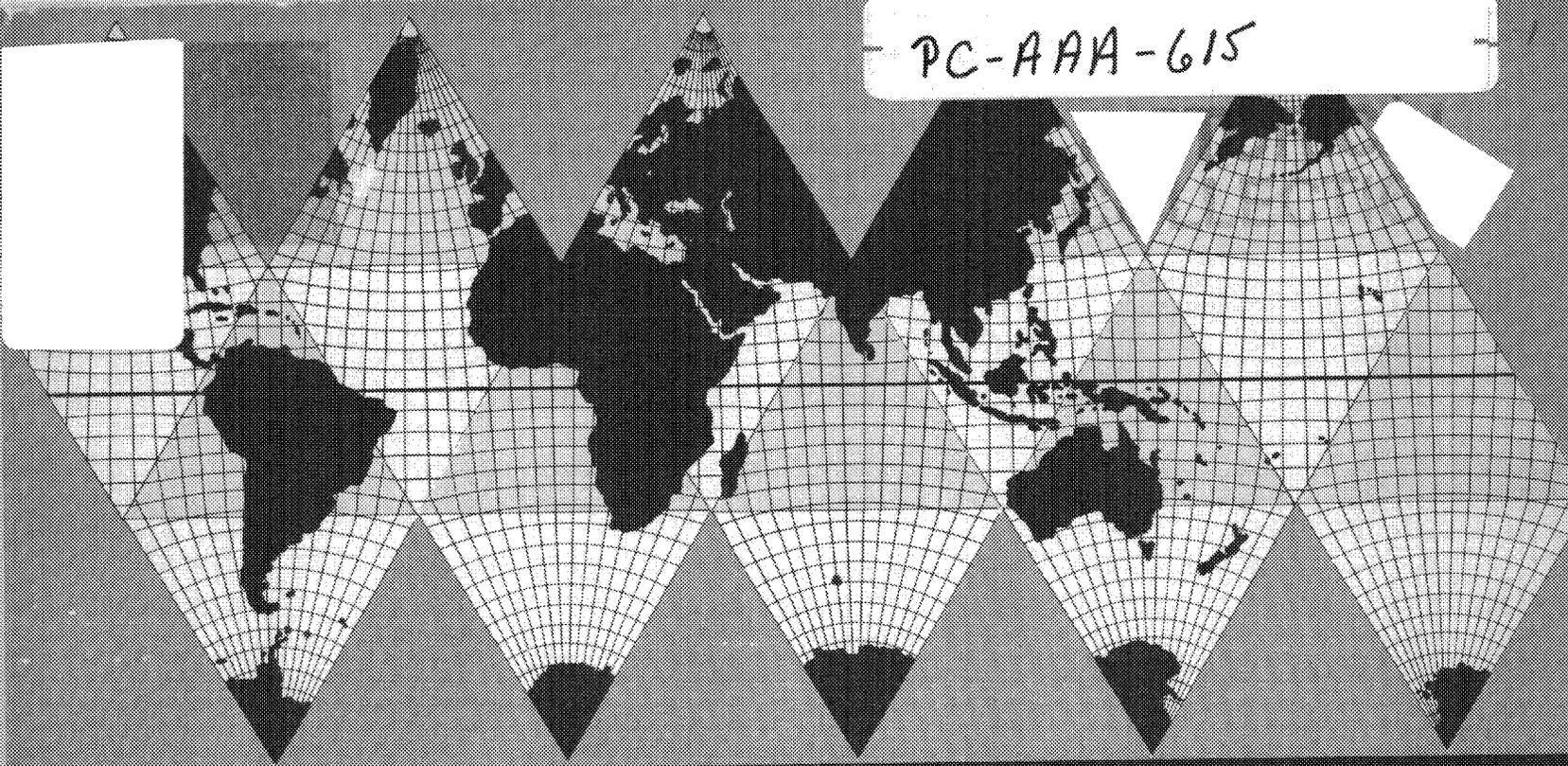
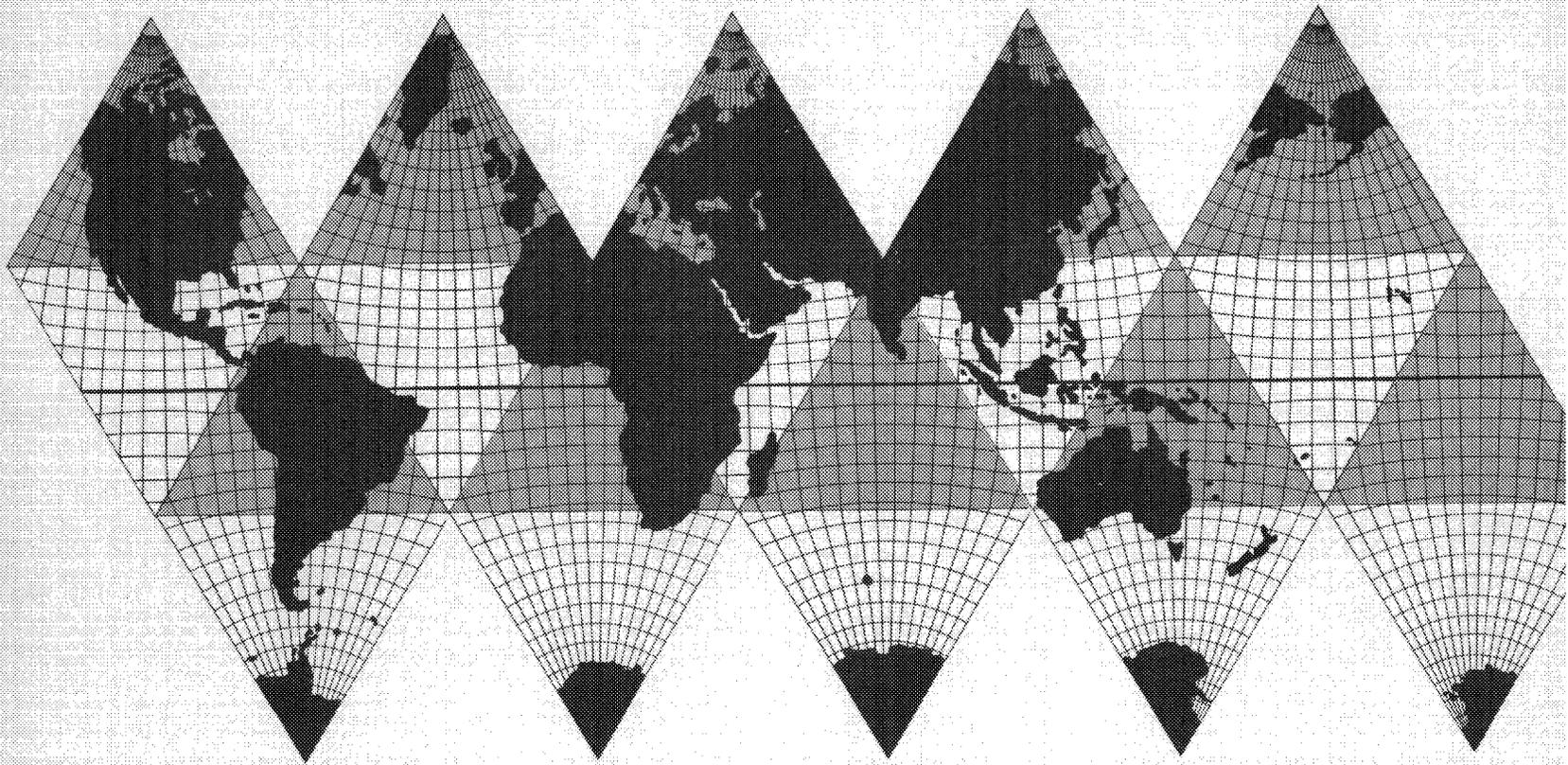


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A DECADE OF DEVELOPMENT

REPORT ON THE EIGHTH NATIONAL CONFERENCE ON INTERNATIONAL ECONOMIC AND SOCIAL DEVELOPMENT • JUNE 1961

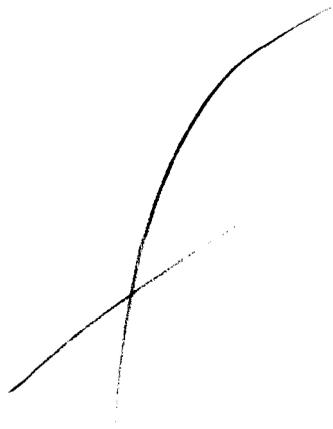


# **A D E C A D E O F D E V E L O P M E N T**

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*A report on the Eighth National Conference on International Economic and Social Development  
June 15-16, 1961, Washington, D.C.*

*Co-Chairmen:* HONORABLE GAYLORD NELSON, *Governor of Wisconsin*  
HONORABLE CHARLES P. TAFT, *Cincinnati, Ohio*



The National Conference on International Economic and Social Development, 1720 Rhode Island Avenue, N.W., Washington 6, D.C., 1961.



## TABLE OF CONTENTS

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page

7	<b>FOREWORD</b>
9	<b>PROGRAM OF EIGHTH ANNUAL CONFERENCE</b>
11	<b>PRESIDENT KENNEDY ADDRESSES THE CONFERENCE</b>
12	<b>THE ADMINISTRATION'S PRESENTATION OF THE NEW FOREIGN ASSISTANCE PROGRAM</b>
14	<b>EXCERPTS FROM SOME OF THE PRINCIPAL SPEECHES</b>
17	<b>LONG RANGE PLANNING</b> A Requirement of Economic and Social Development
20	<b>THE PEACE CORPS</b> Challenging Opportunity or Boondoggle?
25	<b>FOOD FOR PEACE</b> No Longer Surplus for Disposal But Asset for Development
29	<b>SOCIAL WELFARE—LATIN AMERICA</b> Social Progress Essential to Economic Development
33	<b>LAND REFORM</b> Evolution or Revolution?
36	<b>EDUCATION IN INTERNATIONAL DEVELOPMENT</b> Human Beings Make Growth Possible
40	<b>HEALTH</b> Keystone to Economic Progress
44	<b>HOUSING</b> A Starting Point for Development
48	<b>MULTILATERAL AID</b> Organization and Needs
53	<b>PRIVATE INVESTMENT AND INTERNATIONAL DEVELOPMENT</b> Private Enterprise and Government—Indispensable Partners
57	<b>A LIST OF ORGANIZATIONS REPRESENTED AT THE CONFERENCE</b>
63	<b>FOREIGN ASSISTANCE LEGISLATION</b> What Congress Did after the Conference

SINCE 1952 THE NATIONAL CONFERENCE HAS SERVED as a forum for American organizations, individuals, and world leaders concerned with the evolving problems of international economic and social development. It is a clearing-house for the exchange of ideas, experience, and information among representatives of the United States government, the United Nations and other international agencies, universities and foundations, business, and hundreds of national organizations.

The Conference is an outgrowth of the Point Four Information Service formed by a group of Washington representatives of national organizations who have met periodically since the Truman inaugural address of 1949. Acting as individuals, these representatives initiated and sponsored a first national meeting in 1952, in which some 300 organizations participated. In organizing

and planning for this first meeting, the need was felt for a more formal organization and, as a consequence, the National Conference on International Economic and Social Development was incorporated in 1952 under the laws of the District of Columbia as a nonprofit educational institution. In addition to the annual meetings, of which the June 15-16, 1961, Conference was the eighth, the National Conference on International Economic and Social Development has held a number of workshop conferences more limited in attendance and more sharply concentrated on policy development.

Both the annual meetings and the workshops of the National Conference on International Economic and Social Development are, for the most part, the product of voluntary efforts of the Point Four Information Service. It is to these individuals that this report is dedicated.

## **FOREWORD**

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THE EIGHTH NATIONAL CONFERENCE on International Economic and Social Development was held at the Shoreham Hotel in Washington, D.C., on June 15-16, 1961. The two-day meeting was attended by well over 1200 people from many parts of the United States. Over 400 national organizations were represented. The theme of the meeting, "A Decade of Development," was taken from President Kennedy's Special Message on Foreign Aid to the Congress of the United States of March 22, 1961, in which the President asserted that "the 1960's can be — and must be — the crucial 'Decade of Development' — the period when many less-developed nations make the transition into self-sustained growth — the period in which an enlarged community of free, stable and self-reliant nations can reduce world tensions and insecurity."

8 Co-Chairmen for the meeting were the Honorable Charles P. Taft of Cincinnati and the Honorable Gaylord A. Nelson, Governor of Wisconsin. Mrs. George L. Bell, Chairman of the Point Four Information Service, assumed the chief responsibility, as she has so often in the past, for organizing the Conference. To her and to her able staff of co-workers we express our special thanks.

It was the good fortune of the sponsors of the Conference that the timing of the initial hearings in the Congress on the new foreign aid proposals virtually coincided with the dates on which the eighth annual meeting was held, thereby focusing attention on the Conference as an indispensable medium of national scope and character through which the new proposals could be scrutinized, criticized, and evaluated.

Assistance to underdeveloped countries, while little more than a decade and a half old, has evolved very rapidly, and the National Conference has played an important role in that evolution, for at its meetings many of the important concepts later incorporated into official policies and programs were first launched or given impetus. The concept of technical assistance announced by President Truman in 1949 as Point Four of his inaugural address was promoted and expanded through the sessions of the National Conference. Subsequently, in the 50's, the National Conference helped to develop the concept of so-called "soft loans" to underdeveloped countries which became embodied in such institutions as the Development Loan Fund and the International Development Association. Further, it was instrumental in broadening the concept of Food for Peace and developing policy guidelines for the Peace Corps. It is now recognized that social progress is essential to economic development, and that without improvements in education, both general and technical, health, sanitation, land utilization, tax structures, and social justice, foreign development assistance programs would be extremely limited in their impact on the economic development of underdeveloped countries. Thus, the word "social" now accompanies "economic" in any discussion of international development, and social programs are now integral to development plans.

It was to further this evolutionary process during a new "Decade

of Development" that the Eighth National Conference on International Economic and Social Development was held. Those who planned the program did their best to make the Conference an important one, and during the Conference we were aware that important things were happening, especially in the ten Group Discussions. However, because of the fact that five of these occurred simultaneously on the afternoon of the first day and another five occurred simultaneously on the morning of the second day, there was no one at the Conference who could attend, other than partially and superficially, more than two. It was only when we studied the transcripts of these ten Group Discussions that we realized the full significance of the Conference. For in each of the ten, participated in by some of the most important officials and most distinguished unofficial authorities in the ten fields, there was impressive evidence of vigor, new ideas, and new departures which, considered together, add up to something like a revolution in the purposes and methods of foreign aid.

It is impossible in any report on the Conference to do more than make a still photograph of a surging occasion, but in this report we have taken unusual pains to make that photograph as revealing as possible. We do not believe that anyone can read these accounts through without being impressed with the new paths which are being charted, and followed, through the "Decade of Development".

WALLACE J. CAMPBELL  
DAVID D. LLOYD  
*Permanent Co-Chairmen*

## **PROGRAM OF THE EIGHTH ANNUAL CONFERENCE**

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**June 15-16, 1961, Shoreham Hotel, Washington, D. C.**

Representatives of the new Administration outlined its foreign aid proposals at a plenary session on the morning of the first day, followed by an address by the Honorable Paul G. Hoffman, Director of the United Nations Special Fund. Luncheon speakers were the Honorable Clifford P. Case, Senator from New Jersey and the Honorable Orville L. Freeman, Secretary of Agriculture.

The afternoon was devoted to group discussions covering the fields of "Long Range Planning", "The Peace Corps", "Food for Peace", "Social Welfare — Latin America", and "Land Reform".

At the formal dinner in the evening the Honorable Dean Rusk, Secretary of State, was the principal speaker. Preceding Mr. Rusk with short presentations were Mr. Eric Johnston, Chairman, Center for International Economic Growth and President, Motion Picture

Association of America; Mr. James A. Suffridge, President, Retail Clerks International Association and Vice President, AFL-CIO; Rabbi Philip Hiat, representing the Synagogue Council of America; Dr. Donald C. Stone, representing the National Council of Churches; and Monsignor James E. Harnett, representing the National Catholic Welfare Conference, on behalf of Bishop Edward E. Swantsrom.

The plenary session on the morning of June 16, 1961, featured as speakers the Honorable George W. Ball, Under Secretary of State for Economic Affairs, Mr. David E. Lilienthal, Chairman, Development and Resources Corporation, and Mr. Lester Granger, Executive Director, National Urban League and President, International Conference on Social Work.

Following the plenary session, further simultaneous group discussion sessions took place on "Education in International Development", "Health", "Housing", "Multilateral Aid", and "Private Investment and International Development".

The Conference was honored at luncheon on the second day, June 16th, by the President of the United States, John F. Kennedy, who delivered a major address on the role of foreign aid in American life. In the unavoidable absence of the 1961 Conference Co-Chairman Gaylord A. Nelson, Governor of Wisconsin, the President was introduced by Governor Otto Kerner of Illinois.

After the President's departure, a final plenary session was held, devoted to the subject of public understanding of international development, with Senator Hubert Humphrey of Minnesota, Mr. Harvey Williams, President, Philco International, and Mr. Andrew Biemiller, Legislative Director, AFL-CIO, as the principal speakers. Telegrams endorsing the activities of the Conference were received from former President Dwight Eisenhower, former Vice President Richard Nixon, Governor Nelson Rockefeller of New York, and former Secretary of State Christian Herter.

**BEST AVAILABLE COPY**



**Excerpts from PRESIDENT KENNEDY'S  
address to the Conference:**

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“There is no work in which you could be engaged in these days that is more important to the welfare of your country and to the security of the cause of freedom. There is probably no work more thankless, or less appreciated, but I hope the lack of recognition in itself gives you a sense of satisfaction. The easier and more popular work can be left to many hands, but this work requires the effort of committed and dedicated citizens. So I was extremely anxious to come here today to express my appreciation to you for the effort you have made, and hope the work in which you are engaged will be understood by our fellow citizens across the country; that from this meeting a new understanding of this great national commitment and effort will pass through the country so that in the coming weeks we will be able

to commit ourselves to a program that will give us a greater degree of security in the coming months and years.

“... I cannot understand those who are the most vigorous in wishing to stem the tide of communism around the world and who are at the same time bombarding the Congress and the Administration with attacks on this program. We all get used to paradoxes, but I must say that in all my political life that is one of the most extreme. This is a program which does offer hope of stemming the advance. I know of no program at the present time, other than those which go to the actual military security of the United States and to the strengthening of the Armed Forces of this country, which offers a comparable return. And therefore we should recognize the close identification of this effort — the effort to protect those societies which wish to be free — because it does involve our own security. “Now I know that there are those who are tired of carrying what they regard as a burden, and it is a burden. But if they say that then they mean they are tired of the struggle. And the struggle is reaching its climax in the sixties. And as I am not tired of the struggle, and you’re not tired of the struggle, and this country isn’t tired of struggling, we should be willing to pay and bear our burdens in this regard for a longer period of time. And if we are tired of that then we should recognize the implications of that fatigue.

