The West and the Communist worlds are involved in a massive political competition, with youth and students a primary target. Since the days of Lenin, the Communists have accorded youth a high priority, and that interest continues undiminished. A reminder of it appeared in the July 1961 issue of *World Marxist Review*: "The Communist Parties devote close attention," readers were told, "to the students who are playing a growing role in the emancipation struggle of the working people, particularly in the underdeveloped countries."

Through discussions and seminars, lectures and rallies, Marxist classes and work in the student organizations, the Party carries its message to youth. In the vanguard of this effort are the two major youth front organizations, the World Federation of Democratic Youth (WFDY), founded in 1945, with headquarters currently in Budapest, and the International Union of Students (IUS), founded in 1946 with headquarters in Prague.

Both have active, far-flung programs, and bring youth functionaries from outside the bloc to observe their work. Young leaders are taught to handle organizational problems and subversive activities, and an increasing number of cadres are trained to organize and influence such important target groups as young workers, young peasants, and young sportsmen.

In noncommitted countries, IUS and WFDY establish contact with youth through an interest in sports, stamps, films, drama or art. Young people are organized in "solidarity campaigns" for national independence or against colonialism. Youth from beyond the Iron Curtain are attracted to the bloc to take part in political discussions and ostensibly nonpolitical events such as sports festivals and chess tournaments. In recent years, summer courses, work camps, and opportunities for cheap group travel for non-bloc youth have been on the upswing.

New fronts are established through international committees formed to carry out specialized activities. Inside and outside the Communist orbit, WFDY and IUS provide their affiliates with names and addresses of nonmember organizations and prominent people with similar interests. The best person to contact in an organization is suggested, as well as the type of approach to be taken and the person who should make the approach for most beneficial results.

*Adapted from material prepared by the Department of State.*
International volunteer brigades have been organized by IUS and WFDY for teaching in countries with a high rate of illiteracy, for construction, and for paramilitary purposes. This continuous offensive reaches a dramatic high point in the World Youth Festivals sponsored by the two youth front groups. These festivals bring together between 17,000 and 30,000 youth, a large percentage of them from the Communist bloc. In the past, many from the West have felt that these festivals, especially when held outside the bloc, represent an opportunity for serious debate. But this attitude fails to take into consideration the realities of the situation: the fact that seminar discussions are controlled, for instance, or the absolute discipline of bloc delegations, and the fact that they travel in a body to and from their quarters.

In the U.S.S.R., the international activity of youth and student groups is coordinated by the Committee of Youth Organizations (CYO), which is controlled by the Komsomol—the Communist Party's youth organization in Russia—and affiliated with the WFDY and the IUS. The CYO produces a number of publications in several languages for dissemination throughout the world, and stimulates its affiliates to organize activities to attract non-bloc participation—international summer schools or camps, for example, with guidance and support from IUS and WFDY.

In addition to the two youth organizations, a number of other front groups sponsor activities designed to interest young people. These include the World Federation of Trade Unions, with its special programs for young workers, organized by trade or occupation; the International Organization of Journalists, which held an international seminar in 1960 for children's press journalists on "the role of the press in educating children and forming their character"; the International Federation of Resistance Fighters, which organizes vacation camps and other programs for young people both inside and outside the bloc; and the Women's International Democratic Federations, which takes a great interest in matters concerning children and young girls.

Scholarships for study at universities in Communist countries represent one of the most important efforts to influence the thinking of young people. Such scholarships totaled nearly 4,000 in the academic year 1960-61—an increase of almost 50 percent over the previous year—and this does not include the many thousands of non-Communist youth who are receiving technical training behind the Iron Curtain. Scholarships are made available both directly and through WFDY and IUS, with the latter coming more and more to the fore.
By far the most famous scholarship institution is the Patrice Lumumba People's Friendship University in Moscow, where Asians, Africans and Latin Americans can receive academic training for 4-5 years. The first year is devoted to a study of the Russian language, and lectures are given to students on the life and history of the Soviet people. The U.S.S.R. claims that more than 40,000 applicants from underdeveloped countries have applied for scholarships and that about 500 students were chosen for the first year. In addition, a number of Russian students were selected, permitting Soviet youths to be housed with every group of foreign students. The 40,000 applications, incidentally, must have provided the Soviets with names and biographic dossiers of young people in many countries, enabling local front groups to establish contact with them and bring them more actively into pro-Communist activity.

The IUS and the WFDY give additional scholarships to students outside the bloc, and their number has markedly increased since 1957. Other scholarships are also available; the exact numbers are not known but they probably amount to a few hundred.

Increasingly, efforts are made to indoctrinate these students informally and to draw them more closely into pro-Soviet activities. Communist organizations maintain contact with them and use them for broadcasts, rallies, and for writing articles. Unions of foreign students, organized on either a national or regional basis, are established within the bloc, and a permanent seminar for Latin American students in Moscow was established in 1961. This promises to be a new method of indoctrination and a means of spotting potential troublemakers as well as students worthy of further development.

In 1961, the IUS announced 1,100 new scholarships for study in Cuba. All but 100 are to go to Latin Americans, and it may be assumed that they will receive considerable political indoctrination and, in some instances, guerrilla warfare training.

Sports long have been a valuable organizational weapon for the Communists, and the latter can be expected to make greater use of this weapon in the future. The Union of Sport Societies and Organizations of the U.S.S.R. claimed that 300 teams of different countries visited the Soviet Union in 1960 and that Soviet sport bodies maintain active relations with athletes in 69 countries.
Young trade unionists and other groups are brought to bloc countries for special training courses on both a regular and a periodic basis. An institute in Leipzig, East Germany, gives language training to young people—particularly young Africans—who will study at the trade union school of the Free German Trade Union Federation. The course includes classes on how to "struggle against colonialism and foreign monopolies for the complete liberation of their countries."

Unlike the World Youth Festivals, which present no real opportunity to advance the West's point of view, international youth and student conferences organized independently of the Communists and the West can, when properly planned, work to the West's advantage. They can, at least, be neutralized, if their nature and functioning are known and effective strategy is devised and carried out. These third-party meetings afford an interesting example of direct East-West competition before the eyes of the target audience.

In preparing for such a conference, it is essential to realize that every aspect is important. The first question to consider is whether or not the conference is indeed an independent effort; the second, whether the conference is a good thing on its merits; and the third, whether there is any real possibility of affecting the outcome. Although the answer in each case may be in the negative, this does not indicate that the conference should be ignored.

In the preparatory stage, background information is of prime importance—the conference site, the subject matter, the managers, the financing. This will suggest the degree of strength for the West's position vis-a-vis that of the Communist bloc. To have any effect on the three objectives of a conference—the resolutions, the resulting program, and the organizational structure—careful attention must be given to each of the determining elements: the preparatory committee, the agenda topics, the invitation list, the financing of delegate trips, the size of attendance, and the rules of procedure.

The organization of the steering committee can have a crucial effect; the same is true of the credentials committee, which passes on the right of delegates to participate; the secretariat, which determines such important technical arrangements as delegates' housing, interpreters, and translation of documents; the publicity office, which helps to determine the conference's image abroad; and the resolutions committee. It is by attention to such details that gains are made in independently organized youth conferences.
Obviously, the Communists are expending a great deal of money, energy and manpower to win over the youth and students in the developing areas. Their effort calls for a response from the West that is equally energetic and imaginative, that is backed by good minds and more money than heretofore, and that is grounded in a realization that the competition will be one of long duration.
LABOR'S ROLE IN NEWLY DEVELOPING COUNTRIES

By George C. Lodge

The struggle for economic improvement and political freedom in which enormous sections of the world are now engaged may well be the most far-reaching effort in human history. There is one aspect of this battle which has not been widely recognized, and that is the important participation in it of organizations of workers. Peoples throughout Asia, Africa and Latin America are looking more and more to labor unions as an instrument for improving their economic, social and political conditions.

It is misleading to think of these trade or labor unions in the newly developing countries as bearing any close resemblance to labor organizations in the United States; in general, they have different origins, purposes, methods and objectives. The differences have caused much confusion. Westerners have been led to ask: Of what importance can a labor union of several thousand men be in a country of many millions which is industrially underdeveloped? To answer this, we must first examine some of the general characteristics of workers organizations in the countries in question.

In the first place, these unions were not born in industrial revolution as the result of an urgent and specific need of a congested mass of factory workers for improved wages and working conditions. In their origins, they do not resemble the unions of England, the United States and Europe. Generally, labor unions in the less developed parts of the world were superimposed on a basically rural society for political or ideological reasons. They have developed as rural cooperatives, social welfare organizations, political parties, semi-fraternal groups and, in a few instances, rudimentary industrial unions, spreading to the mines, oil fields, railways and textile factories.

*Reprinted from Foreign Affairs, July 1959. Mr. Lodge was then Assistant Secretary of Labor for International Affairs, U.S. Department of Labor.
These unions, however, were not the result of worker initiative and could not have been, given the economic and political environment in which they emerged. They did not spring from a mass movement. Rather they were held out to a not unreceptive rural society by political parties, government, reformers and intellectuals of all sorts. Many union movements, particularly in Asia and Africa, rose on a wave of nationalism, becoming the spearhead of anti-colonial movements toward political independence. Others were impelled by humanitarian or ideological forces, and some by the belief that unions were important symbols of the modern industrial age—a requisite to admission as an equal among the industrialized nations. It is easy to see how these unions, with no firm roots in the wills of their members, could become a powerful political instrument in the hands of clever leaders, particularly as economic dislocations and social eruptions increased with the spread of nationalism and the coming of industrialization.

International Communism quickly sought to use them as instruments for the seizure of political power. In a significant number of new nations, however, the strongest anti-Communist element has come to be the trade unions. Often they have been the first organized force to realize that with Communism comes not utopia but a new and more dreadful form of colonial exploitation.

This is clearly true, for example, in India, where the free trade unions are fighting a desperate battle against the Communist-controlled All India Trade Union Congress. Last summer some of their members were shot down by police during a strike in the Communist state of Kerala. The plantation-workers' unions in Asia are another effective force against Communism. These unions in Malaya and India today have a broad base and have developed representative leadership. They are a far cry from being rootless instruments of "outside" interests. The members of the powerful Malayan plantation union, coming largely from the jungles and mountains, were exposed to Communism during the bitter guerrilla fighting that began in 1948. Many of them lost their homes and families to the Communist invaders. They know Communism for what it is and have developed strong trade unions not only to advance their economic welfare but to protect their country's independence.

