AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Bulletin Number 87-10

November, 1987

ECONOMIC DEVELOPMENT CENTER

DEVELOPMENT POLICY UNDER EISENHOWER AND KENNEDY

James M. Hagen and Vernon W. Ruttan

ECONOMIC DEVELOPMENT CENTER
Department of Economics, Minneapolis
Department of Agricultural and Applied Economics, St. Paul

UNIVERSITY OF MINNESOTA

DEVELOPMENT POLICY UNDER EISENHOWER AND KENNEDY

by

James M. Hagen and Vernon W. Ruttan*

Department of Agricultural and Applied Economics
University of Minnesota
November 4, 1987

*
James M. Hagen is Research Assistant in the Department of Agricultural and Applied Economics, University of Minnesota. Vernon W. Ruttan is Regents Professor, University of Minnesota.

The authors thank David E. Bell, C. Ford Runge, Milton J. Esman, Erven J. Long, John D. Montgomery, Art Mosher, W. W. Rostow, and Martin W. Sampson for their advice and comments on an earlier draft of this paper. They also thank Donald M. Fraser, Philip M. Raup, and Barbara J. Stuhler for interviews on the topic of the paper. The final results are the authors' responsibility alone.

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, religion, color, sex, national origin, handicap, age, or veteran status.

EVENTS AND IDEAS LEADING TO THE DEVELOPMENT DECADE OF THE 1960s: ECONOMIC DEVELOPMENT ASSISTANCE UNDER EISENHOWER AND KENNEDY

This paper is an effort to examine the trends in political and professional thinking which led up to the launching of the "development decade" of the 1960s. In 1961, President Kennedy took office, ushering in a new era of assistance for the economic development of developing countries. He consolidated aid programs into one new organization, the Agency for International Development; he christened the Peace Corps and the Alliance for Progress. Foreign aid appropriations increased substantially, and Congress passed a multiyear aid authorization. The United States became a member of the OECD that year. The most noted feature of the new program, however, would be its emphasis on the long run economic development of the recipient nations rather than on short term security concerns.

These foreign aid initiatives were more the culmination of a decade of political and academic thinking than the beginning of a new aid philosophy. The New York Times of June 4, 1961 editorialized, "it should be noted at the outset that the overhaul (of the foreign aid program) is not quite so drastic as the headlines suggested...In short, the Kennedy Administration has re-embraced the concept on which the old Point Four program was based."[1] This paper picks up where Point Four left off.

In seeking out the driving forces behind the evolution of the economic aid program, we separately examine the following motivations:

security considerations, economic self interest, and humanitarian concerns. We do this by looking primarily at congressional testimony where we find that the arguments for aid were overwhelmingly centered on the security concern.

As fear of the spread of communism grew, so did interest in the foreign aid program. The U.S. program expanded largely as a response to a growing Soviet aid program and to a fear that the desperate masses of many developing countries would turn to the Soviet camp for relief from their poverty. This fear may have reached a height in 1960-61 when all doubt was removed that Cuba (just 90 miles from U.S. mainland) was in the communist camp.

While the economic contest between communism and capitalism became a major component of the Cold War, the importance of the Third World countries to the general well being of the United States became increasingly evident, even outside the context of the Cold War. The developing countries' prosperity and stability would be important to that of the United States. Commerce with them would be important for the supply of goods (both stategic and non) to the United States.

The aid program received further support from labor, business and agriculture lobbies. Money spent on aid was often viewed as a jobs program from which many workers and employers could benefit. These groups tended to be less interested in helping other countries develop than in being hired in the process. They did not seem to initiate the expansion of aid, but rather lobbied for it once it was on the table. Certainly there were many who were opposed to aid because of its inevitable impact on taxes. There was also considerable controversy

concerning the net effect of newly developed countries becoming competition as well as markets for U.S. goods. Economic interests were often advanced as security measures by the basic concept that a strong domestic economy is critical to the defense of the country.

Many church and volunteer organizations supported aid for humanitarian purposes, and their politically active members added strength to the pro-aid lobby. In terms of political debate, however, the humanitarian issue could only be regarded as a sideshow. The much used phrase, "We cannot live on an island of wealth in a sea of poverty" had a ring of humanitarianism about it, but when pressed for an elaboration, the enunciator of such words would generally admit that our island of wealth was indefensible (rather than just morally untenable).

In reviewing academic literature from 1952-1961 we see that as short-term security concerns were paramount, capital intensive, "big push" type theories dominated the literature. As dollar allocations reached a peak in 1961, disappointments in the aid program's results were accompanied by a return to emphasis on long term social and political reform in the development process. The "big push" approach seemed to garner the most academic support at approximately the time that the administration was still hopeful of its shorter term heavily politicized aid programs.

This examination of development assistance thought essentially follows a debate in which the question of "does the economic advancement of less developed countries serve the U.S. interests?" received relatively scant attention. An answer of "yes" was generally given,

though the debate would flare in deciding at what cost to the U.S. taxpayers. Domestic industries which could envision direct competition from the developing countries understandably qualified those "yes" answers. The other dominant question was, "How can we facilitate this development if it is in our interest?" The 1961 aid program was Congress's answer to that question after more than five years of active debate.

This paper concerns U.S. aid and does not specifically address multilateral programs. It considers economic and supporting assistance in particular and does not attempt to discuss aid that is not development related. This latter distinction is seldom clear, however, as specific aid programs were often given the dual mission of long term development and short term security purposes. Lastly, the paper does not attempt to evaluate an evolving program, rather it attempts to identify the forces behind that evolution.

SECURITY CONCERNS IN ECONOMIC DEVELOPMENT ASSISTANCE 1952-1961

In the period from 1952 to 1961, the security objective of development assistance was by far the most compelling when compared with humanitarian and economic objectives. The expansion of the aid program leading up to and including the 1961 initiatives paralleled an increase in the perceived security threat of spreading communism. Aid was intended as a weapon to address that threat. This section of the paper

examines the evolution of the aid program during this period from a security perspective.

The Development Assistance Program is Annexed by the Security Effort: 1952-1954

Economic aid (as embodied in the Marshall Plan) was scheduled to be phased out in 1952. The plan, however, was extended. Mutual Security Administration (MSA) Director Averell Harriman explained that it was the start of the Korean War which prevented the plan's earlier demise.[2] The MSA had been created in 1951, bringing military and economic aid under one umbrella organization which increasingly saw its mission as a relatively short term one of containing communism in countries on the periphery of the Eurasian communist block.[3] The use of development aid as a short term security measure and the simultaneous attempt to reduce its expense dominated the aid program through the mid 1950s.

The distinction between military and economic aid became very clouded after the Korean War began. General Eisenhower's representative, General Guenther, noted in 1952 that "the economic and military aspects of defense...defy separation (in modern warfare)."[4] The demise of development assistance was forestalled by its use in the security arsenal, though its usefulness, combined with the perceived security threat at that time, was not convincing enough to prevent the overall reduction in foreign aid spending. While the original intentions of technical and other long term assistance programs had their advocates, the future of the aid program was assured primarily by the security lobby of the administration and Congress.

A growing conservatism was formalized in 1953, when General Eisenhower became president and the Republicans won slight majorities in both houses of Congress. The conservative ideology was supportive of the policy of containing communism with a ring of military alliances, nuclear deterrence, and the strengthening of foreign forces in strategic areas. Neutral countries in the cold war were regarded negatively. Budgetary constraint was paramount, and any economic development of less developed countries was thought to be best handled by the private sector.[5] Eisenhower's final MSA budget request for fiscal year 1954 was $5.5 billion, down from Truman's $7.6 billion request for the same period. Secretary of State Dulles described the budget reduction as the maximum which could be "reconciled with the essential security of the U.S."[6]

Harold Stassen began his two year directorship of the foreign aid program in 1953 with the awkward position of having to carry out the dismantlement of the program at the same time that he was warning the Senate Appropriations Committee that the U.S. would have to continue giving aid to free nations for the ten years that he expected the Soviet threat to last.[7] When asked to discuss the administration's $2 billion cut from Truman's aid budget request in this light, Stassen said, "We are seeking more defense, more rapidly, with less dollars, lasting longer."[8]

There was a growing recognition of threats to U.S. security in the Asia theater. House Appropriations Committee Chairman John Taber (R. NY) said that recent events on the international scene demonstrated the need for the U.S. to "do whatever we can to build up support for the

defense of the Far East, Southeast Asia, and the Western Pacific."[9] Senator Styles Bridges, appeared to have revised his attitude when he spoke in support of the foreign aid bill saying it would "assist our Free World partners to raise and support the forces required for collective defense."[10] Senator George (D. GA) announced a revision in his outlook (which had been for sharp cuts in aid) "in view of the conditions existing in the world."[11]

The situation in Indo-China was getting particularly tense as communism made gains there. India became a special concern as Stassen warned that cutting of aid to India would "make it more likely that the Communists would take over that country."[12] The "loss" of the world's largest democracy (India) to Communism was regarded by many as unacceptable, especially given Communist China's apparent economic success.

Congress was continuing its effort to phase out the development aid program, but at the same time it was appreciating aid's value as a partial response to the problem of communist expansionism in Asia. Criticism became focussed more on the administration of aid than on its existence. A February 6, 1954, staff report to the Senate Appropriations Committee noted that technical assistance was losing its identity in the program of large scale grants for economic assistance. It said that poor use of funds indicated that funding cutbacks could be endured without resultant reductions in activity.[13]

Stassen hinted acknowledgement that the administration had been preoccupied with military (over economic) solutions to world tensions when he said that "on the basis of the ending of the hostilities in

...(Korea and Indo-China)...you will find that the administration is moving more extensively in the economic and ideological and technical field in this part of the world."[14] He also announced increased support of free labor union activity in developing countries as the communists were moving in on the labor side as the countries developed.

