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A STUDY OF THE FACTORS AFFECTING INVESTMENT  
OF PRIVATE CAPITAL AS A MEANS  
OF ACCELERATING IMPROVEMENTS  
IN PRODUCTIVITY ON SMALL FARMS

A Research Proposal for the  
Office of Technical Cooperation  
and Research  
Agency for International Development  
U. S. Department of State

by the

International Marketing Institute  
16 Garden Street  
Cambridge, Massachusetts

Submitted by:

Simon Williams  
Principal Investigator

*Simon Williams*

March 16, 1966

## TABLE OF CONTENTS

THE PROBLEM.....	1
SCOPE OF WORK.....	3
PROJECT WORK PLANS	
A. Resources Available to Bring About Change.....	6
B. Analysis and Evaluation of Resources.....	7
C. Sequence of Work.....	13
D. Product of the Work.....	14
E. Test of Success.....	15
F. Timing of Work.....	15
PROGRAM IMPLEMENTATION	
A. General Administration.....	16
B. Staffing.....	16
C. Reporting.....	21
D. Cost.....	21
SUMMARY OF PRIOR WORK.....	22
BENEFITS TO AID.....	23
APPENDIX I - International Marketing Institute Staff Background	
APPENDIX II - International Research Institute Staff Background	
APPENDIX III - Backgrounds of Consultants	
APPENDIX IV - Budget Estimate	

## I - THE PROBLEM

At a significant number of points scattered throughout Africa, Asia and Latin America, improved agricultural practices have been worked out by reputable research agencies which predict major increased in productivity on existing farmland, with traditional crops. These practices generally include a package of inputs integrating the benefits of improved seed, fertilizer, pesticides, proper soil preparation and proper timing. The capital inputs are obtainable at a cost subsumed by the resultant profit. The practices are within the capacity of small farmers to utilize them with but modest additions to their equipment and to their skills.

Despite clear-cut and impressive increases in productivity and profit predicted by these new practices, ranging up to fifteen and more times normal yields, and variously relating to corn, wheat, rice, millet and other basic foodstuffs, a conspicuous lag is evident in moving these practices into general application. The obvious profitability of the new practices has failed to stimulate the necessary flow of investment capital to bring them to fruition. This is contrary to what has happened in the United States, in Europe, in Japan, and, more recently, in Taiwan and Israel.

One major source of capital which has hardly been tapped and which must be made to flow into world agriculture is the private investor who up to now has largely been concerned with commercial, financial and manufacturing enterprise and who collectively controls vast amounts of money, manpower and know-how. It is imperative in the years ahead that these resources be applied to the general attack on world hunger and rural depression,

historically led by national and international public and private, non-profit agencies such as U.S.A.I.D., F.A.O., Ford and Rockefeller Foundations, among literally hundreds of others.

Of course, there are already hundreds of millions of dollars invested for profit in agriculture around the world, by others than farmers...in plantations, in food processing plants, in marketing organizations and in the manufacture of farm machinery, fertilizer and pesticides. These are important. They lead the way. But they simply are not adequate to meet the capital needs of world agriculture capable of overcoming world hunger and rural poverty.

Indeed, it is in the very size of the investment needed in agriculture that the problem arises. When we observe current investment from "off-farm" sources, foreign or domestic, in food related enterprises scattered throughout Africa, Asia and Latin America, the amount of money and its impact on total food supplies or on social and economic development, is small. With occasional exceptions, this investment is tolerated even by governments in the midst of revolutionary agrarian reform movements. This is especially true where the companies involved are conspicuously extending supervised credit, training, offering growing numbers of jobs and otherwise make recognized contributions to local and national development.

However, when we look to the future and envision the investment of billions of dollars every year, touching the lives of millions of small cultivators and their families

and communities, an issue of great political significance emerges. Will this investment be regarded as exploitation? Will it seem like a retreat from agrarian reform and the revolutionary march toward social justice? Can profit and foreign capital be benign forces in the surge toward a better life?

To be realistic, it can only be concluded that if the profit potential in improved agriculture around the world is to serve as a catalyst to the large-scale private investment needed, a new kind of institutional form for such investment must be invented. No matter how pressing the problem of hunger, large amounts of private capital coming from others than farmers, often from foreign sources, destined for use on the land, at a profit, will be rejected unless profit and free-enterprise can be made recognizable and believable as revolutionary instruments with which national aspirations can be achieved.

The problem, then, is this: within the varying conditions of crop, social and political organization, and the state of technical and economic development which characterize the developing nations, can the obstacles now interfering with the flow of large amounts of private capital into world agriculture be overcome by creating novel institutional forms by means of which a harmony can be found between investor, farmer and national interests?

## II - SCOPE OF WORK

The work to be done is directed to the end of constructing a model investment project, acceptable to the government involved, based upon a specific new practice, and, to work out from the particulars of technical and financial feasibility to the manner in which such a project can actually function in the face of marketing obstacles, government policy, legal restrictions, the vested interests of public and private institutions also concerned with agricultural development, local customs, the attitudes of potential investors toward the risk, among other factors which are assumed to influence agricultural dynamics in a critical way.

