

AN OVERVIEW

of U.S.A.I.D. Participation in the
Thailand Programs of Development
and Security, 1951 to 1973

USOM/Thailand

Bangkok

August 1973

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AN OVERVIEW OF USAID PARTICIPATION
IN THE THAILAND PROGRAMS OF SECURITY
AND DEVELOPMENT, 1951 to 1973

--With Comments and Suggestions--

by
R. M. Hill, Director
U.S. Operations Mission to Thailand (USOM)

An End-of-Tour Report

Bangkok
August 1973

This is an unedited document, personally prepared, and not intended for publication. In effect, it is a rough draft. It is available to interested individuals on a privileged basis. The content represents my own views and the data used are as I interpreted them. USOM or USAID is responsible for neither.

RMH - 8/21/73

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AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OPERATIONS MISSION TO THAILAND

August 21, 1973

MEMORANDUM FOR: The Honorable Leonard Unger
Ambassador to Thailand

SUBJECT: End-of-Tour Report

In this, the second half of 1973, we are in the midst of significant changes in leadership in the United States Operations Mission. It therefore seems appropriate to recap the past, inventory the present, and discuss some hopes for the future. During the twenty-three years of USOM's presence Thailand has seen much progress, most of it of the Thais' own making.

The building of roads and dams, schools and police forces, research institutions and training systems, and the provision of foreign educational opportunities to thousands of Thai people, have helped to meet an important need. Those of us who have participated in those developments have not believed the task was anything but difficult. The Thai and the Americans have had successes and failures. But as a result there is a residue of solid experience and an accumulated wisdom that will remain in the Thai people, and there is an increasingly modern infrastructure on which the future can be built. However, all of this is but a beginning.

There is now a large reservoir of Thai people who have been privileged to observe and study in many countries or who have taken advantage of expanding educational and training opportunities in Thailand. To make it easier for Thailand to face the future there are better tools and facilities than ever before. Thailand needs these added privileges because the tasks ahead will be much more difficult and complex than those faced in the past.

The job of tomorrow will not require quite so much emphasis on building things, or even institutions or people. It will be one of channeling the accomplishments of the past into a yet-to-be-devised delivery system that can bring the progress the modern world should offer to the millions of Thai people, essentially rural, who have benefited least or little from all those past efforts.

A warning! That job will be more difficult than it appears simply because Americans and Thais (of whatever experience or knowledge) will tend toward doing the easy things. People seem to prefer doing tasks they already know how to do or the kind of jobs they have done before. Strange to say, it is easier to get money from the Royal Thai Government, from the American Government, or from the international agencies for such activities, because it is possible to describe in convincing detail the job proposed. For such definite programs it is easier to recruit staff, Thai and American. And it could easily be wrong. The preservation of the chances for success in the future will be more likely if yesterday's footprints are observed and heeded, but not followed.

The principal beneficiaries of being right could be not just the thirty million Thais in the lower income group of 1973, but the seventy million Thais who could otherwise constitute the lower income group of 1993, assuming, as we must, the continued rapid growth of the population.

Having said those things, I wish to add a brief recap of USOM's more immediate past, take a quick inventory of the present, and acknowledge the changing emphases, new directions and shifting priorities which will shape the future. If this gratuitous effort accomplishes nothing more, perhaps it will provide in ready reference form a convenient look at the 1973 benchmark, something against which to measure progress.

And, as a second addition, I shall include what I have called "The Creed of One AID Mission Director." From this you will see why you have found me so difficult and why so often I have baffled the USOM staff and created concern in the Royal Thai Government. They are my views on the foreign assistance processes as I related them to Thailand. They indicate my view as to what our posture should be or should have been. Usually, I have found myself in the minority, but, strangely, I have enjoyed the role, and I have not had trouble sleeping at night. .

And, finally, I add a third brief section on the strings I have pushed, some with good results, some without any at all--and I'll make a few suggestions.

It has been my pleasure, sir, to serve you and with you these five and a half years. It is rare indeed for both an Ambassador and an AID Mission Director to survive so very long at the same post.


Rey M. Hill
Director

THE OVERVIEW

I. INTRODUCTION

Begun in 1951, the major U.S. effort toward technical and economic cooperation with Thailand is in its twenty-third year. While the accomplishments over this period have not met everyone's varied expectations, there has been a remarkable change in the state of Thailand's physical and human development, partly attributable to foreign participation. Those changes make it necessary and possible to view the opportunities of today with quite a different perspective than in 1951. Whether USAID's contribution to this progress, in the amount of \$663 million^{*} over those twenty-three years, has accomplished all it could have is now beside the point. The important thing is to make sure that in the decades to come the lessons learned are heeded and the benefits multiplied.

It is a known fact, disputed only in degree because of the inadequacy of the information available, that during those twenty-three years the poorest segment of the population has benefited least from all those expenditures. It is also true that the "haves," being in position to benefit, did so. The nine thousand Thais who were sent abroad by USOM for training were for the most part already university graduates and therefore from the richer families. The expenditures for highways,

*net grant obligations, non-project assistance and realized loans, including \$30 million PL-480 in 1972 and 1973.

airports, dams and reservoirs, university buildings, and experimental stations accrued mostly to those able to participate because of what was already their enhanced positions. The major expenditures for equipment, mostly imported, fed employment abroad.

This was as it had to be. It was not a measure of failure or disregard for the population. It was a necessary investment in the future. In this investment lies the opportunity of today to serve the deserved interests of the masses of the Thai people. The highways, dams, and airports built yesterday opened up the hinterland to make possible today's rapid spread of a rural road system, the more beneficial deployment of the police force, the availability of water for the land, and access to the village. These improvements are now beginning to attract more teachers, medical workers and other essential individuals to the rural areas. The isolation of the countryside has been reduced.

The test for the leaders within the Royal Thai Government and for her foreign assistance advisors will be how well the physical and human infrastructure, expanded and improved by those past efforts, now can be converted to serve better the lower income segment of the population. If those leaders give in to the temptation to simply extend past efforts, or do the things they know best how to do (and this already has been the tendency for too long), the fruits of progress will be postponed or lost.

The easiest job lies behind; the difficult, ahead.

II. USOM's SUPPORT OF RTG PROGRAMS

(million U.S.) 1951-1960

A. USOM Activities Now Completed, Begun Since 1951

(million U.S.) 1951-1960

Nothing can be duller than to reconstruct an inventory of the past, but this in an abbreviated and abridged form seems necessary here lest even the areas of USOM's past association become forgotten. This list of completed projects is impressive. With many omissions, but with enough coverage to indicate the width* of the effort and a dollar figure to suggest the relative magnitude (or the depth) of U.S. participation, it includes:

- Irrigation and water conservation, Northeast Thailand
1951-1958 (\$3.8 million)
- Fisheries technology development
1951-1957 (\$.7 million)
- Minerals exploration and development
1951-1958 (\$1.4 million)
- Electric power facilities for eleven provinces
1951-1960 (\$1.0 million)
- Friendship Highway, Saraburi, Korat
1954-1958 (\$13.6 million)
- Railway equipment and operations, Northeast region
1955-1958 (\$5.8 million)
- Airport and related operations
1951-1964 (\$5.9 million)
- Environmental sanitation and related operations,
Northeast region, 1951-1958 (\$2.5 million)
- Hospital improvement
1951-1962 (\$1.7 million)
- Technical education support in Bangkok, Songkhla,
Korat and Chiang Mai, 1953-1960 (\$1.6 million)

*For an in-depth understanding, the reader is invited to peruse the many reports in USOM/Thailand's excellent reference library. A complete bibliography and several volumes of abstracts are available.