II

In many countries of Asia, Africa and Latin America, the most important influence on the people is organizations of workers. Mr.
Nasser was quick to appreciate the political significance of labor in his attempt to achieve power in the Arab world. When the existing union leadership in various Arab countries proved reluctant to cooperate with him, he organized the International Confederation of Arab Trade Unions as an instrument for reaching directly from Cairo to the workers of other Arab countries.

In the Sudan, an agricultural country almost one-third the size of the United States, the transport and communication system is of vital importance. After World War II the railroads, river boats, docks and hotels along the Nile were combined into a single transportation unit. It is not surprising that this unit was the target for the first unionization drive in Sudan which lasted from 1946 to 1955. Last year, when all union activity was outlawed by the Sudanese Government, there were 20,000 workers in this transportation union, which plainly exerted considerable strategic control over an industrial complex of basic significance to Sudanese economic and political development.

Going west to Tunisia, Bourguiba's Neo-Destour party could never have come to power and pressed so successfully for independence and social improvement had it not been for the strong support of organized labor. In Morocco, the National Federation of Labor emerged in the independence movement as a powerful political force. Through its attachments to the masses of the Moroccan people, it is a vital element in the political situation there today.

President Nkrumah and his Convention People's Party successfully secured the support of the labor movement in Ghana in 1954, both for domestic political reasons and to protect it from Communist influence. The career of John Tettegah illustrates the central role trade unions play in the affairs of many emerging countries of the world. As general secretary-treasurer of the Ghana Trade Union Congress, Tettegah also serves on the central committee of Ghana's ruling party. He carries great weight in labor affairs within Ghana, and in recent years has become recognized on the international scene as a spokesman for African labor.

The rise of African nationalism is well symbolized by the 29-year-old Kenya labor leader, Tom Mboya. First as a general secretary of the Kenya Federation of Labor and then as Chairman of the All-Africa People's Conference at Accra, Mboya emerged as one of the most able leaders of the African independence movement. Today he is also a member of the Legislative Council of Kenya. Mboya's rise is a good example of the new significance of workers organizations and their leaders. Born on a sisal estate in Kenya's highland area, the son of
illiterate parents, he was appointed a Nairobi city sanitary inspector in 1951, but was outraged to find his salary was a fraction of that of a European holding the same post. He joined the African Staff Association, consisting of municipal employees, and in 1952 became its president. He converted this association into a union and the same year joined a political group, the Kenya African Union. His rise to a position of importance in Africa today is due largely to the substantial support he mustered as an organizer of African workers.

Sékou Touré, who led the independence movement in Guinea, Africa's newest independent state, also got his start in politics as a labor leader. It was indeed as a labor leader that he first demonstrated his ability to command an almost religious devotion from his followers. It was his well organized labor movement which gave him the power to force independence.

In Latin America, too, we see much the same situation. In Mexico, for example, trade unions today are a powerful political force. President Lopes Mateos, former Minister of Labor, was elected with strong labor backing, and the trade union movement helps to provide popular support for the present government. The labor movement constitutes more than 25 percent of the Chamber of Deputies and has similar representation in the Senate. As the country continues to industrialize, the unions will certainly gain strength and acquire a broader base among the workers.

In Colombia, Peru and Venezuela, in Argentina and Bolivia, the trade unions are playing a key political role, constituting as they do the most important mass organizations in those countries. In Peru, the trade union movement, most of which is allied with the Aprista party, is trying to reconstruct constitutional government after the Odría dictatorship of almost a decade.

In Costa Rica, Luis Alberto Monge is presently one of the principal leaders of the opposition in the Costa Rican legislature. Monge got his start in the trade union movement, having served in recent years as president of the principal labor organization in his country and as general secretary of O.R.I.T., the I.C.F.T.U.'s (International Confederation of Free Trade Unions) regional organization in the Western Hemisphere. Together with Costa Rica's ex-President Figueres, Monge is one of the more articulate opponents of dictatorship in Latin America.
Juan Lechin, Bolivian labor leader, was one of the two principal figures in the 1952 revolution. Today he heads the opposition. While Lechin is a senator, he remains executive secretary of Bolivia's central trade union organization and head of the Federation of Mine Workers.

III

In order to understand more clearly how a labor union of a few hundred thousand—or even a few thousand—can be effective in a country of millions, let us look at India today. This is appropriate because India's labor situation exemplifies that of many Asian and African countries, and also because it has become of critical importance to the successful development of that country.

While India has a population of about 400 million people and a land mass almost half as big as that of the United States, it is a country being led today by an exceedingly small group of men and women. Like the founding fathers of our own country, these are patriots of exceptional intelligence, dedication and selflessness who are struggling against what often appear to be overwhelming odds. This group of men and women, who literally can be counted in the thousands, are very much a part of India and yet are clearly distinct from the mass of Indian people. They stand out as the only element in Indian society capable of making the tremendous exertion necessary for development. They are pulling India almost miraculously forward.

Assuming that this group of leaders numbers seven or eight thousand, I think it is also probable that those capable of supporting them in any effective way number no more than seven or eight million. In reaching this figure, we start with a total population of some 380 million, of whom 330 million live in the more than 600,000 isolated villages and have almost no contact with the main stream of Indian political and economic life. This leaves about 50 million Indians who live in urban centers. Given a literacy rate of 17 percent, the figure of eight million capable of effectively supporting them does not appear unreasonable.

Within this context it becomes a little clearer how an active organization of say 200,000 men and women, under perhaps 25 dedicated leaders, can have a profound and lasting influence. This is especially true if, as is usually the case, their efforts are directed toward several industries such as steel, transportation, communications or longshore operations, which are of great strategic importance.
to the whole nation. Thus a relative handful of people, promising progress toward broadly popular goals, can be of the utmost political and economic importance. In the developing countries, numbers do not count so much as leadership and organization.

In India there are three principal federations of worker unions, each tied to its own political party. First, there is the Indian National Trade Union Congress (I.N.T.U.C.) with about 1,200,000 members. This federation grew out of the Ahmedabad Textile Labor Association founded some 30 years ago. Gandhi himself played an important role in its early days. Many of the present leaders of the T.L.A. and I.N.T.U.C. were close friends of the Mahatma, served jail terms with him and practice religiously his creed of non-violence and peaceful understanding. The chief union in I.N.T.U.C. is still the Ahmedabad Textile Association, which is in many ways a model labor union. Its grievance procedure, community activities and relations with management would compare favorably with any union anywhere, but it must be said that it is an exceptional operation in Asia. The T.L.A., and later the I.N.T.U.C. federation, grew with the independence movement and in its early years was largely a political force, although it also did much to improve the welfare of the textile workers of Ahmedabad. After independence, I.N.T.U.C. continued to be closely associated with the Congress Party and its leaders have alternated between the union and high government posts or positions in Parliament. The present Minister of Labor, for example, Gulzarilal Nanda, was the former general secretary of the Textile Labor Association and, as such, a leading official of I.N.T.U.C.; and the present president of the Association, Khandubhai Desai, was a former Minister of Labor. There is thus a strong bond between I.N.T.U.C. and the Congress Party.

Numerically the next largest labor federation in India is the All India Trade Union Congress (A.I.T.U.C.) with about 900,000 members, which is allied to and controlled by the Communist Party. Its leaders are also the leaders of the Communist Party and, while it pretends to certain economic and social aims, it is largely a political movement, plainly directed from the Soviet Union. It is making a particular effort to gain control of the Indian steel industry which is emerging in the wilderness of Bihar and Orissa around Calcutta. Through A.I.T.U.C., the Communists inspired a violent strike a year ago at the 50-year-old Jamshedpur steel mills of the Tata Iron and Steel Company, importing large numbers of paid organizers. They are now actively seeking to gain control of the three new government plants currently being put into operation at Durgapur, Rourkela and Bhilai, with the help of the
British, Germans and Russians respectively. There is no question that control of this industry and the coal and iron mines flanking it will be a key factor in the future development of India.

The third principal federation of workers in India is the Hind Mazdoor Sabha (H.M.S.), with about 300,000 members, which is tied to the Socialist Party. This federation has a number of bright and vigorous leaders who have succeeded in building substantial strength particularly on the docks of Calcutta and Bombay, which strategically are of great importance.

India's principal labor federations are thus bound to the three main political parties and there is little likelihood that this situation will change in the foreseeable future. An aspect of this relationship is that the trade unions of India, and of many other Asian and African countries form the most important contact between the political parties and the mass of the people. Unions are often conceived as being a combination of the Red Cross, Community Chest, Elks Clubs, an American-type trade union, a political party and in some ways a religious organization. Their functions and activities reach into every phase of urban life, including politics, housing, hospitals, labor-management bargaining, public parades, demonstrations, schools and colleges. Of these, the collective bargaining function is by no means the most important.

Although the political significance of these labor movements is what makes them especially distinctive from our point of view, their reason for being and the source of their strength lie beyond politics. They are sustained by the determined desire of the people of the developing nations for an improvement in their way of life, for a square meal where there has been starvation, for a hospital bed where there have been death and disease, for a decent house where there have been filth and squalor, for freedom and dignity where there have been domination and servility. It would be a great mistake to look on these unions as merely political tools to be played with as such. Their roots lie deep in the hearts of the people who are native to these lands. They are the first true and wholly indigenous organizations which many of these peoples have ever known and they are prized for this reason. They are followed with dedication, and are looked to for a solution of all ills.

The Communists realize this full well and, as Vice President Nixon has noted following his trips to Africa and Latin America, they are making great efforts to win over not so much government and
business officials, who may be in power today and gone tomorrow, but union leaders, who, by the very nature of their organizations, are likely to grow in influence, as industrialization progresses.

We would be seriously deluding ourselves if we did not recognize that the Communists have increased substantially their influence in the labor movements of Asia, Africa and Latin America. They are concentrating on controlling the workers in key industries throughout all of the newly developing nations. Large numbers of young labor leaders are invited to Moscow each year for a highly developed course of indoctrination. When these men return to their native lands, they are revered if for no other reason than that they have traveled far off in an airplane, an experience which very few have had. They are frequently admired and listened to when they preach that the way to quick development, the way to easy money and full bellies, is not the slow, uneven processes of democracy, but by the shorter Russian route of totalitarianism which has accomplished wonders in a few decades.

The day has long since gone when relations with other countries can be effectively carried on solely in the traditional "diplomatic" way at the usual "diplomatic" levels. The power of Africa and Asia is often not in the hands of government officials, but rather in the hands of relatively obscure native leaders who first appear on the national scene as leaders of a workers organization.

IV

What does this mean in terms of American interests?

