism of developmentalists. The writers are unanimous in warning decision-makers that, with the present state of the art, research offers only modest insights into the linkage of fertility with other dimensions of development. Moreover, all of the known linkages imply significant lags before fertility behavior can be expected to change. In terms of immediately relevant and useful findings for development programs, why one might ask has so much work resulted in so little practical guidance for so few real-life situations?

A number of considerations help to explain what has happened. Adequate data sets for research on fertility determinants are rarely found. Research has typically made do with admittedly deficient and aggregated data that has forced superficial treatment of critical variables—such as the kinds and amounts of education received, the degree of contraceptive availability, etc. Fortunately, a new wave of surveys is underway in a variety of countries. As these more comprehensive bodies of data become available, particularly the findings of the World Fertility Surveys, the quality of research in this area can improve.

A second factor also casts light on the shortcomings for policy of research on determinants. There is a communications gap that separates many researchers from the decision-makers they hope to influence. It is not enough at the conclusion of a

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study to bring researchers and prospective government users together to review the findings. If the studies themselves are designed in isolation from those whose problems they are expected to address, some degree of irrelevance is inevitable. Conceptualizations of problems that are intellectually provocative in academic circles may prove to be awkward tools in framing resource allocation decisions.

There needs to be more effort by researchers to work with decision-makers at early stages of study so as to define researchable hypotheses that offer a serious prospect of yielding useful findings.

A further and more fundamental cause of the modest relevance of research findings in this area for decision-making derives from a premise of the research models employed. The great bulk of the studies in this area explore economic-demographic relationships on the basis of models that were designed to increase understanding of the household decision-making process.

To date, the greatest weakness in available research has been the omission of any explicit recognition of the demand for sexual pleasure. Observations have been based on the premise of rational household decision-making. Thus, research models have not discriminated between the distinct causes of pregnancy—as a by-product of leisure activity or the demand for children—either conceptually or empirically.

Future evaluation of alternative policy actions must recognize the inherent weaknesses in current analytical models, a point that this volume does not emphasize enough.

The easiest and most immediate form of intervention available to policy makers is to lower the price of contraceptives, that is, to improve their availability to households. This kind of measure lowers the cost of sexual pleasure free of pregnancy. However, if we analyze this kind of intervention in terms of a model that assumes fully rational couples with a given demand for

child services and flawless means of translating their demand into a desired supply of children, manipulations of contraceptive availability, by definition, will not change fertility.

The fact of the matter is that the case for increasing contraceptive supplies rests on a different model of reproductive behavior than the case for selective interventions discussed in this volume. "Supply" advocates see a large unmet demand for sexual activity that does not result in pregnancy: increased availability of contraceptives meets this demand, eliminating unwanted children and, as couples adopt effective contraceptive techniques, changing ideas of desired family size as well. "Demand" proponents assume a given capacity to control the mechanics of fertility and focus on the role of other interventions to alter a couple's desires for children. Public officials whose concern is to evaluate one form of non-family planning intervention against another will find the conclusions of these "demand" models helpful. Decision makers who need to weigh family planning against other forms of public intervention to change fertility will not be helped by the studies reported in this volume. Household decision models that successfully integrate all of the major impacts of public actions on fertility behavior are not yet available.

The volume advances, or sometimes suggests, a number of sensible conclusions. First of all, as Ridker puts it, "in all cases, countries should start with vigorous programs of family planning". In this respect, the discussion of determinants of fertility moves 180 degrees from the position, sometimes advanced in the debates of Bucharest, that advocacy of "beyond family planning" measures implied a simultaneous disbelief in the worth of family planning actions to change fertility. Perhaps with the new evidence in mind that shows fertility declining rapidly in countries where there has been notable implementation of family

planning programs, the authors imply that emphasis on family planning is fully consistent with the search for complementary interventions to lower birth rates.

Secondly, as this volume is more widely studied, there should be a noticeable dampening of excessive enthusiasm for non-family planning interventions to affect fertility. At times in the past, host governments and assistance programs have been faulted for failing to base their allocations of resources on known associations of various socio-economic factors with fertility. The carefully drafted essays of this volume vindicate the caution of the policy makers. In most instances, the guidance researchers offer on non-family planning interventions has carried a load of assumptions and provisos that discourages its use at the present time. Most of the selective interventions, moreover, project impacts on fertility only after large resource inputs and after a lag of many years — drawbacks that understandably lessen their appeal to administrators who must work for results with limited budgets and short time frames. Finally, implicit in all discussion of selective interventions is that the administrators of programs outside the field of family planning view fertility decline as a major public objective that requires and justifies efforts to modify their own programs and to participate in integrated actions with competing ministries. This assumption is rarely verified in developing countries or in foreign assistance agencies.

Finally, the volume defines some of the critical research needs and argues for limited experiments with the most promising selected interventions. Clearly, new research should seek to employ modified demand models that take adequate account of the cost of preventing births. Also, research and data collection initiatives should begin with the systematic mining and processing of the survey data now emerging from the first rounds of the World Fertility Survey.

IN BRIEF

Food and Generators for Haiti

The United States, through the Agency for International Development, is providing additional food to Haiti, where drought conditions have created starvation conditions in some areas.

Two private voluntary agencies, CARE and Church World Service, have been authorized by AID to draw on their reserves in the areas to provide additional foodstuffs for Food for Work projects which will benefit 19,000 Haitian workers with 66,000 dependents for four months.

In addition to food aid, AID airlifted four power generators to help provide emergency power for pumping stations and hospitals in Haiti where the drought has caused cutbacks in hydro-electric power generation.

