



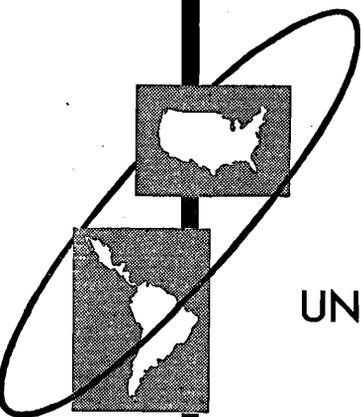
technical
cooperation
in

*Latin
America*

ORGANIZATION OF
U. S. GOVERNMENT
for
TECHNICAL
COOPERATION

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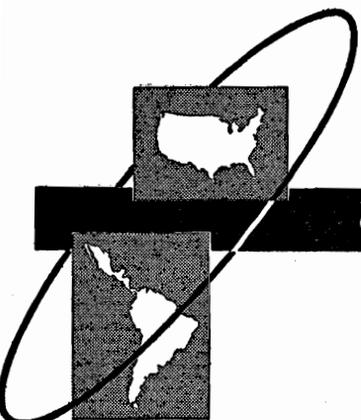
ORGANIZATION OF THE
UNITED STATES GOVERNMENT
for
TECHNICAL COOPERATION

*A Statement by the
NPA Special Policy Committee on
Technical Cooperation*

technical cooperation
in
Latín América

May 1955, 50¢

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BACKGROUND AND APPROACH

BY 1953, a number of public and private agencies in the United States were sharing their knowledge and skills with the people and governments of other countries, but many of them were working independently. Despite evidence that technical cooperation programs could become an increasingly constructive element in U. S. foreign policy, too little was known about them. No organized effort had been made to judge the extent to which this cross-fertilization of ideas and abilities was helping the underdeveloped countries to help themselves or to determine its benefits—tangible and intangible—to the United States.

Discussions with policymakers, administrators, and technicians in public and private technical cooperation programs clearly indicated that a review and evaluation of the purposes, methods, and results of such programs would have wide usefulness, both in administering present programs and planning new ones. It was felt, further, that the public would have greater confidence in the findings if a critical analysis were made by an independent organization not involved with any of the public and private programs.

The National Planning Association's decision to undertake a far-reaching study of technical cooperation programs and their potentialities in Latin America grew out of these discussions. The study was purposely concentrated on activities in Latin America—not because they were necessarily the most important or the best programs in the world, but because technical cooperation programs have been under way longer and, until recent years, on a larger scale there than in other regions. Furthermore, there is a great diversity of programs in Latin America. They differ because they have developed under a wide variety of auspices—private foundations, bilateral governmental programs, international organizations, religious agencies, and business firms—many of them with different sets of objectives. They differ because the problems and the level and pace of development vary greatly from one Latin American country to another, as do the political and social settings of programs. The hope was that intensive study of the diverse and complex programs in which a number of public and private groups are participating in Latin America would furnish practical guides, not only for programs in that area but for those in all parts of the world.

The main objectives established for the NPA Project on Technical Cooperation in Latin America were:

- To discover whether technical cooperation programs are making and can make a significant contribution to the long-range interests of the United States and of Latin American countries in international understanding and growing international prosperity.
- To identify the present objectives of public and private programs and judge their validity; to weigh results achieved so far in terms of such objectives; and to indicate criteria for deciding which programs have greatest value for the future of Latin America as well as other parts of the world.
- To clarify the role of public technical cooperation programs in relation to private programs.
- To point out ways and means of increasing the effectiveness of technical cooperation programs, of improving their administration, and of attracting and training competent and dedicated personnel for the programs.
- To indicate how the technical cooperation programs can be developed so that they will be most helpful to the host people in expanding their own efforts toward economic growth, better living, and social and political stability.

The Ford Foundation in early 1953 made a grant of \$440,000 to finance the NPA Project on Technical Cooperation in Latin America. The Ford Foundation is not, however, to be understood as approving by virtue of its grant any of the views expressed in research studies or policy statements growing out of the Project.

In accordance with NPA's established procedures for special projects of this scope, a Policy Committee on Technical Cooperation was formed to help plan the Project, to work with the Project's director of research and his staff, and to issue recommendations on policy issues that confront the United States in the fields of technical cooperation. This Committee is composed of U. S. and Latin American leaders from agriculture, business, labor, education, health, and other fields, to ensure that its recommendations take into account the experience and views of representative groups in both areas. Laird Bell, a senior partner of Bell, Boyd, Marshall and Lloyd in Chicago and a trustee of NPA, is chairman of the Policy Committee.

T. W. Schultz, of the University of Chicago and also a trustee of NPA, as director of research has organized the plan of study and the research staff of the Project. Under his direction, the Project's staff members and consultants—specialists in the varied fields of technical cooperation—so far have visited 18 of 20 Latin American countries,

where they have consulted with business firms, religious bodies, foundations, universities, and various other private organizations; as well as with U. S. government officials and those of host countries, and with representatives from the Organization of American States, the United Nations and its specialized agencies. A number of staff reports, incorporating the findings of these field studies, are being prepared for publication. These reports, to be published at irregular intervals by the University of Chicago Press, deal with such subjects as technical cooperation in agriculture, industrial development, education, and public administration. These studies will be the sole responsibility of the authors, but will become the building stones for the NPA Policy Committee in its efforts to resolve the policy issues in the area of technical cooperation.