In the first place, a visitor to India or to another country of Asia or Africa is apt to be struck by the degree to which the labor movement of the United States is admired. This respect is enhanced by the misconception abroad of the nature of this country and its economic system.

The United States is described by others, and unfortunately even by some Americans, as a "capitalist" nation. To the vast majority of the world's people this word connotes something very different from the economic system and society which have in fact evolved in the United States. George Romney, President of American Motors Corporation, wisely observed earlier this year: "Today we still talk about 'capitalism' without fully realizing this term is a hand-me-down from an Old World society and our dead and gone robber-baron era in which a few controlled and exploited the efforts of many."
To the peoples of less industrially developed countries, the word "capitalist" conjures up exploitation, imperialism and colonialism. They are reminded of their own private employers or capitalists who in many cases strongly resemble the robber barons of the last century. Many people abroad do not understand the extent to which our economy meets the need of the consumer. And few realize the social consciousness which motivates many activities of United States business, or comprehend the intricate power balance around which has grown our unique variety of collective bargaining.

Most of all, perhaps, there is misunderstanding about the role of government in the American economy. In the less developed areas of the world, and even in some areas of Western Europe, there is little awareness that government expenditures for various social insurance programs in the United States are around $12.5 billion annually; that another $25 billion or more is expended each year by Federal, state and local governments under various other social welfare programs, such as public welfare, public health and medical care, child welfare, aid to veterans, public housing, and education; that, in addition, contributions to private health and welfare funds are currently being made at a rate of $8 billion a year; and that the total of $46 billion amounts to roughly a tenth of the current gross national product.

Few Asians or Africans have any idea that the United States has an elaborate unemployment compensation system and few realize the extent of our agricultural programs and Federal power establishments. They are astounded by the figures published by Professor Galbraith of Harvard in Foreign Affairs last year: In the United States 20 percent of the gross national product is disposed of by the various levels of government; in India only 10 percent. Such figures lead one to wonder about the meaning of the words "capitalism" and "socialism" as applied to the United States and India today.

Be that as it may, we are dubbed a capitalist country with all that it implies. At the same time, however, it is recognized that American workers have the highest standard of living of any workers anywhere and that in the United States there is the widest distribution of wealth. This seeming paradox is explained in the mind of, say, an Indian, an Indonesian or a Moroccan by assuming that the American trade unions have singlehandedly achieved these high standards for the American workers by wresting unparalleled benefits from "capitalist" hands.
This reasoning, added to the individual respect which many of our trade union leaders have gained in the course of their extensive travels, has meant that generally no aspect of the United States is more admired by the people of Asia, Africa and Latin America than our trade unions. This admiration provides an important avenue for the development of mutual understanding between the United States and the newly developed nations. It also provides a source of strength in the effort to organize free political and social institutions in those countries.

This fact should invigorate popular support for the Government’s exchange programs which each year bring some 900 trade unionists from abroad for a three, six or nine months’ stay in the United States, and permit top American union leaders to go abroad. Through these programs an African union leader can see the progress that American unions have made in eradicating discrimination; an Indonesian rubber worker can learn the basic methods and techniques of collective bargaining, union organization and industrial relations; a Venezuelan oil worker can see with his own eyes that the Communist representation of America as a land run by and for the exclusive benefit of money-hungry "capitalists" is just not so. The leaders and members of foreign workers organizations can see first hand the extent to which American labor has confounded the 100-year-old prediction of Karl Marx. Likewise, representatives of the A.F.L.-C.I.O., the United Steelworkers, the Oil Workers and other unions can understand better the problems of labor in less developed lands, can learn from them and hopefully can help them in their quest for economic improvement.

A second policy consideration relating to labor organizations abroad is the importance of our 48 labor attachés throughout the world, and of other foreign service officers who are engaged in reporting the activities of workers organizations and establishing useful contacts with them. We need to increase the number of exceptionally competent trade unionists who are taken into the foreign service to serve abroad as labor attachés. Union experience can be extraordinarily valuable in establishing contacts and relationships in many countries of the world. Young men with an academic background in industrial relations or with governmental experience in the manpower field should also be recruited for labor work abroad. As workers organizations grow in political and economic significance, increasing importance will be attached to the work of labor officers in the Foreign Service.

Third, the rising importance of labor organizations means that American support of the International Labor Organization must keep pace with its growing responsibilities. Our participation must
constantly be measured against the help the world seeks from the I.L.O., a specialized agency of the U.N., whose purpose is basically twofold:

1. Through its technical assistance program and educational activities it seeks to improve the welfare of workers throughout the world by providing, for example: vocational training, assistance in the establishment of governmental institutions such as labor departments, technical advice to assist in the development of free collective bargain­ing and sound labor-management relations and various programs which help developing countries make better use of their manpower resources.

2. The I.L.O. also sets international standards designed to point the way for developing nations which seek to provide a better way of life for their people. These standards cover a wide variety of subjects including social security, child labor, industrial and mine safety, forced labor, slavery and various forms of discrimination in employment.

The I.L.O. is unique among international agencies in that it is tripartite; that is, its membership consists of worker, employer and government representatives from some 80 nations. The annual International Labor Conference at Geneva often provides the only occasion during the year when union leaders--many of whom are among the most important political figures of their country--travel out of their own country or encounter Americans. The importance of this encounter and of this organization can hardly be overestimated.

It is certain that the Communists understand its importance. For they use it to the utmost to shout their claims to "a worker's paradise." Happily, it can truthfully be said that their shouts have fallen largely on unbelieving ears. They have made little headway in the I.L.O., and time and time again their totalitarian system has been shown up for what it is. This has been done most effectively not by government spokesmen but by workers, whose conviction and sincerity give their comments a persuasiveness which it is hard for a governmental representative to equal.

We have seen that the organizations of workers in the newer nations are a crucial force in the struggle for economic improvement and in many cases offer the only social and political leadership extending beyond the educated élite. If the future is to bring material improvement in a context of freedom and democracy, this force and its underlying sources must be fully realized. The United States must adjust to its significance and be prepared to make the same effort in behalf of world-wide economic progress as we have exercised in building military
strength to deter aggression. To accomplish this will require not only economic assistance but a capacity to identify ourselves with the interests of those who are struggling for political rights and a better life.
The material presented up to this point has been focused on the phenomenon of insurgency. Selected groups of readings have described its significance in the present conjuncture of U.S. policy and world affairs, the political, social, and economic environment in which it breeds, the crucial role assigned to it in Communist policy, mythology, and theory, and the manner and context in which it is employed to promote Communist expansionist aims. In this final group of readings, an effort is made to examine the response, in terms of policies and action, which the threat of Communist-inspired insurgency has generated.

The first selection (number 17), taken from the Millikan and Blackmer work used earlier in this anthology, presents a framework of principles and guidelines which a distinguished group of American scholars have proposed as a basis for U.S. policy in this area. The authors plead for a policy toward emerging societies that will help moderate leaders among both traditionalists and modernizers in these societies to "make the evolution to modernization successful enough that major groups will not struggle either to repress change entirely or to promote it by ruthless and extremist measures." Following this prescription, the outlines of a proposed policy are sketched, in turn, in the areas of information, military assistance, and economic aid.

Current U.S. counterinsurgency policies and programs are described in some detail in the selections that follow (numbers 18-24). Two selections (numbers 18 and 19) give the organizational picture: a brief survey of the U.S. government's civil and military counterinsurgency structure, and a description by the Deputy Undersecretary of State for Political Affairs of the State Department's role in coordinating counterinsurgency programs. The three following selections explore the role of military assistance. One crucial area of counterinsurgency action largely nourished through the military assistance program, logistical support of counter-guerrilla operations, is the subject of the article reprinted as number 20. Other aspects of military assistance related to counterinsurgency are described in number 21 by the Deputy Director of the program. Number 22, finally, gives a vivid picture of the use of military forces in what has come to be called "civic action" at the village level, through the medium of instructions issued by one American officer responsible for such a program in a remote locality in Laos.
Civic action is, in fact, one of the bridges between the military and nonmilitary segments of the U.S. counterinsurgency effort, since it is a joint undertaking of the military services and the Agency for International Development (AID). Selections number 23 and 24 are devoted to the work of this important agency, the former surveying its civic action, community development, and public safety programs, the latter describing the last-named program in more detail.

Other countries have had a longer, in some cases sadder, experience than the United States in combating Communist-fomented insurrections. In the French army, the long agony and crushing defeat of the war in Indochina, following the humiliations of World War II, caused a deep emotional and intellectual ferment. From this introspection emerged, during the late fifties, a comprehensive theory of war and of Communist-inspired revolution, together with an elaborate program for combating the latter, which the army attempted to carry out in Algeria with little support from home but not altogether without success. Because both the theory and the program have had an impact on official thinking in this country and are reflected, to some degree, in the counterinsurgency programs described earlier, the concluding selection (number 25) is devoted to an analysis of the French theory of "la guerre révolutionnaire."
A FRAMEWORK FOR COUNTERINSURGENCY POLICY*

The Third Choice

We have emphasized the great complexity of the process of social, political, and economic change through which all the societies we refer to as underdeveloped are passing. The complexity results partly from the fact that modernization involves interaction among psychological, political, social, economic, and cultural factors and partly from the fact that the histories, traditions, resources, and values of the various countries of the underdeveloped world are very different. The process of continuous interaction among so many variables in so many different circumstances would be impossible to trace and to describe with precision even if all the variables could be described in mathematical terms and each assigned a firm statistical weight. Obviously, in dealing with men and societies, neither the qualitative relations nor the quantities can be firmly and unambiguously established.

Nonetheless, sufficient common elements can be discerned to allow some generalizations about the American and free-world interest in the forms taken by the transition process in the modernizing nations and to permit the identification of some broad guidelines for policy toward those nations. As with any simplification of highly complex phenomena, such generalizations will do violence to some of the characteristics of each case. However, although in designing specific policies it is essential that the unique features of each country be taken fully into account, there is need as well for an overview to guide the philosophy and general direction of policy. To provide such a perspective is the purpose of this chapter.

Perhaps the most pervasive element in the modernization process is the profound and progressive widening of men's perceptions of the realistic alternatives open to them, sometimes referred to as the revolution of rising expectations. Too frequently the term has been used as if it referred exclusively to expectations in the economic sense, to newly perceived possibilities of consumption and standards of living which in traditional societies men would have regarded as wholly unattainable. Such new

perceptions do indeed exist, but there are also more profound and far-reaching changes in men's views of the world and of the individual's place in it. Men begin seriously to contemplate new values, new forms of political organization, new kinds of careers, new access to knowledge, new relations with those who have traditionally been their superiors, their inferiors, and their peers. They perceive new patterns of social organization, new possibilities of movement, new kinds of leisure.