- Customs and Revenue Department tax collection systems
1953-1958 (\$.1 million)
- Extension education to farm people
1951-1967 (\$2.4 million)
- Improvement of Kasetsart University
1952-1968 (\$1.8 million)
- Agronomic development, mostly Northeast region
1951-1968 (\$1.5 million)
- Livestock development
1952-1971 (\$1.2 million)
- Agricultural credit and marketing
1952-1965 (\$1.3 million)
- Electric power service and training, Mae Moh,
Yan Hee and Bangkok, 1951-1967 (\$6.3 million)
- Groundwater exploration, Northeast region
1955-1966 (\$2.8 million)
- Regional telecommunications
1957-1963 (\$4.1 million)
- Highway Department operations
1957-1962 (\$1.7 million)
- Bangkok-Saraburi highway
1957-1965 (\$2.0 million)
- General highway improvement
1951-1959 (\$2.6 million)
- Aeronautical ground service improvement
1953-1971 (\$7.0 million)
- National weather forecasting service
1955-1969 (\$.6 million)
- East-West Highway, Pitsanulok-Lomsak
1955-1960 (\$14.6 million)

- Malaria eradication
1951-1971 (\$18.5 million)
- Village health and sanitation
1960-1968 (\$1.8 million)
- Vocational education development
1952-1968 (\$2.2 million)
- General education development
1953-1968 (\$2.2 million)
- Medical education development
1951-1965 (\$1.5 million)
- Asia Institute of Technology
1959-1969 (\$4.5 million)
- Teacher training, College of Education in Prasarnmitr
1952-1968 (\$3.3 million)
- Engineering Department, Chulalongkorn University
1952-1962 (\$.8 million)
- Bangkok-Thonburi City Planning
1954-1961 (\$1.4 million)
- Government fiscal planning
1952-1965 (\$1.0 million)
- Institute of Public Administration, Thammasat University
1954-1969 (\$1.9 million)
- Government statistical services
1957-1971 (\$1.5 million)
- Rural community development
1957-1972 (\$4.0 million)
- Communications media technical support
1953-1966 (\$.7 million)
- Mekong river studies
1958-1969 (\$15.8 million)

- Soil and water development, Northeast region
1952-1971 (\$2.2 million)

- Security roads program
1963-1965 (\$5.1 million)

- Education planning
1964-1969 (\$1.55 million)

- Management improvement, Bureau of the Budget
1962-1971 (\$2.2 million)

- Local government administration
1963-1969 (\$2.6 million)

- Development loans for irrigation dams
1963 (\$6.8 million)

- Private sector development
1965-1972 (\$3.0 million)

- Mobile trade training schools
1966-1972 (\$3.5 million)

- Northeast technical training at Korat
1966-1971 (\$3.9 million)

- Loan for Bangkok Electricity Authority
1959-1966 (\$19.8 million)

- Remote area security (Border Police)
1962-1971 (\$6.9 million)

- Labor-intensive water development, Northeast region
1968-1972 (\$1.3 million)

- Chiang Mai Medical School
1962-1969 (\$5.9 million)

- Civil Service improvement
1965-1971 (\$1.1 million)

- Mobile medical teams
1968-1971 (\$0.6 million)

- Amphoe Farmer Groups
1966-1972 (\$1.1 million)
- Village radio communications
1966-1970 (\$2.1 million)
- Potable water, North and Northeast regions
1966-1971 (\$2.9 million)
- Water development of Mun and Chi River Basins
1966-1971 (\$2.9 million)
- Expansion of vocational education system
(in cooperation with World Bank), 1966-1972 (\$3.6 million)
- Northeast economic planning project
1968-1972 (\$3.6 million)

In addition to these many activities, USOM has responded to a wide variety of other interests of the host government. The projects supported do not, and should not, add up to an integrated program in themselves. These activities were components of Thai government undertakings, and it is these operations which may be expected to add up to programs.

So much for yesterday.

B. USOM Support of On-Going RTG Activities - 1973

In any discussion of USOM's role in the influencing of economic and social development in Thailand for 1973 and in the years ahead, taking into account the security problems within the country and the posture the U. S. support must accordingly adopt, some perspective is in order. Measured in dollars, the weight of U.S. influence relatively is not large. Using the most optimistic 1973 figure of \$37 million,* the total USOM input when measured against the RTG development and security budget of \$720 million was five percent of that amount. Viewed in another way, that \$37 million was one-half of one percent of the gross national product of Thailand (\$7,710 million in 1972).

*Includes grants, development loans, PL-480 commodities and surplus property distribution.

The Marshall Plan in Europe addressed a reconstruction problem in which the job was to replace what was there before and utilized a reservoir of skilled human resources unmatched in the world, yet it needed annually the equivalent of four percent of the gross national product of Europe, which was a large one, to accomplish what it did. In Thailand, at one-half of one percent of the GNP, USOM supports indigenous efforts to do what has not been done before, utilizing a human resource far less gifted with education or work experience. The point of this is that, if USOM's small amount of money is to be sufficiently persuasive as to produce changes and improvements remotely matching expectations, the available funds must be used in a manner to influence the effectiveness of the much larger Thai expenditure. Accordingly, the projects USOM is now supporting are designed, or it is hoped they are, not just to reach a limited objective, but primarily to set wheels in motion, the right wheels.

The completion of a road network is a gratifying accomplishment and meets a limited objective. If at the same time the construction of roads is utilized as the means to develop a capacity within the local and national governments so that needs can be identified, priorities set, the roads designed, and a continuing capability created to build and pay for them through an improved tax system or budgetary recognition, the investment pays a much richer dividend. USOM seeks to avoid the limited objective.

For posterity, and to provide opportunity for comment to indicate success (or not) along the above lines, a rather complete, annotated list of projects in which USOM is participating in 1973 follows. For convenience, USOM assistance is set forth in two broad categories: Security, with Development Aspects (SDA), and Development, with Security Aspects (DSA). There is no hard line between the two, and even reasonable men would have different interpretations. The USOM support of on-going projects for FY 1973 (as of June 30, 1973) is as follows:

<u>Project</u>	<u>Recipient</u>	<u>U.S. Dollar Participation (1000)</u>
<u>Security (SDA)</u>		
Civil Police Administration	Department of Interior	4,763
Accelerated Rural Development	" "	2,237
Mobile Development Units	Department of Defense	<u>379</u>
Total, SDA		7,379

<u>Project</u>	<u>Recipient</u>	<u>U.S. Dollar Participation</u> (1000)
<u>Development (DSA)</u>		
Agricultural Research	Ministry of Agriculture	767
Agricultural Economics & Policy	" "	263
Agricultural Extension	" "	404
Rural Health	Ministry of Health	343
Family Planning	" "	1,789
Nutrition	Kasetsart University	25
Rural Education	Ministry of Interior	108
Adult Education	Ministry of Education	14
Education Finance Analysis	Ministry of Interior	39
Vocational Education	Ministry of Education	148
Private Enterprise Development	Board of Investment	153
Economic Policy & Planning	National Economic & Social Development Board	112
Commodity Management	Bureau of the Budget	158
Labor Training & Management	Ministry of Industry	129
Customs Administration	Ministry of Finance	<u>232</u>
Total, DSA		4,684

<u>Project</u>	<u>Recipient</u>	<u>U.S. Dollar Participation (000)</u>
<u>General Support and Unallocated</u>		
Technical Support	Various	1,642
Special Participant Training	"	341
Miscellaneous	"	16
PL 480, Title I	"	14,040*
Development Loans, Authorized	"	7,000
Excess Property (acquisition value)	"	<u>2,400</u>
Total, General Support		25,439
<u>TOTAL, All Categories</u>		<u>\$37,502</u>

The program of 1973 is very much rooted in the past, somewhat held back by old habits, but with many hopeful signs for the future. (All funding figures are grant aid and do not include loans unless otherwise stated.)

1. Security Programs, with Development Aspects (SDA)

a. Civil Police Administration

The USOM association began in 1957. Since that time (through June 30, 1973) the U.S. contribution (net obligated funds) has been \$86 million. Attention has been given, through technical assistance, foreign training, and equipment and supplies to strengthening all aspects of the Thai National Police Department with primary emphasis on the Border Patrol and the Provincial Police. This has, in addition to normal police functions, helped develop an improved Thai capability in counterinsurgency training, aerial reinforcement, quick-action companies, field medical services, police aviation operation, a narcotics control capability, mobile ground special action units, a communications network including a village radio system, and intelligence gathering and utilization.

Since 1965, the TNPD has grown from a police force of 51,000 to a present strength of over 82,000. In support of that growth the Royal Thai Government increased its regular budgetary allotment from \$37 million in 1965 to \$95 million in 1973. With an RTG budget for police at \$95 million and USOM's participation at \$4.7 million, the TNPD's achievement of financial self-reliance can hardly be doubted.

Self-reliance of a non-financial nature requires more time. The rapid increase in manpower and equipment and the establishment of increasingly complex institutions for police training and operations has placed heavy pressures on organization and management. The need for a redirected and higher level of technical assistance and foreign training in the future than in the past would seem to be indicated.

Of the 1,100 Thai officers and men USOM has supported for foreign training since 1957 none has gone for an advanced degree and only twenty-seven studied abroad for one year or more. It would seem, given the advanced stage of development of the TNPD, that more attention should now be given to widening and deepening the horizons of the participant training program, including attention to individuals in other RTG agencies where understanding and specialized knowledge are important for the support of police operations. The Bureau of the Budget, the National Economic and Social Development Board and the Ministries of Communications, Justice and Defense are a few institutions where this attention could be profitably focused.