A major activity of the Policy Committee will be to correlate the information presented by the research staff and to draw up its overall report on ways to make public and private technical cooperation programs more effective. In the meantime, the Committee will issue recommendations or policy statements on matters which in its opinion warrant immediate public attention. These Committee statements and reports will be issued by NPA as a special series of pamphlets.

The report on *Organization of the United States Government for Technical Cooperation* is the first of these interim Committee statements. As work in the Project progressed, it became clear to the Committee and to staff members that the instability, lack of continuity, and confusion of the U. S. government's organization, that have resulted from four administrative reorganizations for public technical cooperation programs in the last five years, have seriously hampered both U. S. personnel and personnel in host countries in carrying on effective programs. Since the latest change, transferring administration of technical cooperation programs to the State Department, is imminent, the Committee believed it urgent that prompt attention be given to methods for overcoming these major obstacles.

At present, the Committee foresees several other reports to be issued before completion of its final report. One of these reports will be an attempt to answer the basic question, "Why technical cooperation?" Another will present recommendations on the role of universities in technical cooperation. One or more case studies of particular programs are planned as illustrations of a few of the problems which are common to many of the programs studied in the total NPA Project.

NPA is grateful for the Ford Foundation's financial support, and is deeply indebted to all who are contributing to this Project: To the

Policy Committee members; to the Project's research staff; and to other individuals—too numerous to list—in Latin America and the United States and in the United Nations and its specialized agencies for their invaluable cooperation and generosity with time and knowledge. Our special thanks go to Philip M. Glick, research associate of the Project, for his work with the Committee in drafting this report on *Organization of the United States Government for Technical Cooperation*.

A handwritten signature in cursive script, appearing to read "H. Christian Sonne".

H. CHRISTIAN SONNE, *Chairman*
NPA Board of Trustees

April 1955

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ORGANIZATION OF THE UNITED STATES GOVERNMENT FOR TECHNICAL COOPERATION

***A Statement by the NPA Special Policy Committee
on Technical Cooperation***

I.

Why the Problem is Acute: The Recent Instability

THE PRESIDENT AND THE CONGRESS of the United States are once again trying to determine how to organize the United States government for the administration of the technical cooperation program. The organizational structure of this program has shown extraordinary instability. It has undergone three major reorganizations since 1950 and a fourth is scheduled by law for June 30, 1955. This instability has now become one of the major obstacles to the effectiveness of the program.

From 1939 to 1950 the United States conducted two independent, parallel programs of bilateral technical cooperation in Latin America—one through the Interdepartmental Committee and another through the Institute of Inter-American Affairs. These two agencies were absorbed by the Technical Cooperation Administration established in 1950, and TCA administered the program within the State Department until 1953. In 1951, the Office of the Director for Mutual Security was established, with coordinating power over TCA and two agencies that were administering economic aid and military assistance. In 1953, both TCA and the Office of the Director for Mutual Security were abolished, and the Foreign Operations Administration was established with responsibility for the technical cooperation program as well as military assistance and economic aid.

In the Mutual Security Act of 1954, which became law on August 26, 1954, Congress provided that FOA shall cease to exist on June 30, 1955, and the technical cooperation program shall then return to the State Department. It is not certain that this legislative provision will be permitted to go into effect; some efforts are being made to revise or repeal it.

The taproot that has fed this instability has been the persistence of a series of unsettled questions about administrative organization. They are still unsettled. The basic questions have been these:

- Should the State Department confine itself to the conduct of diplomacy, or should it also be given responsibility to administer action programs that the United States will conduct in foreign countries?
- Should the administration of technical cooperation be consolidated with the administration of programs designed to strengthen the military security of the United States, or are the objectives and procedures of these programs so different as to make separate administration desirable?
- How may the resources of the major departments of the government be called upon to strengthen technical cooperation without destroying an integrated administration for the program as a whole?
- What kind of an organizational structure is suitable for the program in view of the fact that technical cooperation activities must deal with widely varying problems and with differing degrees of development in a large number of host countries governed by sovereign governments?

These are not easy questions, and it is not surprising that the search for answers has been protracted. But the government of the United States has been changing its mind about the answers so frequently that our own administrative instability in this area has become a major disrupting factor. We are baffling and confusing the foreign governments with whom we wish to cooperate. New agencies and new names have steadily followed one another on the scene. The organization keeps changing, and with it the locus of authority to make decisions, the officers and agencies with whom the host government must deal.

The periodic disruption and reconstitution of the administrative pattern have also had a demoralizing internal effect on every major phase of program operations. This has kept the program off balance, delaying major policy and administrative decisions and interfering with the recruitment and retention of competent personnel. It has prevented the establishment of habitual working channels, which is the first necessity before men can be free to consider the basic problems.

