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THE ECONOMIC OBJECTIVES OF F.A.O., POINT IV, AND THE COLOMBO PLAN

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THE astronomical scope of the assignment which President Elm-hirst has given me, and his implied confidence that I could possibly discharge it, honour me. But this, sir, is indeed more than I can do. I shall present, therefore, some observations and views on the major subject to which are devoted the United Nations Food and Agriculture Organization; the technical assistance phase of the foreign policy of the United States, called Point IV; and the British Commonwealth plan for the development of a part of Asia, known as the Colombo Plan. The goal common to all three is the acceleration of economic advancement in less developed areas of the world by means of international or supranational co-operation.

This policy comprises an extraordinary range of interests and problems, whether examined from the viewpoint of the people living in an under-developed rural area or that of the statesmen of a modern industrial power. It has as much bearing on the issue of war or peace in our time as it has on the issue of democratic freedom *versus* totalitarian police rule, or on the question of social stagnation and eternal poverty *versus* equality of opportunity and social justice.

The set of ideas as well as the recent initiative for international action has not been the product of claims or demands advanced by the slowly progressing countries, but has originated almost entirely with countries economically most advanced—and with reason. Economically advanced countries possess empirical knowledge about the process of economic development and the means by which it has been achieved. But as they themselves bring their own resources into fuller use, these nations have become increasingly aware of their growing dependence on foreign raw materials, certain production goods and services, and more alive to their own need to export goods, to invest capital abroad, and to have the gates for emigration open to some of their people. Economic development thus creates greater dependence on foreign trade and the purchasing power of countries economically less mature.¹ But the self interest of advanced countries in the economic progress of others less advanced goes

¹ Cf. Nelson Rockefeller, *Partners in Progress*, Washington, D.C., 1951, and the *Resources for Freedom*, the President's Materials Policy Commission, vols. i-v, Washington, D.C., 1952.

much deeper. The greater the disparity in wealth and level of living between nations, the greater is the danger that poverty and squalor in economically less developed areas will lead to social chaos and the exploitation of that chaos for the aggressor's ends. In other words, the development of insufficiently developed countries inevitably is of keen selfish interest to the advanced ones, for it is these who usually pay for the war. Those among us who may be tempted to deplore the fact that I put so much emphasis on this self interest are reminded that intelligently interpreted self interest promises to create a much more lasting foundation for co-operation and peace than do even the loftiest of ideals and the noblest of emotions.

It is true that in the course of history this interest has largely found expression in the military conquest of under-developed areas and their absorption as colonies and dependencies. Even in this century the Axis powers pursued such a course until defeated, and since that time Soviet Russia has come to the fore as a collector of under-developed areas as satellite dependencies. However, the much more inspiring fact is that several of what used to be known as colonial powers have in the meantime granted home rule to their colonies, and have given them member status within 'commonwealths', thus contributing to equality among nations. But the interest of the mother countries in the economic progress of their former colonial areas has become in many ways even stronger than before.

The war made the interdependence of nations at all stages of economic development abundantly visible to everyone, and during that war policies were adopted by the Allies which involved the accelerated use of raw-material resources in under-developed countries. This was true particularly for the Near East and Latin America. At the same time, farm technology in the United States, Canada, and Great Britain was so enormously advanced that when, at the war's end, food and fibres became scarce, there was born the scheme of applying this new technology to virgin areas, and to create thereby a new community of mutual interest and an atmosphere of confidence and friendly co-operation.

Among its autonomous specialized agencies, the United Nations established the Food and Agriculture Organization in October 1945. After the self-exclusion of Soviet Russia and all her satellites, the F.A.O. now has 70 member nations, a minute annual budget of about \$5 million, and a permanent senior staff of 180 experts plus the necessary secretarial and statistical complements at its headquarters. If its budget and personnel are measured by the area and the rural population to which it must render its services, the F.A.O. is an

agency with appallingly limited resources. In fact, while it has seventy nations to attend to, its budget is smaller than that of any federal bureau—mind you, bureau, not department—of the United States Government. The F.A.O.'s assigned purposes are to improve the efficiency of production and distribution of all agricultural products, raise the level of living for the rural populations and the level of nutrition for all people, and to contribute thereby towards an expanding world economy. These purposes are carried out by (1) collecting, organizing, and making available to all governments facts and figures relating to agriculture, forestry, fisheries, food, and nutrition, and appraising the outlook on supply and demand in agricultural products; (2) serving as a world advisory agency which improves and makes available scientific and technical knowledge on all phases of production and distribution; and (3) serving as a forum for bringing Governments together for organizing international action.