“I therefore urge those who want to do something for the United States, for this cause, to channel their energies behind this new foreign aid program to help prevent the social injustice and economic chaos upon which subversion and revolt feed; to encourage reform and development; to stabilize new nations and weak governments; to train and equip the local forces upon whom the chief burden of resisting local communist subversion rests.

“I don’t say that our program will be free from error. Mistakes will be made and setbacks will be suffered. But I am more concerned about the waste to our security which will result from too small a program in this critical year and too short a period of authority than I am about anything else. I am less concerned about the dangers of meeting our full responsibility than about — in what may well be the crucial year of 1961 — doing too little and too late.”

## **THE ADMINISTRATION'S PRESENTATION OF THE NEW FOREIGN ASSISTANCE PROGRAM**

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**THE HONORABLE CHESTER BOWLES,**  
Under Secretary of State:

"We cannot shape the world to our choosing. We cannot make it turn out exactly the way we would like. We are only 6% of the world's people, but we are, by all odds, the greatest and most positive force, the most affirmative force in world affairs, and we cannot hold back our efforts to influence and shape the future as positively and peacefully as we can, to underscore and emphasize the affirmative and constructive things, and to divert and blunt those which are negative."

## **Planning Long-Term Development**

**MR. HENRY R. LABOUISE,** Director,  
International Cooperation Administration, and Chairman,  
President's Task Forces on Foreign Economic Assistance:

"We expect to move away from the use of aid to meet immediate crises . . . and place a new emphasis on helping the less-developed nations build solid economic and social foundations to enable them to have self-sustaining growth in which all of the people can share. . . . We propose to make a concerted effort to have each recipient country identify its own total requirements for a given period ahead, what it needs to move forward, what can be drawn from natural resources, and what external assistance is required. . . . Every effort must be made by the United States to encourage the recipient nations to mobilize their human and natural resources, adopt the necessary measures wherever necessary . . . and enforce internal reforms in such fields as land tenure and distribution, tax reform, exchange stabilization, etc. . . . We also hope to put greater emphasis on education and social development . . . [and] . . . to expand the interest of other countries in participation in the development process."

## **What the Development Loan Fund Plans to Do**

**MR. FRANK M. COFFIN,** Managing Director, Development Loan Fund:

"We have country studies showing the problems in the proposals for each country. Here you will find a description of what we mean by development lending and how we propose to go about it, of what we mean by development grants; of what is encompassed in the term development research; how we expect to help other countries with their planning, programming, and budgeting; how we can help to stimulate social change; and how we can help stabilize the situation in hot spots of the world until our developmental effort can take effect."

## Reorganization in a New Agency

**MR. GEORGE GANT**, Chairman, Organization and Administration Group, President's Task Forces on Foreign Economic Assistance:

"The new agency, then, will combine a number of agencies and functions heretofore in the charge of ICA, and the DLF, the Food for Peace Program, and its expression overseas; the local currency lending activities of the Exim-Bank; the handling of agricultural surpluses, and the assistance programs and related functions of the State Department.

"The agency itself will be organized primarily through regional bureaus — four of them — each one headed by an assistant administrator with the rank of an Assistant Secretary of State. The Missions, which are also in the decision-making line, will have greater emphasis placed upon their nucleus staff of planning and programming personnel, project and programming monitoring personnel, and those staff units which are required for administrative support.

"The specialists in the countries will be sent when they are needed by approved projects and programs. . . . In order to get the best use of those persons who are able to carry out this kind of work, we will use a larger number on short-time and ad hoc tours and place in the field only those specialized personnel who are required for approved projects and programs."

## Need for Long-Term Authorization

**MR. THEODORE TANNENWALD, JR.**, Chairman, Legislation and Presentation Group, President's Task Forces on Foreign Economic Assistance:

"One of the biggest jobs that I think we have to do is to convince the public and the Congress that the desire for flexibility which is essential in the presentation of our program, is something that will make not for profligate spending of the taxpayer's money, not for inefficiency and not for carelessness, but on the contrary will make it possible for us more carefully to husband our resources, and to get

away from this annual cycle of appropriations and authorizations which forces us on many occasions into the position of having to make commitments before the end of a given date, like June 30th, in order to meet the demands and the pressures arising from the fact that on that date the authority over the funds will expire.

". . . one of our troubles has been that we have tried to attach political conditions to our aid in the past and wherever we have, by and large, it has failed . . . we do not, in this program, intend to give up or not to attach conditions, but we believe we can be more effective by attaching economic conditions."

## QUESTIONS AND ANSWERS

*Q. What role does the Task Force expect to assign to other Departments of the Government, which will not be administratively under the new Agency for International Development?*

A. In order to achieve an integrated approach, responsibility for taking the initiative in responding to the needs of the countries will rest with the Agency for International Development but in such a way as to enlist the full support and participation of the several specialized domestic departments.

*Q. Is the present approach to foreign aid on public works going to be de-emphasized in any way?*

A. No, but loans will be made for projects within the context of country and regional priorities.

*Q. What role will the soft loans play in the new program as compared with the old?*

A. While the terms of further loans will not be such as to be called "hard loans" in the sense of commercial loans today, they will be repayable only in dollars, not in local currencies.

*Q. How is a new country which does not have the qualified personnel going to get assistance in preparing a country plan?*

A. From various places — from the United Nations Special Fund, from the World Bank, from the United States Government and from other governments.

14 Q. *What use will be made of local currencies resulting from operations of the Development Loan Fund to date?*

A. While we don't expect that the use of local currencies for local development will relieve the problem of accumulation entirely, we hope that our operations, particularly under the PL 480 program, can be carried out in such a way as to prevent inflationary developments.

Q. *In view of the criticism of the Senate Foreign Relations Committee, what changes are planned in the present system of investment guarantees?*

A. We are broadening the coverage of political risks under the existing ICA program, and also providing an all-risk type of guarantee the total amount of which is not to exceed \$100,000,000, designed for situations where private enterprise would not go into unsettled areas even with the ICA-type of guarantee.

### **How To Raise Per Capita Income in the Underdeveloped Areas**

**THE HONORABLE PAUL G. HOFFMAN,**

Director, United Nations Special Fund, speaking before a plenary session:

“. . . The less developed countries, considered as a unit, are rich in physical and human resources. The problem, awesome in dimensions and bewildering in complexity, is that of bringing about a fuller utilization of these resources. The first massive effort to assist the less developed countries . . . took place in the 1950's . . . some \$30 billion being sent, mostly in the form of loans, with annual per capita income increasing from approximately \$90 to \$100. . . . The minimum goal for the crucial decade of the 1960's should be an increase of 25 per cent in the per capita income of the people in these countries. To achieve this, using full advantage of the experience in the 1950's, I would suggest:

“First, recognition by leaders and people of the low-income countries that development depends primarily on their own efforts; second, recognition of the urgent need for a rapidly expanding world economy; third, assistance is not an act of charity; fourth, assistance is an objective worthy in itself; fifth, greater emphasis should be placed on pre-investment activities; sixth, more attention to the great need for well-organized programming and planning departments reporting directly to the Chief of State; seventh, the flow of development funds and technical assistance should be thought of in terms of decades, not one or two years; eighth, whether aid should be channeled through the United Nations, through regional organizations, or on a bilateral basis, should be determined on the basis of the most effective return; ninth, new emphasis should be given to the expansion and *adjustment* of educational programs of the less developed countries, to permit them to make a maximum contribution to economic development; tenth, advanced countries must be prepared to finance more adequately activities both in the investment and pre-investment fields. . . .”

### **Greater Flexibility Needed**

**SENATOR CLIFFORD CASE** in a luncheon address:

“The focal point of the debate now beginning is the Administration's proposal to put the economic assistance programs on a long-term basis and to provide greater flexibility in the allocation of funds. This is not, of course, a new proposal. It was in its essentials put forward by the previous Administration and has long been supported by virtually every serious study of the economic assistance programs. . . . The ability to make long-term commitments is fundamental to effective use of both our funds and those of the recipient country. And by effective use I mean economic and social development on a broad front — in education, health, public administration and economic productivity — in which all the people of a country share the benefits.”

## Social Engineering

Secretary of Agriculture **ORVILLE FREEMAN** in a luncheon address:

“We need to be concerned with the development of those institutions, such as cooperatives, credit unions, and educational programs, that have helped so much in the development of our own agriculture. We need to be concerned with social engineering as well as mechanical engineering. If land reform is the crying need, it is not enough to effect a distribution of land to those who farm it. There must be provision for low cost credit, and supervised credit, and farm management training and help.”

## Mobilizing Peoples in Their Own Development

Secretary of State **RUSK** addressing a dinner session:

“There will be adjustments in our aid programs flowing from some of the concepts we have been talking about. One of the most important adjustments is a new emphasis on the need for mobilizing peoples in their own development. For here is where self-help is important. We have learned in our own society, we have learned from experience elsewhere, that economic and social development cannot come from outside one’s own border, that it requires a people on the move, and also interested, dedicated, committed, alert, ambitious, energetic effort on the part of the people themselves.

“The premiums go to those leaders who know how to mobilize that dedication, take advantage of this upsurge of interest and demand, and transform it into a spirit of achievement and hope throughout the society. Some of these adjustments in our programs will of course take time. We cannot dart in and out of situations on a moment’s notice. Aid programs involve other governments and other peoples, and changes require careful and sometimes lengthy negotiations. Education, persuasion, and preparation will be necessary, and some of the changes will not and cannot be apparent for some time to come.”

## False Images in Foreign Aid

Under Secretary of State **GEORGE BALL** speaking before a plenary session:

“Another image, also a misleading one, which has injected itself into our discussions of foreign aid, is that of the extremely efficient Soviet aid administrator, who gets more for his ruble than we can possibly get for one dollar. We know many instances of gigantic blunders made by the Soviet Union in spending almost five billion dollars in the seven years they have been in foreign aid. But I wouldn’t want to minimize the efforts they are making. Their assistance programs — last year in the neighborhood of one billion, two hundred million dollars — are on a very rapidly rising curve, and Soviet administrators are carrying out their programs by sending along with the aid some seven or eight thousand technicians, who double as agents of persuasion. . . .”

“Another false image is that of the United States as a soft-headed milkman delivering a bottle of the milk of human kindness on every doorstep, while the neighborhood kids jeer. Other democratic countries are in this, too. Our allies in this effort — the other nine members of the Development Assistance Group of the Organization for Economic Cooperation and Development — with a combined gross national product of only sixty-one per cent of our own, are providing about half the amount of foreign aid we are giving. And there is every reason to believe that their share — with the mechanics that have been set up — will increase markedly in the future.”

## Managerial Problems Most Difficult

**MR. DAVID E. LILIENTHAL**, Chairman, Development and Resources Corporation, speaking before a plenary session:

“. . . A program of foreign aid on a year-to-year basis leaves the administrators virtually no alternative but to respond to piecemeal, short-range or emergency requests for aid. . . . Many of the faults of foreign aid pointed to by opponents of long-term commitment authority are directly traceable to the present lack of such authority.

. . . No private business can or could operate on such a year-by-year, hand-to-mouth basis as we now try to operate foreign aid. Authorization by the Congress to make long-term commitments for foreign assistance presents America with her greatest opportunity since the end of the war. . . . Once enacted, the managerial problems will be very difficult. It will take persuasiveness, understanding and determination by administrators to operate under a law that so intimately touches the lives and institutions of other peoples. . . . but the rewards for the peace of the world can be very great indeed. . . .”

### **American Public Must Understand World Needs**

**MR. LESTER B. GRANGER**, Executive Director, National Urban League, speaking before a plenary session:

“. . . it is true that only during the past several decades has the American public acquired understanding of social welfare needs of modern living and there are still foggy areas of misunderstanding in which disrespect for social welfare programs can be bred. But this does *not* mean that the job of public or Congressional education is hopeless; it only increases its importance. . . . It’s a tough job that this Conference has to do, regardless of Congress’ disposition of the pending Administration request for international development. It’s tough because no common frame of reference has yet been accepted by the American people; no standard measure has been agreed upon for estimating either the intensity of social needs abroad or the results of such development programs as have been applied.”

### **For Americans, A Purpose**

**SENATOR HUMPHREY** speaking before a plenary session:

“I am not for foreign aid just because it promotes an opportunity for America to send people around the world. I’m for it because it is in my heart. . . . I am for what we are trying to do, bilaterally, unilaterally, multilaterally, through the aid administration, through our multilateral institutions, and through the United Nations, because it is the right thing to do. . . . I want us to be so on fire with the

belief in people, in their destiny, their enlightenment, their enrichment, their better life, that nothing can stop us. . . . This sense of purpose ought to be like a neon light on the horizon of the world. We should declare war, not in the sense that some ask for, but as former President Truman once said, against man’s ancient enemies. We intend to win a war against poverty, against hunger, against disease, and ignorance. . . . We can win it.”

### **Collaboration between Private Enterprise and Government Fundamental**

**MR. HARVEY WILLIAMS**, President, Philco International Corporation, speaking before a plenary session:

“In today’s circumstances of economic warfare, recognition needs to be given to a new factor. When political or economic considerations make desirable the establishment of a new overseas enterprise which does not meet the normal criteria for private investment, then collaboration between private enterprise and government becomes fundamental. Only in this fashion can the experience and abilities of private enterprise be linked effectively with the resources of government in such circumstances. And such a linkage is essential to our success.”

### **More Emphasis on Trade Unions and Cooperatives Needed**

**MR. ANDREW BIEMILLER**, Legislative Director, AFL-CIO, speaking at a plenary session:

“If we are really going to buttress the free trade union and the free farm cooperative forces of South America, we must have more skilled personnel who know what they are doing. No matter how much foreign investment takes place, how many entrepreneurs we send abroad, unless we build free trade unions, unless we encourage small land holders to form strong farm cooperatives, we are not going to succeed in achieving the objectives of our foreign aid program.”

## LONG RANGE PLANNING

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### A Requirement of Economic and Social Development

Chairman **DR. GERHARD COLM**, Chief Economist, National Planning Association

**DR. KARL BODE**, Assistant Deputy Director for Planning, International Cooperation Administration

**MR. WAYNE FREDERICKS**, Deputy Assistant Secretary of State for African Affairs

**MR. EVERETT KASSELOW**, Director of Research, Industrial Union Department, AFL-CIO

**DR. MAX MILLIKAN**, Director, Center for International Studies, Massachusetts Institute of Technology

**DR. RICHARD RUGGLES**, Professor of Economics, Yale University

### Long-Range Planning Is A Must

Long-range planning is much closer to the center of the new Administration's aid program than it has been in the past. In the new foreign aid program we are trying to take action now which will affect the evolution of individual countries, and of the world, not just immediately, but over a period of years, or even decades. Foreign aid can be most effective: one, by providing resources to underdeveloped countries which will permit them to engage in long-term programs of importance; and two, by providing incentives for the underdeveloped countries to focus their own attention on their own long-term internal economic and social evolution. If these are true, the need for "long-term planning," or better still, programming, is self-evident. Systematic economic programming, as exemplified in India, can aid in the establishment of a set of symbols whereby the people of an underdeveloped society can know where they want to go and why they want to get there. It also tells you where they are at! Long-range planning compels the establishment of priorities in situations where everything is needed and *anything* may seem worth doing. It compels you to look forward. It is hopeless, however, to try and get other countries to take the long look in their planning unless we can put our own aid to them on a long-term basis.

### Problem in Africa

The problem in Africa is the astonishing rate of change. Of most importance is the determination of where to concentrate aid activities in order to get the greatest return, for there is need for almost everything. Planning is therefore imperative. In Africa, basic education, education for leadership, and technical help in agriculture and health seem the most important. We must concentrate our aid in countries most willing and able to mobilize their own resources. It is also important that we assist in the development of economic regionalism and cooperation under African initiative. This can come about through the United Nations Economic Commission for Africa (UNECA), coordination of planning in regions on such problems as rinderpest, etc., and joint planning and eco-

18 . nomic integration among countries, such as the Brazzaville group. It is imperative to plan the continued use of European resources in African development. A good example of what should be done is found in the recommendation of the Ashby Commission on Education in Nigeria which would provide a framework whereby Nigeria, the United Kingdom, the United States, other countries, and the United Nations, might cooperate in the long-range educational development of Nigeria.

### — And in Latin America

With increased urbanization in postwar Latin America, political problems came to the fore, and there was an accompanying realization that industrialization was the only way out. At the Bogotà Conference in September of 1960 came the first recognition that social needs have to be met if there is to be satisfactory economic development. President Kennedy's "Alliance for Progress" is the effort to carry out this idea. Long-range planning should require that investment plans in the various countries of Latin America be complementary and that it consider the needs for economic integration and commodity stabilization. It would be premature and unfortunate if the Inter-American Economic and Social Conference at Montevideo should itself attempt to establish long-range plans for Latin America, as this requires a long time.

### Trade Ties and Capital Development

While global aspects of long-range planning are important, there is also a need, on the part of our aid personnel, and on the part of people in the International Monetary Fund and World Bank, for a continuing renovation or revolution in their ways of thinking about economic development, especially in trade and monetary fields. Our whole concept of trade — the notion, for example, that exclusive bilateral trade deals are terrible things — has less value for the underdeveloped countries (this is especially true of Asia). Many are so small that their economies cannot be made viable alone — they have to have special relations with other countries. But because of

older and highly developed nationalisms, and lack of a common language, they are going to be less amenable to regional planning.

In the years ahead, we must take a more flexible view of investment assistance, particularly in Asia, if we are to help them: we must regard seed and fertilizer as capital investment as we would investment in plant and equipment. Moreover, the thralldom to the money-lender must be broken through by rural credit cooperatives such as were developed in Japan. Finally, means must be found of mobilizing the vast manpower resources to do the necessary works on drainage and irrigation. Guarantees of sufficient food imports to feed these workers can get many underdeveloped countries over the hurdle.

Our thinking must be bolder and more imaginative. For example, we must look ahead to the broad potentialities of "multilateralism," for it can be used as a tool to influence the planning and political structure of the recipient nations in ways that are difficult under "bilateralism".

### Trade Unions

If non-totalitarian regimes are to emerge in the developing countries, trade unions must be a part of this new political and social structure, both to insure their participation in the process of social change, and for the sake of providing a constructive outlet for social protest, which could otherwise find its way into extremes of political action. The trade union can fill the vacuum of intermediary associations and interest groups which form so critical a part of the underpinning of western democracy.

The "renaissance" of the concept of long-term planning is welcome. It lay behind the success of the Marshall Plan. The problem is how to harmonize development assistance of the numerous countries, in Europe and here, and of the multilateral organizations, with the actual economic and social development needs of the recipient countries. The planning process must not be expected to be perfect right at the beginning. It must be recognized that the process is "perfectable".

## QUESTIONS AND ANSWERS

Q. *What long-range planning is suggested to eliminate graft from the foreign aid program?*

A. While there is nothing in long-range planning *per se* that will alter graft, better technical assistance in drawing up long-range plans and fitting the projects with the priorities does tend to eliminate graft more automatically.

