

L. 5. 2.

RFD 208

Board of Governors of the Federal Reserve System

Division of International Finance

REVIEW OF FOREIGN DEVELOPMENTS

January 6, 1953

Organization of United States Technical
Assistance Activities

18 pages

Stephen Axilrod

NOT FOR PUBLICATION

This Review is intended primarily for internal circulation and should in no case be cited or quoted. It consists of personal and informal contributions by the author, which in many cases represent tentative analyses of the subject considered.

January 6, 1953

Organization of United States Technical Assistance Activities Stephen Axilrod

This report on the organization of United States technical assistance activities is divided into four principal parts: (1) a short introduction (p. 1); (2) a section on the concept of technical assistance (p. 2), where its relationship to the development of underdeveloped areas, to U. S. strategic interests, to grant-aid, and to private investment is discussed; (3) a section on the administrative organization of technical assistance activities (p. 6), including the United Nations program for comparative purposes, the Technical Cooperation Administration, and a brief summary of Mutual Security Agency technical assistance; and (4) a final part which contains a discussion of the programming and implementation of technical assistance activities (p. 9), dealing mainly with TCA and briefly with MSA.

INTRODUCTION

As one of its contributions to the economic development of underdeveloped areas, the United States Government has, since 1950,^{1/} undertaken extensive technical assistance activities -- defined strictly as the exchange of knowledge and skills -- in many fields. The program, given impetus by President Truman's Point IV statement in 1949, took legislative form in the Act for International Development (Title IV of the Foreign Economic Assistance Act of 1950, P.L. 535). The Act authorizes the President to delegate the authority given him to any government agency; as a result, the Technical Cooperation Administration was established in the fall of 1950 under the direction of the Secretary of State to undertake new and coordinate existing programs.^{2/}

With the passage of the Mutual Security Act of 1951, the Director for Mutual Security was given authority to coordinate technical assistance programs with other foreign economic programs, and technical assistance appropriations were jointly authorized with military and economic aid (defense support) appropriations in the Mutual Security Acts of 1951 and 1952. Nevertheless, the Point IV program remains the primary responsibility of the Secretary of State through the TCA and is less directly related to political objectives than are other aid programs.

^{1/} A few activities had been in effect before 1950. Since 1939 some activities had been carried on under P.L. 355, 75th Congress, An Act to Render Closer Relations with Other American Republics, and since 1948 under P.L. 402, 80th Congress, the U. S. Information of Education Exchange Act. Programs had also been undertaken since 1942 by the Institute of Inter-American Affairs in the fields of education, health and agricultural production.

^{2/} The Technical Cooperation Administration as originally set up was discussed in THIS REVIEW, December 19, 1950, along with other programs for the development of underdeveloped areas.

While TCA has the most extensive program, measured by dollar expenditures for technicians and trainees and number of countries participating, the Mutual Security Agency also carries on technical assistance activities through its productivity and technical assistance projects for Europe, its Special Technical and Economic Missions (STEM) in certain Asiatic countries, and its aid to the Dependent Overseas Territories (DOT'S) of participating countries. In many cases, however, these projects are not solely or mainly technical assistance but consist of direct economic aid in materials and equipment unrelated to particular technical assistance projects.

The Export-Import Bank should also be mentioned in passing; it provides what might be called technical advice to borrowers, but not technical assistance in the sense of actually imparting skills to foreign nationals. Advice is provided by other agencies, including the Federal Reserve System, which provides assistance to foreign countries in central banking, monetary policies and related fields, and in training foreign personnel for these tasks.

There are many international agencies which engage in technical assistance activities. The United Nations Technical Assistance Administration undertakes projects which do not fall within the scope of specialized international agencies. The specialized agencies with assistance programs are the Food and Agricultural Organization, the International Civil Aviation Organization, the International Labor Office, the United Nations Educational, Scientific, and Cultural Organization, and the World Health Organization. The International Bank also provides technical advice to requesting countries on particular loan projects or developmental programs and problems, while the International Monetary Fund advises on problems related to balance of payments, foreign exchange practices and other monetary aspects.

Other multi-nation groups whose functions include technical assistance are the Organization of American States, the Caribbean Commission, the South Pacific Commission, and the participants in the British Commonwealth Plan (Colombo Plan). The Colombo Plan, like many MSA activities in underdeveloped areas, is partly a technical assistance and partly a capital investment program.

THE CONCEPT OF TECHNICAL ASSISTANCE

Technical assistance programs are designed to facilitate the economic growth of underdeveloped areas through the introduction of certain skills and technical knowledge. In the words of the Act for International Development: "The term 'technical cooperation programs' means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas."