One important good can be derived, however, from the last five years of fumbling and change. By now, several answers have been tried out for the basic problems. The nation is now equipped to apply the answers it has learned from this experience.

II.

The Requirements that Must be Satisfied

THREE MAJOR WAYS have been proposed as methods of organizing the United States government to administer technical cooperation:

- The return of the program to the Department of State.
- The continuation of the Foreign Operations Administration or a similar agency.
- The establishment of a quasi-public agency to operate as a public-private foundation.

To make a wise choice among these and other choices, we must see clearly what are the fundamental requirements that must be satisfied if the program is to be so administered as to achieve its very important objectives.

There are several fundamental requirements:

Stability and Continuity.—The new organization must give promise that we can terminate the recent instability. Technical cooperation is intended by the people and the Congress to be a long-term, basic element in the nation's foreign policy. The purposes of technical cooperation—assisting the people and governments of the underdeveloped countries to develop their economies and raise their standards of living—cannot be achieved in a few years or in a decade. This is likely to be one of the major efforts of the foreign policy of the United States during the second half of the twentieth century. The organizational structure in Washington must both reflect and facilitate that continuing purpose.

Status.—The program needs to be given an administrative status commensurate with the importance of technical cooperation in the international relationships of the United States. The administrator at the head of it must be a person of high prestige at home and abroad and, if the program is placed in the State Department, he must report directly to the Secretary of State.

Freedom and Power to Operate Effectively.—When the TCA program was administered by the State Department from 1950 to 1953 it was

severely shackled and could not operate effectively. Wherever the program is placed it must be given considerable latitude of operations, so that it may make administrative decisions promptly and decisively.

Keeping the Objective Clear.—The form of organization should help clarify the objectives of technical cooperation and should not confuse them either with immediate and short-term political or commercial objectives or with the emergency requirements of military security.

Adaptability to the Varying Requirements of Host Governments.—The form of organization must grow out of the nature of field operations. The many governments with whom the United States cooperates in bilateral programs are sovereign governments which vary widely in form and administrative procedures. This compels the delegation to operating personnel in the field of wide latitude in program making, in the choice of instruments for effective cooperation, in the making of administrative decisions, and in conducting negotiations with the host governments. The program administrators must also be able to establish and maintain direct contact with the grass roots, with the people themselves, individually and through their many private institutions and organizations, both within the host country and in the United States.

A Core Career Service, with Broad Supplementation.—The organization must be able to offer the advantages and protections of a career service, based on merit principles, to the technicians and administrators whom it asks to go abroad for service in the program. This core career staff will need to be supplemented with the shorter term services of many experts and specialists through contracts with universities, private business organizations, foundations, and state and local governments.

A Nationwide Effort.—The program is so fundamental a part of the public policy of the United States that it must be able to enlist the support and the participation of all the major departments of the Federal government and of the whole nation in a sustained effort. Many activities in the international transfer of technology will continue to be carried on by private industrial concerns and through other private channels. The administrators of the program must be able to relate the public to the private activities, in a broadly supported national effort.

III.

The Three Major Choices of Organization

THE THREE CHOICES of organization that are receiving primary consideration are described in this section. We shall attempt to summarize the case for and against each. In the next section we shall give our own recommendations.

TRANSFER TO THE DEPARTMENT OF STATE

UNDER EXISTING LAW, the Secretary of State will again become responsible for administering technical cooperation on June 30, 1955.

The Case for Transfer

The case for permitting this legislative provision to take effect may be stated as follows:

The Department of State is one of the major permanent departments of the Government. Establishing the program within the State Department will emphasize the intention to continue technical cooperation as a long-term policy of the United States.

State is the most suitable department because technical cooperation is international. It is a major element in the nation's foreign policy. Its administration requires almost constant negotiation with foreign governments and the maintenance of friendly, cooperative relationships with them.

No administrative solution that may be adopted can exclude the State Department from participating in the administration of the program. The primacy of the State Department in the field of foreign policy compels it to exercise an important voice in the determination of program policy for technical cooperation no matter which agency becomes responsible for administrative execution. Since policy making and policy execution are closely entwined, assignment of the program to State will promote single rather than dual administration and will avoid such delays as have arisen out of the efforts to resolve differences of opinion between FOA and State.

The administering agency for the program can be given a semi-autonomous status within the State Department, with wide latitude

for determining its operating procedures. If other nonmilitary foreign assistance programs are also assigned to State for administration, it may even be desirable to organize the State Department into two branches—one for diplomatic and consular affairs, and one for the administration of operating programs abroad.

The American embassies in the host countries must continue to play a responsible part in supervising field operations. It will be easier to establish suitable and harmonious relations between the embassies and the technical missions in the field if the technical cooperation program is itself one of the responsibilities of the State Department.

The Case against Transfer

The case against the return of the program to the State Department runs something like this:

From 1950 to 1953, TCA tried to administer the program from within the State Department and was severely hampered. The Department refused to give TCA any special operating latitude. It is unlikely that broader latitude will be given the administering agency if the program returns to State. This would again make it impossible for the program to enjoy prompt and decisive administration.