The precise scope of work may best be summarized by the following program objectives:

1. To define the technical, economic, legal, cultural, political and organizational barriers to investment of private capital in new and improved practices, by farmers and by potential partners with farmers, emphasizing participation by small cultivators.

2. To design a novel corporate entity which harmonizes the needs of all concerned, which motivates participation, which creatively eliminates traditional barriers to investment and which can catalyze the entry of sufficient private capital and management to commercialize improved practice, without public subsidy.

3. To design this corporate entity around the variables affecting a true and typical situation in an

underdeveloped country, based on an actual new practice backed by an authoritative research agency, so that:

a. the enterprise may be said to be the symbol of a new methodology that is not only theoretically sound but is, as well, one ready for application in other places where opportunities to commercialize traditional small-scale agriculture can be isolated;

b. the enterprise, even though it is meant primarily to illustrate a methodology, can be the subject of investment promotion and actual investment as a pioneering first application of the method; and,

c. the corporate model may be evaluated usefully in terms of other real field conditions in other parts of the world, as a test of universality and to help accelerate adaptation of the model by increasing numbers of private investors.

4. To build the model in Mexico, basing it upon research done by the Rockefeller Foundation, Division of Agricultural Sciences in cooperation with the Mexican Ministry of Agriculture, on improved practices for corn production. In the design of the model, as well, the objective is to project beyond the stage of a new corn practice to the technical and economic feasibility of diversification into other crops and into the processing (up-grading) of agricultural raw materials, as a further demonstration of the power of the method symbolized by the model to constructively apply capital to both agricultural and national economic development.

### III - PROJECT WORK PLANS

The intent of the project is to develop a method for the rapid transformation of traditional agriculture into an advanced form, utilizing a massive input of capital, attracted to the enterprise because of the profit predicted by the research upon which the entire change is predicted. The assumption is that if the resources available to bring about the change can be organized into an institution satisfying: a) the need for profit by the investor or primary source of money and management; b) the need of the farmer for protection against the risk of making the change; and, c) the need of the government to assure its people that the public interest is being protected and advanced, then rapid transformation of practice can be executed smoothly among small cultivators.

A. RESOURCES AVAILABLE TO BRING ABOUT CHANGE The first step in the execution of work plans will be to categorize the resources, actual and potential, available to focus on changing traditional agriculture along the lines and by the means suggested. Initially, it is assumed that these include:

1. Research studies predicting a profitable change in traditional practice. In this case, the project is based on work done cooperatively by the Rockefeller Foundation, Mexican Agricultural Program and the Mexican Ministry of Agriculture. The research states: where the rainfall exceeds 700mm per year, and by following a practice involving a new hybrid, fertilizer as dictated, pest control with special emphasis on weed elimination and soil

preparation dependent on slope, drainage and soil type, yield per hectare can be increased, on the average, four-fold. The cash flow generated by the practice will net increased income from corn by a factor of four to five under current market conditions.

2. The technical inputs, e.g. improved seed, fertilizer, pesticides and implements needed to apply the practice.

3. Farmers already producing corn, on sufficient acreage and with skills and attitudes necessary to accept and apply the new practices under technical supervision.

4. Local and national customs, laws, institutions and leadership, which provide the means through which change can be encouraged and the impact absorbed constructively.

5. A growing and changing market for the surpluses to become available for sale and for the products of diversification which, it is claimed, is fundamental to the long range success of the model-type agricultural enterprise envisioned.

6. Domestic and international sources of investment and loan capital, potentially interested in agriculture and in resolving the problems of world hunger and rural depression.

B. ANALYSIS AND EVALUATION OF RESOURCES - Upon completion of a tabulation of resources (variables) likely to be involved in a successful rapid transformation of traditional agriculture, each will be studied in depth to define its

true quality and to provide a realistic basis for the use of each as an interacting component of the design of the model. Project work plans now call for seven lines of inquiry (more may be added or these may be subdivided based on the results of early field work):

1. Detailed technical and economic feasibility analysis of the changeover in corn practice, involving site selection; varying amounts of land and numbers of farmers; preliminary technical and economic feasibility analyses of diversification possibilities as these are defined by market research.

The techniques for feasibility analysis, insofar as they relate to technical and financial factors, are standard and straightforward. The cost of the practice, that is, the cost of seed, fertilizer and pest control will be calculated in detail, using on-site prices from alternative sources of supply. Similarly, all other costs such as that for labor, for transport and sale of surpluses, for interest charges on loans, for technical supervision and management, for inventories and working capital, for profit, for taxes, among others including investment in fixed assets such as sheds, tools and cars, will be gathered and analyzed in the form of ten year cash flow estimates. In all cases, feasibility reports will be prepared in precisely the way they would be if they were to be submitted to investors for consideration.

2. Market research, directed along four lines:

- a. Pinpointing the market for surplus corn resulting from the first change in practice.

b. Seeking out the market for processed corn, e.g. tortilla flour, to guide planning for first step vertical (manufacturing) diversification.

c. Analyzing the total market in the area feasibly supplied from the prototype project, as a basis for planning both horizontal (new crops, vegetable or animal) and vertical diversification.

d. Developing long range marketing strategies and techniques which deal directly with domestic and international distribution of surpluses which may be presumed to exist if the prototype is successfully adopted on a national scale.