When the F.A.O. was started following the conclusion of World War II, one of its first actions was to bring Governments together to set up the International Emergency Food Council to carry on and extend the work of the Combined Food Board. The Council later became the International Emergency Food Committee of the F.A.O. and still allocated food supplies in international trade to claimant nations. The same emphasis on international governmental action led to attempts in 1949 regionally to co-ordinate national food and agricultural policies, with the ultimate goal of 'integration of such policies on a world level'. Further attempts to transform the F.A.O. into an international agency for executive action included the ambitious proposal for a World Food Board to buy supplies during periods of surplus and release them during periods of scarcity and, when the Governments rejected it, a proposal to establish an International Commodity Clearing House. Since this was only another version of the World Food Board, it also was rejected by member Governments.

At present, efforts to assume the function of an executive action agency, and a primary concern with international trade in agricultural commodities seem to have been abandoned; in large part the resources of the F.A.O. are being allocated to technical assistance in production and marketing and to co-operation among nations in that effort. It is the chief agency of the United Nations which has been devoting itself since 1950 to a broad and well-organized technical assistance field campaign. Up to December 31, 1951, the F.A.O. received a total of \$5 million, or 29 per cent. of the Technical Assistance Programme to which 55 countries contributed funds. About

\$9 million are being made available this year for an expanded programme. By September 1951 over 100 technical assistance country or regional projects were under way in 35 countries with experts from 27 countries at work on them.

Inevitably not all the results of the projects will be of equal value. There is still much to be learned about organizing and applying technical assistance, and a great deal depends on the efficiency and adaptability of the experts used. Such high calibre specialists, capable of doing decent jobs, are one of the rarest 'commodities' in shortest supply in the world market at the present time. Much progress, however, is being made. The Director General of the F.A.O. appraises the agreement it has with the Government of Pakistan as one of the most promising and satisfactory of all. It ranges from the basic utilization of land and water resources (with special emphasis on irrigation, drainage, flood control, water power, and navigation) to farm mechanization, fertilization, forestry, livestock improvement, grain storage, marketing, fisheries, expansion of agricultural finance, and better statistical services. From discussions I have had with one of the members of the survey commission appointed by the Pakistan Government, I conclude that it would be strange indeed if the economy of Pakistan did not benefit greatly from the intensive work of so large a body of competent experts, whose advice is eagerly accepted.

I take it for granted that in the coming years under the able leadership of Dr. F. Wahlen the F.A.O. will go farther in this direction and, with accruing experience, gain more skill and efficiency and also discover how to overcome the obstacles to the full utilization of the technical knowledge thus transferred.

Whether this F.A.O. policy of serving as an advisory technical assistance agency represents the best use of its resources, or whether it should return to earlier efforts towards direct executive action is a legitimate question. But before I answer that, I want to turn to the economic objective of Point IV—the phase of United States foreign policy which aims at sharing American knowledge, technical skills, and investment capital with the peoples of the world's underdeveloped areas. President Truman stated it in his inaugural address of January 20, 1949; the Congress passed the Act for International Development on June 5, 1950 and established the Technical Cooperation Administration in the Department of State. The programme is under way in independent countries in northern Africa, the Near East, in south Asia as far east as Burma, and in Latin America. By January of this year there were 642 American tech-

nicians working on 216 projects in 33 countries. In 1951 the Congress made available \$35 million, and this year slightly over \$200 million. The Point IV programme has sparked similar programmes by the United Nations which, under the direction of the Technical Assistance Board, are executed, apart from the F.A.O., by six special organizations: the Technical Assistance Administration, World Bank and Monetary Fund, I.C.A.O., I.L.O., U.N.E.S.C.O., and W.H.O. The economic objective of all this sprawling activity is essentially the same as that of the technical assistance activity of the F.A.O. which is merely a part of it—the stimulation of accelerated socio-economic development primarily by the free transfer of knowledge and skills among the participating countries.