The pace varies, but this widening of perceived alternatives is universal and inevitable. Three forces tend to start it and keep it moving: widened contact and communication with more modern societies, the rise of trade and of cities, and the emergence of new generations born into a world where modern activity is increasingly a fact of life rather than a perceived break with the past. The widening of perceptions occurs first among a limited element of the elite of the society, especially those exposed through education, government, or commerce to life outside the traditional society. It gradually spreads to wider segments of the population until it becomes a popular rather than an elite phenomenon; and today there is almost no backward segment of the most traditional society which has not been to some degree touched by this process, though its more massive consequences still lie ahead.

The movement toward modernization sets up many opposing political, economic, and social currents within traditional societies. Previous chapters have analyzed some of these in detail; our present purpose is to suggest in necessarily simplified fashion the consequences for policy of the conflict between traditionalists and modernizers that underlies the process of change in all these societies.

On the one hand, the process of modernization is profoundly disturbing to all those deeply committed to the traditional society. They may fear that it will deprive them of the power, respect, affection, income, or security afforded them by the traditional way of life. Moreover, the traditional leadership may see the new aspirations as imposing on them responsibility for new kinds of activity which they have neither the resources nor the skills to carry out successfully. They are likely to pay lip service to modernization in recognition of its attractions to others, but, especially if they feel that they cannot effectively promote it without danger to their own position and interests, they are likely to attempt to divert attention from it by stirring up other issues and to repress its advocates.

On the other hand, those growing groups to whom modernization is attractive will be seeking with mounting insistence for ways to promote it.
The forms their pressure for modernization takes will depend on how rapidly and how effectively the sectors of society with which they are most intimately concerned appear to be moving in the right directions. If existing institutions appear to be pliable enough, if change is being fostered with some competence, and especially if those with new aspirations are themselves being given opportunities to participate actively in the modernization process, they may accept gradual evolution as a tolerable path toward their new goals. But if their aspirations are being frustrated, if the leadership is rigidly traditional, or incompetent, or opposed to change, and if the new aspirants are being given no role to play in building a new society, they may well conclude that their aims can be advanced only by violent overthrow of the whole existing structure. In such circumstances extremist philosophies like communism, arguing that violent revolution followed by authoritarian control is the only route to modernization, will have great appeal.

That such a sequence of events is a real possibility is suggested in varying degrees by the recent histories of Cuba, Egypt, and Iraq. Each country was ruled for a substantial period by a repressive government whose power was based on landowners and other conservative elements linked to the traditional society. The regimes of Batista in Cuba, Farouk in Egypt, and Nuri Said in Iraq thus generated in time revolutionary reactions directed simultaneously against the powerful classes in the society and against the agricultural and commercial interests which, in association with foreign influence, dominated the domestic scene. But these and other revolutionary movements have themselves often been transformed into regimes as authoritarian as those they have struggled to displace. Why should this so often have been the case?

Much of the answer lies in the fact that the old regimes had harshly suppressed moderate reform movements, killing their leaders or driving them into hiding, exile, or passivity. Such repression gradually convinces the mass of the people that they can place no hope in moderate movements for reform. Increasingly they may tend to find emotional satisfaction in nothing less than extreme and violent opposition to their rulers, in following fanatically a leader who promises to deliver them from oppression. A revolutionary movement, moreover, tends to develop an authoritarian dynamic of its own. If it is to succeed in such conspiratorial circumstances, it must often develop a highly disciplined and hierarchical style of organization which may influence the structure of its rule over the country once the revolution has taken place. In addition, a repressive framework of political activity tends to draw into underground revolutionary activity individuals who themselves are characterized by one type of
authoritarian personality. One common trait of this type of personality appears to be a tendency to see a mortal threat in any rival power and to feel safe only when possessing undisputed supreme power, or when following a leader with such power. Such personality types seek to make their way to positions in which there is no competing authority, and the governments they set up in the name of liberty tend, in a familiar historical pattern, to be authoritarian ones.

But this is only one of many possible patterns. The essential point is that the course which each underdeveloped society takes will depend heavily on the realistic choices which various influential members of the society see as open to them.

One possibility is likely to be seen as the preservation of many features of traditional society, the maintenance of the existing hierarchy by repression if necessary, the destruction of forces promoting change, and perhaps the diversion of dissatisfaction through external adventure. Another will certainly be perceived by some as the radical destruction by extremist measures, probably involving violence, of the whole political, social, and economic fabric of the traditional society and its replacement by something entirely different.

If both traditionalists and modernizers view these two choices as the only ones open to them, tension and conflict are almost inevitable, and the prospect for modernization under democratic forms of consent is remote. Those in power, having everything to lose by revolution, become increasingly obsessed with devices to retain and solidify their power in the face of the mounting pressures for change. Because the sheer maintenance of authority absorbs their energies, they are unable to devote consistent attention to modernization even when they accept its desirability. In the long run they are doomed because time steadily swells the ranks of the opposition. Those who are discontented, with a decreasing stake in the existing order and nothing to lose from its overthrow, focus increasingly on the revolutionary discipline necessary for an attempt to seize power and decreasingly on how to use it constructively once they have it. If they do acquire power, they take over a society which is demanding modernization but which has few of the required institutions, skills, or resources. In these circumstances the dispersion of decision-making and initiative so essential to democratic modernization is too dangerous to the new leadership, and they either retain power by the same techniques by which they acquired it or are forced to yield to yet another revolutionary group.
But these two choices, fortunately, are not the only ones men perceive. There are almost always some traditionalists and some modernizers who, with varying degrees of clarity and hope, perceive a third choice—the gradual modification of the institutions, practices, and structure of the traditional society in the direction of modernization while retaining some of its traditional cohesive features.

The third choice is also a conditional one. If progress is too slow, if opportunities to participate in promoting it are too limited, if existing institutions cannot adapt in time, there will be widespread frustration and disenchantment with this alternative. On the other hand, if the forms of modernization are adopted more rapidly than they can be made to function effectively, then traditional values, institutions, and gratifications will be destroyed before modern substitutes have been developed, and again the third choice will be unacceptable. The extent to which this evolutionary choice continues to be regarded as attractive and realistic by major segments of the society depends upon the rate at which effective modernization occurs in each segment as compared to the rate at which aspirations there are changing.

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This summary review of the major alternatives perceived by men in transitional societies can be related to the interests of the United States and the rest of the free world in the evolution of the underdeveloped nations. From this perspective, our overall objective can be described as an effort to maximize the attractiveness and feasibility of the third choice: to help make the evolution to modernization successful enough that major groups will not struggle either to repress change entirely or to promote it by ruthless and extremist measures.

These general objectives can be viewed from the perspective of each of the interacting psychological, political, economic, and social forces of modernization.

In a psychological context the fundamental interest is that the peoples of the underdeveloped countries perceive constructive alternatives both to regressive clinging to old values and to radical overthrow of those values and an ill-considered and desperate rush to totally new ones. The danger is that the old gratifications will lose their stabilizing appeal before new ones have been developed to take their place. As the old ties weaken, men must be offered opportunities to shape a new identity and a new image of a meaningful life in the performance of new and constructive functions.
Throughout the society opportunities must be created for individuals to find political, economic, and social roles in aspects of modernization which give them a psychological stake in its continued success.

Politically the guiding interest is that chaos, tensions, and failure do not lead people to accept a repressive concentration of power in the hands either of a traditional elite or of a revolutionary dictatorship. This means that as increasing numbers of people become politically conscious they must see opportunities to exert some influence on the political process and on the decisions that affect their lives. This condition cannot be assured merely by the imposition of democratic forms. Indeed, in societies with little experience of decentralized authority and little consensus on national goals, too rapid a delegation of power is a sure route back to repressive authoritarianism. Where traditionally the individual has had little opportunity to shape his own destiny, the third choice requires the development of a wide range of activities that bring home to each group a sense of its responsibility for building its own future in the context of a wider loyalty to the society as a whole. For constructive political evolution to occur, these new activities must touch all aspects of life, not only politics. Public and private institutions of all sorts must be established to provide a framework within which these activities can take place.

Our objective can also be considered from the standpoint of social structure. In the early stages of modernization the perception of both the possibilities and the dangers of modernization are likely to be found mainly in small elite groups—the traditional feudal or tribal leaders, the military, the initially small but growing urban commercial and business class, the landowners, and the intelligentsia. As the process takes on momentum and the perception of new alternatives spreads through the society, new groups become important—the peasantry, urban labor, the new student class. If evolution is to proceed in an orderly fashion, each of these groups must come to perceive the practicality and attractiveness of the third choice.

Finally, there is the economic dimension. If the economy does not move forward, the prospects for progress in other areas will not appear bright. Economic progress must be regarded both as a result of a movement toward modernization on other fronts and as a force making for further change. Economic progress needs, for example, a minimum group of modern men in the society before it can begin; and the expansion of modern economic activities itself transmits more such essential men. Similarly, a certain degree of effective central direction is required before economic progress can get well under way; and a central government gains in
efficiency, authority, and stability by the very act of taking effective leadership in economic development. Economic progress requires a dispersion of initiative and decision-making to a growing number of groups throughout the society; and economic progress itself creates new kinds of professionals, new urban technicians, new initiatives among the peasantry, new attitudes toward saving, and a new mobilization of capital resources for productive purposes. Economic progress itself also generates both the new attitudes and the new resources which permit such progress to continue. Finally, the phase of take-off, if successful, not only consolidates the capacity of the society to grow regularly but also tends to consolidate the political, social, and psychological benefits of modernization.

Thus the problem of making the evolutionary third-choice alternative seem both real and attractive is one with many facets. It is useful to look at it from the varied perspectives of the psychologist, the political scientist, the sociologist, and the economist; but it is one problem, not four. If action from the outside is to influence the choice, those wielding the various instruments of international policy must see the problem in these terms and see it whole, since each instrument affects the whole course of a society's evolution.

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By way of summary, we may refer to the four objectives suggested in the Preface as representing the basic American interest in the transitional process.