3. Legal and organization study seeking an ideal institutional form that adapts innovatively to existing law without inhibiting corporate action. The primary technique used in such study is to use a knowledge of the law, precedents, trends in public policy and existing institutional variations, in a creative way to define a corporate form best calculated to win acceptance by all concerned--the farmer, the outside investor and the government as keeper of the public interest.

4. Financial inquiry will be undertaken in order to systematically evaluate alternative sources of short and long-term loan capital. Public and private, national and international, financing agencies will be probed for policy, procedure, terms and cost of money. The method will be sought whereby loan capital becomes available at the lowest cost and under the best terms, while at the same time allowing a project to relate itself creatively to the national

banking system. Several objectives will be sought in this regard: to reduce the cost of money; to illustrate the means of achieving maximum leverage; to reduce the equity load; to contribute to an enlarged role played by private banks in extending agricultural credit; to maximize the use of private capital from local sources; to reduce the risk of political interference; and ultimately, to use these results to attract foreign investors. The techniques of study will largely include that of interviewing, in Mexico and in the United States. Note that the U.S. and Mexican combined Management Advisory Committee will provide a unique analytical tool in this phase of the study (see points 1 and 2, under section on STAFFING - SPECIAL RESOURCES).

5. Behavioral science research will be integrated into the investigations of site selection and the on-going problems of winning farmer participation, dealing with change and training a staff of Mexican agronomists who will have responsibility for persuasion and technical supervision. Experience in other studies indicates that innovations in agriculture are likely to succeed or fail depending on: (a) the degree to which the innovation is accepted by the individual farmer and other participants in the project, particularly those with an advisory role in a cooperative rather than an authoritative situation; and, (b) the skill with which the supervisory group implement the innovation. Research in this area will focus on three key questions:

a. How can acceptance of the new project be speeded? This will involve a study of local traditions and local leadership and an analysis of the existing

network of interpersonal and inter-institutional relationships to be certain that the first appeals for participation deal sensitively and selectively with the centers of power and the symbols most likely to be meaningful and appealing.

b. What changes in the community are to be anticipated as income rises, work opportunities diversify, education expands, labor requirements on the land decline, among other effects of a successful project? What kinds of community action should be planned of a consequence and how are such plans to be implemented?

c. Precisely what kind of an educational program is to be predetermined for a generation of children and their parents to gear the community for full ownership and management of the complex agro-industry planned? What is the proper role of the corporation, the public school, the church, other agencies?

6. Political investigations of issues that will arise out of all lines of inquiry because of the dominant role of government in Mexico (which is typical of most underdeveloped countries). But beyond interacting with public officials in a direct face-to-face way when political questions of an unpredictable nature arise, two specific lines of research will be followed. First, intelligence will be sought, by means of direct interviews, relative to the functions, attitudes and interactions of public institutions devoted to agriculture. Second, similar information will be sought relative to the large number of foreign technical assistance agencies

at work with men, money and influence. Without a sensitive understanding of all these institutional (and personal) roles, two dangers would exist in any country: one is the danger of powerful opposition; two is the danger of overlooking powerful support. The ultimate research question here is: how to combine creatively with pre-existing resources to multiply the impact of all?

7. Research into the sources of technical supervisory manpower, eventually to be required, will also be undertaken. This study is not intended to cover estimates of total manpower requirements for sustained agricultural development. Rather, the focus will be on this question: in the face of inevitable shortages of skilled supervisory personnel, how can private investors satisfy their needs? If they must compete with government for scarce human resources, can this conflict be resolved without serious conflict? How far can on-the-job training be expected to go to alleviate lack of skills and how should such training be accomplished? Can the prototype demonstrate in its design the capacity of such an enterprise to contribute dynamically to the development of management for other similar organizations within a country? Again, the method of investigation will be through direct discussion with those most directly involved, namely, educators, government agricultural institutions, private employers of graduates of agricultural colleges, graduates and undergraduates themselves.

It will be seen that in the conduct of the foregoing seven lines of inquiry, data ranging from highly quantitative to highly qualitative will result. The former can

be treated with precision in their analysis (although projections may contain a strong intuitive element); the latter can only be evaluated by experienced judgment. The Principal Investigator, who will be resident in Mexico, will act to coordinate all the specialists who will appear intermittently in the field and will be recipient of all reports. It will be his ultimate responsibility to put the parts together into a coherent whole, working alone, in consultation with individual members of the research team and in group analytical and evaluative discussions in the field as this is made possible by the coincidence of several people being in Mexico at the same time and by deliberately planned meetings from time to time.

C. SEQUENCE OF WORK - Clearly, the project involves a complex system of variables, none of which acts wholly separately from the others. As knowledge accumulates about each, their potential interaction in the model will become more clear; at the same time, evidence of interaction while the study is in progress will define the course of further inquiry, not now foreseeable.

Project work plans call for the simultaneous attack on six of the above tabulated study areas; the behavioral science inquiry will be deferred until technical and economic analysis pinpoints at least two, but no more than three satisfactory sites. When it is certain that at these sites the new practice is theoretically feasible, that is, the soil, the acreage in corn, the availability of technical inputs, the accessibility to the market,

and other factors predict success, then and only then will each of these sites become the subject of intensive study covering the culture of the people, their existing institutions, their social and political organization, their leaders, among other matters which are bound to affect acceptance and cooperation.