Senate Foreign Relations Committee Chairman, Alexander Wiley, (R. WI) described foreign aid in positive terms as "probably the single most anti-communist program," and at the same time he took pride in the great budget reductions made in the program.[15]

The Cold War Heats Up on the Economic Front: 1955-1957: The U.S. Turns to Long Term Development Assistance Policy.

Initiatives by the Soviet Union on the economic aid front had a profound effect on U.S. policy. One of these initiatives was a 1955 tour of Asia by Premier Nikolai A. Bulganin and Communist Party Head, Nikita Krushchev. Their visit included India, Burma, and Afghanistan, and resulted in an offer of Soviet technical assistance in the construction of a steel mill in India among other projects. In response to Western critics, Krushchev challenged, "perhaps you wish to compete with us in establishing friendship with the Indians? Let us compete."[16] Soviet economic assistance was regarded as increasing sharply in the name of economic development programs[17], and there was a popular belief that Soviet aid had fewer strings attached to it than did U.S. aid.[18] U.S. policy makers took the Soviet challenge to heart but were very uncertain of where else to take it.

The economic aid contest with the Soviet Union began to dominate U.S. foreign policy. Dulles, himself, seemed to accept this new cold war philosophy when he said in 1956 that Soviet tactics now have "more guile and less force...the second round is now beginning."[19] The administration stopped its trend of aid cuts, citing "immediate threats to security and stability...now centered in Asia."[20] Dulles asserted that foreign aid was an "essential part of our overall foreign policy," needed to persuade the Communists that "world conquest is futile,"[21] and that Communism was "pressing hard;" (the aid program would be) "needed for a considerable period of time," he said.[22] Stassen gave the often used argument that military aid would "obtain more defense for the U.S." than the same amount spent on U.S. military forces.[23] Former U.S. High commissioner in Germany, John McCloy, issued a report saying that even with military superiority we could "lose the struggle for freedom". He specifically stated that we must address the U.S.S.R.'s economic, social, and political challenge.[24]

This apparent reversal on the part of the Administration added to the confusion over foreign aid in Congress. Dulles was criticized not only for these apparent contradictions, but also for oversimplifying and underestimating the Soviet strategy in international affairs.[25] Aid activists criticized the lack of coordination and comprehensiveness in the aid program.[26] Senator Russell Long (D. LA) noted that "there is no war going on" in his call for the gradual reduction of economic and military aid.[27] Senator George Malone (R, Nev) observed the then annual trend to "give away more millions," complaining that "we hardly understand what the legislation is about."[28] However, Representative

Mathews may have summed up the mood of Congress when he acknowledged his misgiving about aid and said, "If someone were to say to me: You are voting for a giveaway program to foreign nations, I would say...It is a gamble with money rather than with the precious lives of our boys."[29] The Foreign Relations Committee now headed by Sen. George (D.,GA) went on record in support of aid saying that its continuation was essential to free world security.[30]

The containment of Soviet influence was seen to require more than strategic defense pacts on the communist periphery. A sharing of economic largesse would be an increasingly important weapon in preventing alliances between the Soviet Union and developing countries. Thus, economic assistance was becoming a regular feature of the overall security package of the U.S. but there was confusion as to what its exact role would be.

In his 1956 State of the Union Message, Eisenhower asked Congress for limited authority to make longer term commitments on aid projects in order to give "assurance of continuity in economic assistance" programs.[31] Noting that a similar program was suggested by Stassen one and one half years earlier, only to be overruled by the State Department, a questioner asked Dulles if the State Department had changed it position. Dulles surprisingly replied "no, the State Department has been in favor of something of this sort for some time."[32] Lacking confidence in the State Department, Congress showed bipartisan opposition to the long term funding proposal, and the proposal was not pressed ahead. Senator George said, "I honestly don't know how or why this long term commitment business arose."[33]

Amidst the confusion over the direction of the aid program, Eisenhower announced on May 4, 1956, his intentions of forming a commission with Congress to study the issue. Ultimately six different administration and Congressional studies were conducted, but the 1956 Mutual Security Act became something of a stop-gap measure pending their findings. Congress's final aid appropriation was (as usual) less than the President's request, but it was more than $1 billion greater than the previous year's appropriation.

The President's Citizens Advisers on the Mutual Security Program (the Fairless Commission) concluded that economic development should be continued as a long range endeavour and that Congressional funding approval should be on a two year rather than a one year basis. The assistance program was considered one of "collective security."

On July 7, 1956, the Senate formed a special committee to study foreign aid. It consisted of the members of the foreign relations committee and the Chairmen and ranking minority members of the Appropriations and Armed Services Committees. The report recommended a continuation of foreign aid and called for clear distinctions to be made between military, technical and development assistance. It called for a revolving fund for development loans, cautioning that it should not be "set up in haste." Repayable loans were to be emphasized over grants.

Despite the conclusion that technical assistance "would serve our interests for many years to come," it should be subject to annual authorization review for at least two or three years, the report said. Efforts to reduce military and supporting aid were called for. Military aid should be administered by the Department of Defense with policy

direction by the Secretary of State. Foreign aid policies and other activities abroad should be better coordinated by the President and Senate, while private contractors, universities, and personnel from other government departments should be used where possible in carrying out the work of the program. Major witnesses before the committee included H. Christian Sonne (Chairman of the Board of Trustees of the National Planning Association) calling for a five year economic development program, based primarily on loans, and Max D. Millikan (Director of the Center for International Studies at MIT) warning that abandonment of the aid program would cause underdeveloped countries to turn "increasingly to the Soviet bloc." He recommended a ten year, ten billion dollar program of economic aid, of which 80% would be loans.

A draft report of the Foreign Affairs Committee Report was issued on December 23, 1956, calling for a reduction, rather than an increase, in foreign aid with nonmilitary aid based primarily on loans. It said that Countries receiving Soviet aid should be eligible to also receive U.S. aid. The report concluded that "foreign aid appears to be the most useful nonmilitary device available to the United States for influencing other nations."

In another study, the International Development Advisory Board called for a fund to put the program of economic development on a flexible and long-term basis, with Congressional funding for periods of at least three years.

As these study reports were coming in, another factor arose in the Soviet-U.S. contest to show the developing world which system

(capitalist or free market) showed the greater promise: the Soviet success in putting into orbit the first manmade satellite, Sputnik.

The Long Term Approach to Development Assistance is institutionalized: 1958-1960

A conference (initiated by President Eisenhower) to promote the importance of development assistance was held in February, 1958. One of the speakers was former President Truman who said, "The only thing we can do with armaments is to buy time. One of our best hopes (for obtaining peace) is economic assistance for other nations."[34] Eisenhower's support of economic development aid, however, was still in a formative stage.

In 1958, the trend toward assistance in long term development began to be put into action. The first loan from the Development Loan Fund was announced for India's Five Year Plan. More importantly, Undersecretary of State Dillon announced support for an Inter-American Bank in a reversal of long standing U.S. policy.[35] That overture to Latin America was certainly given inspiration by Richard Nixon's disastrous Spring tour of South America during which he was assaulted by angry mobs. Rising concerns over unemployment, the federal deficit and the balance of payments prevented significant increases in the aid budget however.[36] The International Development Association was endorsed and passed by the Senate as a soft loan division of the World Bank.[37]

The year 1959 began with the New Years Eve victory of the Cuban revolution led by Fidel Castro. With unusual unanimity, the

administration and Congress approved U.S. participation in the new Inter-American Development Bank. Responding to concern that India might choose a future under communism, the Senate passed (with administration endorsement) the Kennedy-Cooper Resolution for long term development assistance in South Asia. Senator Kennedy argued that 1959 must be "our round" after the communist "round" of 1958 in which Communist China exhibited a more attractive program than the U.S. did.[38] In an open letter to the President, Senator Mansfield observed that "we are now at the beginning of a shift back to an era of economic emphasis."[39]

The President's Draper Committee issued its report in 1959, making several suggestions for improvements which included calls for a single agency to administer the program, long range (rather than year-to-year) financing of the Development Loan Fund, and increased emphasis on self-help efforts by the aid recipients as a condition of the aid.[40] Representative Charles Brown (D. MO) called for long- term development assistance saying," We should strive to prevent trouble rather than wait until trouble is fomented and then try to bribe our way out"[41] Undersecretary of State Dillon said that another year would be needed to observe the program and that a longer range program would be requested for fiscal year 1961.[42] Later in 1960, the Act of Bogota was initiated by the administration and passed by Congress as the first effort in what would later be dubbed the Alliance for Progress. The Act signalled the new direction which the program was taking by its emphasis on the social aspects of reform in the developing countries. A House Foreign Affairs Committee Special Study Mission reported that there was a "strikingly dangerous gap between such grandiose projects at the top

and the millions of human beings still starving."[43] One of the responses to that finding was that Congress directed the president to consider instituting a "Point Four Youth Corps," a concept similar to that embodied in the Peace Corps the following year.

Aid's bipartisan support was still primarily derived from perceived security threats. Vice President Nixon said that "recent events" mandated the "absolute need for keeping our mutual security operating at an efficient level."[44] Twenty eight House Democrats wrote to President Eisenhower expressing criticism of his handling of foreign policy but promising to resist "unwise cuts" in the Mutual Security appropriation because they viewed it as an "indispensable part of our foreign policy."[45] By 1960, economic aid was a permanent fixture of foreign policy[46].