First, the emerging nations must be able to maintain their independence, especially of powers hostile or potentially hostile to the United States. We have noted that if the third choice appears unlikely to effect progress toward meeting the goals of important groups, conflict is almost certain to result between regressive forces of tradition and groups that see their only hope in the violent overthrow of these forces. The former may triumph for a time, but cannot do so indefinitely. The latter will not hesitate to seek support where they can find it, notably from powerful countries which themselves have an interest in instability and in the overthrow of "bourgeois" regimes. In this period of history the Communist powers are more than eager to assist revolutionary movements, at the price of subservience to their own broader international goals.
The second interest is in the emergence of states that do not resort to violence in their external relations. Traditionalist leaders, unwilling or unable to contain disaffection by promoting internal change, have historically tended to engage in external adventurism as a distraction. New revolutionary dictatorships likewise, unable to cope effectively with the popular demands they have helped to stimulate, have a similar motive for aggression. Although modernization does not by any means eliminate the possibility of an aggressive external policy, it does lower the probability of erratic and irresponsible adventurism in foreign affairs.

Third, it is in the American interest to see the emerging states maintain effective and orderly governments without resort to totalitarian controls. Regimes, whether traditional or revolutionary, which cannot at least partially satisfy the rising demands for modernization on the part of all important groups can maintain order only by increasingly repressive measures. It is a necessary condition for attaining the other objectives, therefore, that the developing societies be capable of progressively meeting the aspirations of their people.

Fourth is the interest in seeing states emerge which accept the principles of an open society and which are willing to cooperate in international economic, political, and social control measures. Neither of these conditions is likely to be met by a dictatorship, regressive or revolutionary, which has confidence neither in the loyalty of its own people nor in its own capacity to deal with either external or internal forces. Evolutionary and balanced progress toward modernization will not assure behavior in the American interest, but it is a necessary condition for such behavior.

It should be noted that we have not explicitly listed the defeat of communism as a fundamental objective of American policy in the underdeveloped countries. That objective is clearly implied in the positive, constructive, and more fundamental interests we have defined. Communism is only one of the alternatives to the third choice, and there are other dangers we should not overlook. Nonetheless, at the present moment in history it is an alternative so important that it deserves a special word.

It is now widely understood that the essential appeal of communism is not, as Marx believed, to advanced, modernized societies. As economic growth has become a permanent condition in capitalist, democratic societies, it has proved possible to distribute the fruits of modernization so as to avoid the bloody class conflicts on which Marx counted and to avert the progressively more acute crises of unemployment which he believed would inevitably lead advanced societies into communism.
Both historically and at present the appeal of communism has been strongest in societies caught up in the cross currents of the transition from traditional to modern status. What communism has to offer such societies is a political and social method which promises these things: first, a tight, unified organization of some of the elements of the elite who wish to modernize the society; second, a domestic base of power capable of defeating those elements from the traditional society who would maintain regional authority or otherwise oppose the modernization process; third, a technique for mobilizing the human and physical resources required to produce rapid industrial growth; fourth, a psychological setting which gives a framework of security, discipline, and order to men cut adrift from the moorings of the traditional society.

In short, communism develops one kind of urban-based, modernizing elite which can lay claim to the task of carrying modernization through its decisive phase. It appears as one form of political organization capable of launching and sustaining the growth process in societies where there has not developed an adequate political consensus among the leaders of the society or an effective program of modernization. It is not strange, then, that communism as a technique for organizing men and resources should appear attractive in the face of the confusions and distractions of the transitional stage.

It must not be overlooked, however, that the image of communism also has strongly negative aspects which have caused men to resist its adoption in the underdeveloped countries. First, communism has been unable to free itself from its direct connection to Moscow and, more recently, Peking; it therefore encounters resistance from the spirit of nationalism and nationhood. Second, Communist parties are built on a relatively narrow segment of the modernizing elite and are therefore forced not only to struggle against elements from the traditional society but also to compete against those who would press toward modernization by other methods and under other banners. Third, there are deeper resistances than some Western observers are aware to the definitive violation of democratic hopes and commitments which the acceptance of communism involves. Put another way, the democratic vision is often more influential in transitional societies than a casual view of the low estate of democratic practice would suggest.

Nevertheless, two things remain true in contemporary underdeveloped areas. First, communism is an active competing alternative to other methods of organizing the society for modernization— an alternative not
only alive as a political party but also alive in the minds of non-Communists as they weigh the possibilities for progress against their frustrations. Second, a portion of the modernizing elite in most underdeveloped areas is committed to the Communist course and must be counted on to frustrate and complicate the efforts of others to move toward modernization by methods that hold open the possibility of a democratic evolution for their society.

Information and Military Assistance Policy

We turn in this and the following chapter to three principal instruments of foreign policy, the increasing importance of which is a comparatively recent development imposed by relations with the new and underdeveloped countries. These are information and cultural exchange, military aid, and economic and technical assistance.

Information Policy. We have noted that the spread of knowledge about modern ways and a desire for their benefits can be anticipated universally and with certainty, that the revolution in ideas and information is one of the dynamic forces in the transition process. It follows that the instrumentalities of information and communication may play a vital role in the execution of our foreign policy in transitional societies. The major objective of our information effort in underdeveloped areas should be the spread of useful information about modernization. The adoption of such an objective would be a major departure from present policy, which seeks primarily to create a favorable image of the United States.

An information agency has no one exclusive purpose. It is an organization characterized rather by a distinctive expertise in mass media techniques. Its staff are competent on such matters as radio and motion picture production, the local practices of press coverage and news-story filing, the details of voluntary associations and influence networks. This expertise is there to be put at the service of foreign policies whatever they may be. Thus the goals of a nation's informational effort are those of foreign policy as a whole. The creation of a favorable image of the United States is certainly among the legitimate purposes of our information efforts abroad, but not the first objective. Moreover, it is a purpose which can seldom be effectively served directly. If people in underdeveloped countries find that American visitors, American books, magazines, and reference materials, American libraries, and officials are interested in the things which seem important to them, and that these American activities
work effectively in helping them reach their own goals, a favorable attitude will result. The dissemination of laudatory statements about the United States and the American way of life seldom has the desired effect.

It is hardly necessary to stress the extent to which American and other Western missionary and civil educators have contributed to the development of the new elites in what were once colonial and semi-colonial countries. They left a profound impact on the attitudes, manners, and values of men who now occupy the most responsible positions in their societies. The anti-Western nationalism of many of these educated elites should not lead us to underestimate their deep attachment to many aspects of modern life. Rather, nationalistic and hostile reaction to the experience of Western education and to Western ideas should impress on us the fact that programs of information and education do not cause people to abandon their natural loyalties or to develop an unmixed affection for their teachers. Ambivalence and sensitivity characterize the attitudes of transitional elites. They want contact with the modern world, but they also want respect for their own values and cultures. Western education, Western books, and many other things which we take for granted are craved, but not if the price is a sense of inferiority. We shall compound the difficulties of relations with the newly emergent countries if we fail to take full account of their sensitivities toward the symbols of their subordinate past or toward their new aspirations.

The legitimate purpose of our information policy in underdeveloped countries is to help produce in their people a better understanding of the modernizing process in which they are participating. Information programs should help provide the kinds of knowledge which may help to ease the inevitable private anxieties and public crises associated with modernization and thus improve the chances of a stable and democratic evolution. As a result of such efforts, respect may indeed be won for Americans and for American institutions which are seen to contribute to the underdeveloped country's own efforts; but this can be only a by-product. By contrast, efforts to awaken admiration for the United States which do not simultaneously contribute to the needs of the countries themselves tend only to increase the jealousy and resentment that so often result from the gulf between the modern and the less developed world. Too often, for example, we have displayed the American standard of living and American consumer goods where they have no relation to the feasible objectives of those to whom they are shown. Of infinitely greater value are young people's exchange programs and other endeavors in which Americans work side by side with the people of underdeveloped countries in trying to meet development goals. Such programs have the value of bringing people together not in a relationship of hierarchy where one advises and the
other obeys, but in a relationship of common effort. There are many
problems about any exchange program—such as getting sufficiently able
and mature people, finding suitable tasks for them, overcoming language
deficiencies. We shall not discuss those here. Suffice it to say that on
balance the net effects of our exchange programs with developing countries,
both programs bringing visitors to the United States and those taking
Americans abroad, have been decidedly favorable. Most particularly,
the results have been favorable when the nature of programs has been that
of common effort to reach goals meaningful to those with whom we were
working.

What, then, can an American information effort do in developing
countries? We note four important functions it can serve. It can present
non-Communist alternatives for development, provide a medium of tech­
nical assistance information, help develop the mass media and cultural
activities, and act as the eyes of the world upon the country's develop­
ment.

Communism offers itself to the modernizing literate urban strata
in underdeveloped countries as a way of life which will make things better.
We need to publicize ideological alternatives. Unlike the Communists,
we do not have a fixed doctrine which we aim to sell, but we can in each
country seek out those local values and aspirations which are consonant with
our own democratic orientation. Among these shared values are respect
for religion, science, and economic progress. It is just as fitting for our
information effort to offer facilities to a Buddhist international congress as
to a lecturer from the United States; to offer facilities for a local science
fair as to arrange a visiting exhibit of American science; to show in Africa
a movie on the successes of Indian development plans as to show one on the
American economy.

It follows that the American information program should be among
other things an information service for technical assistance. The highly
successful information services of the Marshall Plan provide a model.
Their activities in support of productivity teams and of anti-Communist
labor leadership were among the great successes of America's postwar
information effort. Our current programs in developing countries can
learn from that experience. United States Information Service libraries and
film libraries can become resources of great importance to countries
without adequate reference institutions of their own. Technical information
centers could be established in major African and Asian cities. U.S.I.S.
staffs in underdeveloped countries should therefore include a substantial
proportion of persons who are competent in technical matters.
The information services have a special competence in one area of development where they can do more than be a reference service. In the development of mass communication systems they can perform functions which would otherwise be assigned to other development agencies. For example, our information specialists overseas might run training institutes for movie or radio technicians, or courses in press operations. They might help writers and artists form agency organizations to get their material to publications in the United States and abroad. They might help organize village radio systems or help in the establishment of libraries.

Such activities are more than marginal frills in a development effort. The mass media bring new aspirations and wider perspectives to developing countries. They provide the psychic spark to modernization. They help weld the diverse elements of a traditional society into a nation, for they substitute for the oral channels within familial or tribal groups, new uniform channels reaching the whole nation. They provide the means whereby development planners can mobilize the whole populace for purposes of agricultural improvement, public health, or education. Thus mass media are an important part of the social overhead capital of a developing country.