The basic assumption underlying this entire policy is that the primary defect in under-developed countries is the absence of skills and technical knowledge at all levels of activity—from governmental offices to the hospitals, the schools, the workshops, the fields, and the homes. There is little doubt that this defect exists almost invariably under those circumstances, and assistance to overcome this handicap can be an extraordinary aid to development.

But what really must be changed is not the status of available theoretical knowledge but the actual performance of the uncounted millions of people on the farms. The output per worker must be increased so that he and his family may have more food to eat, and more purchasing power for other goods. The same goes for the production of industrial or craft goods and services. This involves a philosophy of life and work in which such achievement ranks high in the set of values.

Even in an economically far advanced country it means little if a college of agriculture is going full blast with teaching and research on a high level while on the farms in its hinterland production technology is thirty years behind the times. The socio-economic objective must be to reduce the lag between theoretical availability and actual application of knowledge on the farm and in the household to the barest minimum. In many European countries even the agricultural schools frequently have not changed farm operations because, by the time the son takes over from his father, his zeal for change has diminished. It must be realized that farmers' world-wide resistance to and scepticism about technological change is their protective reflex against bankruptcy. If they were to apply one-half of the advice they are offered from all sides, they would all go broke. True advisers must win their confidence. Hence two-thirds of the chance for the success of extension work depends upon good social psychology.

Technical assistance can and does provide knowledge essential to faster economic development to certain experts in the Government and others in key positions in the recipient country. But what is learned must be applied on the broadest scale in the shortest possible time. This involves developing a proper strategy, because the deficiency is so general that, without strategy, efforts will be so scattered as to be ineffective. Both a schedule of priorities and of sequences of measures are required. Survey missions can assist in the formulation of integrated national programmes. Advisory missions can make specific recommendations as to the major measures that should be taken, with proper emphasis and concentration on those that can be put into effect immediately and those for the longer run. Even so, there is still no assurance that real changes on the farm and in the community will come about.

If the process of development is not to begin with or lead to the abolition of freedom, but is to be attained with due respect for the dignity of man and the free way of life, the coercive development methods of State capitalism, with centralized executive decision on all economic affairs, and the brutal system of brigade work with a savage piece-wage incentive, are taboo. The only available alternative is the creation of the legal and institutional framework within which the individual will have enough leeway and social and private incentive to increase his output of work. In many countries this involves legal reforms of farm tenancy (if not of land tenure), changes in fiscal policies and tax systems, and public services to agriculture. These changes can be brought about only by the political forces of each country. International agencies can make available the advice of technical experts. Public services of two kinds are basically involved. One is the public organization of and assistance to the combat against animal diseases, all sorts of plant pests and diseases, and the control of seed, feed, and fertilizer, i.e. technical services to agriculture. The other concerns applied vocational adult education for farmers—so-called extension or farm advisory service.

The technical services need veterinarians, plant pathologists, seed specialists, and able administrators. Some of them can be hired temporarily from abroad; some can be obtained as emigrants from Europe or Soviet satellite countries; beyond that, nationals can be trained abroad or at home. Here there is excellent opportunity for international technical assistance. But in addition to plans for legislative provisions and organization, able and energetic administration is needed to apply the measures to the whole country.