Furthermore, should USOM be asked to assist at the policy, planning and managerial levels of the TNPD, foreign advisors of a different kind and of a higher-cost level will be required. A check made several months ago revealed that of twenty-five USOM direct-hire police advisors only eight were university graduates and seventeen were at the FSR-4 salary level--low for USOM advisors as a whole. If this is to change, AID/W will need to bring the Office of Public Safety within its policy to supplement direct-hire personnel with short- and long-term advisors through such devices as the PASA, university contract, state and local governments, and private professional organizations.

b. Provincial Public Works

Since 1964, a major effort has been under way through the Accelerated Rural Development Office (ARD) of the RTG to strengthen the planning and operational capabilities of provincial governments, principally in the areas of greatest insurgent threat--the Northeast and the North. The main vehicles for bringing this about have been the development of a public works construction and maintenance capability under the Provincial Governor. Secondary and primary roads, as well as water facilities, have been the principal projects.

In 1973, eight years from the beginning, there are activities in thirty-one of the nation's seventy-two provinces. In each province a resident staff under the general direction of the governor is developing a planning, engineering and management capability. ARD, overall, has 6,300 employees, 2,380 in Bangkok and 3,920 in the provinces.

About 5,000 kilometers of road have been built, extending out from the main highways, most of which formerly reached only the provincial capitals. The program has connected these capitals to the district headquarters, and these have begun a linkage to the village. The result is a reduction in the isolation of the countryside, new access to the people by the government, an enhancement of government services, and an exposure of the people to outside influence and understanding. It is stimulating appetites.

The USOM participation in the program between 1964 and 1973 amounted to \$63 million, reaching a one-year high of \$11 million in 1967. In 1973, the USOM contribution was \$2.2 million, while the ARD level in the National Budget reached \$23 million. Again, relative financial self-reliance has been achieved. ARD does not utilize U.S. assistance to pay for any of its 6,300 employees. Its forward movement is accelerated by, but does not depend on, U.S. assistance.

ARD is heading toward new territory, with new ideas and indications of a concern for rural people. Having helped develop the physical infrastructure of roads and water, ARD is now reaching for opportunities which will permit an increased utilization of those assets. It has increasingly shown a willingness to take risks in development and to be the pioneer. At one time ARD was insecure in finances, unpopular because of its authority to cut across jurisdictional lines, young and unsure in the quantity and quality of leadership, and handicapped by being a temporary agency. It was reluctant to take risks. That has all changed and, haltingly, ARD is moving into the vastly more complex field of human resource development, where a trail blazer is badly needed. ARD can continue to benefit from USOM participation, and that, too, must now adjust to ARD's new horizons.

c. The Mobile Development Units (MDU)

This project was operational before USOM support began. It has paralleled ARD activities, although in theory at least the MDU's were to operate in areas where lack of security would preclude the safety required for ARD's civilian effort. In actual practice, the two programs have been mutually reinforcing. It probably cannot be said that one has extended more into the insecure areas than the other. MDU has concentrated on construction and reaching the villages with a presence (in this latter respect MDU has likely done better than ARD). ARD, on the other hand, has used its operations toward the development of a permanent governmental service.

USOM assistance to the MDU project has been primarily in the form of commodities, with minimal advisory assistance. Thus USOM money has been simply additive to an already substantial Department of Defense budget, with far less influence on direction or management of the operation than has been true for ARD.

The USOM support, now (June 30, 1973) in its final phase, has amounted to \$5.7 million since participation began in 1964. The 1973 allocation by USOM was \$379,000. The RTG's Department of Defense regular budget for support on the on-going MDU program was \$4.0 million for FY 1973.

To summarize the SDA (Security, with Development Aspects), the three still active projects (Public Safety, ARD and MDU) have received \$153 million in USOM assistance. Of this amount, \$137 million was contributed over the years 1965-1973. This was fifty-four percent of the total USOM program of \$253 million (net obligations) over that period. Assuming ten percent of the total program was for general support of all programs, this means about thirty-six percent of USOM funds went for the category of Development with Security Aspects (DSA) from 1965 to 1973. A discussion of that program area follows.

2. Development, with Security Aspects (DSA)

Since 1964, when the extraordinary assistance program began, in recognition of the threatening insurgency USOM has continued to participate in a wide variety of economic and social undertakings of the RTG. It is a strongly held USOM belief that the traditional activities of USAID worldwide--agriculture, health, education, etc.--which go back to the very origins of the first of USAID's predecessors, are an essential element of any country's program. This is particularly true if there is an outside security threat. It is noteworthy that Thailand, with a per capita income of \$175, would qualify for such humanitarian assistance as USOM now provides (and proposes to accelerate) under the Senate and House sponsored foreign aid bills now under consideration in the Congress, in 1973.

In recognition of the insurgency threat, the program initiatives in all fields have been directed toward actions or geographic areas which would give maximum immediate support to counterinsurgency efforts. This has inhibited somewhat placing the assistance funds where they would make the greatest economic impact as measured in GNP--agricultural projects in the Northeast (the poorest areas of the country) as opposed to the more productive Central Thailand, for example. Even so, the emphasis, while using the insurgency areas as the training and testing ground, has been on the accelerated development of national institutions to make them more independently capable of responding to any need. That, above all, is the USOM objective.

The active programs which USOM is supporting in the DSA category as of mid-1973 may be summarized as follows:

a. Agriculture

Since activities began in 1951, USOM has provided \$36 million (net obligations) for its participation with the RTG in agriculture. About \$17.5 million of this amount was made available from 1968 to 1973. As of June 30, 1973, there were three active projects: agricultural research, agricultural economics, and agricultural extension, with a USOM budget for the year of \$1.4 million. All three activities are strongly rooted in the past, but benefit from strong, imaginative leadership within the Agriculture Office of USOM. There has been increasing involvement and influence in the planning and policy-making levels of the Ministry of Agriculture. Concern today is with strengthening the policy and planning machinery of the RTG and includes price and market policy and crop forecasting. Thailand, for example, is among the few frontrunners among nations making preparations for the use of data from ERTS (Earth Resources Technology Satellite) in its agricultural planning.

Because of its potential in the addressing of the problems of disparity of income and opportunity, and because agriculture is the most likely avenue for broadening the nation's income base and thus increasing the strength of the budget to support security and social programs, USOM expects to see an increasing proportion of its budget devoted to agriculture. Given that USOM has participated in sending approximately 2,100 Thais abroad for training, many for advanced degrees, these new initiatives should be possible without increasing the American presence.

b. Health and Population

Like agriculture, the USOM association with the RTG health program began in 1951. The population, or family health, aspect began in 1968. Since 1951, the contribution of USOM has been \$53 million, with \$21 million being from 1968 through 1973. Malaria control was the largest item: \$21 million (1951-1969).

The family planning activity is now most prominent. The RTG has chosen the most difficult course of action, and likely the best one. The family planning program is being integrated into the normal health services of the nation. While this may dull the focus and diffuse opportunities for the isolated spectacular result, it has the advantage of joining an established delivery system which reaches all seventy-two provinces. The result has been cautiously satisfactory. A good base is being built which will permit Thailand to benefit quickly from new technology.

The opportunity is to build solidly on a Thai base and avoid future dependence on foreign assistance. The easy money for family planning is not always helpful in this regard. The friendly, yet aggressive, posture of the USOM family planning advisors is helping to build onto the readiness of officials in the RTG to pay their own way in supplying the needed contraceptives. Hopefully, policies for USOM's providing of initial equipment needs can be supportive of these officers' efforts to build a line item in the National Budget for continuing and expanding requirements. This is all important for success. AID/Washington and the Congress are not as aggressive in their self-reliance posture as they need to be. Population control is a long-term proposition which cannot indefinitely be so substantially financed from funds of other nations.

Since 1968, USOM has contributed \$7.8 million (net obligations) for family planning, with the highest annual figure, \$1.8 million, for 1973.

c. Education

Beginning in 1952, USOM has made available \$35 million (net obligations) for Thai education, \$10.5 million over the period 1968-1973. USOM is at a watershed in supporting RTG educational programs, having completed on June 30, 1973 its long-standing participation in a variety of major vocational educational activities. Fiscal year 1973 included only \$309,000 for education, the lowest since 1953 of any year by at least half (except 1965, which was \$306,000).

