

**United States Foreign Assistance  
Oral History Program**

**Foreign Affairs Oral History Collection**

**An Interview with**

**Stuart Van Dyke**

**1997**

**Association for Diplomatic Studies and Training  
Arlington, Virginia**

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## ASSOCIATION FOR DIPLOMATIC STUDIES AND TRAINING ORAL HISTORY COLLECTION

The Association for Diplomatic Studies and Training, a non-profit, tax-exempt organization, was established in 1986 to enhance the training of foreign affairs personnel and to instill in the public a greater appreciation for our diplomatic history.

The Association's Foreign Affairs Oral History Program was established in 1988 and is housed in the Lauinger Library of Georgetown University and at the Foreign Service Institute in Arlington, VA. The collection is comprised of oral histories taken from a number of projects, with the unifying factor that all concern the conduct of American foreign affairs and experiences of those employed in the field of diplomacy and consular affairs and their families.

The oral history collection includes interviews done under the auspices of the Foreign Service History Center of George Washington University, which was amalgamated into the Foreign Affairs Oral History Program, the Foreign Service Family Project, the Women Ambassadors' Project, the United States Information Agency Alumni Association Project, the Foreign Assistance (AID) Oral History Project, the Senior Officers' Project, the Labor Diplomacy Oral History Project and others.

The aim of the US Foreign Assistance Oral History Program, in particular, is to develop a collection of oral histories of those who have served USAID and predecessor agencies and those who have served in foreign assistance programs of associated organizations such as private firms, private voluntary organizations, and other US government agencies. The Center for Development Information and Evaluation (CDIE) of the USAID has made a grant to help finance the preparation of 120 oral histories.

For the most part these interviews are carried out by retired USAID personnel on a volunteer basis, directed by the Oral History Program. The interviews are unclassified, and unless so marked are available for use by researchers. Most of these interviews have been transcribed and then returned to the person interviewed for editing. The transcript is an edited version, and is not a word for word rendition of the cassette tape. The editing usually consists of correcting of names and dates that have been missed during an interview. The individual interviewed may also choose to expand upon topics that may not have been developed in the time allotted for the interview.

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## KEY WORDS

STUART VAN DYKE

Azores  
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Egypt  
Ethiopia  
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Foreign Operations Administration  
Germany  
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Greece  
highway construction  
human rights  
IMF (International Monetary Fund)  
India  
International Cooperation Administration  
Israel  
John Hollister  
John McCloy  
Lend-Lease  
Liberia  
macro-economic problems  
Marshall Plan  
Milton Friedman  
Mutual Security Agency  
NATO  
Nigeria  
non-governmental organizations

Organization for European Economic Cooperation

Philippines

PL 480 foods

Point Four

President Truman

research on agricultural policy

Soviet Union

steel mill

sterilization

Technical Cooperation Administration

Tunisia

Turkey

Turkmenistan

U.S. High Commission for Germany

valley development project

“participant training”

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An interview with  
Stuart Van Dyke

Interviewed by Scott Behoteguy  
Initial interview date: September 18, 1997

*Q: Good afternoon, Stuart.*

VAN DYKE: Good afternoon.

*Q: We are ready for my interview with you on your years in the foreign aid business. My name is Scott Behoteguy, interviewer, and you are Stuart Van Dyke, interviewee, to coin a phrase. This interview is taking place in Sarasota, Florida, on September 18, 1997. So, why don't we start at the beginning? Maybe my first question should be how did you get involved in the foreign aid business, when and where?*

**Early years and education**

VAN DYKE: I remember that Harlan Cleveland, a colleague of ours whom you may remember from the early days, said once that a career is not something you plan; it's something you look back on. I never planned a career in foreign aid. Of course, foreign aid didn't exist when I was thinking about starting a career. In any event, at that time the onset of World War II disrupted almost everybody's career plans, however carefully laid.

I have always had an interest in things foreign . In high school I used to devour TIME magazine. I read books by a guy named Richard Haliburton, who would travel to exotic places like India and then write about his adventures. In college I took courses in international relations and was active in the international club. I was attracted by foreign cultures and foreign languages. So even though I didn't plan it as a career, I was ready to accept that kind of work when it came along.

I was born in Idaho and grew up in Indiana. My parents both started out as school teachers, but ended up with a small business. I graduated from Indiana University in 1935. Partly because jobs were scarce and partly because of a belief that graduate study was essential to finding a good job, I went on to graduate school--first at the University of Chicago, and then at Syracuse University. At Syracuse I was able to earn some survival money as a teaching fellow and later as assistant to Dean William Mosher at the Maxwell School of Citizenship and Public Affairs.

After four years at Syracuse I was offered a job at the U.S. Department of Agriculture in personnel, and I took it even though my Ph.D. thesis suffered as a consequence. In those days, just before and during the early days of the war, jobs were becoming more plentiful. In the Department of Agriculture, I got involved in the Lend-Lease program, and my career in the field of foreign affairs was on its way.

*Q. When was that about?*

VAN DYKE: In 1940 and 1941. I guess Lend-Lease was the grandfather of what became our foreign aid programs, and Agriculture played a part in it then as it does now. After that I took some time out for the U.S. Maritime Service and the merchant marine, and in 1945 found myself as a civilian employee of military government in Germany, working in food and agriculture along with some of my former colleagues. When military government phased out, I was transferred to the U.S. High Commission for Germany.

### **Early Overseas Assignments in Germany**

That was an unforgettable time. Germany's cities had been destroyed, and people were living in the ruins without heat and with meager food rations. Transportation was disrupted; trains ran sporadically, and you could drive down the middle of the autobahns without meeting anyone for miles. Civilian production was down by about half. There was nothing in the shops--such shops as were open-- except rationed food. The currency was worthless, and what buying and selling took place was mostly on the black market. First General Lucius Clay, and then John McCloy as U.S. High Commissioner, had staggering responsibilities. My job started out as one of insuring that German farmers brought their crops to market. But we quickly moved on to the broader job of keeping some transport moving and rationing what was available. Since Berlin was surrounded by the Russian-controlled zone, it was possible to check roughly how much food people in that city were getting. It was quite clear that a lot was coming on the black market, since it would have been impossible to survive on the official ration. After the currency reform took place in 1948, things improved dramatically. More shops opened, and suddenly civilian goods appeared in the market. Military government began to be phased out, and the High Commission took over. The chief of food and agriculture work in the U.S. sector of West Germany during this period was Stanley Andrews, for whom I developed the greatest respect and admiration.

*Q. Was that located in Berlin?*

VAN DYKE: Stanley Andrews started out in Berlin as an army colonel, and then moved his staff to Frankfurt as a civilian when the High Commission took over. Later on, the High Commission itself was phased out and a new U.S. Embassy was started. Employees who had been with the High Commission were either transferred to the embassy or sent home, except for a few who became part of the information service or the new Economic Cooperation Administration, which was administering the Marshall Plan. I ended up in the ECA mission as head of the Trade and Payments Section. The head of the ECA mission was Bob Hanes, of the

North Carolina textile family. His deputy was Charles Marshall, an investment banker from Texas. They were typical of the superb managerial talent which Paul Hoffman had been able to attract to the Marshall Plan.