A Culmination in the Development Assistance Trends - 1961

1961 was a landmark year in that much of the aid philosophy which had been evolving in the preceding years was formalized in law. The administration of the program was overhauled as Congress authorized further separation of economic from military aid, and the economic program was centralized in a new Agency for International Development. Congress advanced several more steps in the direction of long term commitments by giving the Development Loan Fund a five year authorization, if not appropriation. The Act of Bogota was dressed up and given permanence as the Alliance for Progress. The dollars authorized and appropriated for economic development assistance reached a post-Marshall Plan high. The U.S. ratified the convention

establishing the OECD, and the Peace Corps was established as a permanent organization. The tone of the aid rhetoric picked up in volume from both security and humanitarian perspectives.

Kennedy often referred to the security threat which his aid program was intended to address. During the Berlin crisis he said that the "Soviet threat is worldwide...We face a challenge in Berlin, but there is also...a challenge in Southeast Asia...in our own hemisphere and whereever else the freedom of human beings is at stake."[47] In appeal for support for his aid program, he said that it involved "very importantly the security" of the U.S. and deserved the backing "of every American who recognizes the real nature of the struggle in which we are engaged."[48]

Amassador Adlai Stevenson said that, "aid and strong argument would be needed to reverse Latin American support for Castro."[49] Secretary of State Dean Rusk warned that the "Western world must recapture the leadership of the revolution of political freedom ...and not yield its leadership to those who would seize it and use it to destroy us.."[50] Defense Secretary Roberts S. McNamara described military and economic aid as complimentary (a message heard several times in the Eisenhower administration).[51]

By 1961, it was evident that Cuba's new revolutionary government was clearly "in the enemy camp," and this a mere 90 miles from the U.S. mainland. Che Guevara promised to not "export revolution" to other American countries if Cuba received a pledge of "non-intervention to go ahead with our work."[52] His words were likely heard as more of a threat than a comfort. Soviet Premier Khrushchev proclaimed that the Soviet

Union was about to "touch the heels" of the U.S. (economically) and "other peoples will follow...our example."[53] President of Pakistan, Ayub Khan addressed a joint session of Congress in an appeal for passage of Kennedy's aid program. He said, "unless Pakistan is able to meet the economic needs of its people, in another 15-20 years, we shall be overtaken by communism...If we go under communism, then we shall still press against you, but not as friends."[54] Eliminating any doubt that security was a most pressing issue in 1961, Kennedy advised that "any prudent family" should provide itself with a fallout shelter.[55]

Much of the congressional debate in 1961 concerned the president's request for long-term financing of development loans. He asked for five years of Treasury borrowing authority with a provision that the eventual loan repayments be fed into a fund for future loans. The main objection to this was that it would enable future expenditures without Congressional appropriation, a device labeled "backdoor spending." A lesser objection was that assurance of continued aid would reduce the recipients' incentives to help themselves.[56] The law which was actually enacted provided for a five year authorization with annual appropriations. It was an approach endorsed by New York Governor Nelson Rockefeller and former Vice President Nixon. Kennedy called it "wholey satisfactory."[57]

The inertia of the previous few years' Congressional thinking combined with suitably negative world circumstances to make 1961 a big year in development assistance history. Another important factor was a very determined president. Representative Passman (D. LA) described Kennedy's efforts as "absolutely unprecedented" in his (Passman's)

fifteen years in Congress. In addition to strong testimony by Secretary of the Treasury Dillon and Secretary of State Rusk, Peace Corps Director Shriver personally visited every Congressional office in support of the aid program. The Citizens Committee for International Development was organized to exert more pressure, and the White House contacted businessmen nationwide to exert further pressure. Passman also reported of patronage threats used in the campaign.[58]

The centerpiece of the 1961 economic assistance program was the Foreign Assistance Act (Senate Bill 1983, PL 87-195), which was passed by a vote of 69-24 in the Senate and 260-132 in the House. Intended as a bold new initiative and as an answer to many of the charges of poor administration of the aid program, the Act was passed only after consdiderable debate.

As in the past, the matter of attaching strings to aid was especially troublesome. Secretary of State Rusk remarked that recipients would not be pressed into indicating alliances or special committments to the U.S., however, aid would be conditional on the adequacy of their performance in the process of development.[59] When Senator Capehart (R. IN) asked if we would "have no concern whether a country that we help goes communistic," Rusk replied negatively, saying, "we affirm the world of choice...and I "know of "no country which has on its own volition, by the vote of its people, deliberately accepted a communist regime."[60]

Senator Fulbright asked Frank M. Coffin, of the Presidents Task Force on Economic Assistance why we give continued aid to Haiti, perpetuating the "highly unsatisfactory regime" there. Coffin's response was "for the short run we face the alternative of giving up Haiti and having

another instance where elements that are against the philosophy which we all believe in take over. This is too big a risk."[61] Senator Morse (D. OR) later said, "we should not be in a position of preventing revolution if that was the will of the people."[62] Senator Humphrey questioned the whole premise of aid's role in the structural reform of the recipient. Regarding Iran, he said, "I have a hard time bringing myself to a sincere belief that those aristocrats of their area who have lived on privilege, and who are literally wallowing in luxury, are going to design a program of self-destruction."[63]

Regardless of whether the aid program would be successful or not, there seemed to be a consensus that the economic development of less developed countries would help forestall the expansion of communism. Senator Capehart said it in almost those words[64], and Lloyd Neidlinger, Executive Director of the U.S. Council, International Chamber of Commerce, said "a strong private economy is a powerful assurance against the possibility of Communist domination or influence."[65] A variation on that theme was offered by Jerry Voorhis, Executive Director of The Cooperative League of the U.S., entered into testimony an article which said, "the only major rebuffs Italian communist suffered in the last election were where democratic cooperatives are strong."[66]

After a summer of lively debate, there were probably no Congressmen convinced that the foreign economic assistance problem was solved, but the new aid program did pass, and with more money behind it than at anytime since the Marshall Plan. Senator Humphrey may have spoken for a good many of his colleagues when he said: "As far as I am concerned I am

probably going to support the foreign aid program. However, I do it just like I go to see the dentist; I am just not happy about it."[67]

DEVELOPMENT ASSISTANCE AND ECONOMIC SELF INTEREST

Economic self-interest arguments did not provide the impetus for the aid program, but they did contribute importantly to the program's base of support. When the aid program was passed in 1961, the sentiments shared in testimony by representatives of business, labor and agriculture were little changed from those expressed in the previous few years.

It is perhaps obvious that economic self-interest concerns are not entirely distinct from security ones. On the one hand a strong U.S. economy is arguably the best defense on the security front. On the other hand, economically strong allies can be viewed as being superior allies in the respect of security. In this section we are trying to address the economic self-interest aspect of aid, divorced from the security question as much as possible.

The Agriculture Position

Throughout the period under consideration, there was general support in the agriculture sector for an economic aid program. In 1952, the National Farmers Union advocated increased aid.[68] Agricultural products stored by the Federal Government under the farm support program had been used previously for famine relief (such as in India in 1951), and in

1953 Congress passed a law authorizing the President to use up to $100 million worth of surplus farm products for relief abroad. Also that year, the Mutual Security Act specified that between $100 and $250 million of foreign aid funds were to be used for purchase of U.S. farm goods.

Most importantly, a bill was introduced in the Senate that year for a foreign aid/surplus disposal program that ultimately was enacted as Public Law 480 (PL 480) in July of 1954. PL 480 was initially a three year program which authorized the president to sell up to $700 million of agricultural surplus to friendly nations for foreign currencies. The foreign currencies acquired would be primarily directed to develop new foreign markets for US agriculture, to purchase materials needed for national security, and to make loans to promote multilateral trade and economic development. The Act also authorized $300 million of surplus donations for needy people in friendly countries or "friendly but needy populations without regard to the friendliness of their government."

With a Commodity Credit Corporation (CCC) stock pile of $5.5 billion of surplus commodities, the program was designed to dispose of some of the surplus and to promote foreign trade in farm products[69]. The bill was generally supported by farm organizations [70], though the National Council of Farmer Cooperatives warned that the price support program had enabled other countries to "undersell and absorb our foreign markets," and that the US should emphasize private industry rather than state trading.[71]

Proponents saw the program primarily as a specific market expansion program which would alleviate the CCC's surplus problem. Any impact on

development abroad was secondary. The fear of creating foreign competition was a consideration when the wording of the law was changed so that, rather than using the foreign currencies to encourage "production" (in the recipient countries), they would be used to promote "economic development and trade."[72] Some of the Congressmen thought it was a wasteful giveaway program[73] and some saw it as a goodwill program to fight communism[74]

The PL 480 program expanded, and in 1958 it was continued for an additional eighteen months with a $6.25 billion appropriation. Also that year, the Administration's Davis Committee recommended putting the program on a 5 year basis and calling it "Food for Peace." The Committee also emphasized the program's use as a foreign policy tool with a stated goal of helping recipients to become independent of foreign aid. Nevertheless, the program was widely recognized by the State Department, as well as by most other observers, as a surplus disposal program.[75] PL 480 had become a very important agricultural program accounting for 27% of all wheat exports, 22% of all cotton exports, and 47% of all vegetable oil exports in 1956.[76]

As concerns the Mutual Security Act, the American Farm Bureau Federation consistently supported the program but often called for cuts in the expenditures. The National Farmers Union supported the administration's program and called for increased technical aid in 1959.[77] There is no discernable shift in the agriculture lobby's position on aid between 1952 and 1961. Their Congressional testimony did not expound on the pros or cons of helping other countries to develop.