This is no accident. The RTG, supported by USOM, seeks a strategy for education, one which will make the best use of the almost twenty percent of the national budget which is accorded to it. This action does not equate in dollar terms with the effort in vocational education, which by its nature required much equipment and foreign advisors and teachers. The dollar buildup was in response to these factors. General education in the rural areas, where the USOM interest largely lies, does not require much dollar assistance or very much foreign know-how. What it requires is a way to apply the very considerable budget and respectable number of highly trained Thai leaders and teachers to the redirection of Thai lower education. High on promise, low on cost, USOM with a few highly skilled, specialized advisors--in education finance and teacher training--is helping concerned Thai officials think through the directions for tomorrow. What will stand Thailand in good stead, once the strategy is decided, are 1,800 Thais USOM and DTEC have sent abroad for education and training, plus the thousands more who have been sent under other sponsorship.

d. Public Administration - General

The beginnings of USOM participation in the more subtle or sensitive areas of Thailand's public administration, areas in which bilateral efforts are seldom invited, go back to 1957. Since that time, \$15.5 million, mostly in technical assistance, has been provided for a wide ranging series of undertakings, including involvement in the National Statistical Organization, Bureau of the Budget, Civil Service Commission, National Economic and Social Development Board, Customs Department, the Department of Labor, the Department of Local Administration, the Community Development Department, and the Office of the Prime Minister. Of the \$15.5 million, \$7.5 million was committed over the period 1968 to 1973. For 1973, commitments of \$631,000 have been made.

Several projects, active in FY 1973, deserve special mention, all highly significant and each overflowing with opportunity for success, as well as chances for failure:

National Economic Policy and Planning (NEPP) is a new initiative. The purpose is to enhance the already reasonably developed capability of the National Economic and Social Development Board (NESDB) to provide guidance to the planning functions of the ministries of government, to coordinate the result, and to establish project and program priorities. The task is to develop further the Thai capability. The danger, as demonstrated by the USOM effort for the Northeast Economic Development Plan (NEED), is for overzealous Americans to do the job--to write the plan--and thus seem to make their own role continuous. The Thais are prone to encourage this. The danger is compounded because the Thai trained in such a competitive field have opportunities elsewhere, and will leave NESDB. Success will require a formula to hold the foreigners back, to devise imaginative ways to keep the government, and especially NESDB, attractive to those Thai of expanded worth, and then to give them their head.

Labor Training and Management. This has been an area of USOM involvement since 1967. It is a delicate, controversial field, watched closely by private enterprise, foreign and domestic, by labor organizations in Thailand and abroad. The task is to respond to Thai interests, to guide them, but not to impose ourselves or any special philosophy on them. It is a situation requiring sensitive and sensible advisors, and so far USOM has been fortunate in having them. As disruptions in labor forces inevitably take place as a result of the winding down of the U.S. war effort, especially in areas in proximity of the air bases, the results of the six years of labor consultative services should bear fruit. A continuing response seems indicated.

Customs Improvement. Begun this year as a project with its origin in narcotics, this activity can succeed only if the urgency felt by the Americans can be subordinated to the overall opportunity to influence the general administration of the Customs Department. As a revenue collection agent of the government, Customs may welcome new ideas and experience. They can easily be turned off by a display of narrow interest and a disregard for the total problem. The urgency of the situation may be better served by a slow, careful, long-term approach. The American Customs advisors, only marginally welcome to begin with, might well tread softly.

e. Capital Development

Measured from USOM's beginning in 1951, the largest portion of the U.S. grant assistance has gone to the building of things and the related services--\$112 million. Many of the activities were listed heretofore under "completed projects." These included highways, airports, railways, dams, electricity and feasibility studies. The largest effort, supplemented by \$67 million in concessional loans, took place prior to 1968. Only \$15 million in grant assistance, plus two loans authorized in 1973 of \$7 million, were provided by USOM over the period 1968-1973. As stated previously, this period saw primary emphasis shift more directly to security programs, public safety and provincial development (which included a capital development component--ARD and MDU).

It is apparent that future efforts in this area will and should depend on loans, from USAID or other sources, and investment guarantees. A rural electrification program is far along in its planning; there is a revitalized interest and a beginning study of the minerals resource potential; a housing guarantee project is under consideration; and technical assistance is being provided to RTG agencies aimed at encouraging greater private investment in development.

And that brings us to a consideration of things to come.

III. THE CHANGING EMPHASES AND SHIFTING PRIORITIES

To change direction in the foreign assistance business is not an easy matter. This is especially so for USOM/Thailand, having been through a steady decline in available funds each year since 1967. USOM has found that it must fund new activities, if there are to be any, by cutting back the old. Habit and the system, American and Thai, make it easier to extend old projects, to expand them, or to extend them into new territory than to consider favorably new undertakings. Thus there is a tendency to contemplate the past.

New projects are welcomed by the Thai if they will mean additional assistance. Otherwise, they, too, stick to the past. Since 1968 this has meant few new starts. And AID/W in 1973 has advised the Mission that if funds run short the new proposals will be eliminated to permit approval of the old!

Professional staff, steeped in the past and defensive of the present, desirous of making success a sure thing, fail to put the necessary trust in Thais who would permit the phase-out of Americans on a reasonable schedule. Conversely, the Thais themselves often prefer to have the foreigner share responsibility too long. It is likely that there are more mistakes made by USOM and by the RTG by extending the cooperative relationship too long than by terminating it too soon.

Thus, an extraordinary effort will need to be made if USOM is to help Thailand move into new territory. The change of USOM leadership can provide a handy bridge for change, but a more enlightened attitude on the part of AID/W would be even more helpful. Uncomfortable as it may be, the Thai have to be pushed, as does USOM. Self-reliance has to be planned, scheduled and implemented, as well as promised in speech making.

The Congress of the United States speaks imaginatively of new directions. It suggests the foreign assistance programs should be guided to the poorest nations and then to the poorest people in those countries. For twenty years it can be said with justification that USOM/Thailand has helped prepare the way for such a development. By and large its efforts have not yet reached the poor in appreciable numbers. Next steps, and they would be in tune with 1973 Washington statements, including those of Mr. McNamara, can now be taken which can quickly give effect to the new emphases. USOM has been doing its homework on this subject for

two years, and should be ready soon with suggestions. The roads and the waterworks, the security and the government presence are now sufficiently in place to permit a maximum effort toward filling the needs of village people, if the will to do so is there. If the RTG agencies and USOM follow the easy path of the known and comfortable, and that is a real danger, the opportunity can be lost.

The trend, after the large buildup in equipment and manpower for security and basic development in rural areas which has provided a reasonable Thai capability, shows that priority is still being given to emergency operations (SDA) rather than to longer-term developments (DSA). Hopefully, a higher proportion of funds will go to development in FY 1974, but if the usual practice prevails when the next year comes the excess funds required for new starts will likely be peeled away. Aside from the "next year" (1974) the following statistics show remarkably little change in emphasis:

USOM Net Obligations, 1968-1973*
(with recommended figure for 1974)

Year	SDA		DSA	
	Security Assistance with Development Aspects		Development Assistance With Security Aspects	
	<u>Amount</u> (millions)	<u>%</u>	<u>Amount</u> (millions)	<u>%</u>
1968	27.1	53.3	20.3	39.5
1969	17.5	45.9	16.8	45.4
1970	12.5	44.3	13.0	46.1
1971	10.6	46.3	9.9	39.1
1972	8.5	51.0	5.9	35.5
1973	7.4	52.4	4.7	33.2
1974**	(6.1)	(37.6)	(8.0)	(49.5)

*Does not include unallocated funds, overhead, etc.

**Recommended by AID/W

It is believed that the beginnings of a USAID loan program can have a beneficial effect on supporting a transition toward development and a broadening of the income base necessary for the support of security undertakings. The loans already authorized in 1973, \$2 million for feasibility studies and \$5 million for agriculture, are an opening in both USOM's and the Thai's thinking. Perhaps loans could bridge the budget-building gap. If they could provide for the equipment replacements necessary to maintain the continuity of supply for the major program previously and currently supported by USOM, the on-going momentum could be preserved while releasing new funds for new undertakings. This would require some adjustments in RTG policies. Presented as a program package, rather than piecemeal by project and for each agency, the total foreign assistance package might provide interested Thai officials with the required ammunition to bring about such adjustments.

The future program needs to build on past accomplishments, not repeat them. There has been too much repetition.

IV. THE CREED OF ONE USOM DIRECTOR

This is an attempt to set forth in writing the basis for the hopes and prejudices, desires and expectations, and perhaps wishful thinking for the success of any project or program USOM, along with its Thai colleagues, finally signs into action. These are personal views as to the ingredients for success in AID-supported projects, many strongly held. Some of those that come immediately to mind are set forth in this document; a few are better left unstated.