With reference to farm advisory services, the situation is extremely

more complex. If such a service is to be effective, it must have a large staff of particularly qualified men and women. They must be people with a practical turn of mind, not mere intellectuals. They must speak the simple language of farmers and in their interests, their conduct, and their appearance be as close as possible to the farmer, and yet at the same time be in constant touch with the research and technical assistance people. The training and installation of this kind of service is a major effort even for the most advanced countries. It may be mentioned in passing that neither France, Germany, nor Italy yet has a satisfactory and truly effective farm advisory service. In the United States, where the extension service is a real success, many of the 3,200 counties have eight or ten farm advisers each. In the State of Iowa the farm advisory service several years ago had an annual budget of more than \$2 million, yet only one-third of the 200,000 farmers of the State co-operated actively with it. You will notice the extraordinary concentration of large resources on a few men who themselves are highly educated and skilled. It is the same paradox with farmers as with under-developed and developed countries. Supposedly the greatest potential marginal return to better technology lies where the most backward conditions prevail, but in reality this is not where the greatest use is made thereof.

The creation of this sort of service in Asiatic countries will involve a vast and energetic effort by the Governments and the body politic in terms of selecting, training, and installing such personnel, and of financing. Instead of scattering its efforts over all economic and social problems, such personnel must be put to work on a few specific and critical spots in production, first with a select few of the most responsive people. Otherwise the effort will fail.

The F.A.O. and the U.S. Technical Assistance Programme being executed through the Office of Foreign Agricultural Relations in the Department of Agriculture can render assistance in greater depth by what are called operational missions, which establish advisory services at the local level, take the responsibility for them, operate them, and demonstrate by such 'pilot plants' how they run and what they can do. This has been done with considerable success in several countries of South America, where the *Servicio*, in some places, has become a well known and powerful lever. Even this intensive method on a small area, however, leaves the main job inevitably to the Governments of the under-developed countries.

In any case farm advisory service must work through a selective process. The adviser must first find the most responsive, alert, and energetic members in the rural community with whom to work.

Once these farmers have learned to use the improved practices and are convinced of their utility, the others will copy them.

Combined with the advisory service should be the formation of co-operative associations for the purchase of farm needs and the sale of farm products, and savings and credit banks. Co-operative associations can accelerate the adoption of improved practices by doing their share of education work among their members and by establishing an additional monetary incentive, paying premiums for the adoption of new practices in paying for the products. I refer here to such devices as the rating of members of dairy co-operatives into groups according to a score system of performance, and the payment of a premium price for milk from members in the highest-score group. This very device can be applied to almost any farm performance where quality of product counts.

Throughout the history of agriculture in all parts of the world there is one influence other than education and farm advisory service which has powerfully instigated technological progress—namely, the migration of farmers into new countries or areas. They have brought along their own special skills, adding them to those common in the new area. This migration of special skills has been so much a prevailing influence in shaping the pattern of farming that even today in most European countries, as well as in the United States and Canada, its impact is on balance perhaps even stronger than that of science and advisory service combined. This fact should be duly considered in efforts to develop under-developed countries, even if densely populated. I must refrain from citing examples of what I have just stated, but want to mention that considerable study of this feature has proved to me that technological progress was not only a by-product of migration but in some cases was the calculated effect sought by many rulers when they invited farmers who had specifically useful skills to settle in their countries, and offered them most attractive conditions. Similarly beneficial effects can be obtained through internal migration in large countries where many regional skills prevail.

But even if no large-scale migration can be achieved by fostering free tendencies where they exist, it is obvious that unless the process of development is to be painfully slow, a considerable migration at least of technicians is required. Technical missions have their place and their merit, but it takes more than giving advice over a period of one or two years to move the mountains of rural inertia. It requires trained specialists from developed countries who are willing to emigrate to under-developed areas, become citizens, marry there,

and devote their lives to service in their adopted countries. The area which abounds in such specialist personnel willing to emigrate and start over again somewhere else is western Europe.

Beyond that, in order to achieve early results on the broadest scale, Governments could establish regional and local training courses for large numbers of men in specific practices, and assign to them the special and exclusive task of spreading their training throughout their area. This deliberately should not be primarily academic training, but simply instruction in applied technology. The fertilizer, pesticide, and farm implement industries might assist with their personnel. Such a procedure would be simplified, would reduce costs and time involved, and yet would promise results on the broadest scale. If organized in full-fledged campaigns employing all the methods of modern applied mass psychology, and with a dramatized appeal to the great yearning for the new, such programmes would certainly produce results.