Organized Labor

Organized labor consistently supported a foreign economic assistance program throughout the time period under consideration. In 1953, the AFL testified in favor of a two year extension of the aid program and an expanded Point Four Program. The AFL also called for encouragement of labor unions and international competition.[78] The Mutual Security Act that year did make it a policy to encourage other countries to strengthen free trade unions.[79]

In 1956, AFL-CIO President George Meany said, "labor will support a program of substantial military and economic aid to other free nations to protect them from being forced to yield to communism."[80] Both the AFL-CIO and the UAW were members of the Point Four Information Service which held conferences in 1952, 1955, and 1956 to promote foreign economic assistance.[81]

The UAW and AFL-CIO also advocated an expansion of the Development Loan Fund in 1959.[82] In 1960 the AFL-CIO's legislative director, Andrew J. Biemiller (formerly a Congressman, D. WI) joined with others calling for long term aid committments when he urged that the Development Loan Fund be put on a "strong continuing basis" with at least $1 billion for fiscal year 1960. He further called for no cuts in the Mutual Security Program.[83]

The AFL-CIO's Biemiller gave a strong endorsement of the Foreign Aid bill in 1961. In Foreign Affairs Committee testimony he said that labor supported the aid program because of the threat of communism and because "it is right" (apparently in some moral respect). Then he went on to

describe its benefits for labor. "(Labor has) a tremendous interest in the foreign market. If we were to cut off foreign trade, then you would really have an unemployment problem in the United States." Unemployment would "probably amount to a couple hundred thousand more" if not for the aid program.[84] Beimiller agreed with a comment by Rep. Barry that "from the standpoint of jobs, there are more jobs created by our entire foreign aid program than there are lost by the imports we receive." His rationale was in part that "cheap labor is not as productive as American labor, on comparable jobs."[85]

Victor Reuther testified as the Assistant to the President of the Industrial Union Department of the AFL-CIO, his department representing 7 million members. He agreed that foreign aid programs generated jobs. "With 5.5 million (Americans) unemployed," he said, "it takes a deliberate policy to invest."[86] Representative Morgan was especially concerned that the aid program was creating an ability for other countries to compete with the US, with resulting loss of U.S. jobs. Beiemiller acknowledged the concern and said that his union had proposed an international minimum wage.[87] Reuther said, "we have introduced, I think to a large extent on the initiative of American trade unions, the whole concept of the escalator clause, the protection against inflation, of an automatic adjustment to reflect the increase in productivity." [88] The unions appeared to view the aid program as a jobs program for their members. Additionally they felt that it was building up new markets faster than it was promoting new competition.

Organized labor also had a direct stake in the aid program through its involvement with programs such as the American Institute of Free

Labor Development, which received appropriations to facilitate noncommunist trade union organization in developing countries.

Business Interests

The shipping industry has long been a beneficiary of aid. The Mutual Security Act of 1953 specified that at least 50% of commodity tonnage shipped abroad as aid had to be shipped on U.S. flag vessels. When PL 480 was initiated in 1954, the same rule applied to shipments on that program. Despite the fact that a number of members of the Foreign Affairs Committee argued that a shipping subsidy should be handled someplace other than in a foreign aid bill, Rep. Thor Tollefson (R. WA) won the ammendment.[89] It was later repealed in 1955. The mining industry was succesful in having a provision eliminated from the bill which authorized the President to encourage production of strategic materials in friendly nations. This was an ammendment sponsored by Sen. George Malone (R. Nev)[90]

Industry had mixed feelings on the subject of development assistance. The National Foreign Trade Council "was strongly opposed" to the diversion of public funds (intended for technical assistance) to the direct promotion of industrial development of underdeveloped countries.[91] At the same time Ford Motor Company President Henry Ford II and James T. Duce, President of the Arabian-American Oil Co, both gave favorable testimony for foreign aid in general and technical assistance in particular.[92] Then, in 1956, 80% of 100,000 independent businessmen polled reportedly said they were opposed to the continuance of foreign aid "as a permanent feature of our nation's foreign

policy."[93] In 1957, J.Peter Grace, President of W.R. Grace and Company, recommended loans, investments and technical assistance to Latin America, an area in which his company had interests.[94]

In the 1958 congressional debate several Congressmen voiced concern that the aid program was setting up competition against American business. Rep Gordon Canfield (R. NJ) sought unsuccessfully to prohibit use of aid funds to establish textile-processing plants in any foreign country, and Rep. Robert Griffin (R. MI) moved to prohibit funds for the establishment of any kind of plant which might compete with US industries. Both motions were rejected, but Rep. George Anderson (D AL) warned that "...these programs will wreck the economy of our country..."[95]

The Chamber of Commerce of the US was generally supportive of aid, but at a reduced level of spending. In 1959, Chamber spokesman William C. Foster (who was administrator of the ECA in 1950-51) recommended that the administration do a better job of selling the aid program to the American public, and that Congress cut the administration's budget request for military and economic aid.[96] The Chamber's 1961 testimony was also rather unenthusiastic. J. Warren Nystrom, Manager of the Chamber's International Relations Department said that the Chamber had "no policy on these expanded (foreign investment) guaranties. In general we would favor anything that might be done to encourage private enterprise to move overseas, but we want to take a careful look at this and find out whether this is the correct approach."[97] He supported multiyear authorizations but just two-year (rather than 5 or more year) appropriations. He also wanted cuts in virtually every category of aid.

Another representative of the Chamber was Forrest D. Murden, Associate Government relations councel of the Standard Oil Company of New Jersey. He said he agreed with a statement by Emilio G. Collado (Director of Standard Oil Co. of New Jersey) which was: "(I do) not think there is any evidence that, in the aggregate, U.S. investment abroad has affected adversely the level of investment and employment in the United States. On the other hand, U.S. foreign investment helps protect our share of the world market and creates substantial employment opportunities in the U.S. by helping to maintain and increase foreign demand for US goods."[98]

The U.S. Council of the International Chamber of Commerce is a separate organization from the Chamber of Commerce of the U.S. In 1961 testimony, its executive director, Lloyd Neidlinger, called for "maximum use of private foreign investment in economic development programs" and liberalization of the investment guarantee system.[99] The Chamber organizations did not so much address the concept of foreign aid (in their testimony over the years), but as long as there would be an aid program they wanted to assure its being carried out by private enterprise as much as possible.

The Citizens Foreign Aid Committee (represented by an insurance executive, head of a financial analysis firm, and a retired Brigadeer General in the US Army) testified before the Foreign Affairs Committee in 1961. The spokesmen seemed in favor of Third World development and technical assistance, but they were opposed to the overall aid program. They objected to the notion that foreign aid (as a spending program) is good for the U.S. economy. The fact that aid money is spent on American

goods and services is not of benefit to the US economy they argued. The American people are then deprived of those goods and services, though "an equivalent amount of purchasing power is not removed, with the result that the total effect is inflationary." Regarding the development of broader markets, they said that we never should have built our competition overseas.[100] Walter Harnischfeger, National Chairman of the Citizens Foreign Aid Committee gave a highly spirited anti-aid testimony before the Foreign Relations Committee. He submitted a statement from Mr. A.G. Heinsohn (manager of two cotton mills employing over 1,000) who blamed foreign aid for substantial loss of business in the textile industry to foreign competition. Heinsohn quoted Robert T. Stevens (President of J.P. Stevens and Co.) as saying that "textiles have ...been called upon to carry far too much of the load of our foreign policy."[101]

The Council for International Progress in Management was represented by a team of businessmen whom had taken leaves of absence from their companies to teach management techniques and to extoll the virtues of free enterprise in developing countries. The council was funded partly by the International Cooperation Administration. They generally did not address the aid bill under consideration, but they did speak most enthusiastically about the good that technical assistance can do. A. C. Nielsen, Jr., President of the A.C. Nielsen Corp., Chicago, gave three reasons for helping the developing countries: "If they can use our techniques (and) produce more, they can sell these products (raw materials) to us for less money...they will be good potential customers for our exports..(and thirdly)..technical assistance strengthens their

industrial capacity which in turn strengthens their military capacity."[102] when asked what he thought about foreign investment guarantees, Austin S. Igleheart, retired Chairman of the Board, General Foods Corporation, said, "If we are not smart enough to handle our own funds we certainly don't want Uncle Sam to stand behind us."[103]

HUMANITARIAN MOTIVATIONS IN ECONOMIC DEVELOPMENT ASSISTANCE

In reference to the period around 1961 when the development decade was launched, John Montgomery said, "Liberal idealism was considered good politics; candidates could appeal to altruistic aspirations without sounding hypocritical."[104] That may well have been the case, but altruism was likely the least motivating factor in the aid campaign. President Kennedy became the inspirational center of this idealism trend, yet he himself gave security concerns as the primary purpose of an expanded aid program.[105] This section of the paper will consider just what role (however minimal) altruism did play in the formulation of aid policy.

Representative Barratt O'Hara (D. ILL) referred to the days of his youth saying "people didn't have very much money, but they contributed cheerfully for the foreign missions...that money was used in the foreign lands not only to promote religion but as well to fight disease, to fight illiteracy, and do a lot of things that broadened life...what the government is doing now is merely following the pattern that the

churches have set for us."[106] A number of religious groups seemed to share this view.[107]

The very word, "aid," implies an altruistic motivation. Little and Clifford noted the confusion surrounding the word in saying, "Buying something from a man may help him, but one does not speak of 'aiding' him if it is something one wants."[108] A democratically elected government is mandated to serve the interests of its consituency, and if "aid" precludes self-interest, then the goverment would be violating its duty in giving the aid. By common usage, the government calls its program of giving, an "aid" program, though the program is clearly intended to serve the interests of the United States. The churches do not necessarily have a mission of this kind of self-interest, so it is a rather precarious position to say that government is following the pattern set by the churches. The motivations for giving may be very different.

Presbyterian leader Clifford Earle, attempted to bridge the gap between church motives and government motives. He said, "We recognize...that a government and the Congress have to act in terms of national interest, and we would remind ourselves and the American people in whatever way we can that American interest is served when we help others to help themselves in the way this program is designed to do."[109] Baptist leader, W.G. Mather, had trouble seeing things the way Earle did. He said, "I confess to be a little disturbed by the beginning statement of the (aid) bill that it is to 'promote the foreign policy, security, and general welfare of the US (by) assisting peoples of the world."[110] Nevertheless, he did support the bill. While different

church leaders may have had different levels of comfort with the aid program, throughout the decade from 1951 to 1961, all of the representatives of religious organizations who were called upon to testify, did so in favor of expanded aid programs.