I stayed in Frankfurt for a couple of years helping with the Marshall Plan. Of course, Western Germany had already been the beneficiary of considerable U.S. help. As a humanitarian gesture, the U.S. had begun to send food and other essential commodities to the western zones soon after the war ended, under a special appropriation called GARIOA--Government and Relief in Occupied Areas. By the time the Marshall Plan took over, three billion dollars worth of commodities had been shipped to the western zones and the western sectors of Berlin. The German authorities were informed that a strict accounting was being maintained, and that eventually they would have to pay for what had been shipped, but when the time came to settle, in 1951 I believe, we accepted thirty cents on the dollar. Meantime, the western zone governments gradually assumed more and more responsibility and came to play an important role in the work of the Organization for European Economic Cooperation in Paris. It was this organization which worked out the rules under which Marshall Plan funds were distributed and utilized. After I had completed a total of about five years in occupied Germany, I was transferred to ECA headquarters in Washington. ECA was housed in the Maiatico Building at the corner of Vermont Avenue and 17th Street.

*Q. When was that about?*

#### **Transfer to ECA/MSA/FOA in Washington - 1950**

VAN DYKE: That was 1950. ECA was at that time a smooth-running organization which enjoyed great public prestige. Those who worked for ECA were proud to be associated with it, and I was one of them. I think one of Parkinson's laws states that whenever a governmental organization becomes fully staffed and properly housed, has defined its goals, and is achieving them, it is a likely candidate for abolition. That was ECA's situation about 1950. It was within sight of achieving its goals, it was staffed with some of the best talent in town, and it was completing its job under budget--a rarity among government agencies.

At that time I was assigned to the German desk. What I remember about those days most vividly is that we seemed to have constant arguments with the State Department about turf. Eleanor Dulles, who, if I remember correctly, had done a lot of fine work in the U.S. High Commissioner's office in Berlin, was at the other end of the telephone in the State Department. When the going got really difficult, she had a tendency to settle the argument by remarking that, if we couldn't agree, she would have to see her brother. Her brother happened to be Secretary of State.

As the economies of the industrialized countries of Europe revived, the work of ECA began to wind down. ECA missions were withdrawn, and the flow of aid tapered off. But two other things were happening which were relevant. First, the cold war got warmer. The Soviet Union had never liked the Marshall Plan and the cooperative economic steps in Europe which it

sponsored, and it liked NATO even less. The rhetoric became louder, Korea was invaded, and the first moves toward rearmament began. The U.S. supported the rearmament with a program of military aid, and that aid came to play a major role in our relationships with Europe. Secondly, the Point Four program, which President Truman had begun and which became the special favorite of Nelson Rockefeller, was spreading from Latin America to other developing countries around the world. It didn't make sense to have two separate agencies sending missions abroad and financing projects to stimulate economic growth. So the talk was about bundling it all together, and the talk soon produced action. ECA and the Technical Cooperation Administration (Point Four) joined forces, a staff was added to handle the policy aspects of military aid (with the details left to the Defense Department) and the reshuffling began. First, it was put under the leadership of Averell Harriman and called the Mutual Security Agency. The story was told that Harriman never cashed his paycheck--he threw it into his desk drawer and never bothered with it--but he did provide the quiet leadership for which he was so widely respected. After the 1952 elections, Harold Stassen took charge and the name was changed to Foreign Operations Administration. FOA later became ICA--for International Cooperation Administration--under John Hollister. Hollister was a well-known lawyer who was believed to be a critic of foreign aid when he took charge but quickly became one of its firmest supporters. ICA then became the Agency for International Development, which has remained its name till this day. I believe Dave Bell was AID's first head, followed by Bill Gaud. Both earned the highest grades for their leadership.

During this decade of re-shuffling and re-naming, some remarkable men occupied the second-tier jobs. They provided continuity and kept the organization alive and well. D.A. Fitzgerald was outstanding, as were Ty Wood, Richard Bissell and the Cleveland brothers. On the administrative side, there were Bill Shepherd and Mel Spector. John Murphy was a tower of strength over many years as controller. As principal spokesman, Harold Stassen was certainly the most spectacular. There were a lot of little anecdotes told about him. One of my favorites was the one about the time he was testifying before a Congressional committee and was asked how many employees there were in FOA. He did not hesitate to give a figure, but when he got back to his office, he asked Bill Shepherd what the actual figure was. It turned out that the figure he had given was much too high. Not wanting to appear uninformed on such a key statistic, he told Shepherd to figure out a way to make his figure supportable. And it was done. By counting every part-timer, every consultant, everyone on leave, and every local employee overseas, the total was reached.

When the '50s decade began, ECA was functioning like a well-oiled machine. Its goals were clear, its progress in reaching those goals was evident, and public support for its efforts was almost universal. By the end of the decade, foreign aid had become almost a dirty word. Getting a clear definition of what the re-named agency was trying to achieve seemed to become increasingly illusive. Sometimes it was just plain humanitarianism--the rich helping to raise up the poor. Sometimes it was to reduce international frictions and move toward a more peaceful world. Sometimes it was to find an outlet for our industrial and agricultural production. At other times it was an effort to buy allies in the cold war. Should we aid only those countries which were politically friendly? Should we aid only those countries which demonstrated their

capacity to use our aid most efficiently, or should we aid those in the greatest need, even though they might not be able to use the aid effectively?

The absence of a clear goal took its toll in the loss of public support and the annual battle for funds. Congressman Otto Passman of Louisiana was chairman of the House committee which reviewed the request for appropriations, and the hearings before his committee became an annual rite of passage. Passman reviewed so many budgets and sat through so many hearings that he became familiar with the details of the programs and came to dominate much of the work of the agency.

Of course hindsight is a great help to a critic, but I believe we all seriously underestimated the difference between the job which the Marshall Plan undertook and the problems presented by underdevelopment. A sea-change in thinking was required. The Marshall Plan was directed toward countries which already enjoyed an educated and skilled work force, mature legal systems, and a century of experience using capital efficiently. What was lacking was the capital itself and the commodities to get things rolling. We had both, and the addition of those to what already was in place produced the remarkable re-emergence which we all witnessed. When our attention turned toward the established underdeveloped countries, like Ethiopia, or the newly independent colonies, like Nigeria, we encountered a far more complex situation. Money and commodities no longer performed their magic. In some cases they produced little benefit or actually did harm. There were no quick fixes. Time and patience were needed to produce the institutions and the personnel and the skills and the legal frameworks out of which productivity could increase and spread its bounty. And the U.S. public needed to understand what was involved, and how difficult and subtle the process was going to be, and how there were going to be mistakes, and how we would have to learn as we went along. Someone of national stature could have performed a public service by defining the problem and developing a strategy for tackling it, as General Marshall did with the Marshall Plan. Nelson Rockefeller might have done it, but he never rose to the occasion, and the shift in thinking was never clearly defined.