Many of the career foreign service officers, both in Washington and in the diplomatic missions abroad, still do not accept technical cooperation as an appropriate activity for American foreign policy. When these activities were first begun they greeted them with coldness ranging toward hostility. Many have softened their views and others have changed them, but, taken as a group, the foreign service officers do not yet fully accept and support the program. Technical cooperation requires a devoted and painstaking administration which it is not likely to receive from those who do not wholeheartedly believe in it.

The principal officers in charge of the Department stated in 1953 that they did not want to administer the program, and they have not since made public any change of view.

Presence of the administering agency within the State Department will place it in closer proximity to the "political desks" and increase the pressures upon it to modify and distort its program policies in the interest of immediate short-term political and commercial objectives.

The relative inexperience of the State Department in administering operating programs will predispose it toward transferring to the major departments of government actual responsibility for administering

major segments of the program, in agriculture, health, education, industry, public administration, and other fields, reducing the State Department's own function to that of a coordinator. This would be a long step backward toward the relative ineffectiveness that characterized the old TCA and would surrender the major contribution made by FOA in introducing strong unitary administration of the program.

ADMINISTRATION BY FOA OR A SIMILAR AGENCY

THE MUTUAL SECURITY ACT of 1954, which calls for the transfer of technical cooperation to the State Department, provides that FOA shall cease to exist on June 30, 1955.

The Case for FOA

The case for the original establishment of FOA, or for its continuation, runs as follows:

The United States government is giving three types of foreign assistance—military, economic, and technical. A consolidated administration of these activities can promote efficiency and economy. It can facilitate the maximum of mutual supplementation; can avoid conflicts of policy and duplication of effort; can promote economy by reducing administrative overhead; and can make the total foreign assistance effort more manageable and understandable by bringing it all "under one roof."

Basically, the United States has a single foreign policy. Military, economic, political, and technical activities are but strands in that single policy, the purposes of which can therefore best be served through an integrated administration.

The Department of State does not want to administer technical cooperation and is not equipped to serve as an operating agency.

The FOA has established effective working relationships with the major departments of the government, retaining a unified central administrative authority within FOA while securing technical backstopping from the major departments in their respective fields under contracts that pay them for these services. This important gain may be lost if FOA is terminated.

The Case against FOA

The case against continuing FOA or establishing a similar agency may be summarized thus:

The FOA is a temporary agency. From its inception it has operated under an early termination date. Practically all of the activities it administers—other than technical cooperation—are short-term emergency programs. To leave the program within FOA for administration is to continue the impermanence and instability from which the program has so badly suffered.

The military assistance and defense support programs administered by FOA are fundamentally different, in their purposes and in the kind of procedures and arrangements they require, from the technical cooperation program. Administration of all three by a single agency obscures the nature and purposes of technical cooperation, and creates the wrong expectancies both at home and abroad.

Technical cooperation is so small a program when measured by its expenditures, and the military assistance and defense support activities involve such relatively large amounts, that within FOA technical cooperation has been all but overlooked. In that agency the program has had neither a separate staff nor a separate head. The billions of dollars that need to be budgeted and spent for security programs bulk so large that they almost monopolize the attention of the top management, giving technical cooperation only incidental time. Latin America as a region has suffered particular neglect because the area of strategic crisis in 1953 to 1955 has been Asia rather than the southern half of the Western Hemisphere.

THE PROPOSAL FOR A QUASI-PUBLIC AGENCY

CONCERNED over the misalliance between technical cooperation and military security in FOA, and almost equally concerned about the ability of the State Department to gear the program for prompt and effective administration, some observers have proposed that a new agency be formed as a public-private foundation. It would be given authority to accept private contributions, and the Congress would appropriate directly to it the government funds intended to finance the bilateral program. The foundation would be governed by a Board of Directors that would contain both private citizens (representatives of the major segments of the national community) and representatives of the United States government appointed by the President.

The Case for a Quasi-Public Agency

The case for establishing a public-private foundation is as follows:

It would be a permanent agency, giving the program stability and continuity.

It would administer only technical cooperation activities, freeing them from association with immediate political, commercial, or military considerations.

It would be entirely nonpartisan, and could offer a career service, based on merit principles, to technicians and administrators. It could also contract freely with public and private agencies to enlist the supplementary services of specialists.

Being both public and private, it could serve as an effective channel for rallying all the interests and efforts of the nation to secure their support and participation in the program, both through their own established channels and through assisting the work of the foundation.

A more limited form of this proposal calls for separating from the bilateral program two major activities—the award of training grants for study and training in the United States, and the administration of interuniversity contracts under which U. S. universities assist Latin American universities in upgrading their research and teaching activities. Only these two activities would be assigned to a quasi-public foundation, the rest of the technical cooperation program would be administered by a government agency. In support of this proposal it is pointed out that the two separated functions are basically educational in nature and can be better handled by such a foundation than by a government department.