D. PRODUCT OF THE WORK - Project work plans call for two products:

One, is the development of a new method of feasibility analysis by means of which agricultural research throughout the world can become a continuing source of private investment projects, no matter what the conditions of technical, economic political, legal and cultural development may be;

Two, is the complete design of a specific investment project in Mexico, reduced in writing to an investment promotion portfolio ready for presentation to potential investors in Mexico, in the U.S. and elsewhere if that is judged desirable. This portfolio will not only serve for investment promotion, but, as well, will serve as a model for other projects that may be developed elsewhere in the world, based on the technique of feasibility analysis noted above.

In summary, the development of the method of feasibility analysis will constitute Phase I of the project. Phase II will take the results of one particular analysis and convert them into specific investment terms. Phase III, a logical extension but not a part of this proposal,

will be to undertake the actual investment promotion of the Mexican model. There is no question that this promotional work will be carried on; however, until it is possible to define precisely what it is that will be promoted, the necessary support for such promotion cannot be predicted.

E. THE TEST OF SUCCESS - The ultimate test of success clearly will be when Phase III, noted above, is completed and a successful change is made of a traditional agricultural situation using private capital in partnership with small farmers. Since Phase II is conceived as the end point of the project as herein proposed, it is suggested that the best test of performance, will be formal endorsement of the model investment enterprise by the Government of Mexico as one important method, acceptable within the spiritual and legal framework of agrarian reform, of transforming traditional agriculture. Without this acceptance, Phase III would be doomed to failure; with it, Phase III cannot help but succeed.

F. TIMING OF WORK - The nature of the project makes it impossible to predict with precision the time it will take to complete Phases I and II of the project as outlined above. Based upon the field experience of all of those who have become involved, (see STAFFING, under PROGRAM IMPLEMENTATION) it is probable that from 18 to 24 months will be required to complete the field work and integrate all of the evidence into a final design. Therefore, the budget projections included in Appendix IV are for two years.

#### IV - PROGRAM IMPLEMENTATION

A. GENERAL ADMINISTRATION - General administration and fiscal control of the program will center in Cambridge, Massachusetts, at the headquarters of the International Marketing Institute (IMI). Ultimate responsibility for the direction and conduct of the program will rest with Mr. James A. Hagler, Executive Director of IMI.

The Cambridge IMI center will also serve to backstop the field staff as required with secretarial services, library research, contact with consultants and the maintenance of liaison with the Management Advisory Committee to be established.

Field research activities will be the responsibility of Dr. Simon Williams, Associate Director, IMI, who will be designated Principal Investigator and who will be resident in Mexico.

B. STAFFING - It is clear from the nature of the research program that a wide variety of competences will be called upon, from time to time.

It is neither necessary nor feasible to bring together a team of people, on a full-time basis, spanning all of the training and experience needed. Indeed, creating a full-time team would be prohibitively costly. Experience on other research programs indicates that a small permanent staff working in the field with effective home office backstopping can utilize efficiently experts on temporary

assignments, provided that such experts are available when called and have a continuing commitment to give their time, intermittently, on a priority basis.

With this in mind, the following staffing pattern has been worked out. Note that additions to the roster of competence may be included at a later date. Manpower now available is adequate for the job and can be put to work immediately.

1. The core of permanently related staff is composed of the senior members of IMI. Biographical descriptions are included in Appendix I, together with a brief statement of the experience of IMI in research relevant to the proposed program. The competence of the Program Director permits him to relate effectively and in depth to all aspects of the research, ranging from agricultural sciences through industrial development and promotion to education. This experience is supported by the extensive background of other IMI senior staff in marketing and management training.

2. To add breadth and depth in the behavioral sciences, agreement has been reached with the International Research Institute of Washington, D.C., an affiliate of the American Institutes of Research, headquartered in Pittsburgh, Pennsylvania, to provide senior personnel on a sub-contracting basis, as required. At least one-man year per year will be supplied if needed; more can be available on short notice. Biographical data and a brief description of the work of the International Research Institute are included in Appendix II.

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3. Appendix III provides biographical sketches of five consultants who are committed to support the research program with their unique experience ranging over international finance, feasibility analysis and investment promotion, the law, Latin American development programs and the promotion of top management interest and action vis-a-vis the problem of world hunger. Note that the contribution of Dr. Gerardo Canet, Secretary of the Committee of Nine, Organization of American States, is available at zero cost to the program.

4. Competence in the agricultural sciences, with the exception of that contributed by Dr. Williams, is expected to be contributed at no cost to the program. For example, the prototype in Mexico is based on research done by the Rockefeller Foundation, Mexican Agricultural Program and the Mexican Ministry of Agriculture. All of the research on the prototype during 1965 and 1966 to date has been supported by technical consultation with the research staff of the Foundation. This consultation has been provided at no cost and without doubt will continue to be provided during the life of the research program proposed. Tentative explorations of other model projects elsewhere in the world have indicated that this type of linkage with the scientists on the spot, upon whose research an investment opportunity can be foreseen, can be forged without difficulty. It is proposed to depend upon this means of providing agricultural sciences expertise.