Like the foreign aid program, my own career had its ups and downs and its bumps during the decade. I applied for jobs which I thought I should have, and was turned down. My biggest jolt came when Harold Stassen decided to "cleanse" FOA and decreed that every employee had to take the Administrative Assistant civil service test, unless he or she had already taken it. Since I had already taken the test and passed it with good marks, I decided to sit that one out. But when the envelopes were passed out, mine contained a pink slip. Stassen had been given authority to terminate any employee at his discretion, and I was given two weeks to clear out my desk. This was at the height of the McCarthy witch-hunt, and it was generally assumed that the civil service test was only a cover for removing employees who might have had some security taint in their records. Since up to that point I had always been given the highest possible security clearance, I couldn't imagine what the security sleuths had dug up. Meantime, without my knowledge, my termination had been appealed by one of my superiors and, before my two weeks had expired I received a second envelope containing a letter reversing the first. I never did find out what precipitated the first letter, but I like to think it was simply a

bureaucratic mistake--that someone failed to check the list of those who had already taken and passed the test.

FOA and later ICA were organized around four geographical units and several technical units, of which the biggest was Food and Agriculture. While at one time the European region had been the most important of the geographical units, its importance declined as the Marshall plan was phased out. Yugoslavia was added as a recipient after Tito defied Joe Stalin and we began to finance him on the principle that the enemy of my enemy is my friend. But as the number of recipient countries in Europe declined, the number in Africa was increasing. Egypt was considered to be part of the Middle East region, but Morocco and Tunisia had by then become independent countries, and Ghana was the first of the British colonies to be set adrift. Somalia had become independent as a result of the defeat of Italy in World War II, so by the end of the decade there were six African countries on the list of recipients--Ethiopia, Liberia, Somalia, Morocco, Tunisia and Ghana. As a matter of administrative convenience, it was decided to join what was left in the European area to what was already in the African area into a single region, called the African and European region. In due course, after serving as head of a group of countries and then as Deputy Regional Director for Europe under Charles Urschel, a Texas oil tycoon, I was named director of the new region. I immediately set out to familiarize myself with the area by taking a month's tour of the six missions in Africa, together with Bob Black, who was head of program work for the new region. It was a fascinating trip. Africa was in the midst of a transition from being the kept woman of Europe to becoming an experiment in self-government and democracy, and serving as a show-place for black achievement. Some of the new countries made it, but others have been plagued with authoritarian governments, corruption, civil wars and even genocide. And poverty has continued to be the lot of most of the population. In the '50s, these problems were clouds on the horizon, but distant ones.

The thing that I remember most vividly about my time as regional director were the annual pilgrimages to the Capitol to testify before the House sub-committee on appropriations, and the corresponding Senate committee. The preparation and presentation of the budget was our most time-consuming job. First there were the in-house discussions on what the year's request would be. Then there would be hearings at the Budget Bureau, and we would be told what the White House would support. Then printing the document, and waiting for a call to appear. I could never tell my family when to schedule the summer vacation, since we were expected to stand by until the hearings were completed. Congressman Passman, chairman of the House committee, made a great show of trying to keep us bureaucrats on a short leash, but we always suspected that his own agenda included a substantial continuing program to use as a whipping boy in his reelection campaigns. He certainly had no trouble getting re-elected for many years. The whole budget process was orchestrated by John Murphy, our controller. With his Irish charm, Murphy maintained the best of relations with the committee chairmen and all the members; his contribution was invaluable, and he earned the respect of all parties to the process over many years.

By this time I had been back in the United States for almost ten years. Although I hadn't

requested an overseas assignment, in 1959 I was asked if I would go to Turkey as Mission Director. I jumped at the chance. It would give me some field experience and get me off the treadmill of testifying before congressional committees, which placed pretty low on the list of things I liked to do.

### **Mission Director in Turkey - 1959-1964**

*Q: That was the first time, I guess, that you had been out in the field since your European experience.*

VAN DYKE: That's right. Turkey was almost a complete unknown to me. I had been there only once. I knew little about its history. But it turned out to be a remarkably interesting and rewarding assignment. Shortly after I arrived the current ambassador left and Raymond Hare took over. He was one of the finest men I ever ran into--a fine human being as well as a skilled diplomat. I was lucky to be able to work with him for the next four years. The deputy director of the AID mission was also economic counselor of the Embassy--Wade Latham, whom I had not known previously but who was a tower of strength. The mission staff was top-rated. We even had one super-star. On the program office staff was a young man on his first assignment--Ernest Stern. Stern later joined the World Bank, was promoted rapidly to become number two on the staff, and served in that capacity for many years. He now is a vice president at J.P. Morgan.

In the nineteen '50s, Turkey was a key player in the cold war. It had NATO's second largest defense force. The US thought it needed Turkey in its strategy of containing the Soviet Union, and Turkey thought it needed the US as an ally and a source of arms and economic aid. The Turks are tough fighters. Turkey had a common border with the Soviet Union, and a history of confrontation. They were anxious for our friendship. So these years may have been a high point in the Turkish-American relationship. It was a pleasant assignment, a rewarding assignment in terms of getting things done and getting the Turks to work with you. Besides, the weather was agreeable, the countryside was loaded with archeological treasures, and Turkish men and women turned out to be an unending delight as friends and acquaintances.

*Q: I can agree with you on that. When I was nominated to go to Turkey as CENTO director in 1964, I was hoping to renew acquaintances with you. We had met a few times in Washington. But by the time I got there in '64, you had just gone.*

VAN DYKE: Yes. My wife happens to have been born in one of the countries which the Turks occupied for five hundred years--Bulgaria. Although her parents were American, teaching in an American school, she had absorbed some of the Bulgarian feeling about the Turks, who were looked on as cruel oppressors. Even she was surprised to find that they were friendly and pleasant. We loved the country and we loved the people. Of course, everything wasn't wine and roses. When I arrived the prime minister was a man named Adnan Mendes. He and his government were under strong criticism from the military, which in Turkey considers itself keeper of the Kemal Ataturk legacy. Inflation was high, charges of

corruption were being bandied about and--perhaps most serious--Mendres was accused of pandering to the Moslem clerics in defiance of Ataturk's admonition to keep the religious hierarchy strictly separated from affairs of state.

When I arrived in Ankara, I paid the usual calls on various ministers and high officials. The two ministers with whom I expected to have the most business were Foreign Minister Zorlu and Finance Minister Polatkan. Both greeted me warmly.

A few months later I made my first trip back home for consultation. When I switched on the radio in my Washington hotel room the morning of my arrival, I heard the news that there had been a military coup in Ankara and that Mendres, Zorlu and Polatkan, along with some others, were under arrest. Shortly thereafter they were executed by public hanging.