The Americans for Democratic Action, and the American Association of University Women were also consistent aid supporters. When pressed slightly on his support of an aid program that may be used to support unjust regimes in certain countries, ADA official David Williams said, "We do know that even popularly supported governments have at times had considerable trouble maintaining internal security against fanatical and highly disciplined groups such as the communists have been able to organize in suitable territory." He did not answer the challenge.

In 1961 the League of Women Voters had already had a long history of support for economic assistance, and in May of 1960 it was part of the League's agenda to "be working for community understanding and support of economic developoment assistance, making this a vital issue in the forthcoming election.[111] League of Women Voters Director Barbara Stuhler testified that "...there is probably no single subject of league concern about which there is greater unanimity than the importance of our foreign aid program." When asked point blank whether the league was supporting the program on its merits without regard to communism, Stuhler replied,"I wouldn't want the league to appear that unrealistic, if you don't mind. I think you can argue for the program on its own merits, but we live in a bipolar world where the struggle is between communism and democracy and you simply can't overlook the impact of a foreign aid program without considering this background of the struggle

between the U.S. and the U.S.S.R."[112] Roberta Cox of the National Congress of Parents and Teachers, testified in favor of the aid program saying that members of her organization "consider communism a very unhealthy idea."[113]

Although otherwise humanitarian organizations supported the aid program, selfless humanitarianism did not seem to play a big role in the debate during 1961 or the decade preceeding it. Even Rep O'Hara, who made the comparison of foreign aid to church deeds, was very much involved in the debate in terms of how the U.S. would fare economically under the program. He clearly felt that the U.S. would come out ahead.[114]

TRENDS IN ACADEMIC THOUGHT ON DEVELOPMENT AID FROM POINT FOUR TO THE FOREIGN ASSISTANCE ACT

Economists and political scientists wrote prolifically about economic development in the 1950s.[115] Two basic questions which they addressed were: "Do the economically advanced countries have an interest in the economic development of the less developed countries?" and if so, "how should this assistance be made?" By considering some of the seemingly more significant writings of the period, we will attempt to show that

the academic thinking changed from support of development motivated by economic, humanitarian and security interests in the early 1950s to support due to security (specifically anticommunist) concerns in the late 1950s and early 1960s.

The answer to the second question of how to assist in development also evolved during this period. As first envisioned, development was seen as a long process requiring many social and political changes and a balanced growth of agriculture and industry.[116] In the mid 1950s the emphasis on balance turned into a "big push", calling for rapid advancement on all fronts with an emphasis on industry vs. agriculture. Import substitution became a high priority. By the early 1960s there was a return to emphasis on long term planning and a greater appreciation of agriculture and other primary industries. This plotting of a general trend in thinking is necessarily inexact and it is likely that at any given moment supporters and critics of all of the theories could be found.

The Question of Whether Third World Development is Beneficial to the U.S.

In the early 1950s as reconstruction of Europe was nearing an end and Truman had recently announced his point four initiative, the UN launched a study of how full employment might be accomplished around the world. The West had an expanded appreciation for how interdependent the countries of the world were. The developed countries' prosperity was seen as dependent in part on that of the developing countries. Nelson Rockefeller wrote that Truman's Point Four pronouncement placed this

interest in the well being of the world "squarely on economic considerations."[117] There was concern that in order to have increasing supplies of raw materials to feed the economic posperity, the developing countries which supplied those materials would have to share in the prosperity.

An ill-defined sense of moral duty appeared in some of these writings as the advanced countries were said to have an obligation to help their disadvantaged neighbors. The desirabilty of economic development was largely unquestioned. Gunnar Myrdal had described foreign aid as a sort of international welfare system of redistribution of wealth and equalization of opportunity. When the Randall Commission declared in 1954 that the U.S. recognized no "right of underdeveloped areas to economic aid," Myrdal characterized that statement as "harsh."[118] Nurske, in describing the US foreign aid programs, said "it may be that we've seen the beginnings of a system of international income transfers."[119] Bleloch tied welfare and economic considerations together in saying that the development of the advanced countries "depends on the extension of the concept of the welfare state to cover all the economically significant portions of the earth's surface."[120] The existence of a moral call to help other countries to develop would be debated well into the 1960s and probably into the indefinite future. Two of the parties to the debate in the early 1960's were Joseph Cropsey[121] (pro) and Edwin Banfield[122] (con).

While security concerns had long been present in the foreign aid debate[123], they reached a new height with the Korean War. Millikan and Rostow's famous <u>Proposal</u>[124] was based on a 1954 draft which stemmed from

a meeting called to discuss how the U.S. might facilitate a more stable world and enhance the U.S. security against agression. By 1957, Howard Ellis said that the economic benefits of aid to the U.S. were nearly insignificant; political considerations were the justification.[125] Also that year, Mason wrote that security interests were the prime motivation behind aid.[126] Writing in 1959 and 1960, Montgomery said that "the indefinite necessity for American aid occasioned by the continued dynamic of Communist expansionism and the revolutionary drive of the economically underprivileged nations has revealed itself only gradually."[127]

The underlying theme to the security argument for economic development is that economic development enables underdeveloped countries to choose the democratic rather than totalitarian way of life; that is then said to be inherently in the U.S. interest.[128] Liska phrased it: "In giving aid to other countries, the objective of the United States is to promote its short-range and long-range security within the evolving structure of international relations and to help preserve recipient countries from other than peaceful change."[129] Wolff said that economic growth would most greatly reduce the less developed countries' vulnerablity to extremist political behavior (defined as communism).[130] Stopping expansion of communism was almost universally accepted as being in the U.S. interest. Banfield was one notable exception to that universality as he regarded the friendship of other countries as relatively unimportant to U.S. security.[131]

Wiggins was one who challenged the alleged connection between development and stability when he said in 1962 that "it is by no means

assured ...that an increase in living standards will bring with it a political stability favorable to American interests."[132] Hoselitz and Weiner suggested that development can lead to more violence[133]; they used India, Asia, Africa and Latin America as examples of their position. These challenges were essentially made in the early 1960s. From the time of the Millikan/Rostow "proposal" up through 1961, the security argument for economic development prevailed. It might be noted that during that time period the "cold war" and McCarthyist anitcommunism were dominant forces. If somebody liked economic development for any reason, it may have been prudent for them to emphasize the anticommunist one.[134]

The Question of How to Help the Less Advanced Countries to Develop

From Point Four (1949) to the Foreign Assistance Act of 1961, there was a body of literature that did not specifically take a position on the advisability of development, but that did offer suggestions on how to bring it about or speed it up. As noted in the article by Kennedy and Ruttan, some of the earliest writings of the period called for unified, balanced programs, heavy emphasis of human resources, modest steps (rather than ambitious ones) and well thought out development plans. Special emphasis was given to the need for "strenuous domestic efforts" for any development plan to succeed.[135]

Blelloch noted a general agreement that development should be based on the extraction of primary materials.[136] Industrialization was secondarily encouraged to diversify the economy, to create a consumer

class, and to facilitate urbanization (which was hoped to lead to a fall in the birth rate). At the same time Adler took a view which seemed to dominate aid programs for years to come.[137] He called for a modification of the extractive industry approach, noting that balanced growth need be emphasized. Chenery would later say that development programs taking a longer view tended to stress comparative advantage over balance.[138] As security motivations grew to dominate the aid discussion, the view did become shorter and the push for balance did overshadow comparative advantage. The Point Four message clearly emphasized technical assistance over capital assistance and that message was reflected in the early writings by Blelloch and Rockefeller.

In 1951, the UN "Panel of Experts" (on which Schultz and Lewis served) issued its report calling for massive capital transfers along with the other measures.[139] More than $10 billion of imported capital would be needed annually to achieve a 2% per capita income growth rate in the developing countries. The question of appropriate levels of capital contributions largely captivated the aid debate from that point forward. Another big question was for how long capital infusions would be needed. Singer aknowledged that the success of the Marshall Plan meant very little for the prospects of development, yet he did say that "the injection of foreign capital (into developing economies) could be sufficiently short lived to be discussed in terms of 'Marshall Plan Time'."[140] The U.N. report assumed a high degree of disguised unemployment which required industrialization for its elimination. The industrialization would require external capital. Mason contended that the theory behind large capital intensive development projects resulted

from the fact that they were the easiest to carry out; the theory was effectively devised to justify the practice.[141]

After the mid 1950s the assumption of disguised unemployment was challenged increasingly. With the benefit of three years of directing technical assistance studies in Latin America, Schultz said in 1956 that "economic thinking based on the two central ideas-disguised unemployment and industrialization-does not give us even the beginning of a theory for the purposes at hand."[142] Then in 1964, he said that the theory of zero marginal productivity in agricultural labor was wrong.[143] He said, "there is no longer any room for doubt whether agriculture can be a powerful engine for growth."[144] This appears to be a significant shift in emphasis from the position held in the 1951 UN report of which he was a coauthor.