Technical assistance and underdeveloped areas

In an effort to raise their standards of living, the economically underdeveloped countries of the world are faced with a number of economic and cultural impediments. Economically, they suffer from a shortage of capital,

a lack of purchasing power which both limits and is limited by the level of production, and, in general, from an economic organization inadequate to the task. Culturally, individual and social values that are opposed to the development of institutions and skills conducive to economic development are imbedded within many of these societies. Thus, there is a shortage of, and often no desire for, able administrators and enterprising businessmen. There is little skilled labor, and society has practically no provisions for educating people to these skills. Agriculture is backward and tradition bound. In short, despite many years of contact with more advanced societies, these underdeveloped areas have not developed within themselves the skills which make economic development feasible.

Technical assistance in its purest form will make itself felt in this cultural sphere by infusing these skills and encouraging their further development. It will have its ultimate effect over a long time period during which the innovation and use of these skills presumably will aid in the transformation of individual expectations and goals, and of social behaviour and institutions, until the society itself contains the so-called cultural conditions under which rapid development is possible.^{1/} Under such conditions, local capital would be expected to respond to profit opportunities in presently non-existent or embryonic industries, the society would devote more of its resources to basic science and engineering pursuits, and gradually the economic (and social) organization of the nation would be changed so that material advancement would become both a goal and a real possibility.

Technical assistance is only one small (but important) contribution to this end. If the program is successful, it will act as a catalyst. But a catalyst can act only within a favorable environment. It is the responsibility of the country receiving assistance to provide this environment by encouraging the efforts of its nationals who have received skills and knowledge. The social sanctions (embedded in the culture and social structure), which formerly did not encourage the acquisition of these skills, must be broken down by extensive education of all sorts -- general, adult, vocational, community; by the penetration of village society (a social contribution of roads); by the establishment of honest public administration to carry out the whole development program in a forceful manner; and, more as a result than a precondition, the development of efficient business managers and enterprisers oriented to the promotion and acceptance of innovations. In brief, for success, technical assistance must be part of a broadly conceived development program which relies more on domestic measures encouraging significant changes in individual and social values than on paper economic targets and foreign investment.

^{1/} There must, at first, be some clear indication that the people of a country are willing to receive technical assistance for these long-run purposes if a program is to have a chance of success. If assistance is imposed on a country or requested by a country for (say) purely political reasons, success is not likely.

Obviously, in this context, short-run benefits can only be obtained when technical assistance is associated with increased capital, which may be provided internally through domestic savings and credit or externally in the form of loans and grants.^{1/} The proper role of technical assistance therefore-- and this is the basic Point IV concept -- lies in its functional relationship to these other measures for the development of underdeveloped areas.

Relation to U. S. strategic interests

The Act for International Development itself does not suggest that Point IV activities be related to measures for collective security. The June 1952 recommendations of the International Development Advisory Board point out that "Point IV operations are fully justifiable without reference to military or military support objectives." Nevertheless, it is certainly clear that Point IV objectives must be carried out within our general policy of strengthening the free world; therefore, political interests often bear significantly on the extent of a country's program.

TCA-administered technical assistance is divorced, however, from direct military aid. In certain Asian countries where the United States has military aid agreements (Formosa, Indochina, Philippines, and Thailand), technical assistance is administered by the Mutual Security Agency through its Special Technical and Economic Missions. In other countries, TCA coordinates activities which, in the main, are unrelated to direct military strategy. In Burma and Indonesia, our assistance program was transferred from MSA to TCA because of these countries' desire to avoid connection with the military program.

Relation to equipment and grant-aid

Supplies and equipment, though necessary, are not given primary consideration in technical assistance programs; usually grants for equipment are considered only as they appear necessary to the full use of technicians in a program of teaching or demonstration. For example, a farmer cannot be taught to use a plow without at least one available. Expenditures on equipment and supplies for these purposes have been the subject of much debate by legislators and administrators. From time to time, there have been suggestions for imposing a 3:1 or 4:1 limit on the ratio between the cost of material and the cost of services (technicians and trainees). Imposing such an overall limit, however, would seem impractical and unsound because of vast differences between rural and industrial assistance programs. In most instances, TCA has stayed well within those limits.

^{1/} With the added proviso, of course, that the real income flows from the increased provision of capital exceed the short-run increase in population that can be expected from a reduction in mortality greater than the initial reduction in births.

Pakistan and India have been exceptions. There, equipment and supplies amounted to 95 per cent of total estimated program dollar costs in fiscal year 1952 since the program, in fact, included a grant-aid program for capital investment. This compares with 61 per cent for the Near East and Africa and 42 per cent in Latin America during the same year. The capital investment in Pakistan and India has been justified on two grounds: (1) it is important that these countries experience rapid and tangible results from our Point IV program; and (2) materials must therefore be provided in large enough quantities to satisfy pressing development needs, thereby increasing the effectiveness and usefulness of the imparted technical knowledge.