There will be a little reference to money and some to development, but mostly the concern here is with people. The latter are the key to the other two and, therefore, the principal and most important ingredient of the development process. Unfortunately, USOM has become identified with dollars, with commodities, and with foreign contractual services, rather than with the deliberate development of human resources, which is USOM's best role, the most desirable one, and the one which will do Thailand the most good. USOM should seek to change the wrong impression which prevails in much of Thailand's private and public community, and in USOM itself. The introduction of dollars and things is temporary; those are short-term stimulants or means to an end. People are the lasting element. To make people effective is to make sure dollars and commodities lead to self-sufficiency and do not remain as a crutch.

It is believed that:

In General and as a Statement of the Objective of Foreign Assistance in Thailand:*

The cornerstone of U.S. policy in providing assistance for the security and development of Thailand is that those concerns are a Thai affair to be approached by the Royal Thai Government in its own way, with its own personnel and resources.

*Adapted from a statement by Dr. Paul A. Schwarz, Executive Vice President, American Institute of Research

It follows, therefore, that USOM should be prepared to assist the established government agencies in developing their capabilities and in expanding their resources so that they can initiate and implement counterinsurgency operations and economic or social development programs commensurate with the threat or the need. But USOM's involvement has been and should continue to be limited to a strictly development, supporting role--non-operational.

Such an emphasis would have clear implications for the management of USOM's supporting role. It means, first, that the adequacy of the effort cannot be gauged from the magnitude or the variety of the supportive inputs that are provided; nor even from the operational success of the RTG agencies that are recipients of commodities or advisors. It is the gain in the capacity of these agencies for independent accomplishment that is the appropriate index of progress toward our basic objective. And, similarly, it is not the state of the insurgency or the economic situation in the countryside that should guide our further programming decisions, but the status of the responsible Thai agencies' efforts toward being able to go it alone.

When an adequate Thai capability for reasonably addressing the problems of the insurgency and the economy has been developed--no matter how distant the actual attainment of progressively expanding objectives might be--USOM's mission will have been successfully completed.

It is clear, therefore, that growing self-sufficiency of our counterpart establishments is all important.

On Human Development:

1. As a unit of the foreign assistance agency, USAID, the United States Operations Mission (USOM) can afford the risk of seeing local organizations take over the professional and administrative functions which we now perform or dominate. In fact, USOM should deliberately seek to speed up such actions.

2. USOM cannot afford to promote efficiency, even to the extent USOM is capable of doing so, at the cost of doing the job for the Thai. The only sensible course is one toward a locally administered service, operated by host country personnel and with host country finances, as long, difficult or frustrating as such a course may become. It may be

less efficient and less effective, in the beginning, but the experience and expertise gained would remain in Thailand, to grow there. USOM's assistance would be the beginning, not an end; it could be considered the road to self-reliance.

3. The one-man to one-job pattern for technical assistance is often wasteful of funds and talent. If a consultant or advisor is determined to be needed at all, there is a tendency to reach the conclusion he is required for one particular assignment eight hours every day. In practice, this usually means much of the high-priced talent goes for low-priority activities.

4. It should be a part of the objective of every project to promote the identification, recruitment and development of the professional and administrative talent of the host country, in a deliberately planned manner, to make possible the phase-out of foreign advisors.

5. One reason for the need to extend, re-extend, or repeat foreign advisors is the failure to prepare deliberately and specifically a time schedule for their displacement. Often the local professional staff required for expansion and extension of successful ideas is not developed or even planned for as part of the technical assistance effort.

6. Investment in people (local people) is the one most worthwhile for a foreign assistance organization; any assignment of a foreigner to do a job which reasonably can be done by a local employee often requires shifting the local individual from an assignment of lesser priority. This may require additional special training for the individual, either in Thailand or abroad.

7. The argument that the qualified local employee capable of the job is already employed and therefore a foreigner is needed avoids the issue. The key is to use the persuasion of foreign assistance to bring about deployment of available people to full-time positions of higher priority. Providing a full-time foreigner, while the host country utilizes corresponding staff on a part-time, moonlighting basis, is not a solution. Foreign assistance in such circumstances is a crutch.

8. USOM should make full use of its own considerable facilities to provide training opportunities for Thais, as follows:

- a. When USOM itself affords a particularly useful and unique training opportunity distinct from that offered by a host government organization.
- b. When USOM's consultants' or advisors' time would be better utilized to a substantial degree and continued association with local individuals of consultant caliber, and when such associations clearly cannot be made available through the host government's auspices.
- c. When the individual assigned would provide the training opportunity that would prepare him to assume full responsibility for and make possible the phase-out of the foreigner.
- d. When the individual assigned would provide USOM with the opportunity to utilize with increased effectiveness a consultant whose presence can only be on an intermittent basis.

9. Foreign assistance is most effectively utilized when the assistor works in the midst of a group of individuals (multipliers) each in position to benefit, and not only in association with one individual (counterpart).

On Management of Funds:

1. The use of funds during the period of innovation is usually the highest priority for foreign assistance spending. The funding of implementation as a follow-on to innovation is progressively a lower priority use of money. The lowest priority of all is to take over the funding of on-going activities, already established, or to provide equipment or service to make unnecessary a possible, although perhaps painful, redeployment of host country resources. For example, the introduction of transceivers to demonstrate a more effective system of communication than, say, the use of smoke signals would be a genuine attempt to use funds as a multiplier. This could be a high-priority use of money. But once the new system is installed and demonstrated on a scale sufficient to test it and to bring about the indicated changes in existing policies, the use of foreign assistance funds to purchase still more transceivers is additive only. It has then become a low priority use

of foreign assistance. And again, the use of foreign assistance funds for, say, additive helicopters, whether in the name of the insurgency or narcotics, and notwithstanding the pressure, can easily fall in the same category--low priority.

2. USOM has tended too much toward the additive. Assistance levels, when it is desirable for whatever reason to maintain them, are easiest to sustain through expenditures for implementation. The quantities are known and documentation is simpler. It is harder to spend money on innovation, which is basically to help the host government spend its money more effectively. There is need for more innovation in foreign assistance.

3. Sometimes the objective is broader than effective use of host country funds for the most worthwhile developmental activities, administered in a manner to attain self-reliance. The objective may be political or there may be an emergency situation, in which case the rationale changes, but the reasons need to be recognized, understood and recorded.

The Budget Habit:

USOM and DTEC (Department of Technical and Economic Cooperation) might join together in a policy which would discourage the participating government agencies from using either USOM or DTEC as a long-term funding channel. The provision of assistance to an activity which will require continuity of effort and support for program success should be accompanied by an agreed and understood plan for the host institution to assume on a prescribed timetable the burden of operations costs, including follow-on equipment and personnel. If not, an important element of success is missing. Attaining a line item in the National budget, using the Bureau of the Budget as the funding source, is too often indefinitely postponed. The process of building an institution is never completed. The institution should continue to grow and to strengthen itself. All institutions can use supplemental assistance indefinitely. But the amount, nature and duration of it needs to be carefully assessed at intervals. Over-reliance on a crutch is a threat to institution building.

Miscellaneous Prejudices, Usually Found Valid:

1. Project activities being introduced or promoted by the USAID headquarters are frequently of considerable potential worth, but only if the timing is suitable to the host country, if the activity is in accord with local priorities, if pains are taken to avoid thrusting the activity on to the host country, if a genuine response (normally a substantial participation in funding and personnel deployment and not "contributions-in kind") is forthcoming, and if the long-term responsibility for the activity along with the cost of success is understood.

There is a place for AID/W initiative to bring to bear on the country missions a pressure to consider new ideas, but there should be a way to do this short of a unilateral decision as to what new ideas should be introduced. It is usually counterproductive to provide funds to individuals outside USAID to permit them to promote their ideas, on an advocate-to-advocate basis, outside the program planning mechanisms of the host countries. Particularly this is so when the policy is for the U.S. to pay the full bill, in dollars and local currency. There is nothing that appeals to an idea man more than the opportunity to sell his idea to someone who can accept it without any cost to himself. The AID/W project often does not meet the money test. It is easy to get acceptance that way, but it is an extravagant use of U.S. taxpayers' money, and can have little lasting impact.

2. The foreign technician or consultant already in the country and intending to remain there as a resident, with new roots to protect, usually cannot be relied on for his normal objectivity. Some will pull strings to prolong their association with a project and may, in effect, be displacing local talent. This suggests that such individual usually should not be employed by a foreign assistance agency which aims at developing the growth of self-sufficiency on the part of the host country. Also, it is likely a coincidence if the one man who happens to be "there" at the moment is the best man for the job.

3. A request for technical assistance which limits the donor to a specified person, by name, often will serve only a narrow objective and usually should be referred back to the host country for decision and financing.

4. Never should a contractor be employed to do the thinking of either the donor or the recipient of assistance. Similarly, contractors should not be permitted to promote their own contracts.