5. A number of special resources will be drawn upon to supplement further the competence of the core staff. These include:

a. A Management Advisory Committee, composed largely of senior executives from U.S. corporations and, in part, of counterparts representing Mexican corporations. It is planned to have from fifteen to twenty members on the Committee, the functions of which will be:

i. At the outset, to help define the lines of inquiry to ensure answers to the kinds of questions management will ask when actual investment capital is sought at a later date.

ii. On a continuing basis, to help evolve an effective system of interaction with ever-growing numbers of management so that the true nature of the world hunger problem and the action (investment) opportunities in world agriculture can be understood. It is our belief that commitment to invest can only come after such understanding is generated.

iii. At a later date, to help create the forum for investment promotion, not only in seeking capital and management to put the Mexican prototype into commercial operation but, as well, in seeking capital for the continuing stream of feasible projects which this research and other programs it will stimulate, will define in the years ahead, in all parts of Africa, Asia and Latin America.

Tentative discussions with the top management of several U.S. and Mexican corporations indicate a high level of

interest in being represented on the Advisory Committee.

b. To facilitate research on the Mexican prototype, in mid-1965 a small committee of businessmen was formed in Guadalajara with the help of Fausto Miranda (see Appendix III). This committee has already been instrumental in helping to win official support for the experiment from the Governor of Jalisco. The committee has also been responsible for an expression by three industrialists of a willingness to invest in the prototype when it is ready for a commercial trial. The members of the committee have widespread and high level associations among industrialists, bankers, government officials throughout Mexico; too, the group is ready to intervene with leaders of the Catholic Church, whose only Cardinal in Mexico is headquartered in Guadalajara.

c. IMI Alumni of the summer training program which will hold its seventh annual session in 1966. Representatives from over seventy-five countries have attended this three months summer program held at the Harvard Business School, creating a distinguished alumni body of several hundred leaders in business, government and education. The contacts and influence within their countries accessible through these people are priceless assets and will be brought to bear on the research program, country by country, as they may be useful.

d. Several non-profit research and technical assistance agencies concerned with rural development have expressed deep interest in the program proposed to AID

and have offered to put their experience at the disposal of IMI. Two of these are particularly relevant: The American International Association for Economic and Social Development, with long experience in matters such as agricultural credit for small farmers, the design of educational materials to transmit technical information and the training of youth in Latin America; and, the International Development Foundation which has been concerned with social and political organizational development as a basic element in facilitating change. Cooperation with these and other organizations with relevant competence which may be linked at no cost to the program will be carefully worked out once the program is under way. No formal relationships have been discussed as yet.

C. REPORTING - It is suggested that written reports be regularly submitted to AID at six months intervals; at irregular intervals, when the Principal Investigator is in the U.S., verbal reports will be worked out by appointment.

D. CCST - A budget estimate is attached as Appendix IV.

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V - SUMMARY OF PRIOR WORK

1. Two years of investigation have preceded this proposal. Field observations were made in fifteen countries in Africa, Asia and Latin America. Interviews with hundreds of agricultural specialists, government officials and private industry management, extended background information to cover many more countries in a vicarious way. A large body of literature has been reviewed. The conceptual framework for the research proposed has been broadly described in the Harvard Business Review, November-December, 1965 issue, in an article "Private Investment in World Agriculture." The specific model project in Mexico has been described in a brochure, "Model Program For Economic and Social Improvement of Agricultural Communities." Both of these documents have been made available to AID previously.

2. Acceptance has been achieved over a wide sector of public and private sector leadership in Mexico for the model project to be located in the country. This has culminated in a formal letter of welcome from the Governor of Jalisco, the state in which the prototype is most likely to be developed.

3. At least three Mexican investors, representing manufacturing interests in Guadalajara, capital of Jalisco, have expressed interest in participating in the commercialization of the model project when it is ready. These and others stand ready to serve on the Management Advisory Committee.

4. Current efforts to interest U.S. top management in the project are meeting with interested reception. As this

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proposal is written, at least six corporations are likely to indicate formal acceptance to participate on the Management Advisory Committee; presentations to several other more companies are being organized.

## VI - BENEFITS TO AID

The proposed research seeks to design new methods through which private investors in the United States and elsewhere can combine their unique resources of money, manpower and technical know-how to help rapidly increase both food production and farm family income among the small-scale farmers of the developing countries.

The availability of such methods will help AID accelerate and expand private initiative in technical assistance, along lines recommended in the Watson Committee Report and in the reports of the White House Conference on International Cooperation.

The methods will increase locally available foodstuffs (both in terms of quality and quantity) and will increase purchasing power enabling small farmers to buy their agricultural inputs on the commercial market. This can add in a dynamic way to the manner in which AID and its resident Missions assist in generating self-help in agricultural development, as called for by President Johnson in his message on Food For Freedom.

In the conduct of other investigations leading to the design of improved agricultural production-- distribution systems, it is anticipated that AID Missions and individual agricultural experts will be assisted in a significant way in their efforts to harmonize public and private sector interests by the methods of analysis and the design for investment which will result from the project herein described.