Relation to private investment

Increased private investment abroad may be both a source and result of technical assistance. A United States investor establishing a plant overseas will have to provide training for labor, and perhaps for middle and top management, if the plant is to be operated successfully. In this way private investment is a source of technical assistance. At the same time, governmental technical assistance activities may create conditions under which private investors will be more likely to use their funds for developmental purposes in these areas.

The close relationship between the flow of private capital to underdeveloped countries and technical assistance was recognized in the Act for International Development.^{1/} Additional stress was placed on the participation of foreign private capital in the Javits Amendments to the Mutual Security Act of 1951. One amendment directs TCA to "find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas."

In this respect, TCA's field activities are intended to supplement the work of the State Department Diplomatic Mission in the country, which -- working with the host government, local business groups and individual businessmen -- is responsible for assembling specific information on the investment climate. In Washington, TCA and the Office of International Trade of the Department of Commerce are responsible for making the information supplied available to interested business concerns.

A number of other programs to stimulate private investment are currently being carried out by TCA or are in the process of formulation. Some of the most promising appear to be the following: (1) Country Directors are being instructed to invite expression of interest from foreign governments in the negotiation of MSA Guaranty Program agreements; in this case TCA acts as an agent for this program in those countries without MSA missions.^{2/} (2) Exploratory missions may be sent to two or three countries to investigate

^{1/} Section 403 (a) of the Act states: "It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living . . ."

^{2/} A 1952 amendment to the Mutual Security Act authorizes guarantees for private capital participating in programs consistent with the purposes of the Act for International Development.

possibilities and to make recommendations toward improving the investment climate. (3) Industrial productivity programs are being initiated in under-developed areas; they will be in the nature of information centers through which factory problems in these areas can be referred to U. S. agencies and private groups for consultation.

ADMINISTRATIVE ORGANIZATION OF PRINCIPAL
TECHNICAL ASSISTANCE ACTIVITIES^{1/}

The chart on the following page outlines the administrative structure of the United Nations expanded technical assistance program, while the formal organization of United States technical assistance activities undertaken through TCA is depicted in Chart 2.

United Nations program

The U.N. program will be briefly sketched so that its relationship to our Government's bilateral program can be clarified.

The expanded program largely came into being because of increased United States interest in technical assistance from 1949 on. Under this program, countries contribute funds to be used by the U.N. itself (in its Technical Assistance Administration), or allocated to participating international agencies. The great bulk of the funds for this program have been contributed by this government: \$13 million in fiscal 1951, \$12.4 million in fiscal 1952, and \$9.2 million for the present fiscal year.

Basic policy for the expanded program is formulated by the Technical Assistance Committee (TAC), which is composed of one representative from each member country of the Economic and Social Council. This Committee meets twice a year and is available on call.