I have not yet touched upon one of the basic needs for development—capital. It is frequently said that unless gigantic amounts of investment capital are promptly made available, no economic development of consequence is possible. This view deserves careful consideration. No doubt some capital is needed to bring about almost any change in farm operations. Yet there is extraordinary leeway for increasing the output of food or fibres per man as well as per acre, even with presently known techniques, which involve only short-term production credit. What is most needed in the interests of a decentralized process of capital formation is the intent and moral determination on the part of the working people to apply their unemployed ability to productive work, and to save, i.e. to consume less than they produce. Nowhere is this opportunity to create capital greater than it is in the millions of small agricultural units of a decentralized economic system. Religious concepts of the *vita activa* and the *vita contemplativa* or ideas about the bliss to come from an honest day's work have an often underrated impact upon the opportunity for capital formation.

The introduction of improved seeds, pesticides, fertilizer, serums, and vaccines yields such high and rapid return on capital that no major investment problem is involved. A large part of the increase in production can and must be achieved by using labour and animal draft power with increasing efficiency. The general mechanization of agriculture is certainly not the immediate road to increased agricultural productivity in Asiatic countries. Better tools and better animal-drawn farm implements and machinery are the major needs.

And even their use is impeded by the fact that they are more expensive than in developed countries, and the farm products raised by them fetch lower prices.

Taking the cue for what should be done in countries at an earlier stage of development than that which prevails in the most advanced areas is in many ways just as misleading as it is continually to measure *per capita* income by that of the United States. What counts is whether income stagnates or increases, and at what rate—not what that income is by vague comparison with other countries.

As to the oft-asserted inevitability of the need for vast sums of foreign capital, an example may illustrate my point. A joint International Bank–F.A.O. technical mission to Uruguay on which I served some two years ago came to the conclusion that the integrated programme it recommended, if carried out, could double the national income from agriculture within ten years, and that this programme would not require any foreign capital. This is particularly noteworthy in the case of Uruguay, because the major part of its agriculture consists of extensive grazing of cattle and sheep on land so low in value that the utmost thrift in investment is essential.

In nearly all under-developed countries it is the ambition of the Government to accelerate development by building industries which can displace industrial imports. Invariably these industries quickly exceed with their output the domestic demand, and then become a drag on the whole economy because they cannot compete in the world market. Since capital is scarce, the effect upon agriculture is detrimental. Investment capital is typically formed in such areas by taxing agriculture or agricultural exports by fiscal or monetary measures, or else by subsidizing industries at the expense of agriculture. The other detriment to agriculture lies in the failure to create social overhead capital that would properly assist agricultural development. The top-ranking deficiencies in all cases are in roads, transportation, and communications. The economic surveys made by the missions of the International Bank have uncovered this situation in a number of under-developed countries in various parts of the world. In most of these cases the unit costs of production in the industries being created are high because all the so-called external economies within the country are deficient.

The kind of social overhead capital that usually has been developed over the centuries in under-developed countries consists of the foreign-trade installations and international services. Hence there is good reason to organize increases in production in such form that at least this existing capital may be fully utilized. In other words, while

agricultural production should boost the domestic food supply, it should give priority to the creation of a greater flow of raw-material exports in order to pay for imports. Industrialization should begin with the processing of raw materials into semi-finished goods and products for general domestic consumption.

In addition, economic policy should expand the capacity of installations for irrigation, generation of electric power, fertilizer production, highways, roads, and railroads. These tasks require capital investment on a very large scale, and a good deal of it may be public investment. Some of it may be created by voluntary contributions of work from all members of the rural community in such matters as road construction or the building of bridges and irrigation or drainage ditches. There is no reason to be seen, however, why power plants and fertilizer factories cannot be built and operated by private capital. It would be most helpful if some private capital could come from abroad. But to make it come, the countries seeking capital must be determined to treat it fairly. To insist upon 51 per cent. national participation, i.e. national control, to discriminate against foreign investment by special taxation, to forbid the employment of foreign experts, or to prohibit the transfer of profits, simply diverts the flow of foreign private capital from such countries. The game of expropriating foreign-owned assets has long since reached the point of diminishing returns, but even if expropriation is not contemplated, a generally hostile attitude toward foreign capital alone is sufficient not only to prevent the flow of private funds, but even to weaken governmental will in lender countries or that of the International Bank to endorse investment. Private investment from abroad has the advantage of not only bringing in the capital, but with it the complete array of technical knowledge, managerial talent, and operational skills.