Q. *Shouldn't we divorce the economic and social development program from the Mutual Security program, and present it on its merits in the most dramatic fashion?*

A. While the decision was made to put the Military Aid bill and the Act for International Development up before the Congress simultaneously, the corrosive practice of tacking economic development assistance on the coattails of an essentially defense-oriented program has been changed.

Q. *One of the speakers asserted in a book he wrote a couple of years ago that it would be wise to offer a country as much aid as it could economically absorb at any given time. Does the speaker still believe this to be true, and does he believe that the new Administration's foreign aid proposals meet these criteria?*

A. I do not believe that the absorptive capacity of the underdeveloped countries, judged by reasonably tough criteria, has gone up so much that meeting demands for economic development would be an impossible task. The point in the book was concentrating on strictly "economic criteria". My views have changed slightly subsequently in recognizing that there may be some programs, land reform, for example, which may reduce output in the short run, but from the standpoint of social justice may be exceedingly important.

Q. *As you extend these development programs, doesn't it involve you into deeper social and economic questions as to the kind of social order you hope will emerge?*

A. We must continuously be pressing the governments in many of

the underdeveloped countries into the fields of social reform, land reform, labor reform, etc.

Q. *When are we going to build a bridge between "trade" and "aid" and face the two problems together? How do you reconcile the conflict when aid builds up industries, for example, the textile industry, which then competes in our own markets?*

A. It has been the experience all through history that the most intensive trade relationships always have developed among the more developed countries, so that while we are helping to build up competitors, we are building many more customers, allowing, of course, for the fact that in dynamic economies certain adjustments will have to be made.

## **THE PEACE CORPS**

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### **Challenging Opportunity or Boondoggle?**

Chairman, **MR. E. RAYMOND WILSON**, Executive Director, Friends Committee on National Legislation

**THE HONORABLE HENRY S. REUSS**, Member of Congress

**MR. BILL D. MOYERS**, Associate Director, Public Affairs, The Peace Corps

**DR. SAMUEL P. HAYES**, Professor of Economics, University of Michigan

**MR. RICHARD HUMPHREY**, Executive Secretary, Commission on Education and International Affairs, American Council on Education

**MR. WALTON R. JOHNSON, JR.**, Member, Operation Crossroads, 1960

**MR. HARRY H. POLLAK**, AFL-CIO International Representative

## **Aims of the Peace Corps**

The aims of the Peace Corps are, first, to supply trained manpower in the service of other countries where they want it, and second, to provide an opportunity for Americans to engage in work abroad as a public service and as an educational experience.

The National Conference has been for some time emphasizing the need for broader use of colleges and universities in overseas development programs. Recently the Peace Corps signed an agreement with the Indiana Conference of Higher Education involving 34 universities and colleges, both public and private, in the administration of a community development project in Chile. The Peace Corps has a second project administered by CARE. Two other projects are directly administered by the Peace Corps, so of the first four launched, half of them are administered by non-governmental organizations. This is one of the chief ways in which the Peace Corps hopes to operate — by providing skilled and trained young Americans to existing voluntary agencies in the conduct of their programs abroad. The National Conference has also emphasized over the years the need to channel more development aid through the United Nations.

## **The New Program and the Peace Corps**

There is a new spirit in the air on the whole subject of “foreign aid”— a new feeling of direction and purpose. It is reflected in the Alliance for Progress and the appropriation of \$500,000,000 for that purpose. Today the first Peace Corps team has been selected, and it is a very happy day. It is a milestone in a trend in American life which goes back to the early years of the Republic. It may be found in the American missionary movement, in Emerson’s call to the youth of America, in Thoreau’s ideas about the “sensible life,” in Teddy Roosevelt’s ideas about the “strenuous life,” in William James, in FDR’s notion of world fellowship, and more recently in the Marshall Plan and the Point Four program.

The Peace Corps, while it may have been made separate from the

foreign aid agency, is very much a part of our total foreign aid picture, and we must not forget our obligation to the more conventional and less glamorous tools of foreign aid — capital equipment and technical assistance.

While it is good the Peace Corps has adopted a “do-it-yourself” program, there are certain advantages in having the universities and the voluntary organizations undertake on a subsidized basis a large part of the Peace Corps load. In an experimental program which the Peace Corps necessarily is, what is needed is the best the government can give and the best private agencies can give.

The Peace Corps could do far worse than adopt as its emblem and its motto and its goal the idea on the obverse side of the Great Seal of the United States; that of a “never-ending pyramid”— work of man that is never fully accomplished — which extends from the great beginnings of this country and holds out the hope of justice and freedom for all mankind.

## **Bilateralism in the Peace Corps**

There should be greater “bilateralism” than appears to be developing in the administration of the Peace Corps program. First, the host governments should be involved more deeply than they are in the recruitment and selection of Peace Corps volunteers and in the planning of training programs; second, the host country nationals might help in training in this country, including briefings on the culture, the history, the politics, and the economics of the host country; third, some or all of the foreign nationals who are to be co-workers abroad should be trained from the beginning with their American volunteer counterparts over here; and fourth, the joint training program might be lengthened to include volunteer work on worthwhile projects in communities in rural areas in the United States. Implicit in the Peace Corps bill but not stated is the purpose of promoting and aiding economic and social development in the less developed areas. All the purposes of the Peace Corps could be better served if there were genuine reciprocal, bilateral projects.

The validity of the two suggestions — that host country nationals

22 should participate as trainees in this country and that more Peace Corps service projects be undertaken in the United States — rests upon two assumptions: that a major objective of the Peace Corps is to help other nations train their own “middle-men power”, and that another very important objective is that of greater international understanding. The whole psychological context of the Peace Corps would be improved if the host countries could be made to feel they were doing something for us through a service in our own communities rather than our always being involved in doing something for them.

### **The Universities and Project Responsibility**

American institutions of higher learning vary in their views of the Peace Corps — from believing that it is a really serious, hopeful, challenging opportunity to advance the peace of the world, to believing that it is an unconscionable and bureaucratic boondoggle. Most institutions hold views of it somewhere in between these extremes. The universities and colleges can do two kinds of things for the Peace Corps program: they can, individually, accept complete responsibility for a specific Peace Corps project at a certain agreed place over a definite period of time, using their own discretion in the recruitment and training of the Peace Corpsmen. Or they can contribute to projects administered otherwise by performing certain essential functions, of which the most obvious is the conduct of training programs.

The higher education committee which was established at the request of the Peace Corps is now considering how the universities may best contribute to the Peace Corps program. For example, this committee has been considering with Peace Corps officials the problem of teacher training in Nigeria. What is being worked out is this: The nature of the training our people are to receive and the supervision of the jobs they will do in Nigeria, will be determined by agreements between the Government of the United States and the several ministries of education in Nigeria. Three of our distinguished American universities will undertake the relatively expensive training program, both here and in Nigeria. Half the training will take place

in the United States, the rest of it on the scene in Nigeria. After training, they will then work for the Nigerians. Hopefully, this may come close to satisfying the criterion of “bilateralism” in which a previous speaker was so interested.

### **Student Reactions**

Some students feel that the Peace Corps is good in theory but that in practice it won't work. This feeling stems partly from the belief that most of the participants will be too young and inexperienced, and partly from the feeling that the really capable, able young people will not be attracted to this type of work. However, there is a great deal of enthusiasm, and most students feel that the Peace Corps offers a very positive solution to improving relations between the United States and foreign countries. This appears to be the main attraction point for not only students but the American public as a whole. Foreign students in the United States are considerably less confident that the Peace Corps will accomplish this purpose. The Peace Corps cannot of course solve all the problems involved in our foreign relations. But it can make a real contribution along with other foreign and domestic policies and programs.

### **Trade Unions and the Peace Corps**

Labor spokesmen from the very beginning have urged that a Peace Corps must be truly representative of all American society. Free trade unions, as a part of American society, should be taken into partnership with other democratic groups in developing Peace Corps projects. We must be able to say “no” to some countries that request Peace Corps projects if they, for example, do not move or are not planning to move in the direction of social justice. The Peace Corps must lose some of its own self-consciousness in the way it approaches other groups in our society in the United States. Likewise, the Peace Corps recruit must not be considered as a political and social automaton. In the larger sense of politics, the recruit is political, and he has a story to tell about our institutions. The Peace Corps should give greater attention to the older workers between

the ages of 40 and 50 who can make major contributions. Also, consideration should be given to permitting wives to go along.

## QUESTIONS AND ANSWERS

Q. *What is the demand for a program like the Peace Corps?*

A. Already there are more than 3,800 requests from larger countries, ranging from teachers and plumbers in Ghana to athletic instructors in Burma.

Q. *Can enough qualified young Americans be found who are able and willing to do the job?*

A. Out of 5,000 screened, 3,000 have been found qualified.

Q. *Is the Peace Corps going to provide too handsome benefits?*

A. Living, housing, clothing, food and incidental transportation are provided. The sum of \$75 a month is placed in their account in a bank so they will have a cushion for their future careers.

Q. *Why should not the Peace Corps be an integral part of the foreign aid organization?*

A. The President felt this was not an aid program in the sense of capital invested; second, separation was important for the sake of a unique identity; third, it was felt there would be greater receptivity abroad if the Peace Corps were not listed with the foreign aid program; fourth, universities and colleges and voluntary agencies felt that partnership could better be established with a separate agency; and, fifth, it was felt that a separate agency would more accurately reflect the will of Congress and the will of the grass roots.

Q. *What will be the nature of the training in connection with the Peace Corps?*

A. It is hoped that the training to the maximum extent possible would include some training both here and in the field.

Q. *Has the Peace Corps developed any "down-to-earth" criteria for the selection of the training institutions for Peace Corps members?*

A. The criteria include: one, the experience of the university or college in overseas projects; two, its curriculum in relation to the job to be done overseas; three, the general recognition or standing in the American Association of Universities.

Q. *What about the question of "spending money" from papa and mama?*

A. Peace Corps volunteers who spend money in addition to their living allowances will simply be sent home.

Q. *Why isn't industry represented here today?*

A. Five or six of the key members of the Peace Corps Advisory Council are from the field of business and commerce.

Q. *Is the Peace Corps contemplating contracting with private industry for sending units or groups overseas?*

A. The Peace Corps has had no proposals from any private industries to send people over, but we have requests from host countries for the types which are so dynamic in the business community, and we hope to draw from business in this country these types to meet the needs abroad.

Q. *Were ex-servicemen who rendered outstanding service consulted on this program?*

A. Some of the members of the Peace Corps National Advisory Council are ex-servicemen, and we have been in consultation with organizations such as the Reserve Officers' Association regarding community projects carried on by the military overseas.

Q. *If the program is to be as reciprocal as one of the speakers hoped, what provision has been made for host countries to send us their counterparts for our Peace Corpsmen?*

A. First, some foreign students in this country have already been invited to participate in one of the training programs; second, in most instances, Peace Corps people will participate in the training programs of the host countries abroad; and third, Peace Corps volunteers will work with local young people abroad in community projects.

Q. *Will Peace Corps service be limited to two years, and is this a stepping stone to further diplomatic service? Will the institutions which have been used for doing work for ICA be used to train Peace Corps volunteers?*

A. The volunteer signs up for two years of service, and more than likely the project to which he is assigned will end before that. It is hoped that Peace Corps work will be a stepping stone to the diplo-

matic service for some of the volunteers. There is no discrimination against universities and colleges that have participated on ICA programs.

*Q. What about the opportunities for able and willing non-specialists, such as the Quakers who aided in the reconstruction of a Mexican town destroyed by an earthquake?*

A. The program in Colombia is an example of where people without special skills can be utilized.

*Q. Has enough been done in the legislation to assure that revolving funds under Mutual Security or Public Law 480 (which permits sale of U.S. foods to countries for local currencies) may be utilized for programs of this sort?*

A. Congress is being requested for permission to use P.L. 480 funds.

*Q. What about the sense of frustration on the part of voluntary agencies as to their effectiveness in the Peace Corps program? Is it because they are not being presented programs that are practicable or are there other reasons?*

A. The frustration arises from the fact that there is not enough money to go around; also possibly because of the administrative delays which appear to be inevitable in government programs. Frustration might arise because the host government wants a directly administered program.

*Q. How much training, and what kind, will the Peace Corps have in interpreting the ideals of democracy?*

A. The Peace Corps is not going to try to instill in its volunteers any idea that there is a sermon or doctrine to be preached. On the theory that the genius of American society is its pluralism, volunteers will be presenting what their particular disciplines have meant to them.

*Q. How will the Peace Corps projects and the other aid programs be coordinated?*

A. At home the program is first coordinated with ICA and the State Department itself; abroad we would consult with the local government and the people handling the project.

## FOOD FOR PEACE

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### No Longer Surplus Disposal but Asset for Development

Chairman, **MR. JOSEPH M. JONES**, Consultant, Research and Education Committee for a Free World

**THE HONORABLE GEORGE McGOVERN**, Director, Food for Peace Program

**MR. ARTHUR M. SCHLESINGER, JR.**, Special Assistant to the President

**MRS. RAYMOND CLAPPER**, Co-Chairman, United States Food for Peace Council

**MR. PATRICK M. O'LEARY**, Assistant Administrator, Foreign Agricultural Service, U. S. Department of Agriculture

**MR. RICHARD W. REUTER**, Executive Director, CARE, Inc.

**MR. HERBERT J. WATERS**, Special Assistant to the Director, International Cooperation Administration

### Food As A Development Asset

Public Law 480, first enacted in 1954, is the legislative cornerstone on which the Food for Peace program rests. Until recently this program has been conceived and operated as "surplus disposal". Today, we regard the agricultural capacity of the United States as a tremendous asset, to be used all over the world to alleviate hunger and promote economic and social development. The bulk of Public Law 480 shipments made to foreign countries moves under Title I, the payment being in their local currencies. A portion of these currencies is used to pay U.S. Government expenses in the recipient country; by far the larger part is loaned back to recipient countries to aid them in their economic development programs. Title II permits the use of food for specific economic development projects, one of the most spectacular successes being in Tunisia where 180,000 otherwise unemployed workers have been put to work building roads, water systems, reforestation, clearing land, approximately half their wages being received in wheat converted to "semolina" and the rest in money payments from the Tunisian government. This is one of the purest forms of "Food for Peace". Title III of Public Law 480 provides for the donation of foods to U.S. voluntary agencies which make them available to families, school children, and institutions all over the world. This represents one of the most effective parts of our Food for Peace effort.

At least 50 per cent of all the people of the world do not have adequate diets. Latin America and Africa are but two areas of the world where this can be illustrated. We cannot wipe out food deficits all over the world, but we can do a great deal to help.

### Food Supplies and Development Plans

Congress is being asked to amend P.L. 480 to permit a more effective utilization of our agricultural abundance. The most important change sought by the Administration is authority for a five-year program, which would assure continuity of supply, avoid delays in programming, and prevent interruption of shipments. It would permit the recipient countries to coordinate an assured food supply

with their long-range development plans and permit the United States to take this into account in the Food for Peace planning. The Administration is asking authorization for \$7,500,000,000 over the five-year period, which with the \$4,000,000,000 previously programmed, would total \$11,500,000,000 in food and fiber available from January 1, 1962 as compared with \$6,000,000,000 which had moved in the previous five years. The Administration is also requesting an amendment which would permit the United States to supply commodities for reserve stocks under Title I without payment until the reserves are drawn upon. In the event of an emergency these stocks could be used immediately. Congress is also being asked to extend for five years authority to make food grants under Title II for economic development purposes and to allow the use of United States-owned local currencies accruing from Title I sales for local projects without appropriation by Congress.<sup>1</sup>

### **Food As A Strategic Factor In Institutional Change**

One of the critical conceptions in the foreign aid program is the relationship between development and institutional changes. While it has become evident that social development must run along with economic development to be effective, neither economic or social development can be entirely effective if the institutional structure of a society remains impervious to change. In Latin America, for example, the structure of land ownership is a critical question from the viewpoint of the efficacy of foreign aid. The whole question of the intervention in the internal affairs of another country is a difficult one, and because we have evaded this, our dollar-aid has not only failed to alleviate but in many cases has aggravated existing circumstances. The National Development Plan is being used particularly to deal with this problem, and while it is not a solution in

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EDITOR'S NOTE<sup>1</sup>: The Agricultural Act of 1961, signed by the President on August 8, 1961, authorized a three-year program under Title I for a total of \$4.5 billion with a limitation of \$2.5 billion on sales in any one year. In the new Act Congress acceded to the other Administration requests here mentioned, except that it declined the request with regard to reserve stocks.

itself, it does provide the means of tying together economic and social and institutional performance.

Food for Peace represents one of the most strategic factors in the attack on institutional obstacles to modernization. For example, it can play a role of highest significance in easing the transition from one system of land tenure to another, where social-political anxiety and even decline in agricultural productivity may for the time being result.

### **Food for Health and Education**

The new approach towards Food for Peace results from change in attitude in the highest councils of our government. Repeatedly the President has shown his interest in making Food for Peace an effective arm of our Government's efforts internationally. In the new foreign aid program the use of food as a resource is a definite part. The start of country planning is to examine how much of the program can be accomplished through the use of American food, beyond the first step of seeing that people are fed.

Recently, a pilot project in a Latin American country was approved whereby a voluntary agency will be permitted to make a nominal charge for its relief feeding program to those who can afford it. The money accrued will be used entirely for the purchase of materials for a new school building. Also, the idea is being explored as to whether grants of feed grains cannot be used to start farmer cooperatives, to encourage poultry raising and livestock feeding, thus increasing the availability of high protein foods. The possibility of using food as an incentive to refugee resettlement is also being explored. The only limitation on the use of food to help a country's advancement would appear to be the limitation of our own imagination, willingness and vision. But Congress must allow us flexibility. One of the changes most urgently needed is the removal of restrictions on the use of U.S.-owned P.L. 480 local currencies for aid to health and education. It is ridiculous to allow a recipient country to use the money to build highways but not allow them to use it for health and education.

THE UNITED STATES COUNCIL ON FOOD FOR PEACE is composed of approximately 100 members from all over the United States, representing at least 25 organizations. The organization has a threefold purpose: One, counseling with the Director of Food for Peace; two, developing public information on world hunger; and, three, enlisting support for the attack on world hunger. The Council hopes to make the appeal of American voluntary agencies more effective but also increase support for the United States agencies involved in a five-year "freedom from hunger" campaign.

### **Government and the Voluntary Agencies**

For years representatives of the voluntary agencies have been taking part in conferences of this kind and trying to put forth a viewpoint, an attitude, and a spirit. When you have a Government in which the President in his Inaugural Address expresses that spirit, in which the members of the Cabinet outline the program, and in which you have a Food for Peace Director who not only details the program but uses the terminology it leaves the members of the voluntary agencies somewhat in the position of the reformer who has just seen his reform law passed.