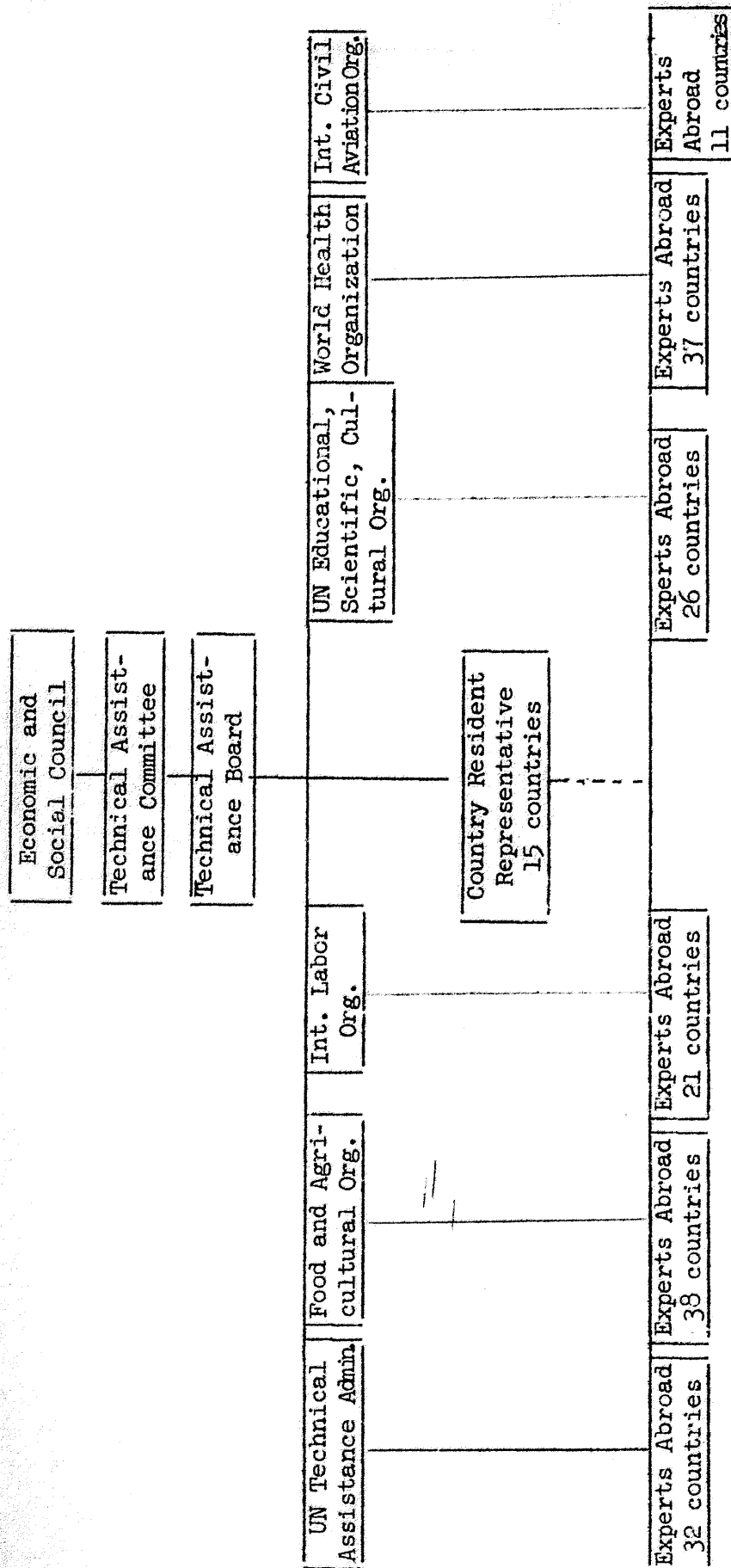
On the operating level, all U.N. technical assistance is coordinated through the Technical Assistance Board (TAB), which allocates funds and projects to the participating agencies. Each participating agency has membership on the Board.^{2/} It is chaired by the Assistant Secretary-General for Economic Affairs and meets once every two months. A small permanent secretariat is now attached to it.

Each participating agency undertakes activities within its specialty; the World Health Organization, for example, undertakes health demonstration work and endemic disease control while UNESCO participates in such programs as those to reduce adult illiteracy. Programs not within the competence of any

^{1/} A detailed presentation of U. S. and world-wide technical assistance programs can be found in Walter R. Sharp, International Technical Assistance, Chicago, 1952.

^{2/} Other international agencies, including the International Bank and the International Monetary Fund, which do not receive funds from the expanded program participate informally in the work of the Board.