It is to be emphasized that the model to be worked out in Mexico is intended to be built out of components which are encountered in every part of the world. A first prototype must be designed somewhere; in this case it will be in Mexico, based on corn. However, in truth, the project proposed is not a Mexican program, nor is it a program primarily concerned with increasing corn supplies. The scope of work and the plan of work demand a product of universal applicability. It is for this reason that the concern of AID to improve agriculture throughout the world will be served by the project described in this proposal.

Appendix I

INTERNATIONAL MARKETING INSTITUTE  
16 Garden Street  
Cambridge, Massachusetts

I.M.I. is a non-profit foundation incorporated under the laws of the Commonwealth of Massachusetts to conduct educational programs and research in the field of international marketing and distribution. The overall purpose of the Institute is to increase world-wide understanding of the dynamic aspects of marketing and distribution and to spur greater use of sound marketing practices.

SOME PROJECTS UNDER WAY / COMPLETED

BLUTRADE EXPORT EXPANSION PROGRAMS UNDER SBA AUSPICES  
IN WORCESTER/HARTFORD.\*

Pilot programs involving analysis of 1,500 firms, community workshops and action programs, and a 180-page BLUTRADE Workshop Handbook.

GALLATIN ANNUAL OF INTERNATIONAL BUSINESS PUBLISHED BY  
AMERICAN HERITAGE.

The collection, analysis and supplying of statistical details of 150,000 selected items from 120 countries for this encyclopedic publication.

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\*BLUTRADE - Business, Labor, University Team in Research and Assistance for Development of Export.

EXPORT MARKETING FOR SMALLER FIRMS COMPILED FOR SMALL BUSINESS ADMINISTRATION.

A 90-page study in depth of 20 U.S. firms to develop a practical, low cost, self administered system of market research to enable small business to determine appropriate entry into, or expansion of, export operations.

ORGANIZATION OF FIRST MARKETING-COMMUNICATION COMPANIES IN THAILAND-PAKISTAN.

These were put together by one of our Associate Directors for the business communities in Bangkok and Karachi. One was a profit operation, the other a not-for-profit but business-oriented company.

INTERNATIONAL MARKETING SEMINAR SPONSORED BY IMI AT THE HARVARD BUSINESS SCHOOL.

This multi-national program is designed to acquaint participants from business and government in developing areas with modern methods and approaches to marketing management and marketing research. Major emphasis is on methods, skills and techniques of attacking marketing problems. The focus is on practical application rather than theoretical considerations. Actual cases are used.

TRAINING COURSES FOR COMMERCIAL ATTACHES SPONSORED BY IMI AT THE HARVARD BUSINESS SCHOOL.

IMI participates in four-week training program, given several times yearly at the Department of Commerce, sponsored by the Foreign Service Institute in Washington.

COMPARATIVE STUDY OF EXPORT PROMOTION INSTITUTIONS IN FORTY COUNTRIES.

This current study, under the terms of an AID contract has the objective to provide assistance to AID in country strategies through analysis, evaluation and comparison of existing measures and means for effective export promotion organizations and programs.

James A. Hagler, Executive Director - Prior to joining IMI in 1960, Mr. Hagler was a member of the faculty of the Harvard Business School as Assistant Professor in Marketing and as Assistant Dean with responsibilities related to the Doctoral Program, the Advanced Management Program and the Turkish Program. Mr. Hagler is currently a consultant to the Bureau of International Commerce and the Department of State. He is a Director of the New England World Trade Center and advisor to the New York World Trade Center; as well, he is Chairman, Governor's Advisory Committee, International, State of Massachusetts.

Ernest J. Enright, Director of Research - Dr. Enright has been with IMI since 1962. Prior to that time, he had been associated with Harvard University, first as a Research Associate, 1954-1956 and later as Lecturer on Marketing, Director of the Harvard-Radcliffe Program on Business Administration. Between 1959 and 1962, Dr. Enright was Advisor on Marketing and Marketing Research to the staff of the Institute of Business Administration, Istanbul University, and during the summer of 1961 was Advisor on case-study methods to the Government of Yugoslavia.

Edward C. Bursk, Educational Director - Mr. Bursk has been Professor of Business Administration at the Harvard Business School since 1953 and Editor and Publishing Director of the Harvard Business Review since 1947. He is Vice-President, Marketing Management Division, American Management Association and a member of the National Export Expansion Council. Mr. Bursk has written widely on marketing subjects. He is co-editor of The World of Business, published by Simon and Schuster, 1962 and author of Text and Cases on Marketing: A Scientific Approach, published by Prentice-Hall in 1962.

Simon Williams, Associate Director - For the past two years, Dr. Williams has been studying the problem of world hunger and examining the state of agricultural practice in underdeveloped countries to the end of identifying new ways to utilize private enterprise to increase food production. Prior to this work, he was Senior Research Associate in the Economic Development Section of Arthur D. Little, Inc., Cambridge, Massachusetts, with field experience in industrial and general economic development in Argentina, Ecuador, Venezuela and

Nigeria; other international technical assistance and educational experience include work in Israel, Mexico and the Scandinavian countries. Dr. Williams was formerly Director of Research, Dudley-Anderson-Yutzy, New York public relations and management consultants. At one time he was Dean, Lowell Textile Institute, Director of Research for the National Cotton Council of America and Associate Director of Fabric Research Laboratories, Dedham, Massachusetts, consultants to the textile and related industries.