One of the glorious things about voluntary agencies is that they are not political, in this country or in countries overseas, and yet there is a very close relationship with government both here and overseas. We should not forget, however, that there are still unsolved problems in relations between governments and the agencies. There is the danger that a nod is given in the direction of the voluntary agencies and that is all. There is a serious question whether there should not be reasonable evaluation of the relative responsibilities of voluntary agencies and the government in foreign programs. After three years' negotiation, CARE finally concluded an agreement in the State of Madras, India, for the establishment of a supplementary school ration program for every child in Madras, the Madras government paying what it could, CARE providing the know-how and the machinery, and the United States providing the commodities. Having signed the agreement, CARE has now dis-

covered that there is no U.S. surplus rice available. Egypt with a school lunch program is a pretty good example of the kind of cooperative effort that can be undertaken by government and private agency. Not only are three million children getting a supplementary ration from CARE foods, but CARE is developing public administration, training nutritionists, and encouraging the Egyptians to use their resources to develop some of their capital assets that will be used to continue the program long after CARE is gone.

### **QUESTIONS AND ANSWERS**

*Q. What is being done to increase the stock of protein foods available for the programs of the voluntary agencies abroad? In many countries the question is not just one of enough food to eat but of enough proteins and other kinds of foods to constitute a balanced diet — and at present we have mostly just wheat and corn, and some skim milk. And what is being done to solve the storage problems in foreign countries, as the absence of proper storage facilities is a drawback to food programs?*

A. There has been some improvement in the last few months, in providing additional quantities of dry skim milk, and edible oils have been made available to a limited extent. The answer to the problem is to encourage better protein production in the developing countries. On the storage problem, the people in the field, Agriculture and ICA, have been active in advising and consulting with local governments on the development of better storage. In Brazil and elsewhere, for example, it is hoped that some of the local currencies accumulated will be earmarked for storage purposes. We are hopeful that improvements can be made in the massive storage problem developing in India.

*Q. What is being done to survey new opportunities for food utilization abroad?*

A. This is something that will be a major part of the responsibility of the office of the Director of Food for Peace.

Q. *Has the Administration given any thought to using United States surplus commodities other than food in foreign aid programs?*

A. In ICA continuous examination is made of lists of surplus goods held by General Services Administration or the Defense Department to see what uses can be made of them. Under existing law ICA cannot furnish such surpluses to voluntary agencies. The new legislation would permit this. Serious thought is also being given to whether we might not need turnovers in stockpiles and reserves, and make existing stock available for distribution abroad.

Q. *Why can't P.L. 480 be changed so that protein foods, such as beef, be made a part of our overseas programs as we do in the domestic school lunch programs?*

A. The effort to get protein foods produced in the locale where they are needed seems to be the best answer to the problem.

Q. *Won't our expanded Food for Peace program bring us into conflict with some of our allies who export food?*

A. The Title II grant program both in its economic development and disaster relief aspects poses no problem nor does the voluntary agencies program. The problem we face and will continue to face for some years is to operate in such a way as to avoid disruption of commercial markets, and I think we have been successful in this. The real problem will come when countries which have been buying food for local currencies improve their economies to the point where such assistance is no longer justified. It is not insurmountable as a recent example of a country which was dead broke and then became financially fairly well off testifies. The country went into the commercial market and bought food and fibers for hard currency in the amount of ten times what it had been buying in the past.

## **SOCIAL WELFARE— LATIN AMERICA**

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### **Social Progress Essential to Economic Development**

Chairman, **MR. MARTIN GULA**, Consultant, Children's Bureau, Department of Health, Education, and Welfare

**THE HONORABLE WILBUR J. COHEN**, Assistant Secretary of Health, Education, and Welfare

**MR. SAMUEL KRAKOW**, Director, International Relations, American National Red Cross

**MR. F. ROBERT MELINA**, Executive Assistant, Catholic Relief Services, National Catholic Welfare Conference

**DR. GRACIELA QUAN**, Chairman, Inter-American Commission of Women

THE ECONOMIC DEVELOPMENT OF A COUNTRY is never firmly rooted except in the economic and social development of the great masses of its people. The United States has been fortunate in developing a vast middle income group, economically, culturally, and politically powerful. In most of the Latin American republics, the masses are a low income group with inadequate education and housing, and with inadequate provision for health and general welfare. This group is the target of the 1960 Act of Bogotá and President Kennedy's program of inter-American aid.

### **The Role of Social Workers**

Since the beginning of our country social welfare has played a vital role in identifying needs, in interpreting them to the community, in organizing community services to meet these needs, and in providing essential social services. It has also played a major role in influencing national policies and in assuring that increased production is accompanied by concern for what happens to people in the process.

Social welfare is playing a similar major role in countries throughout the world. The growth in international social welfare reflects the increased concern for human needs and the necessity for coping with the increasing social problems which accompany industrial and economic changes. In the last 20 years over 400 schools have been established throughout the world for training in social work. Social welfare and social services are integral parts of the structures of newly developing countries, for example, in Ghana, Nigeria, Pakistan, Indonesia and Iraq. The number of visitors coming to study the social services in the United States—1,040 from 75 developing countries last year alone—is another reflection of the keen interest of countries around the world in social welfare. Sixty countries sent delegates to the recent tenth session of the International Conference of Social Workers in Rome, and another such conference is to be held next year in Rio. The Act of Bogotá, with its emphasis on social development, marks an important step in the recognition that economic development alone does not necessarily result in improved levels of living for all elements of the population.

In Latin America, the Middle East, the Far East, and now in

Africa, struggling new nations are attempting to establish social services and it is essential that they do so. We in the United States are seeking ways of adapting methods and programs of U.S. social service, governmental and voluntary, to their needs. And we are going to have to increase our capacity to aid governments in the whole field of social planning if they are to be able to develop balanced national programs for social as well as economic progress, but we are at present able to train only a limited number of social workers and even fewer competent social policy formulators. Greater consideration must be given to the role of social workers in development programs. Social welfare within the State Department and the International Cooperation Administration needs to be extended.

United States foreign policy could be considerably strengthened if our missions abroad were equipped with trained staff competent to understand and interpret social welfare trends in other countries (and the relation to political stability) and also to explain and interpret to social welfare leaders abroad the vigorous and active programs which have been initiated in the United States for the welfare of the people. The United States has not a single social welfare attaché in any mission abroad. This should be changed, for social welfare attachés are greatly needed.

The Department of Health, Education, and Welfare is already widely engaged in the international field and plans are now being carried forward for strengthening its resources and services. Legislation has been introduced in the Congress to establish a post of Assistant Secretary for International Affairs in HEW.

In Latin America the following facts are generally recognized: (a) a small elite has practical control of the economy and politics, and the less fortunate people have had little or no chance for education, for the acquisition of their own homes, or for choice of employment; (b) the masses have no other experience than living under a paternalistic regime; (c) they have not hitherto known that they could live a better life; (d) in the past, increases in income were never channeled for the human betterment of the masses; and (e) past experience shows that help to governments is not enough. It is not

possible for any foreign government unilaterally to render direct assistance to the Latin American peoples, nor can it be done through the governments or through the Organization of American States. People-to-people cooperation from voluntary non-governmental institutions of the United States to similar groups in Latin America provides the most efficacious means of attaining our goals.

### **Problem of Leadership Training in Latin America**

Whatever may be the needs of the people of Latin America, they will not be permanently satisfied unless their own capacity for action is developed. Resources, both national and international, should preferably be used as *aids* to human development, that is, as materials for teaching self-sufficiency.

The Latin American countries are wasting their development efforts because they fail to put sufficient value upon the participation of the people themselves in the development and welfare of their communities. As a consequence, we find an absence of initiative and a paralyzing conformity that keeps the Latin American countries in a state of underdevelopment, and in continuous and ever-growing social and political crisis. It may be that in the Act of Bogotá self-help is taken for granted. But its importance is such that it should be explicitly singled out for national action and multi-lateral cooperation. There are urgent demands for change, but they are directed at governments which are expected to work miracles by decree. We must instill in them the attitude that bettering their condition is primarily their own individual responsibility.

The Inter-American Commission of Women, having worked for 33 years to secure recognition of the political rights of women, believes its most important task now lies in the field of leadership training. We in Latin America need leaders to help people recognize their abilities and channel them wisely. And we need a methodology of social education applicable to the home, to the association, to the community, and to the government, which will teach people to be aware of their social responsibilities and offer them positive opportunities to carry them out.

## How To Do the Job in Latin America

Here are some specific suggestions to groups on supporting social development in Latin America: 1. What this hemisphere needs is a good, simple, effective, universal language, and surprisingly enough we have it in "shop talk". Regrettably, we are not making sufficient use of it with our Latin American neighbors. Don't try to reform the political or economic structure of the other country. Just "talk shop" within your special competence, and stick to it. 2. In developing your program, keep in mind the priorities of the President's program of Alianza Para Progreso which is designed to help our neighbors help themselves: agricultural production and rural training; housing conditions; water supplies and sanitation facilities; education and training facilities; public health and medical facilities. 3. Don't confine your interest to trying to chart brand new paths in an unknown wilderness. You will probably find that the activity has been attempted before and with success by U.N. agencies, the U.S. Government, and voluntary agencies. Take advantage of the local "paths" opened up by your predecessors. 4. Before you embark on a program, set the criteria for it. Ask whether it will reach those underprivileged groups not normally reached in a technical or economic assistance program. 5. Stick to the field of your special competence. Be satisfied with a little program on a local level, with acceptance by the community. 6. Keep out of local intrigue and power plays. 7. Always be conscious of the social and economic implications of the project you undertake. Will it be able to walk by itself after you leave? Will it disrupt some of the local patterns of community life? 8. Any program requires the most careful selection of staff for overseas work. The most successful technical specialist is the one we would normally consider a non-conformist, one who is imaginative and resourceful, and one who operates without the protection of an organized structure. 9. Exercise patience.

The President is thinking in terms of 5-year program; agencies would be well advised to think in terms of long-range projects as well.

## QUESTIONS AND ANSWERS

- Q. *Does any member of the group know about that marvelous experiment in Peru with a cooperative credit union?*
- A. While the Peruvian Indians are noted for their habit of hiding their money, a group undertook to form a cooperative, through some magic won the respect of the Indians, and got them to bring their pesos into a so-called bank in the village. As a result there are now over 200 separate cooperative credit societies with total assets of more than a million dollars in gold, lending money out at a very low rate of interest. Moreover, the movement has the smallest percentage of losses in the world.
- Q. *Isn't it true that you cannot have an "either or" approach with respect to social and economic development?*
- A. That is true. Obviously we can't reach the total population with any single method, but before you go looking for new avenues, use the avenues that are open.
- Q. *Is it not true that somewhere there must be a synthesis of all the points that have been made in this group and elsewhere in the Conference?*
- A. The critical issue is how we can move to assist in the development of social policy. What is the best way to help in this area? What is impressive about this whole discussion is that we have been given a different approach than the piece-meal one we used to follow. It boils down to the fact that once you get a people socially conscious of the need for social change, the broader social and economic reforms which are so critical can be achieved very rapidly.
- Q. *What do we in the social field have to recommend to the Administration in its half-billion dollar program for Latin America, having in mind that our Good Neighbor policy was not followed through, and we might be just putting more money down the drain?*
- A. Perhaps the answer lies in the fact that social welfare people were not in on the implementation of policy for many years.

**32** Q. *How do we catch up the masses in an overall social plan for their country?*

A. We as private agencies have far more influence in strengthening private agencies in Latin America than our governmental agencies can have. Perhaps what we need is the rallying of private agencies here to assist whatever tiny glimmer of private agency effort can be found at the other end in the struggle to influence their own governments.

Q. *Isn't the OAS thinking of developing guides for urban communities?*

A. A project is under way in Peru whereby the Engineering School of the University will be strengthened on a long-term basis through graduate training in the U.S. of a small corps of professors. This is one way of building local institutions of a lasting character in contrast to short-range projects that fold up after the people are gone. There is a real need to strengthen the schools of social work, and because of the tremendous need, develop an intermediate training for the worker who doesn't have to be a full professional but who could assist the professional.

## LAND REFORM

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### Evolution or Revolution?

Chairman, **MR. THOMAS B. KEEHN**, American International Association for Economic and Social Development

**MR. HOWARD BERTSCH**, Administrator, Farmers Home Administration, U. S. Department of Agriculture

**MR. ROBERT W. HUDGENS**, President, International Development Services, Inc.

**DR. ERVEN J. LONG**, Specialist in Land Policies and Problems, International Cooperation Administration

**DR. JOHN MARCUM**, Professor of Political Science, Colgate University

### Security on the Land

The outstanding feature of social and economic development over the next decade must be the channelling of development capital into rural areas. Development capital must have its own built-in social concept, and this concept must include a readjustment of land — peoples relationships. There is no subject that is so easily oversimplified today as land reform. The proponents of land reform may have a variety of motivations, ranging from “chop their heads off” to “let everybody get his share”. None of these separately or put together will furnish the dynamic for agrarian reform; it would fail because of oversimplification.

True agrarian reform lies not in the revolutionary distribution of the land, but in the evolutionary process by which peoples find *security on the land*. In every legislative body in Latin America there is legislation now pending dealing with land reform, and it is directed mostly toward rural security.

Speaking chiefly of Latin America, there are four unresolved factors in the land problem: One, how to introduce capital into the process (it should be credit earmarked for rural development based on productive capacity and accompanied by technical assistance); two, how to apply subsidies intelligently to the process; third, how to convert capital now invested in under-used land into more productive enterprises; and fourth, how to administer agrarian reform so that no essential factor is left to chance. There are three or four guiding principles: the operation must be technically sound, that is, the agriculture you encourage must be good agriculture; the control of land distribution and the control of credit must be under the same authority, meaning that the invasion of new land must be guided, and supported by credit; land distribution and credit control must be closely coordinated with the control of subsidies; and there must be flexibility of administration.

### Long-Range Character of Rural Development— Experiment in Iran

President Kennedy's statement early this spring made clear that social reform, meaning land reform and tax reform, were considered

34 as preconditions to effective economic development. In land reform we are concerned with agrarian societies where inequities in access to land are grievances of long standing and where solutions involve basic institution-building. Land reform in Iran might best be offered as a case study. When the Shah of Iran decided he must set an example to other major landholders by distributing his own holdings, he had no idea of the complexity of the problem. He sent his agents into 12 or 14 of his villages and said "divide them among the people". This was done, and the enterprise headed toward failure. This was because never had the people or their forebears for hundreds of years been responsible for the simplest managerial decisions and because they had not even the most primitive institutions for helping them. They had never known from year to year what land they would till; they had been told when to plow, given a crooked stick, the oxen, the seeds, were told when to plant, when to irrigate, when to harvest, and if any share was left to them, the landlord marketed it for them. With the new "land reform" utter chaos resulted. Then the Shah established what he called a Development Bank, largely with his own funds, to give the villagers modest loans to acquire plows, oxen, and seeds. After the harvest it was realized no marketing facilities were available. The Shah realized before many years had passed that land reform is an expensive operation. Substantial subsidies must go into creating rural institutions — extension services — through which families are trained how to manage a farm. The problem in Iran is by no means solved even now; the edges have been merely nibbled at.

Rural development is a problem that indigenous peoples who undertake it, and the supporting nation who encourages it, must be prepared to stay with for years and years or they had better not start.

### **Disparate Problems in Africa**

Generally speaking, African agriculture has not been organized on feudal lines and in many areas communal landholding and cultivation prevail. The landlord class does not by and large present as great a problem in Africa as elsewhere. Farming is often done on

scattered land fragments, especially in West Africa, and one of the important things that must be done is to consolidate small lots and pieces of land into rational agricultural units. Another is to codify tribal ownership of land as the basis for agricultural credit.

The part of Africa settled by Europeans does present the problem of large landholdings. In Kenya attempts are being made at resettlement. But there, and in the Rhodesias, and in the Union of South Africa, and in Angola, where much of the land has been alienated, where Europeans live in relative opulence alongside Africans, there is going to have to be a transfer of political power as a prelude to effective land reform. What happens will depend upon the degree to which the European can accommodate himself psychologically to a transfer of power and the degree to which he is willing to share the wealth and serve as an educational agent in the development of the agricultural resources of the country.

### **Shift in Investment—One Clue to Land Reform**

In agrarian countries where there are few opportunities off the land, whoever owns the land owns the people and owns the government. When the dynamics of the 20th century are introduced into such countries "all hell breaks loose". Our problem is how to help contain these forces that are building up and channel them in an orderly fashion to the building of free institutions. The means that are available to us differ from situation to situation and from country to country. The ownership pattern in many countries is a matter of historical accident, and what happened three or four hundred years ago has no relevance for the problems of the peasant today. Confiscation without compensation is a dangerous thing, and the problem is to move fast and head it off. Helpful is the fact that in countries needing land reform more money can be made on capital invested in manufacturing than from land owning. Likewise helpful is the fact that there is no social stigma attaching to having a great deal of capital invested in a productive use. A lot of landlords would greatly prefer to sell their land than to lose it in revolution, especially if they have a vivid idea that along with their lands they may lose their necks.

## QUESTIONS AND ANSWERS

*Q. Would one of the panel members want to comment on land reform in Cuba today?*

A. A program for agrarian reform in Cuba was considered about eight years ago. The U.S. sugar company group and the Cubans all said it was too expensive. In a discussion recently a high Peruvian official told me "There is one thing that is most important: land reform must all be put under the direction of one person". "It is going to have to follow the Cuban pattern of administration." He didn't mean the policy or motivation. He meant that when the Cuban government decided to have land reform they put the same man in charge of land reform, agricultural credit, and the extension services. Obviously there are things we don't like about the Cuban land reform program, but one thing must be copied: the administration of it. None of the essential services must be left to chance.

*Q. What is the possibility of tying in development loan funds with such things as land reform in the Middle East or in other parts of the world?*

A. When the United States makes a loan or grant or any kind of assistance of any magnitude, we must be sure at least that it doesn't work against fundamental reforms, and if it is in an area which comes close to the land reform issue then it should be tied to a specific reform. I think that is what President Kennedy said is going to happen, and I hope there isn't too great a hiatus between enunciation and implementation.

*Q. Why can't land reform in South America be conducted as it was in Israel?*

A. In some areas it might work and some not. In Guatemala the problem is one of credit, and they are going after the problem very much as it was done in the Farm Security Administration. In Salvador, 14 families own practically all the land, creating a different type of problem. In Peru the problem is one of getting credit

to people already on the land and opening up new lands. Costa Rica has plenty of land; it is a question of guiding the reform. In Brazil — in the northeastern part — an acute situation prevails. If something isn't done quickly, it is likely to explode.

*Q. What thought has been given to setting up specialized training institutions for people coming here or going abroad?*

A. On land reform we don't have many experts available of the kind needed. My suggestion would be that we establish and support institutions where the problem exists. We should be cautious about exporting things we don't have. Corn Belt solutions to Borneo problems and Illinois answers to Iranian problems are not very helpful.