The Case against a Quasi-Public Agency

The case against the establishment of a quasi-public agency may be thus summarized:

The Congress is unlikely to appropriate any substantial funds to such a public-private foundation.

If Congress does make such appropriations in amounts corresponding to those now available for the bilateral program, the government funds are likely vastly to overshadow the total of private contributions, and the Congress will then almost certainly insist upon attaching to the appropriated funds substantially the same conditions that it wishes to attach to them when they are to be expended by a government department. The apparent independence from political and governmental control is therefore illusory.

Technical cooperation is inseparably a part of the public policy of the nation, and public policy should be under public control. Particularly in the case of foreign policy, and of programs that must operate

in foreign countries, it is important that the making and execution of the policy and the programs shall continue under Presidential and congressional control.

The training grants and interuniversity contracts should not be split off from the rest of the program. The former are a central part of technical cooperation and need the benefits they can derive from being included in the country program planning work. The interuniversity contracts should have greater freedom from supervision, but that can be given them by the governmental administering agency.

IV.

The Committee's Recommendations

IN THE LIGHT OF the requirements for a successful technical cooperation program and the cases for and against the three major choices of organization, the Committee puts forward these inter-dependent recommendations on U.S. government organization for technical cooperation. The first recommendation is made only on condition that our other recommendations are carried out.

ON ADMINISTRATION BY THE DEPARTMENT OF STATE

TECHNICAL COOPERATION needs a permanent home in a permanent department of the government. The appropriate department is the Department of State. That Department has not hitherto proved wholly suitable as the parent agency for the program. We believe that one of the clearest lessons taught by recent history is that the program should be administered by the State Department and that the Department can be re-structured to give the program the operational freedom that is indispensable to its success.

The scope of the "foreign affairs" with which the United States government must directly concern itself has grown steadily larger in this century. Many of the tax, monetary, trade, and commodity policies administered by the Treasury, Commerce, and Agriculture Departments have broken through the domestic boundaries and now directly affect international relations. It is clear that the State Department cannot and need not to be made responsible for administering every governmental activity that has wide international implications. Technical cooperation, however, is not a domestic program that impinges importantly on overseas affairs; it is entirely an overseas operation. It is a new and prominent pillar in the nation's foreign policy. The Department of State ought to *demand* the authority to administer that program because of the crucial importance of the way it is administered to the success of the nation's foreign policy, and the program in turn *needs* the sanction and strength it can derive from being housed within the agency that exercises leadership in the foreign policy field.

So inescapable is the primacy of the State Department in the formulation and continuous adjustment of our foreign policy, that even those

who have wished to confine the Department to traditional diplomatic activities have insisted that State must be consulted or must be given a veto power of some kind. The result is that when technical cooperation was transferred out of State in 1953, the ties to the Department were not broken at all. The necessity for resolving differences of opinion between FOA and the State Department has created long delays, angry frustrations, and unhappy compromises despite the exceptionally determined efforts of the Director of FOA to recognize State's primary responsibility for foreign policy.

One example should suffice. The financial allocations for the program in Latin America for the fiscal year that began June 30, 1954, were not released by the Director of FOA until December 30, 1954, when precisely half of the fiscal year had already expired, because it took that long to resolve differences of opinion between State and FOA concerning a few relatively minor project proposals for the year's program.

In addition, we must give weight to the large role that the American Embassy in each host country must necessarily play in the program—in the preliminary conversations with the host government, in the negotiation and signing of international agreements, and in keeping an eye on the progress of the work. A program that is directly administered by the State Department has a far better chance to establish cordial and harmonious working relationships with the embassies than one outside the Department. It was noticeable that the American ambassadors and the Washington office of the State Department warmed up considerably to the Institute of Inter-American Affairs after Congress, in 1947, gave the Secretary of State complete control over the operations of the Institute. When the Institute's programs were about to be liquidated after the war, they were saved by the more intimate knowledge of their value which State had acquired since adopting them.

ON THE NEED FOR SEMIAUTONOMOUS STATUS WITHIN THE DEPARTMENT

THE CONCLUSION that the program *should* be assigned to the State Department for administration is one which many students of these problems are coming to accept. That the Department *can* efficiently exercise that responsibility it has yet to make clear.

Those familiar with the long reluctance of State to accept technical cooperation as a legitimate child in the American diplomatic family

must still seriously question whether the Department is prepared to give the program devoted administration. And aside from this question of attitude, those who have watched TCA's three painful years of attempting to administer an operating program from within that Department almost despair that State will ever be able to gear itself to enable a fast-moving action program to operate with speed and decisiveness.

The internal organization and procedures of the State Department are a reflection of the traditional diplomacy, whose principal tasks were to represent the United States abroad, negotiate treaties, and report information concerning foreign countries. The whole of the Department of State has been organized as though it were a single bureau. Most problems and documents require "lateral clearances" on a wide scale throughout the Department, and most action decisions can be made only at the level of the Assistant Secretary of State and higher. A single set of staff and auxiliary services—in personnel, budget and accounts, procurement and supply, and administrative management—serves all the functional and geographic offices of the Department.