5. An undertaking promoted by the individual who wishes to participate in it for pay may lack objectivity and is likely to be of low priority.

6. Foreign assistance should not be introduced to make things easier for the recipient, but to push that organization harder to face up to difficult solutions. Host country projects worth supporting are those not dependent on foreign assistance for survival.

7. Foreign assistance, from whatever source, is too little to permit funding for convenience or expediency. The worst possible approach is one often seized by individuals without the responsibility for funds or program action, which is "do-the-job-for-the-Thai."

8. A request for foreign assistance which begins with an equipment list may be for expediency or convenience and will prove to be of lowest priority. If money alone is the need, a foreign assistance agency can offer nothing more than a banking institution.

V. THE STRINGS THAT WERE PUSHED, 1968-1973

The more obvious program innovations and developments are recorded routinely and are a part of the USOM official record. The most valuable part of that record has no security classification and is on file in the USOM library. This statement will discuss some of the aspects of the Mission's activity or thinking that may be obscure or not so recorded. At random:

A. The Local Currency Problem

The selection, direction, scope and content of the projects USOM supports is often dictated by the fact it is dollar inputs that are needed or desired. Project opportunities of equal or greater importance, but which require an infusion of inputs purchasable with local currency rather than dollars, are not being significantly addressed by USOM. It has not been generally understood (particularly in Washington, which is usually confronted with the problem of excess availabilities of local currency in some countries) that so-called "counterpart funds" and trust funds in Thailand come from direct allocations from the regular RTG budget. Counterpart funds in Thailand are made available on an austere basis by the RTG to pay local costs which are directly related to the U.S. contribution to the program. Counterpart is not easily available, or in the Thai view intended for new ventures, or to innovate new approaches within older projects.

This drawback to the Thailand program will be equally serious as the Agency shifts its emphasis, as it must, more toward humanitarian oriented projects--education, agriculture, nutrition, health and to seek solutions to the problems of income and opportunity disparity.

It is true that AID/W recognizes the problem and has offered to consider proposals for the use of dollars to generate local currency on a case-by-case basis. In practice, however, this has not been workable. It is simply not the "Thai way" to request foreign assistance when there is not assurance of approval. Hence, the funding availability problem needs to be solved before individual projects are developed.

In recognition of this situation USOM, in TOAID A-157, April 10, 1973, recommended a procedure for generating local currency, one which would respect the U.S. balance of trade situation, hopefully attract matching participation from the host government, provide a ready fund to develop

innovative activities against, and as a separate dividend help a Thai government corporation begin to modernize the equipment of the national airline. It is still a highly desirable area for USOM, AID/W and RTG consideration, or at least exploration. As yet AID/W has not responded substantively to TOAID-A-157.

B. Disparity of Opportunity for Education in Rural Areas*

With rare exceptions the village boy or girl of Thailand can aspire to an education no higher than the fourth grade of primary school. Yet there can be no question that among village children there are many with an aptitude for further education and accomplishment equal to, or greater than, those who because of the greater personal means of their family can be sent away from home for study. By failing to provide for a continuing education to children of highest aptitude there is denied to Thailand the opportunity to enrich its educated class with individuals who would have an appreciation and understanding, because of their environment, of the problems of rural people.

The educated sons of merchants, government officials and the richer landlords may take steps toward improvement, but real success can come when the sons and daughters of small farmers, village blacksmiths and rice mill workers can enter and be maintained in the educational pipeline with a reasonable, if not equal, opportunity to emerge as educators, government officials, business leaders, and politicians.

While the slow process is going on, and it may take at least another generation, to develop the rural school system to a point where all children can aspire to a seventh-grade education, an interim measure might be taken. The idea is to devise a program which would cause to be selected from each village school the one or two children of greatest aptitude, but with severely limited personal means, and see to it that they go forward to a school beyond the fourth grade, and then keep them in the stream of education as long as their worth is demonstrated. Perhaps boarding facilities and supervision of children away from their village could be at the Wat, and a subsidy could be provided to enhance its facilities and staff.

The idea has been discussed, and there is interest, but without a local currency capability it has not been possible to move to a trial project.

*See the writer's "The Rural Education Pipeline in Iran," A Ford Foundation report, December 1963, in the USOM library.

C. Village Reading Materials

Sporadically there have been efforts in USOM and the RTG to create an interest in ways to maintain the limited reading ability the rural child gains during his four years of schooling. It seems unnecessary that with so much of the almost twenty percent of the national budget going to education that none of it is made available to ensure that the child with limited opportunity for education is helped to maintain his literacy. But suggestions to the contrary have usually been greeted by the American advisor and his Thai colleague with a proposal to purchase mobile units and to bring a contract team from the United States to write books! Neither is needed.

The opportunity is to provide reading materials to the village which can and would be read for fun. The first need is to maintain the ability to read. It is a later step that would feed into the system items to teach and inform. The requirement is for a simple system of selection of reading materials already in print, followed by multiplication of them in quantity, and then to place them into a variety of already established distribution systems--the ones that deliver the tea, the sugar or the fuel oil. A little duplication wouldn't matter; a few gaps can be tolerated.

A new bureaucracy is not called for. Studies made by USOM suggest there is an abundance of printing facilities in the provinces, that there are adequate items to be reproduced, and that the distribution systems are many.

Building onto the education investment already made by the RTG in some such manner would seem to be a high priority use of resources. It isn't being done.

D. A Rural Service Corps for Thailand

After discussions with the Secretary-General of the Office of Accelerated Rural Development, a paper was prepared by the writer under the above title as a paper on how to develop the underpinning for the promotion of rural development as a support to the improvement of national income, its growth and more equitable distribution.

Emphasizing that there is no single solution it was suggested one approach might be to bring about a more interested and understanding involvement of the educated youth in rural affairs. And as a discussion idea it was proposed to introduce a method along the lines of a rural internship for university students, taking a leaf out of the book of the Medical School. The Office of Accelerated Rural Development in the Ministry of Interior, with USOM support, is now intending to try the approach.

For more details, the paper referred to, dated January 24, 1973, is in the USOM library.

E. Building Professional Advisory Services into the Private Thai Company

A small beginning is being made toward moving away from the USOM-sponsored retail approach of the sole use of an American contractor to one of linking up a Thai company with the American contractor. This technique has been used, successfully, in at least two instances whereby Ralph Parsons Company, through association with two Thai construction and mechanical companies, on behalf of the Accelerated Rural Development Program (ARD), helped add a training and advisory service which can continue to grow as Ralph Parsons completes its contract, and on schedule. It has also awakened an interest within an RTG agency for dealing, professionally, with a Thai private company. More could be done along these lines in the economic consulting field, and in other technical fields. For example, an American university in participation with a Thai university could provide assistance, say, to an agricultural program, etc. It is a difficult idea and hence avoided by Thais and Americans alike, but the Ralph Parson experiment suggests it has promise.

F. Utilization of Thai Talent by the RTG

It is important to recognize that Thailand has an unrealized opportunity for educated manpower utilization of major proportions. USOM, itself, in participation with DTEC, has sent 9,800 Thais abroad for education, training or observation. About 1,100 of these have received advanced university degrees. This is only a fraction of the total number of Thais who have studied abroad, mostly under the supervision of their own family. With some exceptions, mostly in the medical field, Thais return to their homeland. Thus there is an extraordinary reservoir of manpower, educated abroad, to supplement those individuals who took advantage of the advanced education opportunities in Thailand.

A major unsolved problem is how to bring about a better deployment and utilization of Thai talent in the higher priority undertakings of the Government. Private enterprise with its greater flexibility has largely taken care of itself.

It is probably fair to say that there has not been a basic pay raise for government employees, at least not one of any real significance, in Thailand for almost twenty years. And the government pay scale is modest, at best. While the RTG has been able to keep the rising cost of living in check better than most governments, there still has been a substantial increase, one that has accelerated in recent years. The consumer price index has increased almost 40 percent since 1961, about 18 percent since 1968 of which half has been in 1973.

The Thai system has adjusted itself somewhat unevenly to this situation. Many ad hoc forms of supplemental compensation, some of a moonlighting nature, have been devised. The result is to anchor the employee to one location, but not one job, usually in the larger city. It discourages proper geographic deployment and even temporary visits to field locations. The result is an inadequate use of many highly skilled Thais and a frequent call for foreign advisors, who in fact often are needed only because the Thai deployment and utilization problem hasn't been solved. It is easier to ask for a foreigner than to devise a way to make a Thai available--and, worse still, a foreigner will promote the use of still another foreigner in order to get "the job done on schedule."