The generators, each producing 750 kilowatts, were sent at the request of the Government of Haiti.

Irrigation Programs for Cape Verde

AID is providing \$2 million in grants over the next three years to the Government of Cape Verde to develop water resources for that island country's dry lands.

The Ministry of Rural Development will use the funds to plan and carry out pilot soil conservation and irrigation programs on 1,500 acres in the Tarrafal region of Sao Tiago, the most populous island.

Housing Project Aided

Approximately 200,000 people of the Ivory Coast will benefit from a \$64 million low-income housing project supported by the Agency for International Development, the World Bank, and the Ivory Coast Government.

The project, the first in which the Bank and AID have cooperated in housing aid, will provide dwellings, slum upgrading and sites and services such as streets, water, sewage and drainage facilities, and electricity in the Abidjan area and the town of San Pedro.

QUOTES

"A common sense strategy for collaborating with the social change process in the Third World would aim to enter the process after solutions have been defined and set in motion. Successful assistance, in our view, relies on bolstering existing community mechanisms and community spirit. Recipients should not be made to feel inferior in some way by virtue of their acceptance of assistance."

*William M. Dyal, Jr.
John B. Donovan
Americas
April 1977*

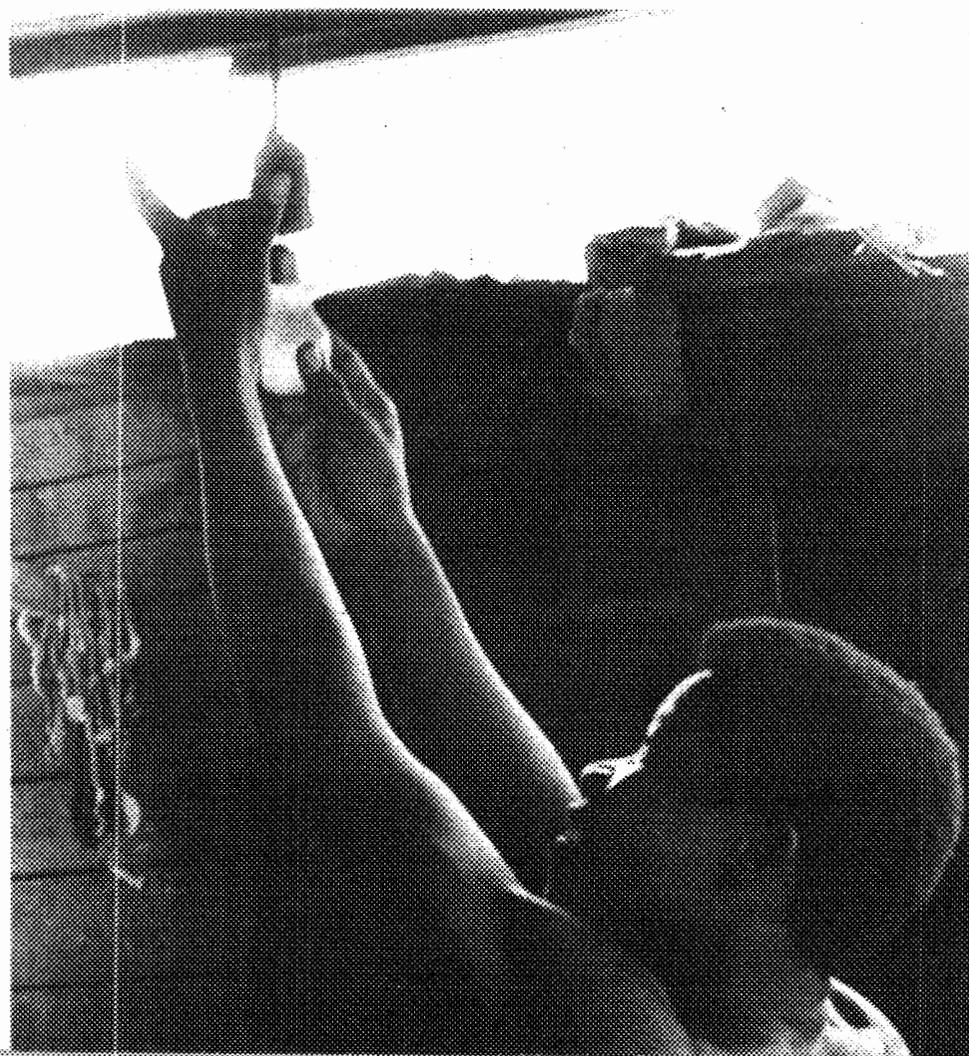
"As long as the international economy remains based on market considerations, in an exclusively commercial arena dominated by trading powers, competition would seem to be the most immediately effective choice of weapon. Strengthening trade within the Third World is a step in the same direction: in the long term it would upset the arrogant self-assurance of the trading nations. Then would be the time to resume the North-South dialogue."

*Sennen Andriamirado
Development Forum
March 1977*

"Development is too pressing a need in all of the poorer nations and too vital to the cause of world peace to be doled out capriciously to those nations we like and those we don't. Certainly, it is the basis of this nation's support of international agencies that multinational assistance removes—to a certain extent, at least—any suspicion of meddling by the U.S. or others in the internal affairs of recipient countries."

*Journal of Commerce
New York
April 1, 1977*

He now has electricity again, from generators supplied through AID to drought-stricken Haiti.



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Agency for International Development
Office of Public Affairs
Washington, D. C. 20523

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U.S. assistance programs aim to provide help for the poorest people in the developing countries. Hunger, disease, and illiteracy are the principal targets.