When TCA was established in State in 1950, it was asked to take its place in the sprawling departmental structure as though it were a unit concerned with interpreting the negotiations and reports in a half dozen countries. It was permitted no personnel staff to deal with its difficult personnel problems; no separate set of accounts to serve the need of management for information and control; no separate procurement staff, although its problems in procuring machinery and livestock were significantly different from the procurement of desks and files; no management services to deal with its largely unique administrative problems.

In its first year in State, TCA was not even permitted to do its own program planning. Until November 1951, the country and regional offices of the Department were supposed to prepare program plans for TCA. Even after that broke down and TCA was given planning responsibility in 1951, it still was not given the other management staffs necessary for effective operations.

When the program returns to State, it should be given semiautonomous status with wide latitude for operations. It should be organized as an operating agency, with a full complement of line and staff offices, equipped to deal with all of its problems. It should be headed by a high-ranking officer, a person of prestige at home and abroad, who can protect its freedom of operations by reporting directly to the Secretary of State. The head of the program must be able both to take final

action and to delegate authority to take final action to officers within the operating agency. We believe it is possible in the Department of State, as in all the large operating departments of the government, to establish channels for keeping the entire Department informed and for enabling departmental staff offices to administer appropriate standards throughout the Department, without requiring advance clearing and initialing in a multitude of units.

If other nonmilitary economic aid programs are transferred to State, as well as technical cooperation, it may be desirable to organize the State Department into two main branches, one dealing with the traditional diplomatic and consular activities and the other administering the overseas action programs, including the educational exchange and other overseas action programs already located in the Department. In that event, clearly, the head of the operating branch should be an Under Secretary of State.

ON A CONTINUING AUTHORIZATION FOR APPROPRIATIONS

ONE OTHER STEP needs to be taken to remove from the program the misleading appearance of short-term status. The basic legislation should be amended to authorize such annual appropriations as Congress may deem necessary. The present requirement for annual re-authorization sprang in large part from the inability, when the program was born, to estimate approximately how much money it would cost. The Congress and the Executive have now accumulated experience on this subject, and the improvement of the program planning processes will shed further light on the amounts of money needed annually. To continue the necessity for annual re-authorization will give the program the appearance of living on from year to year, without the assurance of continuity that is imperative for long-range cooperative efforts and for the recruitment of career personnel.

ON ORGANIZATION AS A GOVERNMENT CORPORATION

IT IS LIKELY that the Department would find it easier to grant broad operating autonomy to the program (under suitable policy guidance) if the administering agency within the Department were given the legal status of a government corporation.

The Institute of Inter-American Affairs is such a corporation and Congress recently extended its charter until 1960.

The Appropriation Committees and the Bureau of the Budget have

developed the criteria that no government agency should be organized as a corporation unless it operates commercial-type enterprises, receives at least a major part of its funds from sources other than government appropriations, and operates projects that are largely self-liquidating from their revenues. Only then, they feel, will the agency need freedom from the usual governmental controls over the obligation and expenditure of funds.

It is true that the technical cooperation program does not satisfy any of these three tests. That is no longer important, however, in the case of the Institute of Inter-American Affairs or the rest of the technical cooperation program, because the Congress has already provided (in the Mutual Security Act of 1954) that the Institute shall be governed, as noncorporate bureaus are, by the Budget and Accounting Act rather than by the Government Corporation Control Act. This step fortunately clears the way for organizing the whole of the technical cooperation program as a government corporation. Corporations are traditionally given much greater freedom of operations. It is highly likely that the State Department can more readily bring itself to concede such freedom to the program if it is given corporate form. The Institute, for example, operated more freely within State than did the rest of TCA or any other unit of the Department.

The new administering agency within State will undoubtedly want to establish three regional offices for the three major regions of the world. The Institute of Inter-American Affairs should be the regional office for Latin America because of its long experience and the familiarity of the Latin American countries with its activities. It would, of course, be possible for the program in Latin America to be operated through the Institute while the program in the other regions is operated through noncorporate bureaus. Organization of a new corporation for the whole of the program is likely, however, to facilitate the grant of operating freedom that is so essential.

ON TERMINATION OF FOA

WE BELIEVE that technical cooperation has suffered from its association with the military assistance and defense support operations in FOA. The attempt to embrace technical cooperation within a "mutual security program" confuses the issue and creates the wrong expectancies both at home and abroad. The announcement of the technical cooperation program brought an extraordinarily warm response from the people of the underdeveloped areas

precisely because they saw in it a policy that was affirmative, friendly, humanitarian, and one that was willing to assist them, on their request, to develop their economies and raise their standards of living. They themselves, it was clear, were expected and intended to be the primary beneficiaries. The whole character of the program appears changed when it is made a part of the military security preparations of the United States.

It is true that national security and international trade continue, as in the long past, to be major objectives of American foreign policy. It is also true that it is quite impossible entirely to dis sever any public policy of the United States from the others. All economic processes interlace and affect each other, and it is therefore proper to hope and expect that the economic growth of the underdeveloped countries will contribute to world peace and economic progress. In that sense, security and trade are among the objectives of technical cooperation.