Once the UN report opened up the possibilities of massive capital transfers, a test of the big push theories became possible. Rosenstein-Rodan had illustrated the theory in 1943 with his hypothetical new isolated economy of 20,000 workers which would achieve wealth by launching a full range of industries simultaneous.[145] Such a plan for instantaneous growth fit well with the notion espoused by Singer and Prebisch among others that the terms of trade were going against primary producers and that import substitution was needed.[146] Kindledberger and Morgan further supported the import substitution approach in light of the adverse prices and income elasticities associated with primary products.[147]

Rosenstein-Rodan was a collaborator on the Millikan/Rostow proposal which described three stages which developing countries must pass

through. They are as follows: "precondition stage" (in which technical assistance and some grants should be given), a "transition stage" (wherein such countries would be given as much capital as they could absorb on favorable loan terms) and the stage of self-sustaining growth (where the country's access to capital would be on the open market). Technical assistance programs would be offered where needed to give the recipient countries the necessary capital absorptive capacity. This theory was the most prominent of the various aid theories for the latter half of the 1950s, and was refined to consist of 5 stages in Rostow's The Stages of Economic Growth, published in 1960.[148] The theory had plenty of critics, many challenging the assertion that the two or three decade long transition (take-off) stage could be identified at all.[149]

The "take-off" and "big push" theories were very similar in their requirement of large infusions of capital. Another argument for emphasizing capital projects came from Hirschman who submitted that capital intensive techniques provided an educational value in spreading use of technical knowledge and skills.[150] It should be noted that Hirschman was very critical of the big push, fearing that without the necessary social and political development, a massive infrastructure of social overhead projects would be built with little resultant output. Galenson and Leibenstein regarded the most profitable projects to be those with the highest capital/labor ratios.[151] This, they said, indicated that capital intensive efforts should be preferred.

Beyond the Issue of Capital

By 1961 as the massive capital expenditure programs finally were underway, attention turned again to the social, political and economic problems as causes of underdevelopment. J.P. Lewis asserted in 1962 that lack of outside capital was not the principal impediment to rapid expansion in production.[152] Galbraith said in 1961 that "it is doubtful that many of us, if pressed, would insist that economic development was simply a matter of external aid. But nothing could be more convenient than to believe this, for once we admit that it is not the case, we become entrapped in a succession of greviously complex problems."[153] He noted a then present view that sufficient capital was the primary missing ingredient in economic development, but then went on to say that literacy, social justice, reliable government and a clear view of the development process were crucial requirements to which we must turn attention.

Raul Prebisch acknowledged a "growing conviction in Latin America that...development has to be brought about by our own efforts and our own determination to introduce fundamental changes in the economic and social structures of our countries."[154] Prebisch also softened his view on import substitution, writing that the need for it "would not be quite so acute if our countries could add industrial exports to their traditional primary ones which tend to grow slowly."[155] Paul Hoffman said, "we have acquired experience during the 1950s and can profit from past mistakes."[156] "Inadequate attention," he said, had been given to "investment in education, technical training and survey resources."[157]

CONCLUSION

Academic thought, humanitarian instinct, economic self-interest, and the Cold War were highly interrelated in the years leading up to 1961. The political process was the medium in which these forces interacted to produce the economic development assistance policies which emerged out of Washington that year.

Development assistance, as an academic discipline, grew in popularity at a time when technology was effectively shrinking the world, colonialism was ending and many changes in the Third World appeared inevitable. When this enthusiasm combined with the many political calls for anticommunist strategies, it is not surprising that academia produced blueprints for security related development assistance.

The government's development assistance initiatives from the mid 1950s up to 1961 drew largely from academia. The Congresses and the Administrations repeatedly called on CENIS, the National Planning Association and other institutions for policy recommendations.

By 1961 the foreign aid program had become a more or less accepted element of U.S. foreign policy. Congress' (less than enthusiastic) acceptance, however, was not without a great deal of continuous debate over the specific programs and dollar amounts. Increases in the aid funds or in the Administration's control of those funds required an extra measure of argument, and in 1961 the program's proponents elicited or inspired supportive argument from not just the security lobby, but also from humanitarian, public interest, labor, and even partly business organizations. President Kennedy engaged in a major public relations

campaign to win support for this aid program among the people of the United States.

The program that became law in 1961 was mostly contained in the Foreign Assistance Act of 1961, Senate Bill, 1983. The Act authorized the President to replace the International Cooperation Administration with a new Agency for International Development which would be directed by an administrator with rank equivalent to that of an Under Secretary. The emphasis of the program was declared to be on long range assistance to promote economic and social development. Recipients would be required to take self-help measures to reform and develop social and economic institutions.

A new Development Loan Fund was initiated and the President was authorized to commit to development loans (subject to appropriation) of $1.2 billion in fiscal year 1962 and $1.5 billion per year for the following four years. The authority to commit for future years was very significant and it had not previously been given for foreign aid matters. The President was further authorized to make development grants of $380 million in fiscal 1962.

Congress authorized guarantees for up to $1 billion of investments by U.S. citizens or business entities where the investments would promote social improvements in underdeveloped areas. A $62 billion subscription payment was paid to the International Development Association and $110 million was invested in the relatively new Inter-American Development Bank.

There were also a number of initiatives not embodied in the Foreign Assistance Act. The Senate ratified U.S. participation in the

Organization for Economic Cooperation and Development (OECD). The President used an executive order to establish the Peace Corps which was then given permanent status by Congress. Its first year appropriation was $30 million.

The Alliance for Progress commenced formally on August 17, 1961 when the U.S. signed the Charter of Punta del Este (Uruguay) in which the U.S. committed to helping finance a ten year , $20 billion development program throughout Latin America. The PL 480 agricultural surplus program was expanded to authorize 1961 foreign currency sales to increase by $2 billion and the program was extended for three years at the rate of $1.5 billion in sales and $300 million in gifts each year.

Dollar appropriations reached a post Marshall Plan high in 1961, but the more important feature of the development assistance program at that time was the attitude with which the money would be spent. After years of attempting to identify a philosophy for the foreign aid program, Congress spelled one out with uncharacteristic legibility.

Aid would be designed to result in better lives for the masses of poor in developing countries so that they would then be less likely to look to communism for relief. In order for the program to work, it would have to be substantial, consistent over a long term, and with no strings attached except that the recipient governments would need to carry out the social, political, and economic reforms necessary for self-sustaining growth to be possible. By assisting the recipients to develop into nations of self-determined and self-supporting people, the U.S. could enjoy the kind of world neighborhood that would afford the greatest security and wealth for all its members.

This philosophy was untested, it clearly lacked uanimous support, and it was fully expected to be very difficult to practice. In this light, 1961 could be viewed, not so much as a year of culmination in economic development assistance, but rather as a new base on which to build the next round of debate.

NOTES

1. New York Times, June 4, 1961, p.6E.

2. W. Averell Harriman, MSA Director, testimony, March 19, 1952, House Foreign Affairs Committee Hearing, Congressional Quarterly Almanac (Hereafter CQA), 1952, p. 163.

3. For an analysis of the events leading from Point Four up to 1952, see Kennedy, Joseph and Ruttan, Vernon, "A Reexamination of Professional and Popular Thought on Assistance for Economic Development: 1949-1952," Journal of Developing Areas, 20, April, 1986, pp. 297-326.

4. Guenther testimony, Senate Foreign Relations Committee Hearings, March 24, 1952, (CQA p. 1952, p. 165).

5. The Randall Commission called for development assistance to occur in the sphere of private enterprise. CQA, 1954, p.266.

6. Dulles testimony, Joint Committee Hearing of the Senate Foreign Relations Committee and the House Foreign Affairs Committee, May 5, 1953. (CQA, 1953, p. 219).

7. Stassen testimony at Senate Appropriations Committee hearings, July 9, 1953 (CQA 1953, p. 158).

8. Newsweek, vol. 41, May 18, 1954, p. 31.

9. Tabor, House debate, July 27, 1954, (CQA, 1954, p. 168).

10. Bridges, Senate debate, August 14, 1954, (CQA, 1954, p. 169).

11. George statement, Facts on File, 1954, p.280.

12. Stassen testimony at House Foreign Affairs Committee hearing on April 27, 1954 (CQA, 1954, p.276).

13. Staff Report to Senate Appropriations Committee, February 6, 1954 (CQA 1954, p. 168).

14. New York Times Magazine, September 26, 1954, p. 13+.

15. Wiley in Senate debate, July 28, 1954.

16. Pravda, November 22, 1955, p. 2 (quoted in Elizabeth Kridl Valkenier, The Soviet Union and The Third World: An Economic Bind, Praeger Publishers, New York, 1983, p. 4).

17. William J. Sebald, Deputy Assistant Secretary of State for Far Eastern Affairs testimony, Senate Foreign Relations Committee hearing, May 11, 1955. George V. Allen, Assistant Secretary of State for Near Eastern Affairs in Foreign Relations Committee hearing, May 12, 1955, (CQA, 1955, p.304).

18. New York Times, February 26, 1956, section 4, p. 3.

19. Dulles in speech to Philadelphia Bulletin Forum, February 28, 1956, quoted in Facts on File, 1956, p. 66.

20. Eisenhower message to Congress, April 20, 1955. (CQA, 1955, p. 303).

21. Dulles testimony, House Foreign Affairs Committee hearing, May 25, 1955. (CQA, 1955, p. 307).

22. Dulles testimony at Senate Foreign Relations Committee hearing, May 6, 1955 (CQA, 1955, p. 304).

23. Stassen testimony at Senate Foreign Relations Committee hearing, May 6, 1955, (CQA, 1955, p. 304).

24. New York Times, May 23, 1956, p. 10.

25. Fulbright at Foreign Relations Committee hearing, February 25, 1956 (Facts on File, 1956, p. 65).

26. Humphrey in Senate debate, June 1, 1955 (CQA, 1955, p. 306). Mansfield chaired a Foreign Relations Special Subcommittee directed to study technical assistance and related programs, The subcommittee staff report released March 11 warned of problems unless a "consistent concept (of technical assistance's) role in foreign policy" were developed (CQA, 1955, p. 303).