Having come this far, I can now try to answer the question whether the F.A.O. in its present operations does make the best use of its resources, and whether the member nations do get their money's worth from it. My answer is emphatically in the affirmative. The United Nations Conference on Food and Agriculture at Hot Springs, Virginia, in May and June of 1943, which preceded the foundation of the F.A.O., stated in its declaration:

The primary responsibility lies with each nation for seeing that its own people have the food needed for life and health; steps to this end are for national determination. But each nation can fully achieve its goal only if all work together.

This is still the law for the F.A.O. today. Its function is advisory,

not executive. It can give excellent service by expanding the scope of its present action of technical assistance, by tying in closely with the work of the other U.N. agencies engaged in technical assistance and with the work being done by the Mutual Security Agency and the Technical Co-operation Administration of the U.S. Department of State. What F.A.O. needs is not a change of its course, but tenacious adherence to the course it pursues and, in view of the success of its work, a budget several times as large as the one it has today.

In so far as loans are concerned, they will be the responsibility of the International Bank.

Attempts to tackle economic development more directly by executive action can be made only by arrangements between Governments. The Colombo Plan is such an arrangement. It is a six-year plan for the co-operative development of Southern Asia, i.e. Pakistan, India, and Ceylon, and South-east Asia, meaning the Federation of Malaya, Singapore, North Borneo, and Sarawak. The plan has been shaped by representatives of the Governments of the United Kingdom, Canada, Australia, and New Zealand on one side, and representatives of Pakistan, India, Ceylon, Malaya, and British North Borneo on the other. After conferences in Colombo, Sydney, and London in 1950 it was announced that the plan was to run for six years, beginning in July 1951. It involves an area with a population of 570 millions, and contemplates public expenditures of £1.9 billion in these Asian countries, with about one-half of the funds to be contributed by them, £300 million by Britain, and substantial amounts by Canada, Australia, and New Zealand. Of the total, £1.4 billion is to be spent in India, £300 million in Pakistan, and £100 million each in Ceylon and south-east Asia. Of the total investment, 34 per cent. is slated for transport and communication, 32 per cent. for agriculture, 6 per cent. for fuel and power, 10 per cent. for industry and mining, and 18 per cent. for social capital.

The underlying idea is to spur economic development by creating large multiple-purpose projects for the improved use of water resources in which irrigation, flood control, and hydro-electric power are combined. With the aid of these large projects, the land under irrigation is to be expanded by 13 million acres or 17 per cent., food-grain production increased by 6 million tons or 10 per cent., and electric generating capacity by 67 per cent.

In the discussion of this co-operative development plan in Colombo, Sydney, and London there were frequent references to the model for it—the Tennessee Valley Authority. I wish that a better model had been chosen. No matter what real merits the T.V.A. may have,

the world-wide publicity it has received seems to distort its real importance. The T.V.A. has had only an insignificant—and in no way causal—effect on the enormous agricultural and industrial development of the United States, on the productivity of labour, on the increase in real income, or on national income. Even in the field of power development the eventual maximum of output was only 10 per cent. of the power previously developed by private companies in its part of the United States. The T.V.A. is a very late correction by an executive agency of the Federal Government of the use of certain poor and almost unmanageable water resources in one of the most advanced industrial countries in the world. I have studied the T.V.A. on the spot, from its very first steps and have made later visits for many years. In spite of the good work that has been done on many of its multiple objectives, I cannot see that it is a conclusive precedent for the kind of work to be done in southern Asia and south-east Asia. The fact that this wealthy country is now committed to an investment of \$8 billion in the Missouri River Basin plan does not prove that, measured by principles of economy, this is the proper sequence in investment. There is much evidence that a fraction of this investment put into improvements in farming in a few States would yield safer and greater returns now. But my main point is that such extravagances by a wealthy country are the exact opposite of what sound economic strategy dictates for less prosperous nations.