A major breakthrough for development would be the creation and production by the millions of a cheap long-lived battery radio or television set designed to bring mass communication into villages, bypassing the prerequisites of literacy and electricity. That is feasible, and American efforts can help. Also helpful would be measures to raise the professional status of mass media personnel. One cannot expect the cast-offs of better paid professions, frequently unemployed intellectuals, men without security, to provide a constructive responsible national voice. The values, aspirations, and quality of media personnel will be translated into the character of a nation's development process. American information specialists abroad can seek to give to their media colleagues in the countries in which they operate opportunities for respect and accomplishment via fellowships, organizational cooperation, seminars, education, publication, recognition, and so on.

Lastly, the information program can promote stable and progressive evolution in a developing country by informing its people about the attention and respect the world is giving its progress. This is not a trivial matter. People all over the world are eager for news about how others regard them. The American press in its foreign reporting pays great attention to attitudes of foreigners toward the United States. The Berlin press during the blockade satisfied the avid desire of the Berliners to be assured that
the rest of the world knew about and appreciated their effort. Soo too in underdeveloped countries there is great sensitivity to what others think about them. An election in an underdeveloped country is much more likely to be conducted in a fair and democratic manner and to come to be regarded as really valuable if it is felt that the West is watching with interest and approval. A hundred correspondents from the Western press arriving to report the election would have a profound effect. Respectful articles printed in the West should be disseminated back to the country concerned. Such feedback can be a powerful weapon against corruption, factionalism, or dictatorship.

In summary, the development of the communication industries and of communication and educational facilities should be top-priority national programs, and American informational and investment efforts should contribute to them. Student and other exchanges should be increased, especially in ways that result in joint effort toward achieving the goals of modernization. Above all, we must judge the results of our efforts not primarily by the development of attitudes favorable to us but by the development of attitudes which contribute toward a stable democratic development of the modernizing societies.

Military Assistance Policy. This study does not concern itself extensively with military matters. We are assuming that the United States will maintain both an invulnerable strategic air capability and a conventional force capability sufficient to convince the Communist powers that we have the means and the will to respond to limited aggression by limited means. We shall here deal with American military policy only to the extent of suggesting some of the ways in which military measures may contribute significantly to furthering the constructive process of modernization which it is in the United States interest to promote.

The primary task of American military assistance is to help protect societies from invasion or from internal subversion by an armed minority supported by an outside power. Particularly in the early stages of the transition process, when leadership groups contend among themselves for power and central governments are likely to be weak, societies are acutely vulnerable to invasion or civil war. The postwar history of Asia has shown clearly how realistic is the threat of Communist military action against weak or divided states. But postwar experience in the Philippines, Burma, South Vietnam, and Malaya has also demonstrated that if such societies can be effectively protected from a Communist conquest during their most vulnerable stage, they may well find their feet, consolidate
their nationhood, and begin to move forward toward modernization. Although each of these countries has a long way to go, its present status would have been predicted only by extreme optimists at the peak of its crisis period.

While American military aid can thus contribute materially to the preservation of independence and the encouragement of political stability, the United States should not give military assistance to a repressive regime. Such a government may for obvious reasons be particularly eager to form an alliance with the United States and receive military aid. The short-term gains which the United States might derive from such an association should not be allowed to obscure its consequences in the long run. Ultimately such a repressive regime will be overthrown, and, if the United States has been too closely involved in its support, the ensuing government and the people as a whole may well be hostile to the United States, rejecting our help in the development of their country and forming alliances which threaten our interests.

What we would particularly emphasize is that in addition to assisting in the relatively conventional military task of defense, American military assistance properly administered can have a strong constructive influence on the evolution of the transitional societies. The potential positive contributions of military aid have been too little noted or applied, partly because of the inadequate coordination of American programs. We have looked at military assistance too much from the point of view of its military effectiveness alone; its relationship to social, economic, and political change, and to the over-all policy objectives of the United States in the transitional societies has been given too little consideration.

There are two broad areas in which local military forces can make valuable contributions to the course of modernization. First, they can contribute directly to major tasks of economic development, particularly the building of certain sorts of social overhead capital. Second, they can assist in training large numbers of people in the skills and attitudes demanded by a society undergoing social and economic transformations in the direction of increased urban living and industrialization.

The army in an underdeveloped society often contains a high proportion of the men trained in orderly administration and in the handling of modern technology. They army also generally controls substantial amounts of transportation, communication, and earth-moving equipment. Without sacrificing military effectiveness, army units can be used on major development tasks such as road or dam construction, building of communication
systems, irrigation and land reclamation, and surveying. American military missions should not only encourage local military forces to assume responsibility for such projects but should also help provide the equipment which they require. There is every reason to assist the military to play the kind of constructive role in their society that the Army Corps of Engineers played in the modernization of the United States, particularly in the first half of the nineteenth century.

The second area in which the military can make a major contribution is training and education. The period of military training affords the opportunity to make the soldier literate, to teach him basic technical skills, and to inculcate in him such basic attitudes as the respect for authority and organization which are essential to modern life. The army can be a highly significant training ground for large numbers of men, preparing them for new roles in society. The United States should stand ready to help design and to provide generous financial and technical assistance to programs likely to have an important long-run impact on the level of skills and attitudes in the army and in the society as whole.

Officer training is another important task in which the United States could play a more useful role than it has in the past. Opportunities should be expanded for foreign officers, especially at the middle and junior levels, to travel and study in the United States. Moreover, the programs we set up for officers when they are in this country should not be exclusively devoted to technical military matters; we should encourage them to think and talk about such broad problems as civil-military relations, the potential uses of the army in economic and social development, the economic and political evolution of their country as a whole.

The tradition of military life in the transitional countries, especially among the older generation, is to remain aloof from nonmilitary activities; but circumstances in the past few years have tended to break down this tradition, and the officer corps in many countries has become steadily more involved in economic and political life. In a number of countries it has assumed at least temporary control of the government. Inevitably,

* For further reference see the study prepared for the President's Committee to Study the United States Military Assistance Program. Entitled "Contributions of Military Resources to Economic and Social Progress," this study explores in some detail the ways in which the United States can raise the economic and social potential of foreign military forces and lists some of the nonmilitary activities in which foreign military groups are currently involved. Annexes, Volume II of the Composite Report of The President's Committee to Study the United States Military Assistance Program, Annex D, p. 121.
therefore, the officers have become much more acutely aware of the problems attending modernization, and they are likely to respond positively to vigorous and sustained American efforts to raise their own capacity and that of the military as a whole to deal with these problems.

**Deeper military involvement** in economic and social activities may well have the further consequence of bringing the army into closer union with the entire society. Traditionally, the military tend to be regarded by the people as a distant elite force which absorbs their taxes and recruits their sons. The sense of nationhood and of common national purpose would be vastly strengthened if the military joined in the constructive tasks of modernization. Such closer linking of the soldiers and the people can also have a military significance. In many areas the most likely form of war is internal insurrection aided from abroad and conducted along guerrilla lines. The outcome of guerrilla operations often hinges on the sympathy and support of the peasantry, who have it in their power to deny information and supplies to either side. The use of the military establishment in constructive enterprises at the village level can create close working links between the soldiers and the peasants.

**Economic Policy**

The fundamental role of American and free-world economic policy in the modernization of the underdeveloped countries is implicit in the nature of the transition process. The degree and kind of economic assistance these countries receive will inevitably influence the design of development efforts and their effect on evolution in the political and social as well as the economic sphere.

Here we shall consider four aspects of economic policy: technical assistance, allocation of capital, assistance to land reform, and the international organization of aid.

**Technical Assistance.** Although technical assistance programs do not require as large budget allocations as capital expenditure and loan programs, their potential influence in shaping the evolution of developing societies, especially those in the early stages of transition, may well be decisive. Moreover, their management requires a level of administrative attention and competence quite out of proportion to their dollar cost.

The immediate function of technical assistance programs is to bring the knowledge and skills available in the developed countries to bear on the problems of modernization. Techniques and methods which will enormously increase productivity can be transferred in agriculture, education, health, administration, small-scale enterprise, construction, transport, and
communication. Great care must be taken, however, to assure that the
techniques to be applied are appropriate to the physical conditions,
resource endowments, social environment, economic organization, and
cultural pattern of the recipient country. Technical knowledge can rarely
be transferred unadapted from a developed to an underdeveloped country.
Although this fact has been increasingly recognized in research on devel­
opment problems and in the many new training programs for technical
assistance personnel sponsored in recent years, the scope of American
research and training efforts is still far too limited and the tours of duty
of technical assistance experts frequently too short.

The second major objective of technical assistance programs must
be to develop to the fullest the human resources of the recipient country.
This goal can be achieved partly by assisting formal educational programs,
but it should animate all technical assistance activities, even those having
no explicit training component. Through their behavior in the foreign
society technical assistance experts may not only transmit technical skills
and expertise to those with whom they are working but also in subtle ways
influence motivations, attitudes toward change and innovation, perceptions
of alternatives, and the like.

Human resource development may often require more than advice
and training from abroad. Foreigners of all ages and skills may be needed
to fill certain operational roles in the society--as teachers, administrators,
extension workers, engineers, economists, public health workers--until
such time as the supply of qualified indigenous personnel can meet the mini­
mum demand. Investment in people is a type of capital formation with un­
usually long gestation periods, and if development is not to be slowed down
by a shortage of skilled and experienced men and women, the gap must be
filled by human imports.

To give this dimension of technical assistance its full effect, we
should know a great deal more than we presently do about what kinds of
investment in human resources are most needed in each underdeveloped
country. Much more extensive and detailed studies are required of the
prospective supply of and demand for men with a variety of different skills.
The dangers of training men inappropriately are as great as the dangers
of not training them at all. If educational goals, curricula, and procedures
based on the practices of developed societies are applied hastily to under­
developed areas, the result is likely to be a class of educated unemploy­
ables who may be the most disruptive element in a transitional society.
To be effective in developing the kinds of human capital most needed, tech­
nical assistance experts in all fields must have a deep understanding not
only of the economic but also of the social and cultural needs of the people in the countries to which they are assigned.

A third goal of technical assistance programs should be to help close the gap between the small urban elites who have taken the first steps toward modernization and the large groups in the population, especially in the countryside, whose expectations are rapidly changing. One criterion for the selection of technical assistance activities should be the degree to which they offer opportunities for as many groups in the society as possible to participate in the modernization process. Agricultural extension programs, local public works, assistance to small-scale enterprise, and other such activities provide rich opportunities for the urban leadership to become involved in the daily problems of all segments of the population. The need to stimulate this kind of interaction and communication among the different parts of a transitional society should be borne in mind in designing technical assistance programs.