## **EDUCATION IN INTERNATIONAL DEVELOPMENT**

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### **Human Beings Make Growth Possible**

Co-Chairmen, **DR. PAUL E. SMITH**, Secretary, Committee on International Relations, National Education Association

**DR. DOROTHY B. ROBINS**, Associate in International Relations, American Association of University Women

**THE HONORABLE JAMES M. QUIGLEY**, Assistant Secretary of Health, Education, and Welfare

**MR. FRANCIS J. COLLIGAN**, Director, Plans and Development Staff, Bureau of Educational and Cultural Affairs, Department of State

**MR. WILLIAM DALE**, Senior International Economist, Stanford Research Institute

**DR. JAMES DAVIS**, University of Michigan, Former President of the National Association of Foreign Student Advisers

**MR. MAX ISENBERGH**, Deputy Assistant Secretary of State for Educational and Cultural Affairs

**DR. RALPH RUFFNER**, Director, Office of Educational Services, International Cooperation Administration

**DR. THOMAS E. COTNER**, Director, Educational Exchange and Training Branch, Division of International Education, U. S. Office of Education

## Where Do We Get the Teachers?

The Department of Health, Education, and Welfare has been "backing in" to international affairs. This is not a challenge to the Department of State or an attempt to take away from the President his responsibility for the conduct of foreign affairs. It came about naturally because many of our domestic programs, while they remain fundamentally domestic, must take into account in their administration a wider impact and implications for international affairs. Our Social Security program, for example, now requires us to set up offices in Athens and Rome to serve former U.S. residents entitled to Social Security payments now living in Greece and Italy. Health is another example — it knows no international boundaries — and the activities of the National Institutes of Health, of necessity, have world-wide implications. The same is true in education. For example, statistics show that there are approximately 20,000 Americans teaching somewhere overseas. On the other hand, every survey you can make, in every state in the Union, shows a lack of qualified teachers. Problem: how do we develop enough teachers for our home needs and still come anywhere meeting the overseas demand? We are also involved in the Peace Corps, for it needs people with experience and background in the fields of agriculture, health, and education.

Mr. Javits' amendment to the National Defense Education Act would put added emphasis in our educational system on training and educating our young people to an awareness of the international situation. Whether this passes or not the emphasis is something that has to come about. We are in an educational race with the communist countries, and if present comparative trends continue, we are going to be suffering a serious "educational gap" in eight or ten or twelve years.

## UNESCO Soundings in Africa

At the UNESCO Conference on African educational development held in Addis Ababa this spring Guinea and the USSR sought in the opening two days to inject political controversy but failed. The

aim of the U.S. delegation was to destroy the myth that the United States stood for the status quo, particularly in educational matters, and that only the USSR favored change. Our chief delegate observed that the United States had come to learn, not to preach or play politics, that the U.S. had a long and honorable tradition of revolution, and that we intended to keep our revolutions going. This brought a good affirmative response. The Soviets never spoke again in the entire ten days. President Kennedy's message to the meeting, the only one from a head of state, confirmed to the Africans and their Western European friends that we had taken the conference seriously and had come prepared to be helpful.

Four major themes emerged from the Conference: first, education is a good investment; second, integrated planning and strong administrative facilities are essential to effective educational development; third, educational development requires heavy investment over many years; fourth, there is a need for a thoroughgoing revolution of curriculum and educational techniques. A new, low-cost educational technology must be devised with such innovations as audio-visual devices, teacher aids, radio and television instruction, teaching machines, and new kinds of teaching materials.

The conclusions for the United States are these: first, the African nations are prepared to give high priority to the development of human resources; second, they will welcome from the United States considerable leadership in devising new techniques for making good quality education widely available at low unit cost; third, while counting on continued educational help from the French and British and other sources, they look especially to the United States for major help on educational development; fourth, UNESCO has a critical role to play in keeping the Cold War out of African education and in paving the way for effective bilateral assistance.

There exists now an atmosphere of hope and good will in which the United States has an opportunity, in cooperation with the Western European nations, to make a real contribution to the development of African nations through education. It would be easy for this opportunity to be lost. There is no time for timidity, red tape, mediocrity or orthodoxy. It is a time for boldness and for

38 applying the best imagination we have to the task of developing human resources.

### **Education—Condition Precedent to Economic Growth**

The exciting new interest of the economists in education is, at least in part, a result of our own foreign aid program, for it was largely in connection with this program that economists concentrated on what makes for economic growth. In studying during the last decade the growth of the American economy, the economists have found much to their surprise that the accumulation of capital simply didn't explain our growth. So they came to the conclusion that it must have something to do with human beings. It is now well accepted that education is not only a condition precedent to economic growth, but is an intimate and highly important feature of the growth process.

If we are interested in education as an input to economic growth, we are necessarily concerned about maximizing the return. A recent study indicates that an American college education gives a recurring annual return of 15 per cent over the income of non-college graduates. The payoff, measuring society as a whole, is far greater than the payoff measured for the individual. One might suppose that economists, interested in economic growth, would favor heavy specialization in education. Surprisingly enough, they are in wide agreement that this should not be the case, but that education should be flexible, so that the intellectual attributes, which are the product of education, can be used in many directions from the standpoint of the economy. They also believe in education as a continuing process throughout life so that we can keep up with changing opportunities in a changing world.

In the past there has been tremendous emphasis on economic development. Now we are realizing increasingly the inter-relatedness of economic, social, political and national development as a totality. U.S. aid should be given in terms of the national development needs of the individual country without trying to differentiate among those needs as to whether they are economic, social or political. We should also emphasize that the purpose of our national

development assistance is the maintenance of individual and national freedom, with individual and national responsibilities.

Education is the "E-Bomb" of the 20th Century. The desire for education is a tremendous force which is sweeping the world. It undergirds all aspects of national development. But what kind of education and for what purpose? If it is going to help national development, education should be designed in terms of national philosophy, national purposes, with specific goals and objectives.

### **What Sort of Educational Technician for Overseas Duty?**

What kind of person should the U.S. send abroad as an "educational technician"? Some people stress language competency above all; others, professional and technical competence; others, special training; while still others place primary emphasis on personality. My answer is that we should not choose people based on any one of these criteria but that we should find people satisfying them all, and if we cannot find enough of this kind out of one and a half million top-notch American educators, then I don't think we should be in the business at all.

What should the education technician do in the host country? He should, preferably, serve in an advisory capacity, on either a contract or a direct hire basis, helping, with new ideas, the building up of a hard professional educational corps, the steel ribs of the nation.

There has lately been too much emphasis on "what can we do *for* you". The relationship should be one of partnership. Program planning with a host country should take place with the theme of "what can we do *with* you".

### **Financing the ICA Student Program**

We must find ways of financing more adequately the training of students in our universities who come here under ICA programs and who will return to development work in their own countries. Contract programs, financed by ICA, come fairly close to meeting real costs but not entirely, due to certain restrictions on administrative support percentages. However, government payments for individual

student placements cover only a fraction, a half or less in many cases, of the costs of the education given these students in our institutions. Moreover, these individual students require more service than the Americans do and more even than other foreign students because of their special connection with ICA. And even worse, short-term visitors who participate in our training program require completely uncompensated staff time from our busy faculty and administrators. The result of inadequate financing of these trainees is that the services rendered them are inadequate. The universities are pressed by their legislative and their local constituents for more and more services, and international services, worthy as they are and being in the national interest must have more adequate national financing. Faculty's talents and facilities in our institutions are in an increasingly short supply, and there is not much left for use in a poorly financed government program.

### **International Cooperation in Education**

In training foreign students in our universities under ICA programs for development work in their own countries, we must find ways of financing it more adequately.

There are seven different working groups, composed mostly of people outside the United States Government but also including Government officials, who are helping to plan education and related programs in the Department of State. They are trying to answer such basic questions as what are the responsibilities and opportunities of the United States Government in its international educational, scientific and cultural relations? Putting aside past policies, past achievements, past problems, they are trying to take a new look at these responsibilities and opportunities, dividing themselves by geographical areas and by fields of discipline. They are not concerned so much with "who" is going to do something as with "what" is going to be done, and "how" to translate this into action programs.

It is of enormous importance that the American people come to appreciate the importance and potentialities of working with other nations in the field of education.

### **QUESTIONS AND ANSWERS**

*Q. How do you view education as an instrument of foreign policy?*

A. No permanent progress will be made in the economic, and even the political, areas in these other countries unless it is based on an educated citizenry. There is nothing wrong with using education as an instrument of foreign policy if the approach is right. Education for foreign policy's sake would be self-defeating. But if education is used for education's sake, and if it is recognized that it cannot be transplanted as it is but must be modified to suit, then education becomes, because of itself, a fine tool or instrument of foreign policy. It is the principle of education for everyone in this country, not American education as such, which can be applied and would be well received anywhere in the world.

*Q. Is there anything in this new legislation that would allow a U.S. company operating abroad to take on an educational program, say through a non-profit foundation, and get a subsidy from the U.S. Government to assist them in this?*

A. The language would appear to be broad enough to include institutions which are primarily for training purposes.

*Q. Is it true, as a writer charged the other day, that over two-thirds of all foreign students who come to this country go back to their own country pretty much hostile to the United States?*

A. From experience, from reports from many sources, and from studies undertaken, I think the overwhelming evidence is that they are favorably disposed toward this country.

*Q. As long as this is a government-to-government program, how are you going to eliminate exchanges being confined to the elite in the one-party, one-man-controlled governments in the Near East and Africa?*

A. They have tried to prevent this through careful review in our missions abroad. In the President's new program for Latin America, agreements can be made at the outset which will endeavor to ensure that this does not take place.

## HEALTH

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### Keystone to Economic Progress

Chairman, **MR. MIKE GORMAN**, Director, National Committee against Mental Illness

**DR. EUGENE CAMPBELL**, Director, Office of Public Health, International Cooperation Administration

**DR. ABRAHAM HORWITZ**, Director, Pan American Health Organization

**DR. H. VAN ZILE HYDE**, Assistant to the Surgeon General for International Health, U. S. Public Health Service

**DR. DAVID PRICE**, Deputy Director, National Institutes of Health

**MR. JOSEPH M. LA ROCCA**, Consultant on International Activities, Office of Vocational Rehabilitation, Department of Health, Education, and Welfare

### **Health and Economic Productivity**

Two-thirds of the human race living in Africa, Asia, the islands of the Pacific and Latin America is besieged and beset by infectious diseases, and has an average life span of from 30 to 35 years. The only safety for all of us lies in prevention of disease at the source, and for the first time in the century-long history of man, we have the technical knowhow to wipe out many of these diseases. When health workers go into an underdeveloped area of the world, they speak a more eloquent language than any of these people have ever heard. Apart from humanitarian considerations, it is puzzling that we have not begun to realize that the health phase of our foreign policy is really the foundation stone upon which all increases in economic productivity depend. Hundreds of examples can be given of this, such as campaigns against malaria in the Philippines, Bengal, and Brazil, and the tremendous increase in productivity that resulted.

The continent of Africa offers great possibilities for a greatly accelerated health offensive. In the central part of Africa, a region many times larger than the Pampas or our prairies, fantastically rich in natural resources, could, if made safe for human habitation, supply much of the needed food for the world.

Under the Health for Peace legislation, the International Health Research Act passed last year, the Department of Health, Education, and Welfare has very broad authority to use both hard and soft currencies under P.L. 480 to expand our research knowledge and bring its fruits to the less privileged members of the family of man. I am glad the Surgeon General is at this meeting. We'd love a little more action. We mean business in the field of international medical research.

### **Priorities for Health Program**

The one thing that seems to be the yeast in economic development is investment in human capital. When we start employing resources in health, we get into the area of competing claims. We have to compete with military and economic claims on financial resources. Also, we have to think carefully of what we use resources for —

how much should go for preventive medicine, how much for curative medicine, and how much for corrective types of medicine. As in other things priorities must be established — what we do must reach large numbers of people, its benefits must be apparent and appreciated, it must be politically, economically, and socially acceptable to our government as well as to the host government, and, of course, it must be technically feasible. The ICA has about 250 American doctors, engineers, and nurses stationed in some 44 different countries carrying on cooperative work in health. Two final points, one, research must be more greatly utilized (this is a part of the new legislative proposals on foreign aid), and two, long-range authority is extremely important.

### **The Role of the World Health Organization**

It's important for all of us to recognize that we have created in the World Health Organization, the largest of the UN specialized agencies with 109 member nations, a very remarkable instrument that can carry on and utilize effectively far greater resources that it has at present. It is also an instrument for maintaining harmonious and effective international relationships. For example, when the question of Red China came up in the last WHO assembly, certain of the countries voted with the U.S. to delay the issue although they had abstained on the matter in the U.N. Why? They said this was no business of the World Health Organization; that the WHO was not a political organization. One aspect of the WHO program is the establishment of international standards for research purposes. For example, there is a WHO standard fly for testing results of insecticides, rather than a Russian standard or a U.S. standard. Another aspect of the program is the assistance to governments. And here WHO does a central world-wide job of coordination in the health field.

### **International Health Cooperation in Latin America**

The Pan American Health Organization is facing the decade of the sixties with high confidence, both because of its achievements over the past 59 years and because of the prospect of improving the health of the Americas in the context of a balanced program of social and

42 economic development. The organization assists governments in a wide range of health problems with a staff of 850 coming from 46 countries. Recent projects include malaria eradication in Mexico, water supply development in Peru, and health center organization in Colombia. The means used to achieve our goals vary from providing consultants on a country or regional basis to organizing training courses, direct research, and collaborative research. Our weekly epidemiological bulletin goes all over the world, and we act as a clearing house for health information, making scientific publications available in Spanish and Portuguese which would otherwise be beyond the reach of many health workers.

The breakdown of old patterns of life have resulted in new problems of maternalism and child care, of nutrition, of alcoholism, and of mental health. With economic development comes new problems of social security and medical care. The population is growing more rapidly in Central and South America than in North America, so by 1970 more than 250,000,000 people will be living south of the U.S. border. At the same time the overall number of children and older persons over working age is slowly increasing relative to the working population, increasing the needs for special services for these groups while assuring the health of the labor force. As the old fatality of outlook disappears, peoples plan and look to the future, and this aggregate of hopes and desires creates a far more favorable outlook for growth in the Americas than in the past.

Nutrition is still one of the major problems in this area. Graduate nurses, physicians, sanitary engineers are in short supply, and even with expanded facilities for professional education, an overcrowded house is still a menace to health. If resources are to be made available to meet the social goals of the sixties tax reforms, new patterns of land use and leisure, and increased productivity in agriculture and industry are required. Health workers and economists will have to plan together to create a balanced program of development.

### **International Research in the Health Sciences**

While the International Research Act of 1960, mentioned earlier in the discussion added relatively little in the way of new authority, it

provided for the first time an explicit expression of the will of the Congress with respect to the support of health research overseas. Two purposes were cited: the first, to advance the status of the health sciences in this country through overseas research activities, and the second, to advance the international status of the health sciences. The first objective was assigned to the Surgeon General of the Public Health Service and the Secretary of Health, Education, and Welfare; the second was reserved to the President to delegate as he saw fit. This significant separation of domestic and international responsibilities, reaffirmed in a Presidential message to the Congress recently, has great pertinence to the pattern of activity of the National Institutes of Health.

A large part of our activities are devoted to making grants to research workers in this country and abroad to gain new knowledge about cancer, heart disease, mental illness, and other diseases. The foreign aspects of this activity, which are substantial and growing, involve both study abroad by U.S. researchers and study here by foreign researchers. We have also begun a new activity whereby United States scientists and physicians can be trained and gain experience in the conduct of research overseas. Typical of these is a grant to the University of California which will work with Naval Medical Research in Taipei, Formosa, the University of Hongkong, the Universities of Malaya, Singapore, and Kuala Lumpur, the Queensland Institute of Medical Research at Brisbane, and the University of Melbourne. We have made similar grants to other institutions, and we hope to establish a center or two on the African continent.

### **Vocational Rehabilitation As a Tool in International Development**

The Office of Vocational Rehabilitation has been conducting programs of rehabilitation research in nine countries: Brazil, Burma, India, Indonesia, Israel, Pakistan, Poland, the United Arab Republic, Egypt, and Yugoslavia. Through these programs there is an exchange of rehabilitation knowledge and techniques. Brazil is conducting a program of research in the development of short-term

training methods of orthogists. In India one of the projects involves training the blind in farming and handicrafts and resettling them in their villages. In Yugoslavia there is a proposal to experiment with new materials and new designs for prosthetic and orthodic devices. The direct support of such rehabilitation efforts abroad by the United States presents an unparalleled opportunity to demonstrate to all nations our humanitarian concern over the plight of disabled people all over the world and our resolve to help them live their lives with purpose and dignity.

## QUESTIONS AND ANSWERS

*Q. While the funds used for economic development under P.L. 480 are not subject to the annual appropriative process, the use of counterparts for health and education activities are. What is being done about this?*

A. The restriction was put on in 1959; the new Administration has recommended its removal. (Editor's note: It was removed in the Agricultural Act of 1961.)

*Q. In view of the prolongation of life in underdeveloped areas through economic assistance programs, what are the views of the panel members as to the necessity for birth control measures, specifically, the obligation of the National Institutes of Health to support research on birth control?*

A. The Draper report recommended two years ago that this be made a major part of our foreign policy and that, upon request of a country, birth control information be supplied. We are spending about \$200,000 annually in the United States on research into fertility and reproductivity and about \$200,000,000 a year for contraceptives. Many prominent people are urging that more research be undertaken in this field through private foundations, but the government fundamentally has a great responsibility and a great financial stake in medical research on the problem.

A. All of us realize that this is a tremendously important problem.

We do not have our minds closed to the support of research on these problems. This is something which the National Institutes of Health has thus far not seen to be an appropriate part of its mission.

A. A real breakthrough would be of very, very great importance to all of us throughout the world.

A. In the World Health Organization this must be viewed as a political problem. Attempts even to determine through resolution what is being done in the field of planned parenthood in various countries have so far failed because of political opposition, but the subject will come up again and probably will move forward.

A. An Indian diplomat was quoted last year as saying "What is really needed from the United States is the development of a cheap, oral contraceptive. We want your great scientific and technical knowledge and experience." And he stressed that knowledge, not money, was the essential ingredient.

## HOUSING

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### A Starting Point for Development

Chairman, **MR. WALLACE J. CAMPBELL**, Director of Public Affairs, Nationwide Insurance Companies

**MR. CHARLES ABRAMS**, Author, Lecturer, Expert on Housing

**MR. STANLEY BARUCH**, Housing Expert, Inter-American Development Bank

**MR. WILLARD W. GARVEY**, President, World Homes, Inc., Wichita, Kansas

**MR. NORMAN P. MASON**, Former Administrator, Housing and Home Finance Agency, Board Chairman, American International Corporation

**MR. WALTER SOMMERHOFF**, General Manager, Cooperativa Sodimac Limitada, Valparaiso, Chile

## International Housing Comes of Age

The metamorphosis of housing from pariah to the darling of the foreign aid "buffs" contains some basic lessons. It is a tragic fact that for many years the power to make life and death decisions concerning the shape and direction of certain facets of our foreign aid program rested in the talons of the classical economists. Obviously, what was necessary was a balanced program which, while sensitive to the requirements for long-term economic development, accommodated the natural and urgent aspirations of people who wanted immediately to experience some measurable and continuing improvement in their standard of living and to live in increasing dignity. Only by virtue of a massive effort on the part of enlightened leaders in the home building and home financing industries, organized labor groups, public interest organizations, intellectual non-conformists and imaginative Congressional mavericks, was it possible to alert the public to the danger of the housing problem and prepare to cope with it. Now we are confronted with the awesome but inspiring spectacle of bilateral and multilateral agencies vying with each other and private industry for leadership in the international housing field.