## APPENDIX II

INTERNATIONAL RESEARCH INSTITUTE  
8555 Sixteenth Street  
Silver Springs, Maryland

I.R.I. is a non-profit research institution which conducts studies of the influence of communication, education and organization capacity on values, attitudes and skills required for the development and long-term implementation of social, cultural and economic innovation. Of particular concern are explorations of conditions fostering or hindering effective change, the human aspects of the change process and the relationship of personal performance to implementation of desired change. IRI is one of the divisions of The American Institutes for Research in the Behavioral Sciences, with headquarters in Pittsburgh, Pennsylvania.

### SOME PROJECTS UNDERWAY / COMPLETED

#### INTERACTION OF SOCIAL ORGANIZATION, NEW TECHNOLOGY AND NEW ECONOMIC ENTERPRISES IN COLOMBIA.

An experimental program conducted for the Agency for International Development on the roles of social organization, the introduction of new technology (electrification), and new economic enterprises in the development of rural communities in Colombia. This work involves extensive socio-economic surveys, intensive anthropological observations of 15 communities, and experimental comparisons of various forms of economic organization and activity.

RESEARCH AND DEVELOPMENT OF APTITUDE TESTS FOR WEST AFRICANS.

A program of research and the development of aptitude tests for West Africans. This involved extensive analysis of African cultural characteristics bearing on technical and clerical jobs. The original work was done in Nigeria and Liberia and subsequent adaptations were and are being done for North Africa, French Africa, and East Africa. New work in this field is beginning in Latin America and the Far East. This work also entails the establishment of administrative systems for developing human resources.

USAID JOB ANALYSIS IN TWELVE ASSISTANCE PROGRAMS.

A broad study of key USAID jobs which involved field work in Bolivia, Cyprus, Costa Rica, Ethiopia, Iran, Mali, Nigeria, Paraguay, Peru, Taiwan, Thailand, and the United Arab Republic. This work involved analyses of the full spectrum of problems connected with development projects in all sectors of the AID programs of these countries.

STUDY OF RELATIONS BETWEEN AMERICANS AND FOREIGN POPULATIONS.

Projects sponsored by the Army Research Office on relations between Americans and foreign populations. Preliminary field work in this area was originally done in Turkey and full-scale work is being conducted in Korea.

DETERMINATION OF CULTURAL FACTORS AFFECTING TRAINING AND MOTIVATION OF FOREIGN POPULATIONS.

A methodological project conducted for the Air Force concerned with the determination of cultural factors affecting the training and motivation of foreign populations in the adoption of new methods. Ethiopia is being employed as the model country for this study.

Paul Spector, Director - Dr. Spector was trained in experimental psychology. He has had extensive experience in research projects on intercultural matters. A number of these projects were concerned with the requirements for overseas service in various jobs throughout the world. He has directed projects in Ecuador and Colombia concerned with local values, attitudes and habits in the adoption of a variety of innovations. His work has covered sociological surveys, anthropological observations and psychological field experiments and he has worked throughout Asia, Africa and Latin America.

Henry P. David, Associate Director - Dr. David most recently was Associate Director, World Federation for Mental Health, Geneva, Switzerland, prior to which he was Chief Psychologist and Psychological Consultant, New Jersey State Department of Institutions and Agencies. Dr. David was trained in clinical psychology and has written widely in the fields of mental health, personality theory and clinical psychology, with an emphasis on international problems.

Stanley Lichtenstein, Director of Studies - Dr. Lichtenstein, also trained as a clinical psychologist, has been with the American Institutes for Research in the Behavioral Sciences since 1956. Among the many studies in which he has participated are: A study of the effectiveness of personnel in foreign countries for performing selected tasks; A Study of the Effectiveness of Selected Communications media in underdeveloped regions; a study of the experiences, attitudes and problems of Peace Corps Volunteers in Nigeria; a study to assess the factors affecting the impact and utilization of electrical generators in rural areas of Colombia.

In addition to these senior members of the IRI staff, others who may be drawn in include Dr. Leslie J. Briggs, specialist in General and Educational Psychology; Dr. Paul A. Schwarz, Director of the Cross-Cultural Research Program of the American Institutes for Research and is a specialist in tests and measurements as they relate to the design and execution of training programs, in schools and in other kinds of organizations; Dr. David J. Klaus, educational psychologist and specialist in learning theory; and Dr. William Warren Cooley, Director of the Institute for Research in Education of the American Institutes for Research and most directly concerned with the identification of talent among students of high school age and in the design of the best means of developing this talent over a long period of subsequent training.

## APPENDIX III

### ROSTER OF CONSULTANTS

Joseph M. McGarry, Vice President, International Minerals and Chemical Corporation. During the past several years, Mr. McGarry has been deeply engaged with the problem of world hunger, particularly along lines of involving U.S. and European corporations in the efforts of F.A.O. to accelerate the movement of technical knowledge into practice. His experience, interest, skills and contacts will be utilized primarily in establishing close working relationships with top management, first in the U.S. and later, perhaps, in Western Europe, Japan and elsewhere.