*Q: Do you remember the nature of the AID program? The organization was now AID. As I recall, AID came into existence after President Kennedy's inauguration. So it was 1963 when we became AID.*

VAN DYKE: It was ICA when I arrived and AID when I left. At that time, the Turkish program contained about every element which had been devised for an aid recipient. After all, Turkey, along with Greece, had been one of the two original recipients of foreign assistance, dating back to 1947. Along with economic assistance, it was also receiving considerable military aid. Even today, it still gets both military and economic support, although the economic support now takes the form of a check made out to the Turkish Government. For the past fifty years, Turkey has been considered one of our staunchest allies. As long as the Soviet Union survived, Turkey was manning the front lines. Now it exercises special influence in some of the old Soviet states, such as Turkmenistan, because of linguistic and historical ties. And as a non-Arab Muslim country, it can often serve as an intermediary in disputes involving the Arab countries.

In 1960, the program included grants and loans to buy industrial commodities, PL 480 foods, project assistance, and lots of technical assistance. The most visible of the projects was highway construction. Our financing literally changed the map of Turkey. The Ottomans had built few roads, since they feared that good roads would encourage invading armies. Beginning about 1950, we began to help the Turks develop a modern highway department. We brought highway engineers to Turkey, and we sent dozens of Turks to the U.S. for training in highway construction and maintenance. We financed the purchase of heavy construction equipment, and helped train drivers and maintenance staff to operate it. We helped design a system of roads which connected the major cities, north to south and east to west. To limit costs, most of the surfaces were gravel, and when I was there you could drive all over Turkey on beautifully designed and stabilized gravel roads. The concept fit the mold of what a good development project should be. It responded to a felt need. Built into the financing was the development of the institution which would carry on after our aid stopped. It was affordable and its maintenance costs were within the financial capacity of the recipient. The whole project was one of which we could be proud, and we were. Later on the Development Loan Fund offered

to finance a steel mill. We also helped modernize the coal mines. The small technical staff which we maintained in Ankara helped screen the ideas which were presented for possible financing, and if financing was approved, would then monitor the project's progress.

In Turkey I became an enthusiastic supporter of "participant training". That is the program under which promising foreign nationals are sent to the United States for training at our expense. Part of Kemal Ataturk's legacy to Turkey was a commitment to broader and better education, and modern Turkey had developed a number of excellent schools. But those who could manage it, went abroad for specialized courses or graduate work, and their country of choice was usually the United States. By the time I arrived in Turkey, dozens of Turks had already benefitted from this program, and I was touched with how much they had learned and how their time in the United States had strengthened their attachment to our principles and our goals. During my time in the country, we sent hundreds more, and I made it a point always to meet them before their departure, and, upon their return, to present them with a certificate attesting to their training. As these "participants" assumed leading positions in business, education or government service, they became a built-in source of public support. The very first Turk to be sent to the U.S. for training was a young engineering student named Suleiman Demirel. He later got involved in politics, became head of a party, then prime minister, and for the past several years has been President of the country.

After about five years in this pleasant and rewarding environment, I was ready to move. At first I was scheduled for Vietnam, but just at that time the ambassador to Vietnam was also being replaced, the whole situation was in a state of flux and under critical scrutiny, and the new ambassador along with others involved in the selection process decided they preferred someone else. After a couple of weeks of home leave, I was given the job in Brazil and started studying Portuguese.

*Q: When did you leave Turkey?*

### **Mission Director in Brazil - 1964-1968**

VAN DYKE: In 1964. Brazil was a completely different environment. It is a big, heterogenous country, stretching from the rain forests in the north to the pampas in the south, and halfway across South America from east to west. When I flew back from Rio, I was half way home when I had crossed the northern border. It is a real melting pot. Although the natives were mostly wiped out by early settlers, a few tribes remain-- barely out of the stone age. The early immigrants were mostly Portuguese. They came, not to settle, but to extract minerals and precious stones, so they did not bring their women. The Portuguese men married or lived with native women, or slaves who were brought in large numbers from Africa. Later immigration brought Germans and Italians and Japanese and almost every other nationality which wanted to relocate. There was very little racism, and all these newcomers married across racial and color lines. As a result, there are few people today who can claim to be pure white or pure German or pure anything. Most of the immigrants settled along the eastern coast. Brazil's frontier took much longer to develop than ours did, and the frontier mentality often

played fast and loose with the law--if there was any law at all.

*Q: Wasn't the capital moved to Brasilia during this period?*

VANDYKE: Yes, the Foreign Office moved to Brasilia. I traveled there a good deal, usually with Jack Tuthill, who was the American ambassador at that time. But many of the ministries wanted to stay in Rio, and dragged their feet about moving.

*Q: How did the program work out?*

VANDYKE: Results were very spotty. I once calculated that, during my four years in Brazil, the AID mission processed about two billion dollars worth of project assistance, commodity program assistance and PL 480 foods, either as loans or grants. Some of it was very effective, such as the contracts under which American universities helped to upgrade Brazilian universities. The commodity assistance and PL 480 food helped raise consumption, but whether they had long range development importance is doubtful.

In one respect the Brazilian program was quite different from the Turkish program. In Turkey we had been pretty much satisfied with the institutions of government, the functioning of the legal system, and the absence of corruption. So we did not hesitate to turn over money and commodities to them without imposing special controls. Brazil had major macro-economic problems, and its institutional infrastructure was less mature. Prices doubled about every year, and the government kept the printing presses busy. The legal system was considered to be mainly for the upper classes; the little guy had little faith in it as a means of getting justice. Conflicts of interest were common in government and business. The way to get things done was to use your connections--your friends or relatives or anyone who owed you a favor. There was even a special word for it in Portuguese--jetu, as in "I'll try some jetu and see if it works."

We tried in various ways to influence government behavior and policies. Our primary Brazilian counterpart was Roberto Campos, a brilliant U.S.-trained economist who was Minister of Planning and was later elected to the Senate. He knew as well as any of us what needed to be done but was not always able to muscle it into practice. Our principal tool was borrowed from the IMF. Whenever we were in the process of signing a commodity loan agreement, or a project agreement, we developed a letter of compliance which stipulated that, in return for the U.S. financing, the Brazilian government would take certain action. Program loans were accompanied by a letter which usually dealt with the money supply and the budget deficit. Sometimes other policies were included, such as tariff levels. Project loans had conditions attached which involved strengthening the executing institution and improving its management and accounting procedures. The rather specific stipulations accompanying project loans were usually successful in bringing about changes for the better. But the government almost invariably found itself unable or unwilling to meet the money supply and deficit targets to which it had agreed, so the terms of the agreement would have to be renegotiated to conform to the realities.

It wasn't until some years after the aid program stopped that a government was installed which had the courage to tackle its macro-economic problems. Inflation had been a constant headache for a generation. Years of inflation has some insidious effects. It undermines morality. It distorts the sense of values. It gives rise to a lot of minor corruption. It took many years for Brazil to break the old inflationary habit. I am afraid that much of the money which our aid supplied was used as a crutch to justify postponing the basic reforms which were essential to rapid and orderly economic growth, and which might have been made earlier if we hadn't been subsidizing the inflation.