This does not make it less important to distinguish between short-term military needs and long-term development goals. To link the security programs and technical cooperation in a single agency denies their true separateness—both in objectives and in the types of overseas operations they require. It is neither necessary nor wise to sacrifice either set of objectives to the other. The United States government can organize itself to do justice to both.

Cynics and skeptics there will always be, and the motives of any nation that offers, out of its wealth and strength, to assist other nations in developing their economies will inevitably undergo questioning scrutiny from the rest of the world. The way the United States government chooses to organize itself for the administration of its various foreign operations can serve either to help clarify or to render still more confused the inevitable world effort to understand what the United States is trying to do and why it seeks to do it.

In addition, we do not favor leaving the technical cooperation program in FOA because the temporary status of FOA rubs off on technical cooperation and makes that program, too, look temporary, and because we agree that technical cooperation has been neglected in that agency. The force of events compels the top management in such an agency to devote almost all its attention to the crises that develop in the security operations.

ON THE PROPOSAL FOR A QUASI-PUBLIC AGENCY

WE SYMPATHIZE heartily with the motives that have impelled the search for a new type of administrative agency

for the program, but we do not favor the proposal to establish a quasi-public foundation. We agree with the case against this proposal that is stated in Chapter III.

A fourth method of organization may be mentioned briefly. That is to establish a continuing, independent government agency for the program, outside of the major departments and reporting to the President. This proposal, too, is born of the belief that the State Department will not give the program devoted and effective administration. We do not support the proposal because the program is probably too small for such independent status, and because, if the State Department's structure is proper, both the Department and the program can benefit from placing the operating agency within State.

ON THE ROLE OF OTHER GOVERNMENT DEPARTMENTS

THE STATE DEPARTMENT attempted, in 1950, to administer the technical cooperation program by transferring rather full responsibility (and funds) for administering segments of the program to the major departments of the government. They were asked to administer abroad the activities that were similar to their domestic responsibilities. The Department of Agriculture thus became responsible for administering technical cooperation in agriculture; the Department of Health, Education, and Welfare for administering programs in public health and education; and so on. (The major exception to this management plan was that the Institute also administered programs in agriculture, health, and education within Latin America.) Most of the administrative authority being thus transferred to other operating agencies, the State Department, through TCA, was responsible for trying to coordinate their efforts.

This management plan failed badly. When FOA was established it set the plan aside, assumed direct administrative responsibility for all operations and entered into contracts with the major departments under which they gave FOA technical backstopping in the recruitment and orientation of personnel, the planning and evaluation of programs, the flow of technical information to field technicians, and the administration of training activities in the United States for foreign nationals.

Almost immediately after Congress provided for return of the program to the State Department, some of the government departments reasserted a wish to administer overseas the activities within their domestic specialization. We believe that it would be a most unhappy development if the return of the program to State were to undo what

is probably FOA's major contribution to the administration of the program.

Why did the plan of divided authority break down?

- It did not establish an agency that could be responsible for administering the whole of the program. Instead, it divided the job among many agencies, each of which was only partly responsible for a small part of the total effort. Under such a diffused administrative structure the program could not receive unified direction.
- The recruitment of new technicians could not be pushed with vigor. The TCA was supposed to notify the agencies of the need for particular technicians, and they were then to recruit them. Each would blame the other for delay on its portion of the combined job. Although TCA felt frustrated in not being able to devise bold new methods of recruitment, that was the responsibility of other agencies. In many cases the agencies were willing to assign to the work abroad persons whom they had difficulty in placing in domestic assignments.
- After recruitments, technicians received divided advice and inconsistent orientation. At TCA the new personnel were taught that they were to work as members of a team under the country director. The agencies instructed them not to forget that they were working for a particular department and must accept instruction from its Washington office. In some countries, because of the high caliber of technicians and country directors, real unity was almost achieved. In others, the country director found that he was presiding over a group of departmental representatives, many of them resisting his supervision.
- The principal responsibility for program planning was TCA's. The principal responsibility for directing field operations (under supervision of the country director) belonged to the departments. When major policy problems were presented they almost always involved both planning and operations. This encouraged constant bickering between TCA and the agencies as to whether the agencies had been adequately consulted and whether TCA policies were being observed.
- The structure was immensely cumbersome. When TCA called a meeting on a major policy problem representatives of so many agencies gathered that sheer size made it difficult to analyze a problem or reach a decision.
- Perhaps the worst result, however, was that the participating agencies spent so much of their time doing administrative work (in recruiting technicians, giving them information about the details of personal living abroad, arranging for transfers, home leave, and replacements, etc.), that they were seriously failing to perform the principal task for which TCA was dependent upon them—namely, the furnishing of technical information and knowledge in their respective fields to the technicians working overseas.