Now we can tote up a balance sheet and report that ICA has vastly increased its technical assistance housing activities; that DLF has provided upwards of fifty million dollars in seed capital the past year to fledgling savings and loan systems in Latin America; that the Inter-American Development Bank has a social development fund of \$394 million dollars made available to it by President Kennedy and the U.S. Congress; that the Export-Import Bank has made a housing loan and is contemplating others; that the United Nations is considering the establishment of a specialized housing agency; and that the last housing bastion to be conquered, the World Bank, now has a consultant in Chile who is making a study of the problems of urbanization.

What has been learned during at least seven years of continuous exposure to this problem? First, without money in very large amounts it is not possible to make any significant impact on the

housing problem any place in the world; second, urban and regional planning in the developing countries is absolutely essential both because of the transcendent importance of the problem of rapid urbanization and the limited resources available for housing and related activities; third, assistance in any form must be conditioned upon self-help actions taken by the *governments* and by *individuals*; fourth, a climate of incentives must be created for the development of competitive, free, private home-building industry; fifth, cooperatives deserve consideration in the special category because they embody potentially all that is good and necessary for a splendid exercise in dynamic democracy.

### Lack of Capital—Major Housing Problem

One of the largest gaps in the American aid program has been its inattentiveness to the problem of urbanization, of which housing is just one facet. In the nerve centers of Asia, Africa and Latin America the housing problem — manifested in overcrowding, street-sleeping, lawlessness, squatting, and a whole host of social distortions — is threatening family life and the political and social stability of whole communities and nations. Where the economists have failed is that they have overlooked the role which the development of savings, using housing as a device, and the growth of local building industries, can play in economic development.

In Bolivia there was no lack of financial stability, no lack of building materials, no lack of land. They have good brick in Bolivia, and can put up their own homes. All they needed was loans for roofs. They couldn't find a million dollars for this, and they couldn't get it from the United States because our people didn't recognize the importance housing can play in economic and political and social development.

Lack of capital is the chief obstacle to housing programs, but in many places taxes are being earmarked for capital expenditures in housing developments instead of generating internal savings by using housing as an incentive. A solution could be the establishment of an international mortgage bank under which loans for housing

46 development would be conditioned upon the development of internal savings and upon a total program with stated objectives, covering the training of labor, the production of low-cost materials, and development of savings, possibly through lotteries.

There is shocking misunderstanding of this whole problem even in higher economic echelons in the United States. In a report to the Economic and Social Council of the United Nations on future housing costs in India the statement is made that roughly \$25,000,000,000 will be needed. What is overlooked is that the report assumes that a thousand dollars is the cost for a house for each Indian family. In Pakistan we recommended \$65 for a small house. Even assuming \$300 per house, the estimate could be brought down to \$9,000,000,000 over thirty years or about \$300,000,000 a year which is a small allocation for housing in India.

The housing industry languishes there because it is the orphan of economic assistance. It is not suggested here that we should have a bank with funds enough to finance all the housing the underdeveloped countries need. What is important is that the lending agency should be the generative force for stimulating capital-formation and productivity in the housing field in the same way that it stimulates economic activity and savings in the United States.

### **Home Ownership as the Key to Development**

Home ownership, not housing *per se*, is the real heart of our discussion. Housing is more than houses, more than social reform. . . . Housing combined with the basic ingredient of private ownership can be the number one step in the creation of a sound economic climate anywhere. Shell houses that were built prior to World War II to house migrant defense workers were found after the war to have been transformed into cottages with bathrooms, porches, and gardens. The streets had been paved. "Homes" had been created through the magic motivation of ownership. Out of this grew a project of building basic housing for working families at the bottom of the scale in other countries.

Where is the financing to come from? It has been demonstrated in Peru, and we will soon be demonstrating in India and Pakistan,

that we in the United States can match our grain production against this insatiable need for housing and provide the necessary housing. If the money from the grain sold in India last year under Public Law 480 on a three-year term basis were made available for housing, we could house 70,000,000 people in a year, and on a revolving fund basis over a ten-year period, we could house ten times that.

I am convinced that if we spread home ownership to the uncommitted peoples of the world they will have a stake in freedom and develop free societies accordingly.

### **Government Insurance for Housing Investment**

The view held by the economists that the way to help a nation is to increase its manufacturing capacity so it can produce more goods, to create more jobs, and thereby to improve living conditions, is not a sound one. Unfortunately, in many of the underdeveloped countries, when you build a steel mill or some other thing, the wealthy man seems to acquire more capital and the laboring man finds little change in his situation. In Latin America people strive to own land which is generally overpriced. We must convert this desire into home ownership. The way we are doing it is this: We join our capital and knowhow with materials of Latin America to build low-cost housing for low-income groups on a mass-production basis. American builders in this field are not asking for loans, for handouts to themselves or to the governments of the underdeveloped countries. What we are asking for is a government insurance program like the FHA for which we would be prepared to pay a premium. Private efforts can't do it. I think this is a perfectly sound, laudable project. Home ownership, good living conditions, are the backbone of democracy.

### **Cooperative Housing in Chile**

The housing situation in Chile is in a sad state. There is a shortage of 400,000 houses, which means that around 30 percent of the population is inadequately housed. This would be comparable to 80,000,000 unhoused people in the United States. Twenty years of intensive inflation, running up until 1959, destroyed all sense of

popular saving. The cooperative housing movement started in Chile in 1948 but achieved real importance from 1954 onward. In 1958, the Chilean Federation of Housing Cooperatives was formed for the purpose of establishing a homogeneous movement through orientation and education. Last year a new cooperative law was passed, which greatly improved governmental supervision and promotion. This year, through the help of one of your housing experts, the Foundation for Cooperative Housing was established for the purpose of providing technical assistance and management.

In Chile housing cooperatives, unlike those in the United States, were begun out of desperation. Credit possibilities were non-existent until three years ago, and are still very limited, with the result that many people who had bought land are still waiting for a loan. Chile has had the same experience with "shell housing" that one of the earlier speakers mentioned: once there was a "shell", there was a real attempt at improvement. Through the help of the United States, non-profit savings and loan institutions have been set up and are operative.

Cooperative housing provides additional advantages to the virtues of home ownership, namely: cooperative effort based on democratic leadership; education in the habit of savings and in the responsibilities of community life; economical administration and construction; self-help work; and adequate and reasonable planning for specific needs. The cooperative method is a peaceful revolution replacing, not destroying, and it is a stronghold against communism.

## QUESTIONS AND ANSWERS

*Q. How far down in the income scale can you go in the production of housing through this process of consumer saving?*

A. It varies by countries. You can't meet the needs of the very lowest income group through savings and loan associations. There are various obstacles to saving because of local traditions. These obstacles can be overcome through the use of local traditions —

lotteries, for example. In Ghana where the people like to have their savings where they can see them, they invest their 16 cents a week savings in a cement block, and you can see hundreds of them lying about people's dwellings. In Ghana we converted them to the "roof" loan scheme, and there are now three to four hundred societies based upon the tribal organization using this scheme.

A. In developing thrift programs in Latin America one of the requirements is that a ceiling be set for the highest priced house that can be financed under the program. In Peru we are striving now to make these reserves available for houses at prices down to as low as \$950.00.

A. I don't think there is a minimal level for savings. It is much more a question of education, getting people to save the small part of their small income that they are spending badly.

*Q. Can you give some specific examples of the housing built in other countries?*

A. In Peru we started from scratch, built a model home, advertised, then signed up over two hundred people who had the ability to pay on that first home. We got a loan through P.L. 480 for the first hundred houses, built the two hundred homes, and had the loans serviced locally. We then took our profit. When that project is paid out, we plan a controlled project of 500 homes where we can study worker attitudes before and after. We built a larger home than we intended — \$3500 — but the comparable house on the local market was \$5000. The chain reaction was marvelous. The next group of houses will be \$1500, virtually the same house.

*Q. How many other builders are interested in doing the same kind of thing you are doing?*

A. Hundreds, but they haven't gotten down to the point of implementation.

*Q. What about the use of new materials?*

A. Our theory is that initially we use no imported materials — they have the materials, they know what they want, they can build!

*Q. Why can't we have a provision in the foreign aid program whereby we send teams down there and package the homes for them?*

48 A. We are doing this through trade union groups in Latin America. We will make skilled technicians available to put these packages together.

Q. *What effect has the development of cooperative housing in Chile had on other industries?*

A. We are doing this across the board because it is very difficult to educate people into new economic patterns from a single institution.

Comment from the chair: We have really just begun to explore this subject. I would like to recommend to the National Conference on International Economic and Social Development that a separate session be set up on this soon. What distresses me is that there is no focal point where all the knowhow, all the resources, can be brought to bear on the problem. That is why we must drive to get the United Nations to set up a specialized agency to do this job.

## MULTILATERAL AID

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### Organization and Needs

Chairman, **MR. DAVID C. WILLIAMS**, Director of Research and Education, Americans for Democratic Action

**DR. RICHARD DEMUTH**, Director, Office of Planning and Technical Assistance, World Bank

**MR. T. GRAYDON UPTON**, Executive Vice President, Inter-American Development Bank

**DR. ISAIAH FRANK**, Director, Office of International Financial and Development Affairs, Department of State

**COUNT OTTINO CARACCILO**, Head of Mission, Organization for European Economic Cooperation-European Productivity Agency

**MR. PHILIP GLICK**, Attorney

**DR. JAO GONCALVES DE SOUZA**, Director, Department of Technical Cooperation, Pan American Union

**DR. FIELD HAVILAND**, Director, Foreign Policy Studies, Brookings Institution

**MR. RALPH TOWNLEY**, Projects Officer, UN Special Fund

## Report on IDA

The World Bank-International Bank for Reconstruction and Development has entered the "Decade of Development" with activity at a higher level than ever before. It has been operating at a level of about 700 millions of dollars a year for two or three years, despite the availability now of capital from other sources, indicating the immensity of the demand for conventional loan capital. Recognizing early that equally important with capital were technical knowhow and managerial ability the Bank went into the field of technical assistance, and is now more active in that field than ever before. Moreover, as time goes on, the Bank has become convinced that overall development programs are only a part of the story, and so has gotten down into the project and sector levels, developing detailed transportation plans, for example, in three Latin American countries where transportation is a bottleneck to future development.

The outstanding event of this first year of the "Decade of Development" was the inauguration of the International Development Association. It is an affiliate of the Bank designed to make financing available on easier terms than the Bank. It is to a very large extent an internationalization of the same kind of assistance given by the Development Loan Fund except that it does not accept repayment in local currencies because of the uncertain burden they place on the local economy. The financing consists of loans of up to 50 years maturing without interest and with no repayment for the first ten years, in effect, a part grant, and a part loan. IDA also allows more flexibility in the kinds of projects that can be financed, permitting us to go into education programs, technical training projects, water works, and the like, whereas the Bank can only do directly productive projects.

The capital of the IDA is modest; only about 800 million for a five-year period, but the demand is already so great that IDA will either have to grow or it will not meet its objectives. While there will be a continuation of the Bank's conventional loan activity at its present level, the greater demand is going to be for IDA-type financing, and for multilateral activities, including the consortium

technique that we have been used to in India and Pakistan.

While the pendulum has swung back and forth on multilateral versus bilateral aid, both kinds are essential. Where long-term development is the objective, multilateral organization and administration of aid has much to commend it, being free from many of the pressures accompanying bilateral assistance, and able to pool the resources of the industrialized nations.

The World Bank is not an American institution with international flavor — over half of its money now comes from sources other than the United States.

### **Inter-American Bank—a Latin-American Institution**

While the Inter-American Development Bank is relatively new, some such institution has been sought by the Latin American countries for over 70 years. It is a small bank, its regular capital totalling, when it is paid in, about \$400 million. In addition, its guarantee capital will amount to \$200 million. There is a separate division, the soft-loan window, with assets of \$150 million or its equivalent. While the Bank's nominal capital would be a billion dollars, as a practical matter, because of the difficulty of floating bonds, its total working capital will probably never exceed \$650 million. While membership is presently limited to those countries which are members of the Organization of American States, with a number of other countries drawing closer to OAS there is a hopeful possibility that the Bank will be enlarged in the future.

Functions of the Inter-American Development Bank are: to make development loans of "higher development" priority; to finance technical assistance closely related to the work of the bank; and trust management, for example, of the Act of Bogotá Funds for social development in Latin America. Under the Bank's charter, government guarantees for loans are not necessarily required, and the Bank's capital is untied except insofar as Mexico's portion is concerned.

Since the opening of its doors for business, the Inter-American Bank has made a loan to Brazil for the construction of a cellulose pulp mill, and loans to Chile, Colombia, Nicaragua, Venezuela and

50 Haiti for the creation of Development Banks. It has also made two loans for the expansion of water supply facilities, a pioneering effort for banks. It is now working on a rehabilitation loan for the tin mills in Bolivia which would use U.S. and German help.

The Inter-American Bank is truly a multilateral institution, staffed largely by Latin Americans, using Spanish in its transactions, and looked upon by Latin Americans as their institution.

### **OECD and Its Predecessors**

The Organization for Economic Cooperation and Development which will come into being this fall is not really new but is an adaptation of the Organization of European Economic Cooperation (in existence since 1948). The OEEC helped allocate Marshall Plan aid, and worked on reduction in European trade barriers and the convertibility of European currencies. The OECD, unlike the old organization, includes Canada and the United States as full-fledged members.

The OECD differs from other organizations discussed in this session in that it has no development fund, nor can it make grants, loans or guarantees. On the other hand, its influence will be very great because bilateral aid to underdeveloped countries, even excluding the \$4 billion of U.S. aid, is almost triple in volume to that of international organizations. It has these functions: first, to bring about a better coordination of economic policies among member countries; second, to contribute to the expansion of world trade; and third, to help less developed countries achieve more rapid growth.

In the dollar crisis of 1960 OEEC played a large role, and its successor agency can help avoid similar crises in the future. On the side of economic aid, the Development Assistance Group (DAG) chaired by an American was set up in advance of OECD to coordinate the bilateral aid effort of the industrial countries of the world. DAG tries to increase the flow of aid from all these countries, achieve an equitable sharing of the burden of aid, and finally to improve the terms on which aid is granted. It is hoped that the OECD will become the main instrumentality for welding stronger links between

the countries of North America and Western Europe to meet the enormous challenge they face in advancing the cause of economic growth and freedom throughout the Free World.

In discussing the pros and cons of multilateral versus bilateral aid, what are the most important basic considerations? First, the multilateral approach denationalizes aid although there may be occasions where for political or other reasons bilateral aid is required; second, multilateral aid makes it more difficult for the recipient country to play one donor against another; third, to the extent you can mix the donors together, you take some of the sting out of the Cold War; fourth, the multilateral approach makes it easier to concentrate on the technical requirements of foreign aid; fifth, it brings to bear a wider range of resources, both financial and human; finally, the initiation of long-term technical assistance on a multilateral basis can have an immediate political impact.

### **Multilateral Development through OAS**

Since 1951 the Organization of American States has been actively engaged in assistance to member states to improve their social and economic conditions. Through regional, multilateral action all the member states assume responsibility for their own well-being. Moreover, where sensitive political and social problems exist, for example, in the field of land tenure, the OAS experience clearly validates the effectiveness of the multilateral approach. Certain problems do exist which impair the effectiveness of this approach: one, inadequacy of resources in relation to need; two, failure to adapt technical assistance programs to regional or national programs; three, the great cultural and technological diversity between the countries; four, fundamental needs not being met by program; five, lack of research into the whole development process; six, neglect of local institutions because of the government-to-government approach; seven, barriers created by the bureaucratic structure of the different aid-providing agencies.

Primarily because of this last problem, the OAS has recently initiated efforts to coordinate more effectively all aspects of technical

assistance: one, by increasing an exchange of information; two, by providing service to agencies interested in coordinating their activities with those of OAS; three, by encouraging greater cooperation in between OAS field staff and that of other agencies; four, by strengthening in each member country those national agencies concerned with technical assistance programs; and five, by inventorying all the technical assistance activities in the hemisphere. Much of this effort is the product of a permanent committee established for this purpose by the heads of the OAS, the Inter-American Bank, and the United Nations Economic Commission for Latin America. The General Secretariat of OAS is planning to establish a branch in Europe which would maintain liaison with the OECD and with other European agencies and governments interested in expanding their activities in Latin America.

### **The Role of the United Nations Special Fund**

The United Nations Special Fund is the international sprat (pre-investment) to catch the international mackerel (investment). Its main task is to carry out pre-investment studies which would assist the underdeveloped countries in recognizing their own natural resources, help them train their manpower, and provide the setting in which productive investment can take place. The Special Fund has four "rules of thumb": first, it will not support projects unless the underdeveloped countries can put up a lot of the money; second, it will not go into a project unless it can see its way out of it; third, it gives assistance on a declining scale; finally, it tries to get the right people who will live with the project and support it. All the Special Fund's resources, a hundred million dollars, have been allocated, having been matched against a total of one hundred thirty-five million from the underdeveloped countries, and requests for additional assistance of the type offered by the Fund are pouring in at an increasing rate. The Special Fund was the first United Nations body to be freed from the problem of annual appropriations, permitting it to allocate funds over long periods of time. It does not at the present time carry out projects itself. It uses what might be

called "executing agencies", such as the Food and Agriculture Organization, the World Health Organization, UNESCO, and other specialized agencies of the United Nations. It is a cardinal principle with the Special Fund, which should be observed by all multilateral agencies, that the recipient countries as well as the donor countries must be represented on the agencies which disburse aid. The Special Fund may well prove to be a prototype of the international organization in the multilateral aid field.

### **Aid Must Be Multilateral at Both Ends**

Out of all this discussion has come a definite consensus that multilateral aid has advantages over the bilateral system. The remarkable success of the institutions represented here today is due in large part to the fact that they employ the multilateral approach — that donors and receivers achieve an identity of purpose by working together. One of the best examples of the virtue of the multilateral approach was the Marshall Plan. The secret of its success lay largely in the fact that it was given to Europe as a whole. Because it was multilateral at the *receiving end*, it forced the Europeans to work together instead of struggling against each other. Further use should be made of this approach.

In the former colonial areas, we are getting a fragmentation which is economic nonsense. The whole of West Africa is not economically viable, and the use of the multilateral approach at the receiving end would help these countries considerably by forcing them to work together. The real difference between the Organization for European Economic Cooperation and its successor to be, the Organization for European Cooperative Development, may well be that with the OEEC the multilateral approach was at the receiving end of aid whereas the task of the OECD is to make the giving end of aid multilateral as well.