A further major objective of technical assistance should be to help build permanent institutions which can eventually assume full responsibility for the functions for which outside help was initially asked. The most effective way to help build such institutions is not to provide special experts in public administration or business management, though they may have a role to play, but rather to imbue the technical expert in each professional field with a realization that institution building is at least as important a part of his mission as the transfer of special knowledge. Each specialist should regard it as one of his primary objectives to develop an institutional situation in which the need for further technical assistance will be minimized and in which the indigenous experts trained will have the greatest chance of making their activities operationally effective. A related goal should be to build greater confidence among the emerging professional groups of the underdeveloped society so that they can deal with their own problems without leaning heavily either on the overtaxed central political leadership or on continued help from abroad. These objectives require much more subtle and extensive training than most technical assistants assigned to field missions now receive.

Finally, it is important that technical assistance should be handled from the start in such a way as to convey an image of American purposes, intentions, and modes of operation which will lay an effective basis for future cooperation as assistance programs expand. This image will be conveyed most powerfully not by high-level speeches about American foreign policy but by the day-to-day behavior of the many kinds of technicians we dispatch for assistance activities. To accomplish this objective, like the others,
technical assistance personnel must acquire a subtle and sophisticated understanding of the problems and sensitivities of the people with whom they are dealing.

**Allocation of Capital.** The broad purpose of capital assistance is to encourage the recipient countries to maximize their own efforts toward development. Its effectiveness depends not only on the amount and kind of assistance made available but also—and importantly—on the terms and conditions under which foreign capital is offered.

For capital assistance to have the maximum leverage in persuading the underdeveloped countries to follow a course consistent with American and free-world interests, that assistance must have certain characteristics:

1. The economic criteria on which development capital is made available must be clear and unambiguous, and we must be firmer than we have frequently been in the past in the application of those criteria.

2. The offer of capital on terms requiring the recipient to meet conditions for its productive use must be held out consistently over long enough periods of time to permit the incentive effects to work. Such a result cannot be expected from programs with no more than one or two years' assured life.

3. The amounts offered must be large enough and the terms flexible enough to persuade the recipient that the game is worth the effort. This means that we must invest substantially larger resources in our economic development programs than we have done in the past.

4. The kinds of capital we offer and the purposes for which we encourage it to be used must be sufficiently varied so that the growth of no important sector of the economy dependent on foreign exchange will be inhibited by its lack. For example, if the use of foreign assistance is limited to social overhead or big industrial projects, bottlenecks may well develop in other sectors which will lead first to economic stagnation and then to political and psychological frustration.

5. For political as well as economic reasons the leadership in underdeveloped countries should be encouraged to formulate their
development goals in national terms. At an appropriate stage in the transition they should be urged to work out and discuss widely in their countries coordinated programs or plans which will underline the relationship of individual and local effort in particular sectors to national purposes and objectives.

6. In order that recipients of aid may move as rapidly as possible toward freeing themselves from dependence on extraordinary intergovernmental assistance, they should be encouraged to relate their own economic development as fully as possible to the growth of the international economy.

These requirements are discussed more fully below.

**The economic criteria for economic assistance must be unambiguous and firmly applied.** We have been much too slow in shifting the criteria of American aid away from the ambiguous standards of emergency or defense support to the more rigorous standards of development lending. If, as this study contends, our most important objective in the underdeveloped countries is to promote their modernization through evolutionary processes, clearly the resources we make available should constitute an economic contribution to that end.

When governments know they are likely to receive foreign exchange assistance on noneconomic grounds, the incentive for them to face up to the development of their own economy and to increase its capacity to absorb capital is reduced. Thereby the whole modernization process is slowed down. Governments tend to accommodate themselves to situations of slow change or even stagnation, relying on American aid based on non-economic criteria to bail them out periodically. Nothing is more corrosive of the central purpose of our assistance programs than the knowledge on the part of recipients that, if they can only generate a sufficient sense of political or military crisis, they can blackmail us into supplying financial resources without their having to take the difficult, often painful, steps required for the economically effective use of those resources. Emergency aid and temporary financial support of foreign regimes for political reasons are certainly often necessary elements of U.S. foreign policy. But the use of these types of aid should be severely limited in time and place, in contrast to development aid which should have a long horizon and be consistently available to those who meet the criteria for it.

Whether or not economic criteria are firmly applied does not depend mainly on how clearly the purposes and conditions of our assistance programs are enunciated in legislation or in high-level pronouncements,
though this is important. The determining factor is the way in which those programs are administered in detail, partly in Washington but mainly in the field. Those responsible for development aid allocations must base their decisions on economic criteria rather than on considerations of short-run political advantage. In the long run our programs will be more likely to have the political consequences we seek if they are based on reasonably strict economic criteria.

Capital must be made available over sufficiently long periods of time. We can hardly encourage the recipients of assistance to take a long-run view of its purposes unless we demonstrate that we ourselves take such a view. If we want them to devote their efforts wholeheartedly for five or ten years to building the resources and institutions which will make it possible for them to utilize capital, we must persuade them that such extended efforts will yield larger resources. Past budgetary procedures have frequently had the reverse effect, stimulating recipient nations to seek grants and loans before the appropriation expires even though they were not yet ready to use them. Our development lending agencies must have substantial resources covering the potential needs of the underdeveloped countries over a long time period if the incentive effects of their lending criteria are to be fully realized.

The amounts of capital assistance must be adequate and the terms on which it is offered must be flexible. If the resources available to an underdeveloped country from outside appear to cover only a minor fraction of what is required to make a reasonably soundly based attempt at take-off, the leverage which the United States can exert with its resources will be small and its objectives will not be achieved.

The Center for International Studies in 1957 made a rough estimate of the additional foreign capital which would be needed annually to raise the rate of growth of income of all the underdeveloped countries to a level in the neighborhood of 2 percent per year per capita. We estimated that to achieve this end the underdeveloped countries required $3.5 to $4.0 billion more per year than they were then getting from all sources. As we then indicated, however, a good many of the underdeveloped countries will not for some time create the preconditions which would permit them to absorb this amount. The actual disbursement of capital aid would, therefore, be very much lower (say two-thirds) than the appropriation needed to provide development incentives. The present limitation of absorptive capacity, which we have recently recalculated for each of the underdeveloped countries, would make it impossible for many of them to
realize at once an annual rate of growth of 2 percent per capita. We estimate the total capital inflow which these countries can absorb during the next five years at about $5.7 billion per year, of which perhaps $1.4 billion might take the form of private investment, leaving $4.3 billion to be met by governmental aid. "Aid" consists of grants and long-term loans, including two-thirds of P.L. 480 surplus products* but excluding short- and medium-term loans. Of the total aid of $4.3 billion, the International Bank and the International Development Association are likely to provide $500 million net per annum. Aid to be provided by governments should, therefore, amount to around $3.8 billion. If the United States were to bear a 65 percent share of the burden, its aid appropriation would amount to about $2.5 billion. If we add to aid thus defined funds for technical assistance and for the emergency fund, the total United States share would amount to just under $3 billion. (See Appendix, Table V. This figure excludes both so-called "special assistance," most of which is for other than developmental purposes, and funds for social development objectives like education whose contribution to gross product is intangible. It also excludes defense support, although some of the aid in this category contributes to development goals as well as to the maintenance of military establishments.) The present United States economic aid comparably defined amounts to about $2 billion. It consists of:

- $0.7 billion Loans by the Development Loan Fund
- $0.3 " Loans of the Export-Import Bank
- $0.6 " Two-thirds of sales of surplus products under P.L. 480
- $0.2 " Technical assistance
- $0.2 " Emergency fund

The United States would, therefore, have to increase the amounts classified as economic development aid by around $1 billion annually over the next five years, that is, by slightly less than 50 percent. Economic aid would then amount to about 0.6 percent of U.S. gross national product. The contributions would fall slightly during the subsequent five-year period and very considerably during the next five-year period as domestic capital formation rose in the recipient countries.

If the leaders of those countries which are now able to make effective use of a substantial volume of outside resources do not see a high prospect that something like this volume of capital inflow will be available to them.

* It is assumed that two-thirds of surplus products offered to underdeveloped countries raise their investment while only one-third results in increased consumption.
over a period of years, they are likely to be discouraged from taking the painful domestic measures required to develop a vigorous and successful program of modernization. As this study has emphasized throughout, the difficulties of modernization are legion, and the pressures are powerful to turn in directions contrary to American interests. Politicians will be far more inclined to pin their political futures to a program of rapid economic development without recourse to repressive measures if they can see reasonable prospects that at least one major bottleneck, the shortage of capital resources, can be broken by assistance from the United States and other countries.

Almost as important as the total amount of capital assistance are the terms on which it is made available. The period during which a net inflow of extraordinary capital will be required is long enough so that short- or intermediate-term loans impose risks of unacceptable foreign exchange burdens. A fraction of the capital requirements can safely be met by long-term, relatively low-interest loans requiring specific repayment in hard currencies. In even the most favorable cases, however, the prospects for entering the stage of self-sustaining growth will be somewhat uncertain, and underdeveloped countries will be understandably hesitant to assume firm obligations which, if their luck is bad, they may not be able to meet. It is reasonable that they should expect the developed countries to take an equity rather than a creditor's position in their future economic growth. A substantial portion of the necessary capital should therefore be made available in such a way that required repayment in the currency of the lender is to some degree conditional on the degree and pace of the growth process achieved by the borrower.

Capital must be made available for all important sectors of the economy. There is some danger that the project orientation which has characterized a good deal of development lending up to the present will fail to meet urgent requirements for foreign exchange in certain sectors of the transitional economy which may be vitally important both economically and politically. Project lending is well adapted to financing investment in social overhead capital such as transport, communications, power, and large irrigation works. It is now reasonably well recognized that the appropriate criterion for estimating the productivity of investments of this kind is not their self-liquidating character but is rather the increases in gross product of the recipient country which they may make possible. Project lending is also appropriate to supply the capital for larger scale industrial enterprises, some of which will be included in the program of most countries at the take-off stage.
Project lending cannot, however, supply all the kinds of capital required. One important form of capital which we now supply but the rationale for which is not always clearly understood is surplus American agricultural production. This is especially important in permitting an overpopulated country like India to utilize fully its own manpower resources, since, in the absence of food and fiber imports, wage payments to the unemployed for work on projects of capital formation would tend to cause local demands for food and clothing which would be inflationary. We should work out careful schemes for offering inflation insurance to underdeveloped countries as an incentive for them to utilize their own manpower and other resources more fully. In some circumstances capital assistance in the form of agricultural surpluses can sensibly represent a substantial fraction of our total assistance. It should be used more explicitly than in the past as a specific incentive to increase employment in the recipient country.