27. Long, Senate debate, May 31, 1955 (CQA, 1955, p. 306).

28. Malone, Senate debate, June 2, 1955 (CQA, 1955, p. 306).

29. Mathews in House debate, June 29, 1955 (CQA, 1955, p. 308).

30. CQA, 1955, p. 302.

31. Eisenhower State of the Union Message, January 5, 1956 (CQA, 1956, p. 419).

32. New York Times, January 12, 1956, p. 10.

33. New York Times, January 16, 1956, p. 1.

34. Harry S. Truman at National Conference on Foreign Aspects of U.S. National Security, February 25, 1958, Washington D.C. (CQA, 1958, p. 184).

35. Perloff, Harvey S., Alliance for Progress: A Social Invention in the making, Johns Hopkins Press (for Resources for the Future, Inc), Baltimore, 1969, p. 207).

36. Rostow, W.W., Eisenhower, Kennedy, and Foreign Aid, University of Texas Press, Austin, 1985, p. 141.

37. Mason, E. and Asher, R., The World Bank Since Bretton Woods, The Brookings Institution, Washington, D.C., 1973, pp. 386-387).

38. Kennedy in Senate speech, February 19, 1959, quoted by Rostow, p. 157.

39. Mansfield in Foreign Relations Committee hearing, May 15, 1959 (CQA 1959, p. 184).

40. Report of the President's Special Committee to Study the Military Assistance Program (aka Draper Committee), July 23, 1959 (CQA 1959, p. 190).

41. Brown in House debate, June 16, 1960 (CQA, 1960, p. 182).

42. Dillon in Foreign Relations Committee hearing, May 4, 1959.

43. House Report 1386, March 14, 1960 (CQA, 1960, p. 171).

44. Nixon letter to 20 Republican members of the House Appropriations Committee, March 22, 1960 (CQA, 1960, p. 179).

45. Letter quoted in CQA, 1960, p. 179.

46. In his message to Congress, February 16, 1960, President Eisenhower said that the "overwhelming support of the vast majority of our citizens leads us inexorably to mutual security as a fixed national policy." (CQA, 1960, p. 168).

47. Kennedy television and radio address, July 25, 1961 (quoted in Facts on File, p. 1082).

48. Kennedy in speech at Eighth National Conference on International Economic and Social Development, June 16, 1961 (quoted in Facts on File, 1961).

49. Ambassador to the UN Adlai Stevenson in his July 24, 1961 report of his 18 day Latin American tour (quoted in Facts on File, 1961, p. 275).

50. Rusk speech before the National Press Club July 10, 1961 (quoted in Facts on File, 1961, p. 1080).

51. McNamara testimony at Foreign Relations Committee hearing, June 14, 1961, (CQA, 1961, p. 299).

52. Che Guevara quoted in Facts on File, 1961, p.1985.

53. Krushchev quote in Facts on File, 1961, p. 1985.

54. Khan address to Congress, July 12, 1961 (quoted in Facts on File, 1961, #1081, p. 255).

55. Kennedy quoted in Facts on File, 1961, p. 1093.

56. Argued by Representative D.S. Saund (D. CA), House debate August 16, 1961 (CQA, 1961, p. 306).

57. Kennedy message August 29, 1961, quoted in CQA, 1961, p. 309.

58. Passman interview with Congressional Quarterly, September 2, 1961 (quoted in CQA, 1961, p. 312).

59. Rusk testimony, Ibid., p. 79, (5/31/61).

60. Ibid., pp. 75-76, (5/31/61).

61. Coffin testimony, Foreign Relations Committee Hearing Ibid., p. 476, (6/9/61).

62. Morse, Ibid., p. 778, (6/16/61).

63. Humphrey, Ibid., p. 765, (6/15/61).

64. Capehart, Ibid., p. 631, (6/14/61).

65. Neidlinger testimony, Ibid., p. 893, (6/19/61).

66. Voorhis testimony, Ibid., p. 920, (6/20/61).

67. Humphrey, Ibid., p. 767 (6/14/61).

68. CQA, 1952, p. 165.

69. Senate debate on S 2475, July 28, 1953; comments of Senators Schoeppel (R Kan), Young (R, ND), Holland (D. FL), and Humphrey (D, MN).

70. House Agriculture Committee testimony, April 28, 1954, by John C. Lynn, Legislative Director of the American Farm Bureau Federation; The Senate Agriculture Committee reported (S. Rept. 642) on July 24, 1953, that "farm organizations ...evinced considerable

interest" in authorization of sale or barter of surplus farm products abroad. Testimony of Reed Dunn of the National Cotton Council, May 4, 1954, in House Agriculture Committee Hearing, CQA, 1954, pp 121-122. Rep, Robert K. Harrison (D. Neb) said the bill "may turn out to be the most important legislation ever passed in this House to expand the agricultural industry," June 15, 1954 House Debate, quoted in CQA, 1954, p. 123.

71. Testimony of Homer L. Brinkley, National Council of Farmer Cooperatives, at Senate Agriculture Committee hearing March 9, 1954, CQA, 1054, p. 121.

72. Ammendment by Rep. Walter Judd (R. MN) House Floor debate on June 15, 1954; passed by voice vote. CQA, 1954, p. 123.

73. Rep. Page Belcher (R. OK) adn Thomas Abernathy (D. MIS) in June 15, 1954 House Debate, CQA, 1954, p. 123.

74. Rep. Brooks Hays (D. Ark) in House Floor Debate June 15, 1954. CQA, 1954, p. 123.

75. Kaufman, Burton I.,Trade and Aid, Eisenhower's Foreign Economic Policy, 1953-1961, Johns Hopkins University Press, Baltimore, 1982, pp. 189-190.

76. Senate, Committee on Agriculture and Forestry, Hearings Public Law 480 Extension, 85th Congress, 2nd Session, 1958, pp.8-34, cited in Kaufman, p. 150.

77. W. Raymond Ogg of the Federation urged greater emphasis on economic aid and recommended the sale abroad of $1 billion worth of farm surplus products, with the receipts to be used for foreign economic development, in Senate Foreign Relations Committee Hearing, May 23, cited in CQA, 1953, p. 222). In Senate Foreign Relations Committee hearing, May 22, 1959 (CQA, 1959, p. 165), the Federation called for cuts in economic aid, while the Farmers Union recommended an expansion of technical aid. John C. Lynn represented the Federation in House Foreign Affairs Hearing on Febrary 29, 1960, when he said the Mutual Security request should be cut from $4.2 billion to $3 billion. (CQA, 1960, p. 170). Then in House Foreign Affairs Committee Hearing July 6, 1961, Lynn said the Federation was for aid program generally, but not on a long term appropriation. (Hearings before the House of Representatives 87th Congress, First Session on HR 7372, 1961, pp. 1418-1441).

78. Boris Shishkin, AFL, in testimony at House Foreign Affairs Committee, June 2, 1953, Congressional Quarterly Almanac, 1953, p. 220.

79. Meany testimony, CQA, 1953, p. 218.

80. CQA, 1954, p. 421.

81. ibid, 1954, p. 427.

82. ibid, 1954, p. 158.

83. Beimiller testimony, CQA, 1959, p. 180.

84. Biemiller testimony, July 6, 1961, p. 1410 of Hearings Before the Committee on Foreign Affairs, House of Representatives, 87th Congress, First Session on HR 7372, U.S. Government Printing Office, Washington D.C., 1961.

85. Beimiller testimony, Ibid, p. 1408.

86. Reuther testimony, ibid, p. 1469.

87. Beimiller testimony, Ibid, p. 1408.

88. Reuther testimony, Ibid, p. 1465.

89. CQA, 1954, p. 278. House Floor Debate, June 30, 1954.

90. ibid, 1954, p. 280.

91. Robert F. Loree, National Foreign Trade Council, in testimony before Foreign Relations Committee, Special Subcommittee on Technical Assistance, March 2, 1955, Congressional Quarterly Almanac, 1955, p. 303.

92. Ford and Duce testimony, CQA, 1955, p. 303.

93. Testimony of George J. Burger of the National Federation of Independent Bussiness regarding a poll which his organization conducted, May 11, 1956. CQA, 1956, p. 427.

94. Grace testimony at April 5, 1957 hearing of Special Senate Committee to study Foreign Aid, CQA, 1957, p. 603.

95. Canfield and Griffin, House of Representatives Floor debate, July 2, and Andrews on July 1, 1958. CQA, 1958, p. 189.

96. Foster testimony, May 13, 1959, Senate Foreign Relations Committee Hearing. CQA, 1959, p. 185.

97. Nystrom testimony, House Foreign Affairs Committee, June 27, 1961. Congressional Record, p. 1182.

98. Murden testimony, June 20, 1961 at Senate Foreign Relations Committee hearing, (p. 945). Collado testimony was before the Ways and Means Committee of the House of Representatives, June 5, 1961.

99. Neidlinger testimony , House Foreign Affairs Committee, June 20, 1961, Congressional Record, p. 596.

100. Testimony of T. Coleman Andrews, Gen. Bonner Fellers, and Dr. Elgin Groseclose, in House Foreign Affairs Hearing, June 21, 1961, Congressional Record, pp. 735-782.

101. Harnischfeger testimony and Heinshohn statement in Hearings Before the Committee on Foreign Relations, U.S. Senate, 87th Congress, First Session, on S. 1983, U.S. Government Printing Office, Washington DC. (pp 898-914). Stevens quote, p. 909.

102. Nielsen testimony June 27, 1961, at House Foreign Affairs Committee hearing, Congressional Record, p. 1197.

103. Igleheart testimony June 27, 1961, at House Foreign Affairs Committee Hearing, Congressional Record, p. 1203.

104. Montgomery, John, "U.S. Advocacy of International Land Reform," International Dimensions of Land Reform, John D. Montgomer, ed., Westview Press, Boulder, 1984, p. 119.

105. As an example, in his message to Congress 3/22/61, Kennedy promoted an expanded aid program "to meet the problems which confront us." quoted in McKinlay and Mughan, Aid and Arms, p. 35.