*Q: Should we have been more strict in offering the money?*

VAN DYKE: I think we went about as far as we could in trying to influence their behavior. They had their own ideas about what was possible. They were just not prepared at that time to do what had to be done. And the last thing they wanted was to give the public any reason to think that they were knuckling under to the big bully from up north.

*Q: Was it the IMF that finally got them to change their policies, to cut back the inflation level?*

VAN DYKE: The IMF wasn't any more successful than we were. We were working hand in hand. I think it finally just became politically unprofitable for the Brazilian government to continue irresponsible fiscal and monetary policies. And when that point arrived, they began to introduce the necessary reforms.

Despite the inflation and the uncertainty of those years, the economy grew. Somehow people adjusted to it, and some of them made a lot of money. The inflationary environment probably exacerbated the gap between the rich and the poor, which remains a problem today. But in recent years the government has gotten the inflation problem under control. The country is probably now on the verge of an economic boom, just as Chile's economy boomed after the government finally achieved an atmosphere of stability which rewarded those who were productive rather than those who could play the financial angles.

*Q: As far as personal job satisfaction was concerned, you felt much better when you left Turkey four years before than you did when you left Brazil?*

VAN DYKE: Yes. I'm afraid we did some thing things in Brazil we should not have done, and left undone some things we should have done.

*Q: Can you think of any examples? We were working against heavy inflation. Would anything we did really have worked out?*

VAN DYKE: Well, hindsight is always a big help. As I said earlier, I think that our PL 480 food and our program loans, which didn't do much but subsidize consumption, enabled the Brazilians for a while to avoid undertaking reforms which were politically unpopular. It is

also likely that sending a lot of U.S. agricultural products to Brazil, which itself is a big agricultural producer, depressed prices and discouraged increases in production which could have been sold locally or exported to advantage.

Toward the end of my assignment, the then U.S. ambassador, Jack Tuthill, concluded that the AID program was simply too big and too intrusive, and told us to cut back. Although the AID mission itself was not large, we were financing a considerable number of technical assistance projects, through contracts and direct hire. I don't remember the exact numbers, but at its peak I guess USAID accounted for about a thousand employees. Half of these were Americans and half were locals. In a country of a hundred million people, this was a drop in the bucket, but we had managed to attract the attention of the local left wing. Street demonstrations had been staged protesting our education projects. U.S. technicians were alleged to be trying to indoctrinate the Brazilians with capitalist ideas by re-structuring the curriculum. Although this was patently nonsense, we did close out the project in order to avoid any further confrontations. Other projects were ended before their scheduled close-out date, and we stopped planning new projects which brought U.S. technicians to Brazil. All of this was unilateral action by the U.S. The Brazilian authorities did not request any downsizing; on the contrary, they were usually pleased to be able to get free assistance from U.S. experts. Reducing their numbers probably produced no serious adverse consequences, since the size was minuscule compared to the number of Americans in Brazil under private sector auspices. Ambassador Tuthill's initiative did raise some eyebrows, however, since his predecessor, Lincoln Gordon, had been an exponent of increased AID spending and more technical assistance. It also generated publicity which may have helped produce a particularly unhappy visit to Rio by a sub-committee of the House Government Operations Committee, chaired by John Moss of California.

We first heard that the subcommittee was going to tour Latin America and look at how AID was performing. Then I began to get phone calls from colleagues reporting they had heard that Brazil was the only country which would get a real scrutiny, and that I was personally in the committee's cross-hairs. I searched my memory to try to recall some crime of which I could be accused. After a whirlwind visit by one of the committee's staff members, we got word that the tour was underway. The group consisted of Congressman Moss and his wife, another congressman who was not a member of the committee but nevertheless joined the tour together with his wife, and several staff members. They stopped for perfunctory visits at a handful of Latin American capitals, and then arrived in Rio. The first day of "hearings" was with the ambassador and the military attache and his staff. Everything was sweetness and pleasantries. I attended the sessions to see if I could detect what they were especially interested in about USAID, but encountered no clues.

Then began the first of five full days with the group. One of those days, a Sunday, was taken up with a boat trip on the bay with Roberto Campos and some of his friends. This proved to be a tactical mistake, since the Moss group quickly tired of the boat and wanted to go home. They were pretty unhappy to learn that Campos was determined to spend the whole day afloat, as was his usual Sunday custom. The other four days were taken up with "hearings", or with trips to projects in the city. USAID staff members who spoke at the hearings were required to

take an oath before speaking. During my tenure in Washington, I had attended many congressional hearings, and testified at most of them, but I never before encountered an atmosphere where the hostility was so pervasive and so complete. You could have cut it with a knife. We were obviously guilty of something, but it never became clear what it was. Things weren't helped when the congressman asked to visit a certain housing project for which AID had provided some funds. Although I had told the staff to be sure that the driver of the car made a test run to the site before our official visit, to be sure he knew the way, he got lost in the maze of streets. To save time, I suggested visiting an alternative housing project. It was indicative of the atmosphere that I was accused of deliberately causing the problem in order to cover up something we didn't want to be seen.

At the end of the six days I was physically exhausted. I retreated into the hills above Rio and slept for thirteen hours, non-stop. When the report of the committee was issued a few months later, it was critical of the lack of leadership in the Rio mission. I have often wondered why I was the lucky guy who attracted the attention of Congressman Moss. If you spend as many years around the same people as I did, you not only make some wonderful friends; you also make some enemies, or at least some detractors. I was minister for economic affairs in the Embassy as well as being head of the Aid mission, and I knew there were guys who wanted my job, either for themselves or for a friend. But no, it couldn't have been that. Whatever it was, I still have nightmares about that week.

I was ready for a change. But before leaving Rio I should mention some of my colleagues there who turned out to be foreign service superstars. Jack Tuthill was one, and I liked him immensely even though he caused us some problems. Another was Sam Lewis, a junior foreign service officer detailed to AID and assigned to our program office. He subsequently was named ambassador to Israel and, incredibly, lasted in that job for nine years. Then there was Colonel Vernon ("Dick") Walters, head of the military group. He left Rio about the same time I did, and we both were assigned to Paris. Later he was named Deputy Director of the CIA. He was one of the few guys mentioned in the Watergate hearings who emerged from them with his reputation enhanced. His capacity to learn foreign languages was legendary, and he served as an interpreter to presidents and secretaries of state in many high level conferences. He still appears occasionally on the evening news with comments on world affairs. Another was Frank Carlucci, a foreign service officer in the political division who was the ambassador's liaison with USAID. He was named ambassador to Portugal after leaving Brazil, and later was, first, Deputy to the Secretary of Defense and then the Secretary. When the administration changed, he left government for Wall Street, where he continues to make news.