The other example that has been frequently cited is the Marshall Plan. The Marshall Plan has done a great deal to get the economies of Great Britain, France, western Germany, Italy, and a number of other countries not built, but *rebuilt*. The capital offered there replaced invested capital that war had destroyed or made obsolete. Funds were needed to import certain foreign foodstuffs, raw materials, and goods, but the external economies, the skills, the enterprising managers, the institutions, and the inventiveness and drive of the people were all there. Hence I doubt that even this parallel will be of much help.

The Colombo Plan has great potentialities, but it leaves the execution to each government. The amounts of capital provided for are small in comparison to the gigantic scope of the task, and not all the funds are available. There is great danger that a large proportion of the funds will be wasted in inefficiency, red tape, and corruption of the administration in various countries. Such sudden action calls for competent personnel on a vast scale. The people needed must not only possess knowledge, but also experience in handling funds with

thrift and skill. Sending hundreds of students abroad does not provide this. The best chance of obtaining such personnel would be to allow foreign construction companies to bid on all sorts of projects. They could bring in, for the time needed, their own skilled managers and foremen, hiring workers and white-collar employees in the country itself. Unfortunately, the psychological climate in many of these countries will not permit of such a solution, because of all sorts of negative emotions and prejudices.

But let us suppose that in another five years the major works of the Colombo Plan are achieved, the dams are built, the power plants are in operation, and the irrigation water is flowing. Is it certain that all of this will have caused a real and visible change in the everyday lives of the then 600 million people? Or will the improvement merely have meaning for those people who are employed in the power plants, or who are settled on the newly cultivated or the newly irrigated land? Will these relatively few fortunate people be in the position of the privileged employees of the Anglo-Iranian Oil Company while the rest—the overwhelming majority—remain in the stagnating squalor that the rest of the Iranians know? What really is needed in addition to these constructive investments is good, effective local government, plus enormously much more initiative in every village and household.

Fortunately the unique resources of the United States for technical assistance are by no means confined to governmental action or collaborative action through U.N. channels. One of the great features of our profit-and-loss economy—so ably and realistically analysed by Kenneth Galbraith in his new book—is the dedication of some of the great industrial fortunes to constructive public service in the form of foundations.¹ In view of the keen interest which the American people have taken in technical assistance to countries like India and Pakistan, it was only natural that foundations would be called upon to assist, as private and independent agencies, in the great campaign to aid development. Early in 1952 the Ford Foundation, one of whose directors is one of our agricultural elder statesmen, entered the picture with a comprehensive, well-defined Indo-American technical assistance programme. It made on-the-spot investigations at the invitation of the Governments of India, Pakistan, and the United States. An over-all agreement on the programme was signed in January to assist India to attain food self-sufficiency by 1956. The Foundation allocated \$6.5 million to support its programme in Asia and the

¹ J. K. Galbraith, *American Capitalism: The Concept of Countervailing Power*, Boston, 1952.

Middle East, and appointed a former U.S. Department of Agriculture official as its representative in India and Pakistan.

In India initial grants were made for five training centres in which will be trained the agricultural leaders needed for the village development programme. To gain time and save money, the centres will be operated chiefly as in-service training schools, with workshops and meetings. This programme will cost \$3 million—one-third contributed by the Indian Government and two-thirds contributed by the Ford Foundation. The indigenous leadership trained in these centres will then work in fifteen intensive village-development blocks of approximately 100 villages each. Provision has been made for a modest industrial development at a ratio of one in ten projects. Grants to five Indian agricultural colleges have been made to encourage them to train workers in the kinds of skills required.

The Ford Foundation has come to the support of a programme for Pakistan which that country's Government had planned, and will provide large numbers of skilled mechanics in all lines and at all levels—from machinists to supervisory and engineering personnel. The Foundation has granted the foreign exchange necessary for equipment and buildings of a polytechnic institute and three training centres. A grant to the All-Pakistan Women's Association will supply the foreign exchange for a women's college for the study of home economics and the preparation of teachers in that subject. The Women's Association will manage three village training centres and the college.