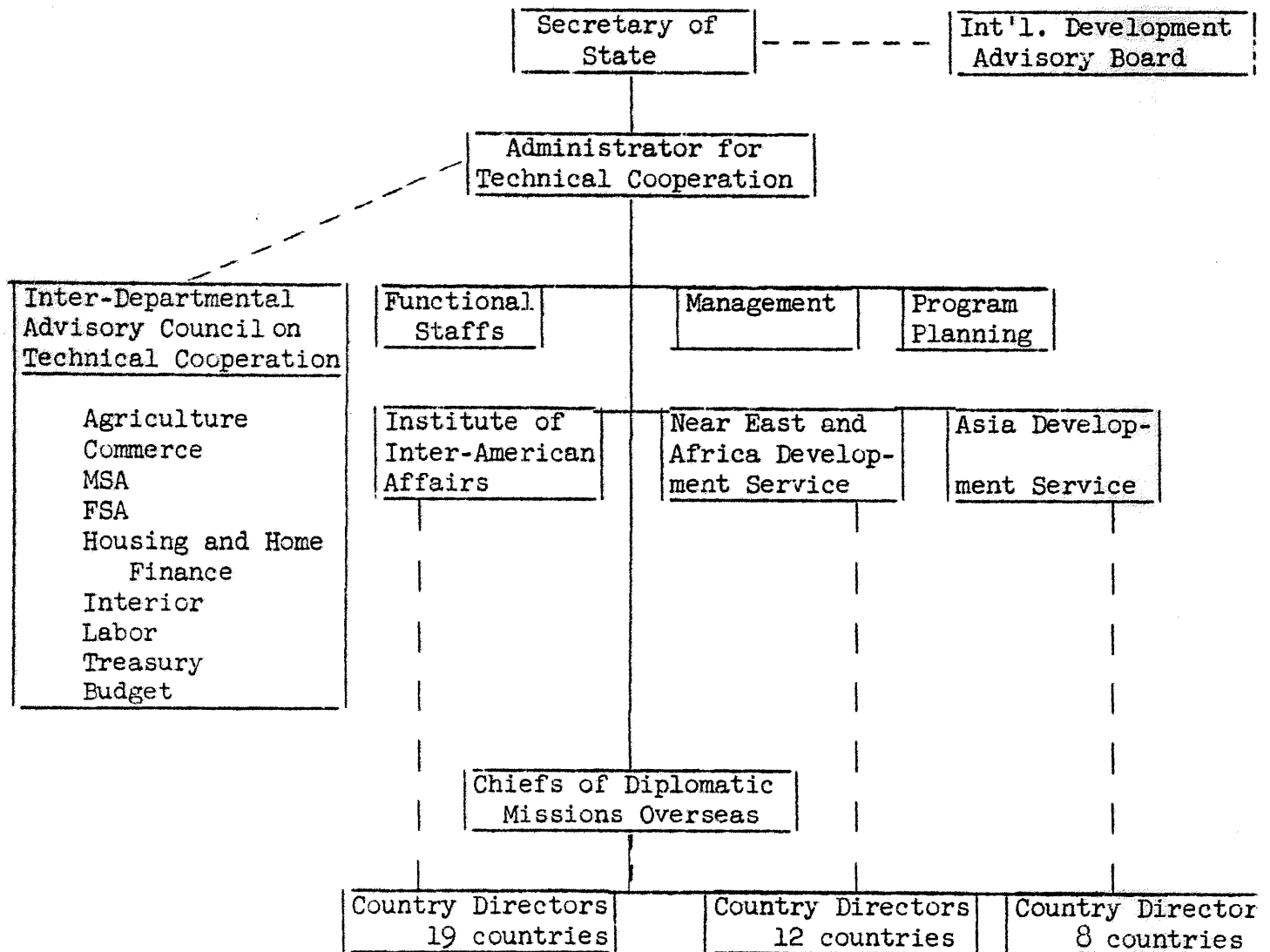
Chart I
ORGANIZATION OF UNITED NATIONS EXPANDED TECHNICAL ASSISTANCE PROGRAM 1/



1/ Data as of December 31, 1951

Chart II

ORGANIZATION OF TECHNICAL COOPERATION ADMINISTRATION ^{1/}



^{1/} Data as of June 30, 1952.

of the specialized agencies are carried out by the U.N. Technical Assistance Administration. Its major contribution has been in the field of general economic development, public finance, and particularly public administration.

To coordinate these diverse programs at the field level, there is in many countries a U.N. resident representative, who is directly responsible to the Technical Assistance Board. It is his function to assist the governments in the presentation of their requests and to harmonize the work of the experts from the diverse international agencies sent to assist the country. The representative also maintains contact with the different regional and bilateral technical assistance programs operating within the country, helping to work out complementary (or at least non-competing) programs.

Organization of TCA

Principal U. S. technical assistance activities are carried on under the jurisdiction of the Technical Cooperation Administration, presently headed by Mr. Stanley Andrews, the Administrator for Technical Cooperation. In November 1951, TCA was reorganized into the three regional services as shown in Chart 2. At that time the Institute for Inter-American Affairs, though still maintaining its corporate form, was made an integral part of TCA and has the same relationship to TCA as the other regional services. This general reorganization had the effect of shifting much of the analysis and programming responsibilities from State Department Regional Bureaus to the Administration itself; the Bureaus, however, still are responsible for giving policy guidance to TCA and for program review from the point of view of regional suitability and consistency with other U. S. activities and objectives in the area.

Co-ordination with U.N. expanded program. At a policy level, the U. S. representative on the U.N. Technical Assistance Committee expresses this Government's views on the proper roles of bilateral and multilateral programs. At an operating level, a small unit which has offices both within the Bureau of United Nations Affairs of the State Department and the Technical Cooperation Administration co-ordinates U. S. bilateral with U.N. multilateral assistance. There is free exchange of information between the U.N. Technical Assistance Board and TCA. When it is discovered that a country is requesting the same assistance from both the U. S. and the U.N., the request is referred back to the recipient country for further clarification.

In those countries which have a U.N. resident representative in the field, he maintains contact with the U. S. country director to prevent overlapping of programs. There is also informal consultation between individual U. S. and U.N. experts in the field when their programs are complementary or closely related. There have been some instances of the use of U.N. experts on U. S. programs when the need was immediate and there was no U. S. expert then available.