Another important requirement which will not in general be met by project financing is the provision of sufficient foreign exchange to permit the expansion of investment in the small-scale private sector of trade and business. This sector tends to be slow in emerging in the early stages of the transition, primarily because appropriate motivations and skills are lacking. The Indian experience has shown, however, that a country approaching take-off may well exhibit quite an extraordinary flowering of initiative in the development of large numbers of small enterprises. The importance of this phenomenon is far greater than would be suggested either by the total amounts of capital involved or by the total contribution to output of these enterprises. Substantial employment opportunities are likely to be created, especially among those groups in the population most in need of constructive outlets for newly aroused aspirations. Moreover, a large middle class of small-scale entrepreneurs engaged in commercial and industrial activities which they find rewarding and satisfying can do a great deal both to promote modernization and to inhibit the growth of extremist movements.

Care must be taken to see that enough foreign exchange is available to meet the needs of this group. These needs seldom if ever take the form of substantial projects which can appropriately be submitted to foreign or international agencies. They usually consist of large numbers of very small requirements for an individual machine, a critical part, a minor imported raw material, or a small amount of foreign technical help. Such requirements can sometimes be met by supplying foreign exchange to development banks or other financial institutions in the recipient country which can then make it available to qualified entrepreneurs locally.
Finally, foreign exchange must be available to meet the working capital requirements of development, which are often underestimated by planners. As industrialization proceeds, raw materials and semi-manufactured components are required in growing volume to fill the swelling pipelines of new production. Inventories must be built up at all stages of manufacture and commerce from raw materials to retail stocks. This expansion of goods in process, which is as essential a part of capital as rolling mills and electric generators, cannot normally be financed with project loans and must be supplied in other ways.

From the discussion in Chapter Five of the relations between the public and private sectors it should be apparent that we advocate great flexibility in the supply of foreign governmental capital to both sectors. Whether particular kinds of activity should be carried on by public or private enterprises in the underdeveloped country is a question which should be determined pragmatically, rather than ideologically, by the country concerned. Our own capital assistance should be available to both.

Lastly, there may be special capital assistance requirements associated with programs of land reform; these are discussed at a later point.

National development programming should be encouraged. Development programming need have little relation to the degree of direct governmental ownership and operation in the society. In Chapter Five we made clear our reasons for believing that national coordination of the economy is necessary. Earlier chapters emphasized that one of the great problems of the newer states is to establish among the various groups of their peoples effective loyalty to the nation focused on constructive goals. These nations must develop an appropriate balance between the necessary decentralization of decision-making, power, and initiative which modernization requires and the sense of common commitment to national goals which will prevent sectional or parochial interests from destroying orderly procedures of government. National programming can be an exceedingly valuable political device for bringing home to each segment of the population the relation between its own special goals and achievements and those of the larger community to which it belongs. For these political and sociological as well as economic reasons the United States should encourage the preparation of multi-year development programs as a basis for capital assistance applications.
Development efforts should be related to the international economy. It is becoming increasingly true that the long-term viability of the economies of the newer nations depends on their finding ways of fitting their own productive resources and potential into the international economy. Although their main focus of attention, especially in the earlier stages, must be on the development of domestic institutions and market structure, they must eventually meet their growing import requirements less and less through continuing governmental capital assistance and more and more through their own export potential and their ability to attract capital inflow through normal channels.

There are four ways in which we can use our influence to these ends. The first is to demonstrate convincingly our own willingness to expose ourselves to the risks and opportunities of relatively free international trade. When the United States ties its development loans to purchases in the United States, the example it sets does serious damage. Second, we must renew our efforts to palliate some of the more serious consequences of wide fluctuations in the prices of international raw materials on which many of the underdeveloped countries are dependent for their export earnings. Third, we should encourage increased consultation and cooperation among the countries of each region in their investment programs. Particularly among groups of smaller countries great economies can be secured through the explicit tailoring of development programs to complement one another. Fourth, we can provide more effective technical assistance in helping underdeveloped countries appraise the potential of the key sectors of their economies.

Assistance to Land Reform. The critical role which changes in the organization of agriculture are likely to play in the modernization of the politics, psychology, sociology, and economics of the transitional societies has implications for American economic assistance policy.

The path to modernization of agriculture through land reform is often blocked by the reluctance of large landowners to see steps taken which might alter their privileged status. At the same time, the peasants often exert strong pressure to acquire ownership of the land. The resulting conflicts are complicated by the fact that land reform schemes taken by themselves are unlikely to increase agricultural productivity. They may even result for a time in a decline in productivity as the number
of small and relatively inefficient holdings increases, and in a decline in food deliveries to urban areas as the new landowning peasantry raises its food consumption.

It is evident that the American influence on the outcome of these deep-seated problems can be only marginal. Nevertheless, several specific prescriptions are possible. First, where a government is prepared to take the leadership in land reform, American policy should strongly back that effort not merely with normal diplomatic support but also by helping to mount programs of technical and capital assistance to the peasants which will link land reform to substantial increases in agricultural productivity. Second, American food surpluses should be used to cushion any temporary decline in food deliveries to the cities which might result from land reform. Third, the United States should use whatever influence it has with the large landowning groups to interest them in the modernization process. Historically, the social conflicts inherent in modernization have been reduced when the large landowners have begun to raise the productivity of their own land or when they have shifted their interests to commerce and industry. Fourth, if governments wish to buy out the large landowning interests as part of a land reform scheme, the United States should seriously consider the possibility of providing financial assistance for the purpose.

The International Organization of Aid. It is often noted that the increasing number of aid instrumentalities in an increasing number of donor countries is posing serious problems of coordination. Each borrowing country must deal with a bewildering complex of national and international agencies offering different kinds of assistance under different terms. To coordinate the efforts of all these potential sources of assistance so that they can fit in most constructively with the development plans of each nation is a difficult but nevertheless urgent task.

In approaching the issue of coordination, discussions of international economic and technical assistance frequently focus around the possibility of channeling aid through a single international organization. It is our view that to lump the existing agencies together, creating a single international pool of capital, would be neither a feasible nor a desirable solution.
In the first place, it is doubtful that the United States Congress and the parliamentary bodies of the other lending countries would grant sufficient resources to such a pool to make a serious dent on the development problem. It is true that legislative bodies might be encouraged to increase their contributions for international economic assistance when they observed other nations making substantial contributions. Such a possible benefit could also result from looser forms of international coordination where each nation pledged a certain amount but retained control over the allocation of its own resources. The essential drawback is that legislative bodies are likely to resist voting large amounts of tax money to an international aid organization over which they can subsequently exercise little influence. They are likely to insist upon retaining sufficient control to be satisfied that the money is being efficiently administered and that reasonable criteria for its use are being maintained.

Second, it cannot be assumed that each donor country has identical objectives in supplying economic aid or that its contributions are qualitatively identical to those of other countries. Each country may have a variety of special interest which it hopes to further, depending on its geographical or strategic position, its historical ties with one or another of the newly independent countries, and its assessment of the relative potential for development of different countries. Different resource endowments or trade patterns may also make donor countries able to contribute most effectively to the development of certain countries. The aid allocations of Japan will be different from those of Canada, those of France from those of Great Britain. A delicate adjustment must be reached between the interests and potentialities of each supplier and those of each recipient.

A third consideration is the persistent tendency to create new international institutions without abolishing the old national ones. Since it is doubtful that countries will be willing to put their development activities entirely into the hands of an international agency, existing national institutions will not readily be abandoned; the creation of a single international aid agency might result in further confusion rather than simplification of aid channels.

The task of simplification is two-sided. The lending countries must be able to get a more accurate picture of the over-all needs of the underdeveloped countries if they are to arrive at some reasonable allocation of the burden among them. The borrowing countries must in turn have a more efficient means of discovering the nature and amount of the resources available to them from various sources. We would hold that what is lacking is not a single unified organization to administer all economic assistance but appropriate machinery for coordinating the various national and
international agencies now operating. There are several distinct aspects of the problem which we shall briefly consider.

Most important is coordination within each national unit. Economic development is basically a job each nation must do for itself. No amount of international machinery can substitute for well-developed programs at the national level and for the weaving into these programs of all the various types of external assistance available. In the end, whatever the superstructure for international institutions, these require the method of the consortium, in which the men responsible locally sit down with responsible men from other countries and work out a program for action. The task of the consortium is to bring to bear on a national development program all the instruments available to each donor nation: food and fiber surpluses, hard loans, soft loans, technical assistance, and private capital.

The second level of coordination is regional. The possibilities for this kind of cooperation vary radically with each area. In the Middle East, for example, a number of possible joint investment projects can be conceived, perhaps utilizing oil revenues contributed on a regional basis. In Latin America possibilities exist for trade and currency agreements and for cooperative arrangements between public and private capital. In the Colombo Plan, investment-trade arrangements like the Indian-Japanese pig iron deal can be made. In Africa many possibilities exist for cooperation between newly independent states and their former European metropoles. The important thing is that if regional arrangements are to be strengthened they must be strengthened by developing a lively sense of the limited concrete issues which can sensibly be discussed in regional terms. Regional institutions have a role to play, but they are a substitute neither for national nor for international agencies.

The third kind of coordination required is among those furnishing capital and technical assistance. The new Organization for Economic Cooperation and Development holds high promise of serving this purpose, since it offers the opportunity for a new European relationship with underdeveloped areas on a basis other than colonialism and of avoiding an excessive concentration of European capital in residual colonial areas. When such a free-world organization of suppliers demonstrates its effectiveness, a standing invitation to participate should be issued to each of the Communist bloc countries.

Whatever the locus and membership of the lenders' group, its agenda should include: the examination of fair shares in international lending; appropriate criteria for lending; the apportionment of technical
assistance in ways to maximize the special advantages of each potential donor; the interweaving of public and private capital; the long-term funding of short-term debts; the coordinate use of food and fiber surpluses; and preliminary arrangements for ad hoc consortia.

Fourth, there is a need to provide a forum in which donors and borrowers can get together periodically, exchange complaints, survey results, and make commitments to be worked out in detail at another time. The lenders' group might take the initiative for such gatherings.

Thus American policy should be prepared to move in four directions toward coordinating loans and technical assistance: toward strengthening the new O.E.C.D. as a special forum for lenders; toward the creation of an over-all forum for lenders and borrowers; toward expansion of regional programs based on concrete possibilities for regional cooperation; toward enlarged use of the consortium technique as a method for bringing to bear on the development of each country all that the international community can effectively provide.