### **Reorganization of Multilateral Aid Agencies is the Problem**

The underdeveloped countries are increasingly unwilling to accept aid on a bilateral basis either from the Soviet Union or from the

United States. They fear being sucked into the Cold War, and so prefer multilateral aid dispensed through multilateral channels. I wish it were not necessary for me to dissent so sharply from the statements of earlier speakers regarding the advantages of multilateral over bilateral aid. Most of the multilateral aid we have been talking about has come from lending agencies in the form of loans. Nothing has been said about the expanded Technical Assistance program of the United Nations. While capital is crucial to the economic development of the underdeveloped countries there must be technical assistance programs to help the underdeveloped countries train their personnel, build their social and economic institutions, and bring them to a point where the capital loaned to them can be wisely used. The expanded Technical Assistance program of the United Nations does not meet this need. It is a program without a head. It is administered through nine different specialized agencies, which are in constant conflict as to amounts and priorities of use. Attempts at coordination both at home and abroad have been abortive. Putting aside the administrative complications, suppose you could get, through some miracle, the United States to channel billions of dollars into the multilateral agencies, thereby increasing the U.N. Technical Assistance Program and greatly decreasing the size of bilateral programs of the United States. We would be contributing the lion's share, and when a program is not truly multilaterally financed, it ceases to be a multilateral program. Our problem then is one of reorganizing the multilateral agencies in such a way that they will be able to do the job all of us must place upon them.

## **PRIVATE INVESTMENT AND INTERNATIONAL DEVELOPMENT**

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### **Private Enterprise and Government— Indispensable Partners**

Chairman, **MR. WALTER STERLING SURREY**, Attorney

**MR. MANSFIELD SPRAGUE**, Vice President, American Machine and Foundry Co.

**MR. JAMES STEBBINS**, Consultant, International Affairs, W. R. Grace Co.

**MR. PETER NEHEMKIS**, Attorney, Whirlpool Corporation

**MR. OTTO SCHALER**, Deputy Director, Business Council for International Understanding

**MR. STEUART PITTMAN**, Attorney

**MR. PHIL DAVID FINE**, Deputy Administrator, Investment Division, Small Business Administration

**MR. S. J. LANGLEY**, Arthur D. Little, Inc.

**MR. HARRY R. TURKEL**, Former U. S. Representative on Inter-American Economic and Social Council of the O.A.S.

### **How to Encourage Overseas Investment**

53

The continuing strength and growth of American business require its participation at an accelerated pace in world-wide industrial expansion. The world has shrunk for industry, as it has for diplomacy and military strategy. Leadership by industry is fundamental to reaching our national policy objectives. American business must regard the development of overseas markets as worthy of as much effort as the domestic market. Of equal importance is understanding by government of the role business must play, and the adoption of sympathetic attitudes and actions to induce a climate in which international corporate business can flourish. The U.S. Government has done very little in this respect as compared with other countries. In certain areas, for example, the provision of government-guaranteed export credits, we are at considerable disadvantage.

Although the Government generally has encouraged industrial investment abroad, now it is proposed that investment be encouraged in the developing countries but not in Europe and other industrialized areas. The proposal ignores the relationship between exports of an American company and its investment abroad and overlooks the fact that U.S. private capital currently being invested in the developing countries was earned in Europe. If current proposals for taxing foreign business become law American companies will not be able to compete in European markets.

In spite of a projected favorable balance of trade of over six billion dollars this year, the voices of the protectionists are heard louder and louder in the land. Applications for increased tariffs pour into Washington and the renewal next year of the Reciprocal Trade Agreements Act will be in jeopardy again. There is a tremendous educational job to be done to establish simple truths such as that "you can't sell your exports unless you import," and that "for every job saved for higher tariffs, more are lost in an export industry when other countries retaliate".

It is the duty of capital-exporting nations to provide the funds with which the developing lands can build industrial infrastructures such as transport, communications, and power. Business can play

54 an important supporting role to government by building a dignified corporate image abroad, particularly with foreign employees and in foreign communities.

The United States — both government and business — should recognize four facts of life: One, it is to the interest of the U.S. Treasury and Congress to encourage overseas investments, not to make them more difficult; two, there is a direct relationship between investment and export trade; three, the U.S. investor incurs greater risks in the underdeveloped areas (as compared to risks in the United States); four, U.S. private investments in Latin America in the last decade have been growing at about half the rate they have grown elsewhere. If the Alliance for Progress is to succeed in attacking social problems there, more private investment is necessary and this requires the following incentives: 1. Tax deferral on income until earnings are distributed. 2. U.S. tax-sparing where foreign governments offer special incentives. 3. A simple form of insurance against expropriation and non-convertibility of currencies. If we are interested in Latin America we must do more than at present to encourage U.S. investors to go there, not only through steps in this country but in getting together with other countries in creating incentives.

### **Drop in Private American Investment and Flight of Capital from Latin America**

U.S. private investments in Latin America have dropped startlingly since 1957. That's only the new cash. If you look at the reinvestment side, the situation is even worse. Meanwhile U.S. government loans to Latin America have been increasing steadily to where in 1960 they were three times U.S. new private investment there, and this is not healthy. Castro expropriated about a billion dollars worth of U.S. assets, and what is less well known, about six or seven billion dollars of Cuban-owned assets. This has frightened everybody with money all the way down the line — and they are sending their money out of the Continent as fast as they can. Bearing in mind that 80 percent of all investment in Latin America is private and only 20 percent public, this flight of Latin American

capital is extremely discouraging and is going to have a profound effect on job opportunities in the years ahead.

Our Alliance for Progress program is very discouraging to the wealthy, privileged people in Latin America. While they are shortsighted in not recognizing that they have to make a choice between "evolution" and "revolution" they are not going to give up their privileged position. If we just make balance of payments loans and support we may feed this capital flight. The wealthy Latin Americans are also fearful that the U.S. attitude toward private enterprise has changed. How sad it is to think at the moment when Latin American thinking itself is changing toward private enterprise there should be this feeling that we are putting the emphasis the other way. I do think that with proper encouragement a comeback can occur. I also think the foreign aid proposals do provide the incentives to move in the right direction.

### **Situation in the Middle East**

If we exclude Egypt, Lebanon, and Turkey, there has been little private investment, foreign or domestic, in the Middle East other than in petroleum, and the entire Middle East economy is wholly dependent on the petroleum industry. The principal lesson is that even where attempts have been made to canalize funds into productive channels, they have not been sufficient to set in motion self-generating economic forces, and that only when the indigenous population plays its part will the economy get off the ground. More attention must be paid to agricultural improvement, to the establishment of mechanisms for saving and directing investment, and encouraging and rewarding entrepreneurial activity. Happily some international development assistance is moving in this direction.

Successful political leaders in Africa must show results. All African countries want industrialization and want it fast. So far, U.S. investment has been in the extractive industries and in plantations. Medium-sized enterprise or what we would probably consider small, is what is most needed — not steel mills. There are very considerable opportunities in the field of construction, trans-

portation, communications and power. If we want these countries to develop along free enterprise lines, then we must help them. Opportunities are there but the risks are considerable. U.S. loans and guaranties in many cases will make the difference.

### **The Role of Small Business in International Development**

Whereas exports have been increasing, the role of small business has not. You might ask — why the concern for small business? Under currently accepted definitions, of the 4,800,000 businesses in the United States, 95 percent are “small business.” The other 5 percent, which is “big business,” does all the foreign trade. Under limited existing authority the Small Business Administration has been trying to interest small business in foreign trade — through conferences, publications, special research studies, and the sending of many teams abroad at the request of other governments. SBA also has legal authorization to advance Federal funds to companies to invest in foreign countries. Under the Small Business Act, a small business investment company may lend funds to a company for use in domestic production of goods for export or to acquire materials from abroad for such operations. The investment companies may also advance funds for operation of foreign branches or foreign subsidiaries provided the major portion of the assets or activities remain within the United States.

Under legislation pending in Congress, SBA could increase its service materially in the foreign trade area. It could co-sponsor with Chambers of Commerce and other groups meetings to inform small business of the opportunities in foreign trade; co-sponsor with educational institutions short courses of instruction on foreign investment and trade; provide individual counseling services to small exporters; publish lists of businesses engaged in foreign trade; publish management aids covering special aspects of foreign trade of interest to small exporters; represent the interests of small businesses in GATT and similar trade negotiations; establish and maintain liaison with other agencies of the governments interested in export

markets so that trade opportunities could be referred to them; and encourage small business to exhibit their products at trade fairs.

### **Investment Guarantees—New Features in the Foreign Aid Proposals**

In the new Aid Bill, two activities — the old ICA risk-guarantee program which has been in operation over most of twelve years (covering exchange blockage, expropriation, convertibility risks, war risks and the like) and the Development Loan Fund all-risk guarantees — have apparently been merged into a single program. I do not think the two can be put under the same hat and subjected to the same ground rules. If you have the government taking a percentage, say 75 percent, of all risk, including commercial risks, the restrictions that follow government funds will naturally creep in, such as ties to procurement in the U.S. and “ship America” requirements. The all-risk guarantee is, of course, a sharper tool, intended to draw private capital into particular situations in which the government is interested and where the government would put funds if private investment were not forthcoming, and this lends itself to bilateral planning. (In fact, there is a tendency throughout the Aid Bill to emphasize the use of private enterprise in a selective way, for particular purposes, and to create tools for that purpose.) However, if private investment becomes the creature of extensive planning between two governments, rather than proceeding on its own initiative, the benefits of private investment are somewhat lost.

Some of the proposed changes in the old ICA-type guarantee are of considerable significance. One is the extension of the investment guarantee program to foreign corporations that are majority-owned by U.S. corporations. This will encourage reinvestment of earnings and discourage capital flight (such as is occurring in Latin America). The second would permit the reinvestment of tax-deferred foreign income in third countries.

There is new flexibility proposed in the operation of the guarantee program as far as negotiations with other countries are concerned, and this may have certain advantages. It is also significant that the

56 proposed legislation would authorize government arbitration with respect to any guaranteed contracts under the Foreign Aid Program.

It should be observed that there does not appear to be enough money appropriated, or requested, to provide adequate reserves even to guarantee pending applications, much less for an expanded program.

### **Partnership of Government and Business Required**

Two additional important features of the proposed Aid Bill not yet discussed are: one, the availability of Federal Government loans on terms and conditions which will not resemble those normally employed by commercial banks; two, the ingenious scheme for underwriting feasibility studies by private business. The assistance of the Aid Agency in financing these studies will carry private business much further along the road of looking into available opportunities.

Even with the magnificent new financial tools provided in the aid bill we will not be able to meet the problems of some of the most underdeveloped lands of the world, for example, Northeastern Brazil, unless we have from the new aid agency leadership in organizing consortia — including large groups of American business, the U.S. Government, the government of the country receiving aid, and investors of Western Europe, Canada and Japan — to go into an underdeveloped region in programmed phases, extending over as long as twenty years, and really make over the economy. Northeastern Brazil is a vast area with a population of twenty million living in extreme poverty with acute starvation. There are no markets, no cash economy. There is an agricultural subsistence type of living. Private enterprise is not going in there alone. But if a consortium (of the kind suggested above) could go in there and over a long period build irrigation systems, dams, and highways, if we could open up new lands, develop the cattle and fishing industries, and build fertilizer plants, if credit mechanisms could be established and long-term loans could be provided to enable farmers to buy their own land, then the area could develop a thriving agriculture and economy. Such a consortium might also include a company

which would manufacture building supplies from local materials. The possibilities are endless. The tools are here. What is needed is courage and leadership. If private enterprise is left to its own devices it is likely to put in the wrong things, at the wrong places, at the wrong times.

### **QUESTIONS AND ANSWERS**

*Q. Should companies receiving U.S. tax incentives and guarantees in underdeveloped countries be subjected to certain rules, regulations and restrictions, say, governing the maintenance of a certain wage scale, or the period of their operations, or the participation of the local population?*

A. Government would be better off not to impose regulations and restrictions until it is proven at a later date that the American corporations are unable to orient themselves to the times.

## A LIST OF ORGANIZATIONS

### PRESENTED AT THE CONFERENCE

AFRICAN AMERICAN INSTITUTE  
 AGRICULTURAL MISSIONS, INC.  
 ALTRUSA INTERNATIONAL  
 AMALGAMATED CLOTHING WORKERS OF AMERICA  
 AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE  
 AMERICAN ASSOCIATION OF AGRICULTURAL COLLEGE EDITORS  
 AMERICAN ASSOCIATION FOR THE UNITED NATIONS  
   National Office  
   Capital Area Division  
   UN Association of Maryland  
   UN Association of Pittsburgh (Pa.)  
 AMERICAN ASSOCIATION OF LAND-GRANT COLLEGES  
 AMERICAN ASSOCIATION OF UNIVERSITY WOMEN  
   State Divisions:  
     Florida  
     Oklahoma  
     Washington  
   Branches:  
     Jonesboro, Ark.  
     Walnut Creek, Calif.  
     Washington, D.C.  
     Winter Haven, Fla.  
     Essex County, N.J.  
     The Oranges, N.J.  
     Greensboro, N.C.  
     Arlington, Va.  
     Falls Church, Va.  
 AMERICAN BOOK PUBLISHERS COUNCIL  
 AMERICAN COUNCIL OF VOLUNTARY AGENCIES FOR FOREIGN SERVICE  
 AMERICAN COUNCIL ON EDUCATION  
 AMERICAN DENTAL ASSOCIATION  
 AMERICAN ETHICAL UNION  
   National Women's Conference  
 AMERICAN FARM BUREAU FEDERATION  
   Ohio Farm Bureau Federation  
 AMERICAN FEDERATION OF LABOR-CONGRESS OF INDUSTRIAL ORGANIZATIONS  
   Ohio AFL-CIO  
   Wayne County Council of Indiana  
 AMERICAN FEDERATION OF TEACHERS  
 AMERICAN FRIENDS OF THE MIDDLE EAST  
 AMERICAN FRIENDS SERVICE COMMITTEE  
 AMERICAN HOME ECONOMICS ASSOCIATION  
 AMERICAN INSTITUTE OF ARCHITECTS  
 AMERICAN INTERNATIONAL ASSOCIATION FOR ECONOMIC AND SOCIAL  
   DEVELOPMENT  
 AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE  
 AMERICAN JESUIT COLLEGES OVERSEAS  
 AMERICAN KOREAN FOUNDATION  
 AMERICAN LIBRARY ASSOCIATION  
 AMERICAN MEDICAL WOMEN'S ASSOCIATION  
 AMERICAN MERCHANT MARINE INSTITUTE

AMERICAN MIDDLE EAST RELIEF  
 AMERICAN NURSES' ASSOCIATION  
 AMERICAN ORT (ORGANIZATION FOR REHABILITATION THROUGH TRAINING)  
 FEDERATION  
 AMERICAN POLITICAL SCIENCE ASSOCIATION  
 AMERICAN PSYCHOLOGICAL ASSOCIATION  
 AMERICAN VETERANS COMMITTEE  
 AMERICAN WOMEN'S VOLUNTARY SERVICES, INC.  
 AMERICANS FOR DEMOCRATIC ACTION  
 AMVETS  
 ARMOUR RESEARCH FOUNDATION  
 ASIA FOUNDATION  
 ASIAN CULTURAL EXCHANGE FOUNDATION  
 ASSOCIATION FOR INTERNATIONAL DEVELOPMENT  
 ASSOCIATION OF JUNIOR LEAGUES OF AMERICA, INC.  
 ATLANTIC UNION COMMITTEE, INC.

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**B**

BAPTIST WORLD ALLIANCE  
 B'NAI B'RITH  
 BRETHREN SERVICE COMMISSION  
 BROOKINGS INSTITUTION  
 BROTHERHOOD OF RAILROAD TRAINMEN  
 BROTHERHOOD OF RAILWAY AND STEAMSHIP CLERKS, FREIGHT HANDLERS,  
 EXPRESS AND STATION EMPLOYEES  
 BUSINESS AND PROFESSIONAL WOMEN'S FOUNDATION  
 BUSINESS COUNCIL FOR INTERNATIONAL UNDERSTANDING

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**C**

CARE, INC.  
 CARNEGIE ENDOWMENT SEMINARS IN DIPLOMACY  
 CATHOLIC ASSOCIATION FOR INTERNATIONAL PEACE  
 CATHOLIC RELIEF SERVICES — NATIONAL CATHOLIC WELFARE CONFERENCE  
 CATHOLIC WAR VETERANS  
 CENTER FOR INTERNATIONAL ECONOMIC GROWTH  
 CENTER OF INTERNATIONAL MANAGEMENT  
 CHAMBER OF COMMERCE OF THE UNITED STATES  
 Dallas (Tex.) Chamber of Commerce  
 CHRISTIAN CHILDREN'S FUND, INC.  
 CHRISTIAN RURAL OVERSEAS PROGRAM  
 CHURCH WORLD SERVICE  
 CITIZENS' COMMITTEE FOR INTERNATIONAL DEVELOPMENT  
 CITIZENS COMMITTEE FOR UNICEF  
 COMMITTEE FOR A NATIONAL TRADE POLICY  
 COMMITTEE FOR ECONOMIC DEVELOPMENT  
 COMMITTEE FOR WORLD DEVELOPMENT AND WORLD DISARMAMENT  
 COMMUNITY DEVELOPMENT PROJECT, BERKELEY, CALIFORNIA

CONFERENCE ON ECONOMIC PROGRESS  
 COOPERATIVE LEAGUE OF THE USA  
 CORPORATION FOR ECONOMIC AND INDUSTRIAL RESEARCH  
 COUNCIL FOR INTERNATIONAL PROGRESS IN MANAGEMENT (USA), INC.  
 COUNCIL FOR THE ADVANCEMENT OF SMALL COLLEGES  
 COUNCIL ON ECONOMIC AND CULTURAL AFFAIRS  
 CREDIT UNION NATIONAL ASSOCIATION  
 CROP

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**D**

DAYTON (O.) WORLD AFFAIRS COUNCIL  
 DECLARATION OF ATLANTIC UNITY  
 DELGADO TRADES AND TECHNICAL INSTITUTE  
 DEMOCRATIC NATIONAL COMMITTEE  
 Democratic State Central Committee of Ohio  
 DEMOCRATIC WOMEN'S CLUB OF GAINESVILLE, FLORIDA  
 DISTRICT OF COLUMBIA EDUCATION ASSOCIATION  
 DOORWAY TO THE TWENTIETH CENTURY

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**F**

FIVE YEARS MEETING OF FRIENDS  
 FORD FOUNDATION  
 FOREIGN POLICY ASSOCIATION — WORLD AFFAIRS CENTER  
 FOREIGN STUDENT SERVICE COUNCIL  
 FOUNDATION FOR RELIGIOUS ACTION IN THE SOCIAL AND CIVIL ORDER  
 FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
 FRIENDSHIP HOUSE

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**G**

GENERAL FEDERATION OF WOMEN'S CLUBS  
 GIRL SCOUTS OF THE U.S.A.  
 GOODWILL INDUSTRIES OF AMERICA  
 GOVERNMENTAL AFFAIRS INSTITUTE  
 GRAIN AND FEED DEALERS NATIONAL ASSOCIATION

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**H**

HADASSAH  
 HEIFER PROJECT, INC.