106. Ohara comment, The International Development and Security Act: Hearings Before the Committee on Foreign Affairs, (Hereafter: Hearings) House of Representatives 87th Congress, First Session on HR. 7372, US Government Printing Office, Washington DC, 1961, p. 1044.

107. Dr. James H. Sheldon, representing the United Church of Christ, Council for Christian social action, testified that his group absolutely endorsed the long-range aid program under consideration, June 26, 1961, Hearings, p. 1054.

108. Little, I.M.D. and Clifford, J.M., International Aid: A Discussion of the Flow of Public Resources from Rich to Poor Countries., Aldine Publishing Company, Chicago, 1965, p. 113.

109. Clifford Earle, Director of the Office of Church and Society, Board of Christian Education, United Presbyterian Church in the USA, in Foreign Affairs Committee testimony, June 27, 1961, Hearings, p. 1187.

110. Dr. W.G. Mather, Professor of Sociology, Pennsylvania State College, representing the American Baptist Convention in testimony before the Foreign Affairs Committee, June 26, 1986, Hearings p. 1061.

111. The National Voter, Volume 10,May, 1960, no.2

112. Stuhler testimony before Foreign Affairs Committee, June 20, 1961, Hearings, page 569-577.

113. Roberta C. Cox, member of the Washington Committee on legislation of the National Congress of Parents and Teachers, in testimony before the Foreign Affairs Committee, June 20, 1961, Hearings, p. 583.

114. O'Hara in Foreign Affairs Committee Hearing, Hearings, p. 1148.

115. Rostow, ibid., p. 42.

116. Rockefeller, N., "Widening Boundaries of National Interest," 29 Foreign Affairs, 1951, pp. 533-538.

Measures for the Economic Development of Under-developed Countries, A Report by a Group of Experts Appointed by the Secretary General of the United Nations, New York, May 1951.

Blelloch D., "Technical Assistance: Programmes and Policies," 28 International Affairs, 1952, pp. 53-58.

Kennedy, Joseph V., and Ruttan, Vernon W., "A Reexamination of Professional Thought on Assistance for Economic Development: 1949-1952," The Journal of Developing Areas, 20 (April 1986), pp. 297-326.

117. Rockefeller, p. 524.

118. Myrdal, G., An International Economy: Problems and Prospects, Harper and Brothers, New York, 1956, p. 130.

119. Nurkse, R., "Some International Aspects of the Problem of Economic Development," 42 American Economic Review (supp), 1952, pp. 571-573.

120. Blelloch, p. 50.

121. Cropsey, J., "The Right of Foreign Aid," in Goldwin's Why Foreign Aid, pp. 109-130.

122. Banfield, E., "American Foreign Aid Doctine," in Golwin's Why Foreign Aid, pp. 10-13.

123. In reporting the Economic Cooperation Act of 1948, Senator Vandenberg said, "This legislations, Mr. President, seeks preace and stability for free men in a free world. It seeks them by economic rather than by military means." Hearing Before A Subcommittee on Government Operations House of Representatives, Ninety-Seventh Congress, First Session, October 6, 1981, U.S. Government Printing Office, p. 98.

124. Millikan, M. and Rostow W., A Proposal: Key to an Effective Foreign Policy, Harper and Brothers, New York, 1957.

125. Ellis, H., "A Perspective on Foreign Aid," in Ranis, G., ed., The United States and the Developing Economies, W.W. Norton and Co., New York, 1964.

126. Mason, E. Foreign Aid and Foreign Policy, Harper and Row, for Council for Foreign Relations, New York, 1964.

127. Montgomery, John D., The Politics of Foreign Aid: American Experiences in Southeast Asia, Council on Foreign Relations, Frederick A. Praeger, New York, 1962, p. 207.

128. Friedman, M., "Foreign Economic Aid: Means and Objectives," in Ranis, 1964.

129. Liska, George, The New Statecraft: Foreign Aid in American Foreign Policy, The University of Chicago Press, 1960, p.65.

130. Wolf, J., Foreign Aid: Theory and Practice, Princeton University Press, Princeton, 1960.

131. Banfield, E., "American Foreign Aid Doctrine," ibid, pp. 10-13.

132. Wiggins, H., "Foreign Assistance and Political Development." in Development of the Emerging Countries: an Agenda for Research, the Brookings Institution, Washington D.C., 1962, pp. 208-209.

133. Hoselitz B. and Weiner, M. "Economic Development and Political Stability," Dissent, Spring, 1961.

134. The authors' research has led them to the conclusion that a security concern was the dominant force motivating the call for economic development assistance in the years leading up to and including 1961. They wish to note, however, that W.W. Rostow and John D. Montgomery, who were both notable participants in the foreign aid debate at that time, disagree with this conclusion. In particular, both Rostow and Montgomery have recollections that would put substantially less emphasis on this security concern.

135. Nurkse, p. 583.

136. Blelloch, p. 56.

137. Adler, J., "The Fiscal and Monetary Implimentation of Development Programs," 42 American Economic Review, (supp), 1952, pp. 571-573.

138. Chenery H., "Comparative Advantage and Development Policy," in Readings in Economic Development, Morgan, T., Betz, G., and Choudhry, N., eds., Wadsworth Publishing, Belmont, CA, 1963, p. 178.

139. Measures for the Economic Development of Under-developed Countries, A Report by a Group of Experts Appointed by the Secretary General of the United Nations, New York, May, 1951.

140. Singer, H., "Comments," 42 American Economic Review (supp), 1952, p. 608.

141. Mason E. and Asher R., The World Bank Since Bretton Woods, The Brookings Institution, Washington D.C., 1973, p. 711.

142. Schultz, T., The Economic Test in Latin America, Bulletin 35, New York State School of Industrial and Labor Relations, Cornell University, Ithaca, New York, August, 1956, p. 16.

143. Schultz, T., Transforming Traditional Agriculture, Yale University Press, New Haven, 1964, p. 70.

144. Schultz, T., Transforming Traditional Agriculture, p. 5.

145. Rosenstein-Rodan, P., The Economic Journal, 1943, p. 205.

146. United Nations (Raul Prebisch), The Economic Development of Latin America and Its Principal Problems, Lake Success, N.Y., 1950.

147. Mikesell, Raymond F., The Economics of Foreign Aid, Aldine Publishing Company, Chicago, 1968, p. 57.

148. Rostow W., The Stages of Economic Growth, Cambridge University Press, Cambridge, 1960.

149. Mikesell, ibid. p. 39.

150. Hirschman, A., The Strategy of Economy DEvelopment, Yale University Press, New Haven, 1958.

151. Galenson, W. and Leibenstein, H., "Investment Criteria, Productivity, and Economic Development," Quarterly Journal of Economics, 69, August, 1955, pp. 343-370.

152. Lewis, John P., Quiet Crisis in India, The Brookings Institution, Washington D.C., 1962, p. 56.

153. Galbraith, J., "A Positive Approach to Economic Aid," Foreign Affairs, vol. 39, no. 3, April 1961, pp. 444-457.

154. Prebisch, R., "Joint Responsibilities for Latin American Progress," Foreign Affairs, vol. 39, no. 4, July, 1961, p. 622.

155. Prebisch, R., Ibid, p. 627.

156. Hoffman, P., "Operation Breakthrough," Foreign Affairs, vol. 38, no. 1, October, 1959, p. 37.

157. Hoffman, R., Ibid, p. 34.

RECENT BULLETINS

86-1 A. Erinc Yeldan, "A Computable General Equilibrium Model for Development Policy Analysis," March.

86-2 Terry Roe, Mathew Shane, De Huu Vo. "Import Elasticity with Government Intervention: A Time Series Cross Section Analysis of Seventy-Two Countries," April.

86-3 Tze-yi Yen and Terry L. Roe, "Determinants of Rural and Urban Household Demand: An Analysis of Dominican Household Consumption," August.

86-4 Lung-Fai Wong and Vernon W. Ruttan, "A Comparative Analysis of Agricultural Productivity Trends in Centrally Planned Countries," August.

86-5 Colin G. Thirtle and Vernon W. Ruttan, "The Role of Demand and Supply in the Generation and Diffusion of Technical Change." September.

86-6 Mark R. Rosenzweig, "Risk, Implicit Contracts and the Family in Rural Areas of Low-Income Countries." November.

86-7 Vernon W. Ruttan, "Cultural Endowments and Economic Development: What Can We Learn From Anthropology? December.

1987

87-1 Rosenzweig, Mark R. and T. Paul Schultz, "Fertility and Investments in Human Capital: Estimates of the Consequences of Imperfect Fertility Control in Malaysia. February.

87-2 Ruttan, Vernon W., "Why Foreign Economic Assistance?" March.

87-3 Wong, Lung-Fai. "Agricultural Productivity in China and India: A Comparative Analysis." March.

87-4 Roe, Terry L. "Agricultural Policy in Developing Countries: The Transfer of Resources from Agriculture." April.

87-5 Rosenzweig, Mark R. "Labor Markets in Low Income Countries: Distortions, Mobility and Migration." April.

87-6 Lee, Lung-Fei and Mark M. Pitt. "Microeconomic Models of Rationing, Imperfect Markets and Non-negativity Constraints." May.

87-7 Yeldan, A. Erinc. "Structural Adjustment and Trade in Turkey: A General Equilibrium Analysis of the Export-Led Versus Domestic Demand-Led Strategies of Development." June.

87-8 Rosenzweig, Mark R. "Human Capital, Population Growth and Economic Development: Beyond Correlations." July.

87-9 Pitt, Mark M. and Mark R. Rosenzweig. "Estimating the Intra-family Incidence of Health: Child Illness and Gender Inequality in Indonesian Households. July