The Federal executive branch in Washington is, at best, a complex structure. The Congress shares with the President a major role in foreign policy. The executive branch is "decentralized," with cabinet heads and bureau chiefs being in many cases the final decision makers. The decisions of many sources of executive authority must blend if so complex an operation as the technical cooperation program is to be effectuated. This multiplicity and decentralization make it all the more important that each operating program shall have a clearly defined executive authority to perform its job and meet its responsibility.

There is an important and most responsible place in the operation of the program for the skills and resources of the major departments, but it is not in the assumption of a portion of the duty of central direction itself. The program must have unitary administration, and only then can it effectively bring into play the resources of the other departments.

ON CORRELATION OF PUBLIC AND PRIVATE EFFORTS

THE PUBLIC ADVISORY GROUP for the technical cooperation program is now the International Development Advisory Board. We recommend that the Board be continued after transfer of the program to the State Department, and that its effectiveness be strengthened by asking it to serve also as a channel for correlating the public with the private activities in the international transfer of technology.

ON DELEGATING AUTHORITY TO FIELD PROGRAMS

THE ESTABLISHMENT of the technical cooperation program on a stable and continuing basis, under unitary administration, and with broad operating freedom should make possible a far more effective administration of technical cooperation than has so far been achieved. It will also make possible the delegation of broad operating authority to country directors and chiefs of technical missions within the host countries.

This program is substantially different from most government responsibilities. It is not its function to build structures or administer regulations. It does not seek to do, but to teach and train—to help others to do by and for themselves.

The essence of the program is to cooperate with other sovereign governments in building their economies within their countries. True

mutuality in planning and operations is therefore most essential, with the host government carrying the primary role and the primary authority.

Under these conditions, delegation of broad authority to field officers is more than wise; it is a prerequisite. The heads of field operations must be able in their discussions with the host governments to give and take readily and promptly. If the major decisions must first be approved in Washington, mutuality in discussion and negotiation is weakened and the primacy of the host government challenged.

The U.S. headquarters office must provide standards and guidance to its field officers, receive reports on all operations, and give instructions and directions where needed. However, within such standards, policies, and directions, the responsible officers in the field must be able to act promptly without advance clearance and approval. (If a serious mistake is made in the field, there will be a way to make the necessary adjustments.)

The dignity and importance of the sovereign governments with whom we are cooperating; the widely varying conditions in the many host countries; the differing degrees of development that prevail; the necessity for adjusting all operations to the requirements, the pace, and the preferences of the local culture pattern—all of these unite to make it imperative that competent people be recruited, that they be suitably trained and oriented for their work, and that they then be given a broad range of responsibility and freedom of action.

The recommendations we have made are interdependent. Unless the Department of State is prepared to give the program the kind of administration we have described—including broad operating freedom, unitary administration, and wide delegation of authority to the top field officers—we would not support the proposed return of the program to that Department for administration.

V.

Summary of Recommendations

WE WOULD SUMMARIZE our recommendations as follows:

1. The technical cooperation program should be returned to the Department of State for administration in accordance with the principles stated below.
2. An administering agency for the program should be established within the Department as an operating unit, with a full complement of line and staff offices, equipped to deal with all its problems. The operating agency should have its own staffs for program planning, personnel administration, budget and accounts, procurement and supply, and administrative management services. These staffs may well receive standards of performance from departmental staff offices in the same fields, but should work as personnel of the operating agency under the direction of its head.
3. The operating agency should be headed by a high-ranking officer, a person of prestige at home and abroad, who can protect its freedom of operations by reporting directly to the Secretary of State. The head of the agency should be able to take final action and to delegate authority to take final action to officers within the operating agency.
4. If other nonmilitary economic aid programs are transferred to the State Department, as well as technical cooperation, it may be desirable to organize the State Department into two main branches, one dealing with diplomatic and consular activities and the other administering the overseas action programs. In that event, the head of the operating branch should be an Under Secretary of State.
5. Organization of the entire program as a government corporation will probably facilitate freedom of operations for the program within the Department. Whether or not the entire program is given corporate form, the agency should administer its activities in Latin America through the Institute of Inter-American Affairs, which is a government corporation.
6. The basic legislation should be amended to authorize such annual appropriations as Congress may deem necessary, in order to terminate

the necessity for annual re-authorizations and remove from the program the misleading appearance of short-term status.

7. The agency that administers technical cooperation should not be responsible also for administering military assistance or defense support programs.

8. The operating agency within the State Department should exercise complete administrative responsibility for all its operations overseas and should not divide that responsibility with other departments of the government. It should receive technical backstopping from the other departments in their respective fields, under contract with them, to assist it in its work.

9. The International Development Advisory Board should continue to serve as a public advisory group for the program and should also correlate public and private activities in the international transfer of technology.

10. The headquarters office in Washington should delegate to the country directors and chiefs of technical missions in the host countries broad authority in program making and program execution, in order to promote true mutuality with the host governments and to make possible the suitable adjustment of operations to the differing conditions and requirements of the many host countries.

11. Our recommendations are interdependent. Unless the Department of State is prepared to give the program the kind of administration we have described—including broad operating freedom, unitary administration, and wide delegation of authority to the top field officers—we would not support the proposed return of the program to that Department for administration.

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