*Q: After 1968, after about four years, you left Brazil. What did you do then?*

**U.S. Minister-Representative to the  
Development Assistance Committee/OECD - 1968-1972**

VAN DYKE: I was assigned to Paris as the U.S. Minister-Representative to the Development

Assistance Committee. DAC, as it was known, was established about the mid-'50s, as a companion organization to the OEEC. The name was changed from Organization for European Economic Cooperation to Organization for Economic Cooperation and Development (OECD) at the same time. The U.S. pushed the idea for the new organization. Its purpose was to get the European countries, which by then had pretty much recovered from the disruptions of World War II, to shoulder more of the foreign aid burden. DAC had a chairman, who by general agreement was to be a U.S. national. While I was there the post was filled by Ed Martin, an ex-ambassador who was highly regarded by everyone involved in the organization. It also had a secretariat separate from the secretariat of the OECD; its principal function was to develop statistics about who was aiding whom, by how much, and for what purposes. DAC met about once a week to discuss foreign aid issues, and once a year each participant appeared before the group to report on its aid program, answer questions about it, and explain why it couldn't make a bigger effort. When the DAC had first met, the U.S. was about the only country with a sizeable aid program. By the time I arrived on the scene, however, every participant had some sort of a program, and the U.S. had slipped from being Number One in terms of the percentage of GNP devoted to aid to being well down on the list. Instead of the U.S. pressing other governments to increase their aid expenditures, roles were reversed and the other countries were now lecturing the U.S. Of course in terms of absolute size, the U.S. still had the biggest program, and its years of experience in administering foreign aid gave it a natural leadership role.

Like other international organizations, DAC and the OECD seemed to move at about the pace of a tired snail. But I understand better now why we have international organizations. It's not that they get a lot done, but they provide an invaluable mechanism for exchanging information and for letting off steam. When you don't like what your neighbor is doing, you can always have your day in court, no matter how small you are. If these organizations didn't already exist, they would have to be invented. They do help the world to function with some degree of efficiency and without constant fighting.

I will have to be honest and admit that one of the great attractions of being assigned to a post in Paris--almost any post--is the prospect of living in that delightful city. If I had to choose the best place in the world to live, I guess Paris would be it. We had an apartment near the OECD which was adequate for entertaining, and we did quite a bit of it. Weekends were considered sacrosanct, and we used them for trips into the environs, where we found charming old places to stay for reasonable prices. Good food was available everywhere; I can remember only one sub-standard meal in four years of eating out. And the dollar would then buy a lot more in French francs than it does today.

When the time came for me to get a new assignment, I was offered the job of heading up the work which AID did with international organizations, and I took it. This included DAC, and it also covered the UN Development Program, UNCTAD, the World Bank, IMF, and other international economic organizations. I had not only been impressed by the breadth of the work in which the United Nations was engaged, but I also liked the salaries they paid, and the retirement programs they offered. I thought I might try to land one of those lucrative jobs.

But I soon learned that nationality, not merit, played the major role in deciding who got what job, and my enthusiasm cooled. It is unfortunate that the UN has never been able to develop an international civil service based on merit. Merit is not ignored, but it plays a secondary role to nationality and political log-rolling.

*Q: This was about 1974, after you had spent a couple of years in Washington?*

### **Mission Director in Chile - 1974-1976**

VAN DYKE: Yes. After about two years I was again looking for somewhere to go, and I was offered the job of Mission Director in Chile. I seem to have been destined to go to countries where military coups had just happened or were about to happen. In Chile, the military had just overthrown Allende, who had been bumbling his way toward communism. In Brazil, the same thing had happened shortly before my arrival in Rio, and the military were in charge during my entire assignment there. In Turkey, the military intervened twice during my tour to throw out the incumbents, schedule elections, and supervise the installation of a government which would adhere to the Ataturk formula.

Chile's transition had been the bloodiest of the three. It was estimated that two or three thousand people had been killed or disappeared during the Chilean coup. After the fighting stopped, a military junta consisting of the heads of the army, the navy, the air force and the national police took charge. In this group of four, the leader was Pinochet, the army chief. He quickly gathered up the reins of power and made himself the country's dictator.

Chile had a history of democratic participation, and U.S. policy toward Chile was based on the assumption that, after cleansing the bureaucracy and the universities of left-wingers, Pinochet would call for elections and quietly step down. Well, it didn't work out that way. Pinochet liked the job and wanted to stay on, and he stayed for more than ten years. A lot of Chilean left-wing intellectuals had gone into exile when the coup occurred, and, while there was no overt opposition to the Pinochet regime within Chile, the exiles mounted an effective campaign abroad to discredit it. Among liberal circles in the U.S., its "human rights" record was heavily criticized. A prominent exile was killed on the streets of Washington, DC in what looked like a political assassination. Jack Lemon starred in a movie based on a story about a young American who disappeared during the coup and whose body was never found.

Although there were plenty of potential borrowers for AID loans, Washington was reluctant to undertake a full scale country program. A piece-meal effort was about all that the situation would bear. Among other things, we made a agricultural sector loan and a loan to a bank for cooperatives, but Washington seemed to wince whenever the time came to announce publicly that we were supporting the regime with economic aid.

Meantime, the economic situation had not improved. At the time of the coup, inflation was running at 1000% annually, and GNP was down 25%. To cope with unemployment, which was reported to be 25% of the labor force, the government had begun a sort of WPA program.

Beyond that little had been done. Pinochet himself had no economics in his background, and his ministers seemed equally at loose ends. But Chile had an unexpected asset. During the period before the Allende regime, USAID had financed the economic training of a number of brilliant young men. Most of them had gone to the University of Chicago for Ph.D.s, perhaps because one of the leading members of the economics faculty there was married to a Chilean woman and came often to visit. Chicago exposed them to the free market thinking of Milton Friedman and his colleagues. After graduation, many had found the socialist climate in Chile uncomfortable, and some had remained abroad. But they began to return after the coup, and found places in the central bank, the Ministry of Finance, and the Ministry of Planning. Soon Milton Friedman himself showed up to conduct a series of economic seminars for the military. I was lucky enough to attend some of them, and I have never seen one man make so profound an impression on such an influential group in so short a time. He spoke of limited government, privatization, deregulation, and using the forces of the market to allocate capital and labor. They loved it. It gave them a rational response to the fifty years of socialism which had brought Allende to power and which they had ended. After Milton Friedman's visit, things began to move.

One program which we were able to crank up successfully was the import of PL 480 food. Chile's agricultural sector had been turned on its head by the "land reform" of the Allende regime--a code word for communalization. Production had plummeted, but there was little money for imports. PL 480 was the answer. The food was used in large part to alleviate the suffering of the unemployed, who had found temporary employment in the government's make-work program. It made the government look good. To show their appreciation, they decided to award me the highest honor they have for a civilian--the Bernardo O'Higgins medal. After some delay, I was given permission to accept the award and keep the medal, but I hesitated to brag about it to my liberal friends.

Just about this time I got a letter from the personnel office saying that I had completed thirty five years of government service, and that while I could go on working if I wanted to, I should understand that the additional work would not mean additional retirement pay. I took the hint and decided to retire.