Advisory committees. The International Development Advisory Board (IDAB) was established under authority of the Act for International Development and makes recommendations to the President exclusively related to programs authorized under that Act and therefore administered by TCA. It is composed solely of non-governmental people and is currently chaired by Eric Johnston (and formerly by Nelson Rockefeller). It has submitted one report in 1951 and another in June of this year; its first one was the well-known Rockefeller report, while its second is a short set of recommendations, principally pointing up the need for increased industrial assistance and the participation of private capital.

More immediate advice on day to day policy problems (as well as longer range matters) is provided the Administrator by the Inter-Departmental Advisory Council on Technical Cooperation (TEC). This Council, which at first was of rather negligible importance, has of late taken a somewhat more active role in the formulation of policy. Membership consists of nine agencies (see Chart 2) which participate directly in TCA programs in the sense that they provide experts (either from their own staff or by contracting with private individuals) for TCA missions and pay them from funds allocated to the agency by TCA.

Lines of responsibility. From Chart 2 it can be seen that the direct line of responsibility for the Point IV program descends from the Secretary of State to the Administrator for Technical Cooperation, then to the Chief of Diplomatic Mission and finally to the country Director for Technical Cooperation.

The Secretary of State receives his technical assistance powers from the President and they are to be exercised under the general supervision and direction of the Director for Mutual Security. The Administrator has responsibility for the over-all planning and effective performance of the technical assistance program, while in each country the Chief of the Diplomatic Mission has the direct and major responsibility for the program's success. The Country Director for Technical Cooperation is the operating head of all Point IV operations in the country and is responsible directly to the Chief of Mission. All field personnel, no matter whether recruited by TCA or by a participating agency, are directly responsible to the country Director.

Organization of MSA technical assistance activities

Technical assistance is only a small part of the Mutual Security Agency's work. Within the Washington office, responsibility for these programs is scattered among different units; in the field there are technical assistance staffs attached to the field missions.

In collaboration with field staffs, MSA's Productivity and Technical Assistance Division undertakes programs designed primarily to increase industrial productivity in Europe, although it may also provide guidance for operations in the Far East. Some technical assistance programs are also carried

out within the Overseas Territories staff of the European office, though most of its projects are in the form of grant-aid or loans. In addition, there are staffs within the Far East office to advise STEM on programs for agriculture, industry, public health, education, and public administration.

In general, MSA technical assistance programs are integral (and small) parts of the over-all country programs and, similarly, the units organized to deal with them are relatively small parts of the general field and Washington organization.

PROGRAMMING AND IMPLEMENTATION OF TECHNICAL ASSISTANCE ACTIVITIES

Factors considered by TCA in the formulation and implementation of assistance programs will be discussed in this section; consideration will also be given MSA programs.

Technical Cooperation Administration

Several steps must be taken before bilateral technical assistance becomes effective. First, the country must negotiate a General Agreement with this Government. This agreement includes a general statement to the effect that this is a reciprocal undertaking to exchange technical knowledge and obligates the recipient country to pay a fair share of the costs, to provide local publicity and information, and to make effective use of the program. (A fair share of the costs has been interpreted administratively to mean at least the local currency equivalent of the U. S. contribution in the beginning of the program, with an increasing share of the costs to be borne locally as the program progresses.)

Once such an agreement is reached, the country may make specific requests for technical assistance. The view has been expressed that all requests should come from the country without either prompting or assistance. This has not been the case. For one thing, since the decision about what to request is one of the most difficult and important parts of technical assistance, our initial aid in this respect is a necessary and real contribution to economic development. In addition, rigid adherence to the former doctrine might lead to unwise programs as well as friction between the requesting country and the United States if this Government were put in the position of rejecting a formal proposal by a country requesting assistance. In actual practice, the local diplomatic and TCA representatives work with officials of the requesting government to prepare a project proposal which is then submitted to TCA Washington.

After review and evaluation of the proposal by the interested agencies, TCA makes the final decision on the undertaking, suggests the agencies to provide personnel, outlines operating procedure, and allocates funds for carrying out the program. Once the request is approved, a project agreement, specifying conditions under which the project is to be carried out, is negotiated.

Criteria and programs. In developing programs and projects, TCA (and Mission) personnel are guided by several criteria (implicit and explicit) for judging the relative importance of both projects and requesting countries. The Act for International Development, the infrequent recommendations of the IDAB, the circulated memoranda of TEC, and foreign service circulars to field and local personnel contain explicit statements of criteria and of policies to be followed in TCA programming.

Although the allocation of funds by area (Latin America, Near East and Africa, Asia and Pacific) is decided by legislative appropriation and is, therefore, an amalgam of administration and Congressional views, the country-wide allocation is primarily an administration matter. In making these allocations, TCA takes many factors, both political and economic, into consideration.