One suggestion is consideration of the formation of a Thai professional service corps, as difficult an idea as that may be. The thought is that perhaps a government corporation, with a flexibility granted to it beyond what is accorded a regular agency, be formed to provide a "home" for a group of talented Thais of a variety of disciplines chosen to match the professional requirements for specialized skills in the development agencies of the RTG. The flexibility would be to permit employment of such people on a full-time basis at salaries equal at least to the combination of incomes they can now receive in the present fragmented job system. And it would provide for the Corporation to borrow individuals from other organizations on a leave-of-absence basis so as not to build an unnecessarily large permanent staff and at the same time provide for the widest variety of talent.

The idea would be to make available such services under contract to government agencies (or private) on a reimburseable basis. Since such individuals would have mobility, this could provide a way to deploy needed professional skills to programs with operations in rural areas. In fact, the Corporation could supply advisors, consultants and technical talent not only to projects in the countryside, but it could provide services to local government--provinces and districts--in a way similar to the USAID system of providing such services to governments around the world. It seems strange that after thirty years of background USAID has never exported its own operational pattern.

There is a precedent in Thailand for such a service. The Applied Scientific Research Corporation, a Thai government corporation, was given the necessary flexibility, but it is reported it has largely dwindled away. Aero-Thai Corporation similarly has flexibility to employ individuals outside the Civil Service. There may be opportunities to build on the experience of these two ventures.

G. Greater Use of Thai Professional Talent in USOM

USOM is far too short of Thai professional talent, although there has been some improvement in recent years, with a few high-quality appointments. Since the costs of such employees are paid by the RTG, through DTEC, the recruitment of such individuals is often viewed as a way for USOM to decrease the American staff. It does just that, and should. But, what is more important, it can make the American advisors more understanding and effective. While occasionally a Thai can and does take over the duties of an individual American advisor, it is more often the case that the teamwork approach either reduces the total need for advisors or increases their accomplishment, or both.

The reward to Thailand is an on-the-job experience opportunity which likely excels that of an overseas training scholarship. A large part of the cost of such training is borne by the RTG. But there is much reluctance at DTEC, which reduces the opportunities for USOM itself to be utilized as a training institution.

H. The In-Depth Report

For a few years this was a successful innovation. Each office was encouraged to have a staff member prepare a report on an aspect of the program and present it orally, with a draft available to each participant at the Director's monthly meeting with the staff of, say, Agriculture. The results were several. The staff member stood up to a group and people got acquainted. A report was criticized and suggestions made for its final form. The reports are a useful addition to USOM's memory, and it made for an interesting staff meeting. It provided each staff member with an opportunity at least once in his tour to write down something in his name. Some hundred odd reports were prepared, duplicated and distributed. Now only intermittently followed, the practice might be re-emphasized.

I. In-House Training of the Thai USOM Staff

Beginning with the Thai secretarial staff, recruited to begin with against a high standard, USOM employees have been provided special long-term training opportunities of professional standard. This has been in office procedure and management, English composition and sentence structure. The result has been a successful displacement of many American secretaries by the Thai. It is a continuing effort.

J. Toward a Greater Thai Self-Reliance of Equipment Purchases

Commodities put in the restricted category by the Director's memorandum on the above subject have become known as the "Grey List." It has had a mixed reception. Because its impact, popularity and unpopularity have been more lasting than copies of the memorandum it is reproduced in full as part of this report's addendum.

VI. SOME SUGGESTIONS

Having added a suggestion or recommendation here and there throughout this paper, the final suggestions will concentrate on one topic--the quality of the American effort. The underlying theme of this report is that the easiest part of the foreign assistance undertaking was during the past twenty-three years and that more difficult and complex problems lie ahead. Hence it would seem of paramount importance that USAID, or its successor, enter with utmost vigor into a system calculated to bring into the program a continually increasing quality, along with the required variety, of American talent.

USAID (or the U.S.) can no longer supply the increasingly sophisticated technical assistance requirements of other nations through the devices of making use (all too often) of talent which happens to be available for transfer from USAID, U.S. Government agencies, contracting organizations, foundations or universities. Not even those broad sources are side enough or deep enough to supply the quality needed, nor do they always have the motivation that needs to be behind it.

USAID might consider building on or accelerating two systems already in effect, but little used. One is the Inter-Governmental Personnel Plan with permits USG employees to be assigned to state and local government institutions and to private universities, without loss of status or employment continuity--and vice versa. The "vice versa" would be to use that plan to permit USAID to tap state and local government, including public educational institutions, and the private universities for talent in a manner which would not need to dislodge them from their careers. It would widen the recruitment source immensely, and with proper safeguards could involve the best people, not just the available ones. It would seem that this has hardly been explored.

The other system is one followed by the International Executive Service Corps. The idea behind it could be shaped into a parallel technique which might further tap the skills of the private sector--in engineering, construction, environment, training, organization, management, marketing, planning, promotion, etc.

The need is to tap the mid-career, talented planner, economist or manager, who is already priced out of the traditional USAID market. Can organizations like Sears, General Motors, IBM, General Electric, AT&T, Boeing Aircraft, Standard Oil of Indiana, etc., whose very existence and growth over the next hundred years will depend on an ability to understand and serve foreign markets and supply centers, be persuaded to join in on a talent-supplying relationship with the host countries USAID now serves, and some it doesn't? Those companies are going to need leaders within their highest echelons who have, more so than they have now, an understanding in depth of the countries of the world. They can achieve that in part by utilizing or paralleling USAID's channels, and this at little cost. The few hundred thousand dollars necessary to subsidize the salary and living of several of its own younger leaders would be an investment by these kinds of corporations in their own future. To avoid any suggestion of conflict of interest, it would likely be best that individuals thus assigned not be concerned at all with company business potential in the area, if any, but receive their reward in overall international understanding.

It is recognized that such an approach would be difficult. The Boards of Directors of the U.S. corporations, no matter how enlightened, must think first of the "net." But the world is changing. A vastly higher percentage of the growing millions of people in the developing countries can become new customers for the goods and services the developed nations can offer, or they can easily become disturbers of world peace. The U.S. company, if it is to grow, cannot forever feed on what the United States alone can offer. The job ahead might be to persuade American industry to expand and redirect its own talent-development techniques--and to think of the "net" of 1993, not just 1973.

VII. ADDENDA

GUIDING PHILOSOPHIES

1. "...to get angry is an easy matter, and in any man's power; or to give away money or to spend it; but to decide to whom to give it, and how large a sum, and when, and for what purpose, and how is neither in every man's power, nor an easy matter."

Aristotle
Circa 380 B. C.

2. "If you plan for a year, plant a seed.
If for ten years, plant a tree.
If for a hundred years, teach the people.
When you sow a seed once, you will reap a single harvest.
When you plant a tree, you will reap ten harvests.
When you teach the people, you will reap a hundred harvests."

Kuan-tzu
Circa 600 B. C.

3. "If we are going to maintain our position and role, we certainly must compete in the market place of ideas; we can compete in non-military situations, I think, even better than in military situations. Certainly, all of mankind stands to benefit in that type of competition."

Marshall Green
July 11, 1972

4. "The danger in spending large amounts of money is that the American technical staff will want to impose our way of doing things in order to bring improvement in a hurry.

"Our ways of doing things may be better. If we impose them and force people to change their ways, they are not going to like us. The only practical alternative is to assist the countries and communities in choosing their own goals and choosing how much of our technique they want in order to reach these goals. The choices must be theirs, however, all the way through. Any such choices on the part of other people will involve the destruction of some of their historic values. You cannot destroy too much of the values and too much of the way of life of another people and expect to be thanked for doing so."

Harold F. Clark
Columbia University
about 1960

5. "To change one's mind is the mark of a liberal man. It indicates that one has assimilated wisdom and experience. It indicates that one is free from stubbornness and pride and pimples and other deadly sins. Even scientists aren't dogmatic any more-- they're always ready to admit they were wrong and start all over again."