I liked Chile. It is a special country in many ways. It is 100 miles wide at the widest point and about 2000 miles long. It extends from a desert in the north, where there has never been any recorded rainfall, to Tiera del Fuego in the south, where the wind never seems to stop blowing and it is cold all year long. I've visited the whole length of the country. There are very few traces of the tribes that were there when the Spanish first came. The people are mainly descendants of European immigrants, and the culture is European. It looks European, and it has the highest literacy rate of any Latin American country, and the lowest mortality rate among children. After the reforms recommended by Milton Friedman had begun to take hold, the growth rate in the GNP reached 10%, and averaged 8% for many years. Unemployment is now a thing of the past, and the country has become a role model for the rest of Latin America. I went back for a visit about ten years ago. Santiago looked freshly painted, bustling, and full of construction towers. It could teach some lessons to the states which

emerged when the Soviet Union disintegrated. There is life after socialism.

I left Chile in the summer of 1976--their winter. About three months after I left they presented a letter to the American ambassador saying, thanks very much for your aid, but we can now get along without it. Their economic situation had improved dramatically, but I suspect that even more importantly, they had simply gotten tired of our lectures. We had been under instructions to remind them at every opportunity how difficult it was to justify aid to a non-democratic country with a record of human rights abuses. If there were no aid to justify, there would be no occasion for such lectures. The government has now passed into civilian hands. The situation is again pretty much as it was before Allende, with one huge difference. Instead of seeming to drift inexorably toward socialism, it is now firmly in the capitalist camp, and getting rich in the process.

*Q: Of your two Latin American experiences, you have better memories, I take it, of Chile so far as economic development is concerned while you were there than you had of Brazil.*

VAN DYKE: Sure. Of course, Brazil is now doing many of the things that Chile did 20 years ago. I believe that Brazil is going to have the same kind of good results in the future, if it stays the course.

### **Consulting Assignments in the Azores, Bolivia, Egypt, India and the Philippines - 1976**

After I left Chile in 1976, I thought I ought to have a little time-off from foreign aid, so I and a couple of old colleagues got involved in some real estate ventures, a few of which worked out but most of which turned out to be financial disasters. Then the old siren call of foreign shores began to sound, and I started looking around for a consulting assignment. I think most retirees will tell you that it is a psychological jolt to go from a regular nine-to-five job to zilch in one twenty-four hour period. Some organizations, such as universities, give their retirees continued access to small offices, the library, and other facilities, and often part-time teaching. Uncle Sam puts you out on the street, and sometimes you even have trouble getting a pass to get back into the building where you once worked.

I signed up with a consulting firm in Arlington, Virginia, called Development Resources, where a number of ex-AID people were already connected, and was soon offered an opportunity to join a team in the Azores. This group was looking at the question of whether the Portuguese government should try to re-direct existing investment in the islands, or stimulate additional investment along new lines, in order to increase economic growth. The Azores had at one time been an important stopping place for ships plying the Atlantic, and more recently had been a refueling stop for trans-Atlantic planes, but with the introduction of long-range jets the islands had slipped into the backwaters where they had previously languished. They had a benign climate and adequate rainfall, but islands by definition are at an economic disadvantage; shipping increases the price of imports and adds to the marketing costs of exports. Our team produced what was probably the first comprehensive assessment ever made of the islands'

economic prospects. Unfortunately, those prospects weren't very bright. We recommended that the islands continue to exploit their favorable agricultural position, and particularly dairy production. Since we had failed to come up with a magic bullet, our survey got very little attention. If the islands were not so far from centers of population, they might become a haven for tourists, for they are very pleasant places to spend some quiet days. But because of their remote location, their days will probably remain quiet until the dawn of some new form of transportation which defies distance.

Over the next few years, I had consulting assignments in Bolivia, India, the Philippines and Egypt. After I reached age 70, they stopped coming. I remember that, long ago, I thought anyone over 70 was pretty decrepit. I don't anymore. I guess it depends on which side of 70 you are on.

I went to Bolivia on two separate assignments, both of them funded under the drug program. Peru was the major source of cocaine, but Bolivia was coming up fast. Most of it was grown in a rich valley on the eastern side of the Andes, called the Chapare. The brains who were designing our drug control efforts must have figured that if we could somehow cut down the supply of the stuff, the demand side would also be affected. So our assignment was to try to figure out a way to get the *campesinos* to stop growing coca and switch to bananas, or anything else that might work. That was something like asking us to repeal the law of gravity. Growing coca took very little effort, getting it to market was fairly easy, and the return was certain to be high as long as demand was strong and the supply limited. Bananas sold for about one cent per pound and were difficult to market. To me this was a no-brainer, but our drug people were leaving no stone unturned. The assignments did result in some interesting experiences, plus two reports which must be gathering dust in somebody's warehouse. Bolivia gave me the opportunity to add to my revolutions. One morning when we came down to breakfast we were told that a coup had occurred during the night and that we should not leave the hotel. During the day there were soldiers in the streets and some firing not too far away. We tried to arrange air tickets to get out of the country, but were told that the airport was not operating. The next day things had quieted down a bit, and we learned that an airport about a hundred miles away was operating. We got a taxi to take us there, and after of a delay of a couple of days, we were on our way to Miami. The Bolivians took it all in stride; at that stage in their history, they were averaging about one revolution a year.

In the Philippines, I was part of a group which was evaluating a complex valley development project along TVA lines. There were four of us, and three of us came down with the flu--Asian flu being particularly virulent that year. Despite the flu, we managed to see some of the country outside Manila when we went to look at the valley. Our evaluation effort left something to be desired. The leader of our group was a guy who had never met an AID project he didn't like, and he saw to it that criticism was muted. As a result, we probably contributed to the continuation of a project which should have been terminated. But we managed to survive an earthquake and to get a positive impression of the Filipinos. They are remarkably hard-working people. Almost everyone has a skill and produces some sort of handicraft, but they get very little for their work and the country is plagued with grinding

poverty despite their hard work.

In Egypt, our group was doing a reconnaissance survey looking toward the establishment of a national institute for research on agricultural policy. This was not long after the deal had been made to provide Egypt with economic aid about equal to that provided to Israel, and funds were plentiful. Projects were being considered which would not have passed muster under more stringent criteria, and I guess we were involved in one of them. If I ever learned whether or not the institute was organized, I have forgotten. Despite the low priority of our project, we got a chance to see again the fabulous archeological treasures of Egypt. No matter how many times I see them, they are always fascinating.