The Act mentions the following broad factors to be considered in reviewing the requests of a foreign government: (1) whether the assistance applied for is part of a program for balanced and integrated development; (2) whether works or facilities which may be projected are actually needed in view of similar facilities already existing in the area; (3) where capital is requested, whether private capital is available either in the country or elsewhere on reasonable terms and in sufficient amounts.

In the actual administrative process of allocating assistance among different countries, however, it is difficult to do more than "use the best judgment possible." Areas of judgment can be hedged in, of course, by criteria and standards developed within the organization. For evaluating the relative needs of requesting countries, TCA seems to have worked out (at least) three rather rough criteria: (1) absorbability and feasibility (ability of a country to make effective use of assistance, given its size, administrative machinery, resources, etc.), (2) availability of local financing, and (3) U. S. political interests. The opinion of the ambassador to the country would of course be taken into account.

These criteria are reflected in the distribution by area and country of the estimated obligations for technical assistance shown in Table I.1/. The relatively large size of the programs for Iran, India, and Pakistan can be attributed to political interests as well as the evident extensive needs of those countries. The large difference between the programs for India and Indonesia in fiscal years 1952 and 1953 (even considering the greater absolute economic need of India) illustrates the role of political interest (in this case also a lack of receptivity on the part of Indonesia attributable in part to previous attempts to tie assistance to a military clause).

1/ All tables are presented at the end of the paper. In interpreting this and other tables containing obligations, it should be remembered that there is, on the average, a 12 to 18 month lag between obligations and expenditures.

In deciding on the type of assistance program to be stressed, TCA has given first priority in all underdeveloped areas to the need for increased food production. From Table I it can be seen that estimated obligations for agricultural assistance in all areas over the three fiscal years from 1951 through 1953 come to \$126 million or 38 per cent of total estimated obligations. This compares with obligations in the neighborhood of 15 per cent each for health, for natural resources and public works, and for the category of industry, handicraft, and housing;^{1/} estimated obligations for education come to 7 per cent of the total. The acute food shortage in these areas and the possibility, by reducing food imports, of saving foreign exchange which might then be used for industrial development purposes, have been given as reasons for this emphasis.

Table II presents estimated obligations for fiscal 1953 broken down by area as well as field of activity. The greater emphasis on increasing food production in Asia compared with Latin America is shown by the obligation of 44 per cent of prospective assistance to agriculture in the former area and 36 per cent in the latter. Health and education programs receive the second and third largest allocations of funds in Latin America; natural resource development and health have the same ranking in the Near East and Africa while the two categories "industry, handicraft, housing" and "natural resources" are of second and third importance in Asia. The large obligations, 41 per cent of the total for the area, for these two categories in Asia is attributable to the community development programs in progress and to the relatively large expenditures on material for public works.

The IDAB, in their June report, took note of the relatively small emphasis on technical assistance for the development of industry. They felt that this phase of the overall program should be pressed forward by the increased provision of technicians and experts in industrial development and management. They further declared themselves opposed in principle to direct grants of capital for private industrial and commercial development. Though still in the first stages of development, TCA is presently working out ways of expanding its program for industrial assistance and for encouraging private capital -- as noted in the previous section on private investment.

Implementation of technical assistance. There are several methods of implementation -- i.e., of imparting technical knowledge. By far the most important is the use of United States private and governmental experts overseas, together with the instruction of foreign trainees here or in our possessions.^{2/}

^{1/} Although a detailed breakdown is not available, only a small percentage of the assistance classified industry, handicraft, housing, goes toward the development of industrial skills in participating countries.

^{2/} Although there has been some talk as to the possibility of sending foreign trainees to foreign countries for instruction, nothing has come of this yet.

Other methods used are: (1) Joint Commissions for Economic Development, composed of U. S. and foreign personnel, which attempt to draw up a basic development program -- three such commissions are currently operating in Brazil, Paraguay, and Liberia; (2) surveys; (3) demonstration centers; (4) cooperation with foreign private institutions such as the American University of Beirut; and (5) the Servicio, which is used by the Institute of Inter-American Affairs and is a cooperative service functioning as an integral part of the appropriate agency of the host government, jointly financed and staffed by the United States and the recipient country.

As of September 30, 1952, there were 1,346 U. S. technicians in 35 Point IV countries; this includes technicians at work under projects directed by private contractors, but does not include teachers in foreign colleges and schools paid from TCA funds. Twenty-eight per cent of these people are engaged in agriculture. At the same time, there were 810 Point IV trainees from 35 countries in the United States, the largest group receiving agricultural training.