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**I**

INSTITUTE FOR INTERNATIONAL ORDER  
 INSTITUTE OF INTERNATIONAL EDUCATION  
 INTERNATIONAL ASSOCIATION OF MACHINISTS

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS  
 INTERNATIONAL CHEMICAL WORKERS UNION  
 INTERNATIONAL CONFERENCE OF SOCIAL WORK  
 INTERNATIONAL ECONOMIC POLICY ASSOCIATION  
 INTERNATIONAL MASS EDUCATIONAL MOVEMENT  
 INTERNATIONAL SCHOOLS FOUNDATION  
 INTERNATIONAL UNION, ALLIED INDUSTRIAL WORKERS OF AMERICA  
 INTERNATIONAL UNION OF ELECTRICAL, RADIO AND MACHINE WORKERS  
 INTERNATIONAL UNIVERSITY FOUNDATION  
 INTERNATIONAL VOLUNTARY SERVICES  
 INTREDCO  
 IOTA PHI LAMBDA SORORITY

**J**

JEWISH WAR VETERANS  
 JUNIOR CHAMBER OF COMMERCE

**K**

KOINONIA FOUNDATION

**L**

LAUBACH LITERACY FUND  
 LEAGUE OF WOMEN VOTERS OF THE U.S.  
 State Leagues:  
   Kentucky  
   New Jersey  
   New York  
   Virginia  
 Local Leagues:  
   Annapolis and Anne Arundel County, Md.  
   Baltimore County, Md.  
   Briarcliff Manor, N.Y.  
   Canton, Ohio  
   District of Columbia  
   Englewood, N.J.  
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   Larchmont, N.Y.  
   Mamaroneck, N.Y.  
   Montgomery County, Md.  
   Newtown, Conn.  
   Prince Georges County, Md.  
   Ventura County, Calif.  
   Youngstown, Ohio

LUTHERAN CHURCH — MISSOURI SYNOD  
 LUTHERAN WORLD RELIEF

**M**

MEDICO  
 MENNONITE CENTRAL COMMITTEE

METHODIST CHURCH  
   General Board of Christian Social Concerns  
   Division of Peace and World Order  
   Methodist Information  
   Women's Division of Christian Service  
 MIDWEST RESEARCH INSTITUTE  
 MILLERS' NATIONAL FEDERATION

**N**

NATIONAL ASSOCIATION OF EVANGELICALS  
   World Relief Commission  
 NATIONAL ASSOCIATION OF FOREIGN STUDENT ADVISORS  
 NATIONAL ASSOCIATION OF HOUSING AND REDEVELOPMENT OFFICIALS  
 NATIONAL ASSOCIATION OF SOCIAL WORKERS  
 NATIONAL ASSOCIATION OF WOMEN LAWYERS  
 NATIONAL BUREAU OF FEDERATED JEWISH ORGANIZATIONS  
 NATIONAL CATHOLIC EDUCATIONAL ASSOCIATION  
 NATIONAL CATHOLIC RURAL LIFE CONFERENCE  
 NATIONAL CATHOLIC WELFARE CONFERENCE  
 NATIONAL CITIZENS COMMITTEE FOR WHO  
 NATIONAL CIVIL LIBERTIES CLEARING HOUSE  
 NATIONAL COMMITTEE AGAINST MENTAL ILLNESS  
 NATIONAL CONFERENCE OF CATHOLIC CHARITIES  
 NATIONAL CONFERENCE OF CHRISTIANS AND JEWS  
 NATIONAL CONGRESS OF PARENTS AND TEACHERS  
 NATIONAL CONSUMERS LEAGUE  
 NATIONAL COTTON COUNCIL OF AMERICA  
 NATIONAL COUNCIL OF CATHOLIC MEN  
 NATIONAL COUNCIL OF CATHOLIC WOMEN  
   Washington (D.C.) Archdiocesan Council  
   Alexandria (La.) Diocesan Council  
   Richmond (Va.) Diocesan Council  
   Rochester (N.Y.) Diocesan Council  
 NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE USA  
   Ohio Council of Churches  
   Department of International Affairs  
   United Church Women  
 NATIONAL COUNCIL OF JEWISH WOMEN  
   National Headquarters  
   Baltimore (Md.) Section  
   Montgomery County (Md.) Section  
 NATIONAL COUNCIL OF NEGRO WOMEN  
 NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR  
 NATIONAL EDUCATION ASSOCIATION  
 NATIONAL FARMERS UNION  
 NATIONAL FEDERATION OF GRAIN COOPERATIVES  
 NATIONAL FEDERATION OF SETTLEMENTS  
 NATIONAL 4-H CLUB FOUNDATION  
 NATIONAL FRATERNAL COUNCIL OF CHURCHES  
 NATIONAL GRANGE

NATIONAL HOUSING CONFERENCE  
 NATIONAL JEWISH WELFARE BOARD  
 NATIONAL LEAGUE FOR NURSING, INC.  
 NATIONAL LUTHERAN COUNCIL  
 NATIONAL PLANNING ASSOCIATION  
 NATIONAL SERVICE BOARD FOR RELIGIOUS OBJECTORS  
 NATIONAL SOCIAL WELFARE ASSEMBLY  
 NATIONAL UNIVERSITY EXTENSION ASSOCIATION  
 NATIONAL URBAN LEAGUE  
 NEAR EAST FOUNDATION

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**O**

OPERATION CROSSROADS AFRICA

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**P**

PACIFIC AND ASIAN AFFAIRS COUNCIL  
 PAN AMERICAN MEDICAL WOMEN'S ALLIANCE  
 PEOPLE TO PEOPLE PROGRAM  
   Engineers and Scientists  
 PLANNED PARENTHOOD FEDERATION OF AMERICA  
 POTOMAC COOPERATIVE FEDERATION  
 PRESBYTERIAN CHURCH  
   U.S. Board of Christian Education  
 PUBLIC AFFAIRS INSTITUTE

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**R**

RAILWAY LABOR EXECUTIVES' ASSOCIATION  
 RESEARCH AND EDUCATION COMMITTEE FOR A FREE WORLD  
 RESOURCES FOR THE FUTURE  
 RESOURCES, U.S.A.  
 RETAIL CLERKS INTERNATIONAL ASSOCIATION

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**S**

SALVATION ARMY  
 SERVICE BUREAU FOR WOMEN'S ORGANIZATIONS  
 SEVENTH-DAY ADVENTIST WELFARE SERVICE  
 SOCIETY FOR INTERNATIONAL DEVELOPMENT  
 STANFORD RESEARCH INSTITUTE  
 SYNAGOGUE COUNCIL OF AMERICA

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**T**

TECHNICAL ASSISTANCE INFORMATION CLEARING HOUSE  
 TEXTILE WORKERS UNION OF AMERICA  
 TOBACCO ASSOCIATES, INC.  
 TWENTIETH CENTURY FUND

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**U**

UNITED AUTOMOBILE, AIRCRAFT AND AGRICULTURAL  
 IMPLEMENT WORKERS OF AMERICA  
 UNITED CHURCH OF CHRIST  
   Council for Christian Social Action  
 UNITED PRESBYTERIAN CHURCH  
   U.S.A. Board of Christian Education  
 UNITED STATES COMMITTEE FOR REFUGEES  
 UNITED STATES COMMITTEE FOR THE UNITED NATIONS  
 UNITED STATES FOOD FOR PEACE COUNCIL  
 UNITED STATES-JAPAN TRADE COUNCIL  
 UNITED STEELWORKERS OF AMERICA  
   National Headquarters  
   Washington Office  
   District No. 30 (Indiana)  
 UNITED WORLD FEDERALISTS

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**W**

WASHINGTON INTERNATIONAL CENTER  
 WOMAN'S NATIONAL DEMOCRATIC CLUB  
 WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM  
 WOMEN'S RESEARCH CLUB OF ATLANTIC CITY, N.J.  
 WORLD AFFAIRS COMMITTEE OF CLAXTON, GA.  
 WORLD CONFEDERATION OF ORGANIZATIONS OF THE TEACHING PROFESSION  
 WORLD EDUCATION, INC.  
 WORLD RULE OF LAW CENTER

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**Y**

YOUNG MEN'S CHRISTIAN ASSOCIATION  
 YOUNG WOMEN'S CHRISTIAN ASSOCIATION

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**Educational Institutions**

AMERICAN FARM SCHOOL  
 AMERICAN UNIVERSITY  
 ANTIOCH COLLEGE

BEREA COLLEGE  
 BOSTON UNIVERSITY  
 BROOKLYN COLLEGE

COLGATE UNIVERSITY  
 COLLEGE OF WOOSTER  
 COLORADO STATE UNIVERSITY

COLUMBIA UNIVERSITY  
New York School of Social Work  
CORNELL UNIVERSITY  
FORDHAM UNIVERSITY  
GEORGE WASHINGTON UNIVERSITY  
GEORGETOWN UNIVERSITY  
HARVARD UNIVERSITY  
HOWARD UNIVERSITY  
INDIANA UNIVERSITY  
INTERNATIONAL SCHOOL OF AMERICA  
JOHNS HOPKINS UNIVERSITY  
School of Advanced International Studies  
Washington Center of Foreign Policy Research  
MARYKNOLL TEACHERS COLLEGE  
MASSACHUSETTS INSTITUTE OF TECHNOLOGY  
Center for International Studies  
MICHIGAN STATE UNIVERSITY  
MOUNT HOLYOKE  
NEW SCHOOL FOR SOCIAL RESEARCH  
NEW YORK UNIVERSITY  
Wallace Clark Center of International Management  
PRINCETON UNIVERSITY  
PURDUE UNIVERSITY  
STANFORD UNIVERSITY  
STATE UNIVERSITY OF NEW YORK  
Research Foundation  
UNIVERSITY OF CALIFORNIA  
Berkeley  
Los Angeles  
UNIVERSITY OF GEORGIA  
Georgia Center for Continuing Education  
UNIVERSITY OF HAWAII  
East-West Center  
UNIVERSITY OF HOUSTON  
UNIVERSITY OF MARYLAND  
UNIVERSITY OF MICHIGAN  
The International Center  
UNIVERSITY OF PENNSYLVANIA  
UNIVERSITY OF PITTSBURGH  
UNIVERSITY OF UTAH  
UNIVERSITY OF WISCONSIN  
YALE UNIVERSITY

## Business and Industry

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ALLIS-CHALMERS MANUFACTURING CO.  
ALUMINUM COMPANY OF AMERICA  
AMERICAN INTERNATIONAL HOUSING CORPORATION  
AMERICAN IRON AND STEEL INSTITUTE  
AMERICAN MACHINE AND FOUNDRY COMPANY  
ARABIAN AMERICAN OIL COMPANY  
AMERICAN METAL CLIMAX, INC.  
ASIATIC PETROLEUM CORPORATION  
BOLIVIA CALIFORNIA PETROLEUM  
BROOKHART, BECKER AND DORSEY  
CALIFORNIA TEXAS OIL CORPORATION  
CALTEX (INDIA) LTD.  
CHASE MANHATTAN BANK  
CHECCHI AND COMPANY  
CHRYSLER CORPORATION  
CITY INVESTING COMPANY  
COOPERATIVA SODIMAC LIMITADA  
CUMMINGS, SELLERS, REEVES AND CONNER  
DALLAS POWER & LIGHT COMPANY  
DANIEL, MANN, JOHNSON AND MENDENHALL  
DEVELOPMENT & RESOURCES CORPORATION  
DORFMAN AND GLICK  
EBASCO SERVICES, INC.  
ECONOMIC ASSOCIATES  
ECONOMICS RESEARCH SERVICE  
ELECTRIC BOND AND SHARE CORP.  
ELECTRONIC TEACHING LABORATORIES  
FIRESTONE TIRE AND RUBBER COMPANY  
FIRST NATIONAL BANK OF BOSTON  
FIRST NATIONAL CITY BANK OF NEW YORK  
FORD MOTOR COMPANY  
GADDUM INTERIORS  
W. R. GRACE AND COMPANY  
HUGHES AND HUGHES  
HUMAN SCIENCES RESEARCH, INC.  
BRUCE HUNT, INC.  
INTERNATIONAL BANK OF WASHINGTON  
INTERNATIONAL DEVELOPMENT RESEARCH SERVICES  
INTERNATIONAL DEVELOPMENT SERVICES, INC.  
INTERNATIONAL HARVESTER COMPANY  
LAIPA, INC.

ARTHUR D. LITTLE, INC.  
 MANHATTAN PUBLISHING COMPANY  
 MILWAUKEE CHEESE COMPANY  
 MINNESOTA MINING AND MANUFACTURING CO.  
 MOBIL INTERNATIONAL OIL COMPANY  
 MODERN COMMUNITY DEVELOPERS, INC.  
 ROBERT R. NATHAN ASSOCIATES  
 NATIONWIDE INSURANCE COMPANIES  
 NEWMYER ASSOCIATES, INC.  
 OHIO OIL COMPANY  
 OLIN MATHIESON CHEMICAL CORPORATION  
 RALPH M. PARSONS COMPANY  
 PASQUAL REALTY COMPANY  
 JERE PATTERSON AND ASSOCIATES  
 PEOPLE'S BROADCASTING CORPORATION  
 PHILCO INTERNATIONAL CORPORATION  
 PUBLIC RELATIONS RESEARCH ASSOCIATES, INC.  
 RAYTHEON COMPANY  
 REASONER AND DAVIS  
 RUBIN AND SCHWARTZ  
 RUTH SLOAN ASSOCIATES, INC.  
 SMITH, STANLEY AND COMPANY, INC.  
 STANDARD OIL COMPANY OF NEW JERSEY  
 SURREY, KARASIK, GOULD AND EFRON  
 TECTUM CORPORATION  
 TEXACO, INC.  
 TIPPETTS, ABBETT, MC CARTHY, STRATTON  
 JOSEPH A. TODD ASSOCIATES  
 UNDERWOOD CORPORATION  
 UNION CARBIDE ORE COMPANY  
 WHIRLPOOL CORPORATION  
 WORLD HOMES, INC.

## OFFICIAL AGENCIES

### United States Government

THE WHITE HOUSE  
 Bureau of the Budget  
 Food for Peace  
 UNITED STATES SENATE  
 UNITED STATES HOUSE OF REPRESENTATIVES  
 Library of Congress

DEPARTMENT OF STATE  
 International Cooperation Administration  
 DEPARTMENT OF THE TREASURY  
 DEPARTMENT OF DEFENSE  
 Department of the Army  
 Department of the Navy  
 Department of the Air Force  
 DEPARTMENT OF JUSTICE  
 DEPARTMENT OF AGRICULTURE  
 DEPARTMENT OF COMMERCE  
 DEPARTMENT OF LABOR  
 DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
 AMERICAN NATIONAL RED CROSS  
 FEDERAL RESERVE BANK OF NEW YORK  
 DEVELOPMENT LOAN FUND  
 EXPORT-IMPORT BANK OF WASHINGTON  
 NATIONAL ACADEMY OF SCIENCES  
 PEACE CORPS  
 SMALL BUSINESS ADMINISTRATION  
 SMITHSONIAN INSTITUTION  
 UNITED STATES INFORMATION AGENCY

### State and Local Government

DISTRICT OF COLUMBIA PUBLIC WELFARE DEPARTMENT  
 FLORIDA DEVELOPMENT COMMISSION  
 CITY OF HOBART, OKLAHOMA  
 MARYLAND PORT AUTHORITY  
 NEW YORK CITY DEPARTMENT OF CITY PLANNING  
 OHIO DEPARTMENT OF INDUSTRIAL AND ECONOMIC DEVELOPMENT

### International Organizations

UNITED NATIONS  
 U.N. Special Fund  
 FOOD AND AGRICULTURAL ORGANIZATION  
 INTERNATIONAL LABOR ORGANIZATION  
 INTERNATIONAL MONETARY FUND  
 WORLD BANK — INTERNATIONAL BANK FOR RECONSTRUCTION AND  
 DEVELOPMENT  
 WORLD HEALTH ORGANIZATION  
 Pan American Health Organization  
 INTER-AMERICAN DEVELOPMENT BANK  
 ORGANIZATION OF AMERICAN STATES  
 Pan American Union  
 Inter-American Commission of Women  
 ORGANISATION FOR EUROPEAN ECONOMIC COOPERATION\*  
 European Productivity Agency

\* Now Organization for European Cooperation and Development

## FOREIGN ASSISTANCE LEGISLATION

### What Congress Did After the Conference

THE FOREIGN ASSISTANCE ACT OF 1961 was signed by the President on September 4, 1961, and became Public Law 87-195. The Act created within the Department of State the Agency for International Development (AID) which combines under the direction of a single official with the rank of Under Secretary of State the present Washington and field operations of the International Cooperation Administration, the Development Loan Fund, the Food for Peace program in its relations with other countries, the local currency lending activities of the Export-Import Bank, and the related staff and program services provided by the Department of State and the International Cooperation Administration.

The Act continued authorization of development loans, development grants, and technical assistance (Point Four); broadened the provisions for investment guarantees; and provided for surveys of investment opportunities and development research. It also continued authority for contributions to international organizations and programs, for supporting assistance and for the use of a contingency fund by the President to promote economic or political stability where required. While Congress rejected the Administration's request for long-term borrowing authority

from the Treasury, the Act as passed gave the President authority to enter into loan agreements committing funds authorized to be appropriated for the next five years, subject only to the annual appropriation of such funds. For the first time, recognition was given in the foreign assistance legislation to the long range character of international development; to the principle that assistance should be directed toward the social as well as economic aspects of development; and to the concept that the use of cooperatives, credit unions, and savings and loan associations should be encouraged.

After a legislative battle of almost two months' duration, Congress on September 26, 1961, passed the foreign assistance appropriations bill. The following table shows the amounts requested by the Administration, the amounts authorized, and the totals finally appropriated by Congress:

	(In millions of dollars)		
	Administration Request	Amounts Authorized	Amounts Appropriated
Development grants	\$ 380.0	\$ 380.0	\$ 296.5
Special authorization	0	0	.1
Investment surveys	5.0	5.0	1.5
Development research	20.0	—	—
International organizations	153.5	153.5	153.5
Supporting assistance	581.0	465.0	425.0
Contingency fund	500.0	300.0	275.0
Military assistance	1,885.0	1,700.0	1,600.0
Administrative expenses	51.0	50.0	47.5
Development loans	1,200.0	1,200.0	1,112.5
State Department	0	0	3.0
<b>TOTAL</b>	<b>\$4,775.5</b>	<b>\$4,253.5</b>	<b>\$3,914.6*</b>

\* Does not include Treasury investment of \$110,000,000 in the Inter-American Development Bank and \$61,656,000 representing the U.S. subscription to the International Development Association.

The Peace Corps was authorized on a permanent basis by Public Law 87-293, and \$30,000,000 was appropriated for its operations during fiscal year 1962 (July 1, 1961 — June 30, 1962).

Major changes in Public Law 480 relating to the use of agricultural commodities in foreign assistance have already been noted on page 26 of this report.

**NATIONAL CONFERENCE ON  
INTERNATIONAL ECONOMIC  
AND SOCIAL DEVELOPMENT**

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BOARD OF DIRECTORS

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