R. Leslie Charteris
in The Saint in New York,
February 1935

USOM ASSISTANCE TO THAILAND
NET OBLIGATIONS
 By Type and Years, 1951 to 1973
 (in millions of dollars)

U.S. Fiscal Year	Total	Project	Non Project	Loans [*]
1951-1961	292.2	138.5	100.6	53.1
1962	26.4	13.1	13.3	-
1963	27.7	16.6	-	11.1
1964	13.3	12.3	-	-
1965	39.5	18.7	.3	20.4
1966	43.7	43.6	-	(0.1)
1967	34.6	55.0	-	(20.4)
1968	50.8	47.3	-	3.5
1969	32.8	33.5	-	(0.7)
1970	24.7	25.0	-	(0.3)
1971	16.2	16.2	-	-
1972	11.0	11.0	-	-
1973	21.1	14.1	-	7.0 ^{**}

^{*}does not include PL 480, Title I

^{**}authorized

Source of data: USOM Office of Finance
 August 1973

PERSONNEL TRENDS, U. S. EMPLOYEES

USOM, Thailand
 1964 to 1973
 (as of July 1)

<u>Year</u>	<u>U. S. Employees on Board</u>			<u>Total</u>
	<u>Direct Hire</u>	<u>PASA</u>	<u>Contract</u>	
1964	138	17	67	222
1965	145	20	76	241
1966	171	33	121	325
1967	240	69	141	450
1968	251	86	174	511
1969	218	62	143	423
1970	196	43	76	315
1971	165	4	46	218
1972	131	3	56	190
1973	108	5	28	141

*Includes Personal Service Contracts

Source of data: USOM Personnel Office
 August 1973

GRANT ASSISTANCE TO THAILAND

Obligations by USOM, Fiscal Year 1973
 By Category and Type of Assistance
 --in thousands of dollars--

Category	Total	Personnel Services	Contract Services	Participant Training	Commodities
Agriculture	1,434	104	792	405	133
Economic Planning & Investment	784	423	-	285	76
Health & Family Planning	2,157	185	12	532	1,428
Education	309	227	16	66	-
Public Safety	4,763	1,135	200	190	3,238
Rural Development	2,616	810	-	243	1,563
Other	1,999	1,375	39	347	238
TOTAL	14,062	4,259	1,059	2,028	6,676

Source: USOM Program Office
 July 25, 1973

Addendum (E)

THE SENIOR STAFF OF USOM
August 1973

<u>Name</u>	<u>Functional Area</u>	<u>Arrival At Post</u>
Rey M. Hill	Director	March 18, 1968
Frederick F. Simmons*	Deputy Director	September 13, 1969
Stanley J. Siegel	" "	August 17, 1973
Edna A. Boorady	Legal Affairs	November 6, 1967
Carl R. Fritz	Program	October 21, 1970
John E. Moore	Management	December 10, 1971
Charles N. Martin**	Finance	January 1, 1972
Robert V. Scott	"	June 22, 1973
Fletcher E. Riggs	Agriculture	October 15, 1970
Thomas M. Finn	Public Safety	August 2, 1972
F. William Small	Rural Development	April 1, 1972
Howard P. Johnson	Economic Development & Investment	August 4, 1969
Granville S. Hammond	Education	September 29, 1972
Merrill M. Shutt	Health & Family Planning	July 15, 1972

* Departed post June 28, 1973

** " "

DIRECTORS OF THE
U.S. OPERATIONS MISSION TO THAILAND

<u>Name</u>	<u>Swearing-In Date</u>
Arthur Bunce	
Austin F. Flagel	June 8, 1951
Edson O. Sessions	June 9, 1954
Lloyd K. Larson	February 12, 1956
William J. Sheppard	October 7, 1956
Thomas E. Naughten	August 1, 1957
John C. Ewer	June 18, 1962
Tracy C. Park, Jr.	September, 1964
Howard L. Parsons	November 18, 1966
Rey M. Hill	August 21, 1969
Roger Ernst	August 22, 1973

MEMORANDUM TO THE SENIOR STAFF

FROM: Rey M. Hill, Director

SUBJECT: Toward a Greater Thai Self-Reliance of Equipment Purchases

DATE: November 12, 1970

Pursuant to my memorandum of September 25, the Program Office has drawn up a list of commodities which I feel USOM should not normally procure for the Thai Government. The list, of course, must be illustrative, but I think you can get a good idea of my thinking from it. This is in addition to commodities specifically declared ineligible by M.O. 1454.3.1, Attachment A. Although procurement of the commodities listed below is not prohibited, requests for these, or similar commodities, must be accompanied by a justification which clearly explains why an exception should be made.

My purpose here has nothing to do with aid levels or relative importance of various commodities. It is related solely to the importance, during the relatively brief period of our association with any project activity, to develop the appreciation, the habits, and the processes which will help ensure that the project (or the activities the project is intended to generate) will be able to survive and grow wholly with inputs the Thai can afford and eventually will be willing to supply themselves. It is easy to carry on a project based on American professional and commodity support as if they were a crutch; it is difficult to operate a project, using those same inputs, while throwing the crutch away. Our objective is the latter.

As I reported to you more than a year ago, after my visit to AID/W to defend our program submission, I was requested by the Deputy Administrator of AID to institute a policy of persuading the RTG to put up 50% of all foreign exchange costs for commodities for all the older projects and phase out our commodity inputs within four years. For new projects, the request was a phasedown of 20% each year over not more than a five-year period. I believe a more practical and more easily administered way to accomplish this objective would be by building up first a Thai program for purchasing items such as those listed below as it is in many of these categories which Thai

industry itself is most apt to produce the needed commodities in the years to come. We would be encouraging such development of the private sector. Our present practices do not.

Included, also, in the list are some items, such as electronic calculators, which more often are requested for prestige purposes than for their actual need. Also, items of this kind require a high level of personal commitment to ensure their proper care, maintenance and use. These qualities are enhanced by participation in their financing. Other items, such as computers and printing presses, tend to provide for services which quite often are available more efficiently and at less cost on a contract basis from the private sector (or from other public entities). We would prefer, in general, to see that private initiative is encouraged by our aid processes and that there is maximum utilization of common facilities.

I hope that setting forth an illustrative list of both discouraged and allowable commodities will help us all think about some of the larger issues which the subject touches: uses of local currency; support and development of Thai industry; development of larger-scale sector plans to supplant commodity-oriented project assistance; development of the necessary budget habits upon which a Thai replacement policy of commodities will depend, etc. I realize that many of the items we would eliminate must be provided for by the RTG if the project is to go forward successfully. Some give and take will be expected and a period of transition is anticipated.

Please make sure that the contents of this memorandum are made known to the key staff in your office for their guidance in planning and administering projects for this fiscal year. After a trial run against the check list, during which some bugs will appear, I may wish to formalize the procedure. For now, let's try it.

There follows a grey list of commodities, many of which should be purchased by the RTG and others.

Commodities for which the trend, at least, should be toward procurement from the baht budget*:

1. Easily Consumable, although often imported, Items, such as:

Pens and Pencils
Office Supplies
Needles and Thread
Light Bulbs
POL
Film, Photographic
Ammunition
Chemicals

2. Audiovisual Equipment, such as:

Cameras
Projectors
Screens

3. Sound Equipment, such as:

Tape Recorders
Phonographs
Speaker Systems
Amplifiers
Bullhorns
Radios

4. Sophisticated Office Machinery, such as:

Automatic or Electronic Calculators
Computers
Electric or Electronic Adding Machines
Copy Machines
Printing Presses
Electric Typewriters

*All of the examples given here are commodities which have actually been included in PIO/C's.

5. Household Equipment (even if for use in an office or lab), such as:

- Air Conditioners
- Refrigerators
- Gas Stoves
- Fans
- Pots and Pans
- Silverware
- Dishes
- Pressure Cookers, Blenders, Mixers, Ice Cream Freezers

6. Medical Supplies, such as:

- Bandages
- Dental Kits
- Medicine

7. Furniture, such as:

- Tables and Chairs
- Benches
- Cabinets

8. Very small items, such as:

- Trays
- Carts
- Jars and Other Small Containers
- Hoes, Rakes, Shovels and Other Hand Tools
- Glassware
- Screwdrivers, Hammers, Nails, etc.
- Paint
- Clocks

9. Other

- Motorbikes
- Pipe and Fittings
- Breeding Stock
- Fertilizer
- Cloth and Wearing Apparel
- Transformers

vii. Electric Wire, Dress Forms and Diaper Pins

This suggests the elimination of a wide variety of commodities and would permit concentration of commodity assistance on fewer and more major items. Thus, commodities such as the following may be procured with normal justification as long as they fall within project purposes, which will include the objective for eventual Thai replacement of commodities purchased in the initial stages of a project:

- Heavy Construction and Maintenance Equipment
- Trucks, usually chassis
- Field Vehicles
- Helicopters
- Basic Maintenance Equipment
- Arms for TNPD (excluding ammunition)
- Books for Libraries
- Pumps (for public use) not manufactured locally

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3. "AID and Trade in Thailand, The Longer View," speech at the American Chamber of Commerce luncheon, Bangkok, June 21, 1972.
4. "A Rural Service Corps for Thailand," a discussion paper, January 24, 1973.
5. "On Improving the Art of Grantsmanship with India as the Locale," a Ford Foundation End-of-Tour Report, January 4, 1968.
6. "The Rural Education Pipeline in Iran, and Other Education Discussion Papers," Teheran, December 19, 1963.