One of the officers of the Ford Foundation has said of this whole India-Pakistan and Near East activity: 'In the nature of things, the part a private foundation can play is small compared with the need and with the greater resources of international agencies and our government. It is our hope that, though small, we may play a useful part by moving ahead with projects that promise to have trigger-action, multiplier effect in broad programmes.'

This phrases extremely well the principle of economic strategy that must prevail in any technical assistance and development activity lest it fail in view of the enormity of the total task. In my personal opinion, if any technical assistance work succeeds at all, it will be this part of it. This view is based on the favourable proportion between funds and assignment, the ideal delegation of power to a few highly competent men, and the absolute minimum of red tape and paper warfare.

Undoubtedly there is danger that many of the activities of the multitude of independent international agencies dealing with technical

assistance in the area of the Colombo Plan will fail to have the desirable powerful aggregate effect of changing the economic and social mood and the political attitude of the people in those areas toward the developed countries. A proper strategic move might well be to charge the World Bank with the task of setting up one or several regional development banks in the area, and to have the various activities of different agencies brought under the management of such a bank or of several such banks, according to the precedent set in Turkey. This could result in the attainment of maximum economy as well as the limitation of activities to the financial means available. At the same time such development bank or banks could also assist in paving the way for the creation of conditions attractive to private foreign capital; and such an institution could co-ordinate and merge the technical assistance from the score of international and United States organizations, which inevitably waste a vast amount of effort in diplomatic and liaison channels. If such an executive financial agency were charged with the stimulation of economic development, it would probably choose a course different from reliance mainly upon mammoth projects—namely, decentralized maximum aid to enterprises of limited scope. With today's technology it is possible to industrialize in a manner entirely different from that of the past—that is, by the completely decentralized construction of small and medium-sized plants in villages and towns. This would leave the normal forms of historical settlement intact and with relative ease solve many of the social problems of industrial workers. Combustion engines, steam and water turbines, and electric motors, for instance, are all decentralizing power sources. Acetylene-torch welding permits the manufacture of farm machinery in very small plants. It would be an extraordinary beginning if, within the Colombo Plan, proper weight were given to the opportunity for building an advanced civilization without draining people into vast urban quarters with increasing misery. This would indeed be a revolutionary departure from the traditional pattern of industrialization, in which masses of people are concentrated in congested industrial centres with all their social evils—a historical pattern which, amazingly enough, is so slavishly copied by Soviet planning today.

You may have noticed that up to now I have not mentioned a word about the Malthusian assertion that population growth will outrun the earth's food-production capacity, or about the so popular remedy for Asia's problems, birth control. In closing my remarks, I should like to voice once more the strongest possible dissent from this approach, because it seems to put the cart before the horse. Lower

and controlled birth-rates evolve eventually with improved economic conditions and the profound changes in the *mores* and the philosophy of life that in turn evolve with general social and economic progress. Nowhere in the world, up to this day, have they been achieved as the result of public policies. They have occurred at various times in history through the adaptation and free choice of individuals in rural as well as in industrial societies. Without the pressure of population, man's entire progress probably would not have been attained. There is no reason to be seen why, with the gradual advance of technology, the food problem of the Asian peoples cannot be solved, even if the population continues for a considerable time to grow at its present rate.

In conclusion I may say that the activities of the F.A.O., of Point IV, and of the Colombo Plan and the concurrent participation of the Ford Foundation and many similar support actions for the development of the free part of Asia impress me as symbols of a new era in which the community of free men of goodwill gradually will bring into play some of the tools and, even more important, some of the socio-psychological approaches in the war against poverty, squalor, and misery. Measured by our potentialities, what is being done is small. Measured by the exorbitant obstacles which lie in human limitations, however, it looms large indeed.

(The discussion of Dr. Brandt's paper, together with that of Dr. Raeburn's which follows, will be found on page 149.)