Fausto Miranda, Senior Partner in the law firm of Baker, Betts, Miranda, Santamarina and Steta, Mexico City (with affiliated offices in Houston, Texas). Actually, Lic. Miranda has been my legal counsel and mentor during the evolution of the Mexican model project and in winning approval of the Mexican Government. A Yale University Law School graduate, Lic. Miranda has become one of Mexico's distinguished lawyers, with widespread and impeccable contacts throughout the business, financial and political community. Lic. Miranda has represented the Mexican Government at several international conferences concerned with economic development. He is on the Board of a number of educational institutions. Of additional unique importance to the program, he is closely connected with the investment interests of many large U.S. corporations with subsidiaries in Mexico, e.g. he is on the Board of Kimberly-Clark de Mexico and is an officer of National Biscuit Company de Mexico. His knowledge of both Mexico and the U.S. is both broad and deep; his relationships with distinguished Latin Americans throughout Central and South America are widespread and intimate. Finally, Lic. Miranda is convinced of the importance of what we are trying to do. Initially, his skills will be focussed on the legal and organizational problems facing the establishment of the proposed Mexican Corporation. Too, as he has already done, he will continue to help identify potential Mexican investors and to establish contacts with them.

Murray D. Bryce, President, Projects International Inc., Winchester, Massachusetts. Mr. Bryce, formerly Senior Industrial Development Economist at Arthur D. Little, Inc., has had extensive field experience throughout Asia, Africa and Latin America searching for new industrial opportunities; conducting feasibility studies and carrying these through investment promotion to actual production; advising governments on development organizations and economic policies. Mr. Bryce is author of two books: Industrial Development - A Guide for Accelerating Economic Growth; and Policies and Methods for Industrial Development, both published by McGraw-Hill Book Company, Inc. Currently, Mr. Bryce is a head of a private investment corporation with interests in Latin America, the Caribbean area, central and western Canada. Mr. Bryce will devote his skills in two areas of the program, namely, the critical review and final drafting of investment proposals and the organization of the investment function as an integral part of the design of agricultural research programs.

Robert H. Oppenheimer is a consultant in banking, finance and insurance and management, with long experience on both an international and national level. As consultant to the United States Trust Company of New York and sixteen other leading United States banks located outside New York City, he had the prime responsibility for the creation of an organization, financial, and legal framework for the establishment of an Edge Act Corporate group under the provisions of Section 25 (a) of the Federal Reserve Act.

Other work in the international banking (Edge Corporation) field has been done for Fidelity-Philadelphia Trust Company and the Meadowbrook National Bank. As a consultant to Business and Industry Development Corporation of Washington, D.C., he participated in the arranging of both export and long-term financing; drawing form-of-sale and other contracts relating to sales and promotion of fully installed "packaged" small businesses; preparing a prospectus for the sale of the firm's own stock; and helping secure appropriate legal and accounting services. Mr. Oppenheimer's experience will be utilized initially in developing appropriate financial strategy and tactics in financing the Mexican project and, later on, in financing other projects. As well, it is hoped to involve Mr. Oppenheimer in long range considerations of monetary questions which must be answered before there can be efficient transfer of surplus foods across national borders and involving different currencies.

Gerardo Canet is currently Secretary, Committee of Nine, Organization of American States. Dr. Canet is a Cuban, a distinguished geographer and former Vice-President of the Development Bank of Cuba in charge of industrial loans and project supervision. During recent years, the Committee of Nine has been studying the national plans of each Latin American country. Among other information it has accumulated, the Committee has detailed knowledge of all of the agencies of technical assistance in each country and the manner in which they interact to support or interfere with each other. The Committee has expressed deep interest in the IMI project and through the good office of Dr. Canet has volunteered to work closely with the field staff, both to understand the scope of related activities in each country in Latin America and to effect a harmonious relationship with the many agencies involved. This guidance will be called for first in completing the research on the Mexican prototype.

Appendix IV

BUDGET ESTIMATE

The following budget estimate is for 12 months. Each year of the two year program calls for the same budget. The reason for this constant level of manpower input and attendant cost arises from the method of staffing. It is noted that a program of the type proposed will call for a highly diversified body of competence, from which individual specialists will be drawn from time to time for field work and analysis. While it is anticipated that the level of demand for research time will remain at the peak called for by the program and the budget, the use of many individuals will be intermittent. Actually, such a fluctuating of manpower results in far lower cost estimate than would be possible to permit if all the competence available were engaged full-time for the program. Thus, the International Institute will provide the core, full-time staff and Principal Investigator and will provide other personnel on a sub-contracted or consulting basis. It should be emphasized again that in addition to time which will be paid for out of the budget, a large amount of professional service will be obtained at no cost to the IIC monies provided.

1. Salaries:		
a. Senior Research Personnel	\$80,000	
b. Research Associates	4,500	
c. Administrative Assistant	3,300	
d. Secretaries	<u>8,550</u>	
	Total	\$96,380
2. Overhead		16,790
3. Other Allowable Direct Costs, e.g.		
Social Security; Overseas differential		14,340
4. Travel, international and domestic		23,000
5. Communication, data processing,		
reproduction of reports, miscellaneous		6,500
out-of-pocket expenses		
6. Expenses for Principal Investigator		
resident in Mexico		<u>6,600</u>
	Total 12 months	\$153,600
	Total <sup>24</sup> <del>36</del> months	\$ 307,200