The job in India was my last consulting assignment. I had never been in India, and I looked forward to visiting it. I was not disappointed. It is one of the world's most fascinating countries, with a diversity which is nothing short of overwhelming. On that assignment, I was alone. The Indian government had finally realized that its reliance on sterilization as a method of controlling births was not working. A sizeable percentage of men were sterilized, but it was becoming clear that they waited until they had sired five or six children before submitting to the procedure. The government had agreed to support the production and nationwide distribution of condoms, and the question before the house was how such a new program was to be administered. The traditional civil service wanted to set up a new bureaucracy to handle it, but some of the more street-wise elements wanted to turn the whole job over to the private sector, with incentives built into the price structure. It was pointed out that, if the company which made Everready batteries had been able to get its product into every nook and cranny of the nation to power transistor radios, it ought to be possible to devise a program to get condoms into the same villages. A draft report on the issues involved was already in circulation, and I was supposed to move it along toward a final version. I considered the draft to be a good job, maybe because I agreed with its recommendations. It came down strongly on the side of those who wanted distribution to be handled by the private sector. I arranged interviews with some of the officials involved, readjusted the prose in parts of the report, and sent it forward. I never learned how the question of distribution was finally resolved, but India has made great strides in controlling the birth rate in recent years, so somebody seems to be doing something right.

### **Concluding Observations**

*Q: As you look back on all of this, many, many years and a variety of work experiences in the Third World, do you have any general conclusions about the utility of it, the things that are better than average, whether it was worth it? How would you evaluate the foreign aid business for the last 30 years or so that you were involved in?*

VAN DYKE: From a personal standpoint, it was a fascinating time. I have very few complaints. I worked with some wonderful people, both American and foreign. I traveled the world and learned something new about it every day. I spent time in interesting countries. I haven't mentioned that the countries to which I was assigned each spoke a different language,

and none of them used English. That meant that for most of my twenty years abroad I began each day with a language lesson. If you include Latin and English, I have studied seven languages. I never used Turkish in my work, but I managed to read speeches in it. The first time I tried that, the prime minister was in the audience, and after a short time my knees began literally to shake. I did manage to work in fractured French, German, Portuguese and Spanish. Other than language problems, I had no particular hardships. My wife was a source of invaluable and continuous support, and my three children all remember fondly their time abroad. If I had it to do over again, there isn't much that I would change.

I would, however, try to get more emphasis paid to a couple of things. First, I would make a real effort to try to get the role we were expected to play in foreign policy more clearly defined, and once having defined it, I would try to stick with that role. Playing a political game in which you help your friends and try to discomfort your enemies is a perfectly legitimate role, and we did a lot of that but didn't like to admit it. That was what the French did with their large foreign aid program, and they made no apologies for what they were doing.

Was our role one of promoting economic development? If so, we needed to do a lot more work to determine why some societies grew and others stagnated, why some assistance helped and other types didn't or may have actually been harmful. We needed to decide whether it was better to give your aid to those whose need was greatest-- the very poor--or to those who had demonstrated that they could use it most effectively. We needed to decide whether our priorities were in the agricultural sector, which provided a livelihood for most of the people in the developing countries, or the urban sector, which was exploding in size and producing huge problems in sanitation, crime, management and corruption.

The other day I tried to recall whether I had ever been involved in a serious effort to try to sort some of these problems out, and I couldn't think of a single time. We should have been trying harder to get our direction straight. We were pretty good at taking care of the trees, but the forest didn't do so well. One of the things which strikes me, in hindsight, is how supremely confident we were of the ability of governments to manage social and economic change. Many governments in the developing countries can't even manage to collect the garbage, let alone administer a social security program or manage a telephone system. We should have tried other agencies of change, such as churches or coops, or, most importantly, businesses. Instead we tried to work with governments which were often corrupt, or authoritarian, or just plain incompetent. We should have been more careful in selecting our clients, and we should have made a greater effort to fit our programs to their capabilities.. I remember years ago visiting Libya--when Libya was still in our good graces--and learning that the mission there was financing a system of wireless communication between the capital, Tripoli, and cities in the desert oases. It was the latest technology, installed by an American company. I wondered how long it would last. It lasted two years, and then the desert took over again.

I think changes which have recently been made in the way foreign aid is administered reflect some re-thinking along these lines which is long overdue. There seems to be less blind faith in government and more willingness to experiment with other mechanisms. In many of the less

developed countries with which I have been familiar, government has been more of a problem than part of the solution. We have been tolerant of tyrants, and bad management, and corruption, and fraudulent elections, and cronyism. By over-emphasizing the role of governments in the economic development process, we have encouraged too much government, too much bureaucracy, too many officials with their hands in the cookie jar, and too much taxation. I remember reading about an experiment in one Latin American country involving the start-up of a clothing factory. The terms of the experiment ruled out any bribery. It took two or three lawyers working full time for several months to collect all the permits and licenses required and answer all the questions raised before operations could begin. In contrast, the same procedure was completed in Miami in one afternoon.

*Q: Do you have a high opinion of non-governmental organizations and the work they have been doing in the Third World?*

VAN DYKE: Yes. There are always going to be poor countries just like there are poor people, and they have to be helped. In the future, I would certainly put more emphasis on non-governmental organizations than we did during my time and yours. I would also put much more emphasis on private business. I think there has been a considerable shift in that direction since we retired.

*Q: I think that's true. I came away, especially from my last assignment in Haiti, with a very high regard for non-governmental organizations and the things they can do. One of our problems was that we always tried to work through governments. But the administrative structure of an underdeveloped country is very small. Aid donors are there, willing to do all kinds of things, but they always come down to three or four or five people in the country that have to do it. You offer them a good program, and they agree to it. But next week another donor wants back-up support, and that much back-up is just not available.*

*So far as development philosophy is concerned, after leaving the Marshall Plan myself, I went to the first program of the ICA Development Programming School, SAIS, at Johns Hopkins. What we were trying to do at that time was to develop a theory for development planning. We were just feeling our way. I agree with you. Even to this day, we haven't figured out what a rational development policy would be, what makes economies grow.*

VAN DYKE: One of our colleagues, Larry Harrison, wrote a book about that. Did you read it?

*Q: Yes. And I liked it very much.*

VAN DYKE: Its title, I believe, is Development is a State of Mind. After reading it, I wrote to him congratulating him on the job he did. We should have done more thinking along those lines, and less time worrying about whether we could in the time allotted commit the money appropriated. We were concerned that if we didn't spend it all, the amount might be reduced the next year. We should have been more concerned about how the money was spent, and less

concerned with just getting it committed.

*Q: What works and what doesn't.*

VAN DYKE: Yes. We never really tried to articulate a development ideology. Our daily business kept us too pre-occupied.

*Q: Yes, I took it for granted that we were doing the right things, but we should have been asking more questions. It was like during the Vietnam War. People weren't asking the right questions then, and I don't think we were asking the right questions about the foreign aid program.*

VAN DYKE: Well, maybe the record of the foreign aid program, and interviews like this, can be used by future Ph.D. candidates to analyze these questions and come up with some conclusions. What works and what doesn't. What we should have done but didn't, and what we did but shouldn't have done. Let's wish them luck.

*Q: Yes, I think a lot of work still needs to be done. It was an interesting period, and both of us were involved in it over about the same span of years. I've enjoyed talking to you and listening to your views. In summary, this is Stuart Van Dyke being interviewed on his 30 years in the foreign aid business. The interviewer is Scott Behoteguy, who spent about the same 30 years in the same business. Thanks a lot.*