These technicians are hired, under a contract running a maximum of two years, by the specialized agencies under whose jurisdiction the particular project falls; an agricultural extension worker would be hired by the Department of Agriculture, an irrigation expert by the Department of Interior. The necessary funds are assigned to the agency by TCA, and practically no supervision over the selection of the expert is exercised by the Administration. This lack of close supervision can be undesirable since the individual agency may have no feel for the non-professional qualities called for in the expert by the economic and social conditions of the country and since the agencies have orientation programs of uneven qualities.

Recruitment. The staffing of technical assistance missions involves a number of difficulties. Often desirable experts are not willing to leave a good job for a relatively temporary stay overseas. They are more willing when employers grant them a leave of absence, but a typical TCA assignment would call for two years' service and many employers are unwilling to grant leave for that length of time. In addition, prospective experts are influenced by these considerations: (1) ability of his family to adjust to conditions overseas, (2) school facilities for his children, (3) the language barrier, and (4) the possibility of losing ground in his field while away.

After the expert is contacted and he expresses interest, one of the foremost obstacles to obtaining him within a reasonable time is the security clearance. Since this procedure has been transferred from the F.B.I. to Civil Service, the time for clearance has become even longer until it is not unusual for five or six months to elapse from the time an expert is approached until he is appointed. And during this time, the expert may accept another offer, or his interest, often tenuous at best, may simply cool.

There are other impediments to the rapid hiring of high quality experts. The requesting government, for obvious reasons, always wants the best available man. Since first-rate people with qualifications impressive

to the host government are not always available, it is often a touchy matter to receive the latter's approval. This involves more delay and a further slowing down of the program.

These factors have three effects: (1) experts are not recruited at a rapid enough rate, in large part accounting for the long lag of expenditures behind obligations; (2) second-rate experts are often recruited since many of the best ones do not care to leave their present job or cannot wait for a lengthy clearance period in the face of other attractive offers; or (3) devious administrative measures must be devised to keep a very desirable expert interested (and paid).

part Not delaying recruitment, but impinging on the success of the overseas/ of the program, is the inability of most experts to work effectively within the foreign culture. One of the supposed advantages to the use of agricultural extensions workers was this very ability to persuade people to break tradition and use more efficient agricultural techniques. As previously described, this presumably would start a chain reaction, leading to the formation of a set of goals and individual expectations conducive to economic development. Unfortunately, some extension workers have been unable to adapt to the country and their work has been ineffective; this reflects on both the type of training given these workers during their college education and the process of screening and training given by the agency before the expert is sent overseas. These difficulties are no less present with other experts.

From United Nations experience, some of the unusual human qualities which the expert must have to work effectively within the foreign culture are: (1) patience, (2) no feeling of superiority and (3) no tendency to assume authority, since they are dealing with officials who are sensitive and a little suspicious.^{1/} These traits are difficult to detect in advance, short of subtle and lengthy psychological techniques. In addition, it is probable that the difficulties in obtaining a person well qualified professionally militate against too rigid personality requirements or investigations.

Of interest in this respect is one unwritten recruitment rule that TCA adheres to; they prefer not to use older people, including retired or semi-retired people. They have found that these people are not up to the rigors of overseas living, particularly in the Asian, African, and Near Eastern countries, that they tend to leave the country before their contract expires, that they tend to be autocratic and do not adjust to working on an equal basis with foreign nationals, and that (not unlike many younger people) they find it difficult to adapt their old ideas to new and different situations.

Some of the recruitment difficulties would be eased by the increased use of private contracting, as directed in the Mutual Security Act and as

^{1/} H.L. Keenleyside, "Administrative Problems of the Technical Assistance Administration," Canadian Journal of Economics and Political Science -- (SVII: August, 1952) p. 352.

suggested by the IDAB. By this method, a private organization would receive the contract for a project and would send its own experts to the field, with TCA having only general supervision over the qualifications of the expert. Ironically enough, TCA has found itself administratively circumscribed in the use of this device since its use may imply that they are attempting to circumvent security regulations.

MSA technical assistance programs

The European technical assistance program, under the guidance of the Productivity and Technical Assistance Division, is summarized in Table III. The industrial productivity component is the heart of the program. Teams of European labor-management specialists are brought to this country to learn American productivity techniques and, on the other side, U. S. technicians are also sent to Europe. It is expected that some 4,000 Europeans will visit this country in fiscal 1953 while some 700 U. S. experts will be sent overseas.

Another aspect is the encouragement given participating countries to set up productivity agencies or centers -- comprising business, labor, management, and agricultural representatives -- financed out of local currency counterpart funds.^{1/} These centers are clearing houses for the dissemination of the latest known techniques to raise output.

Along with the productivity program itself, MSA attempts to convince foreign producers that increases in productivity should be passed on in the form of higher real income to the worker -- their so-called sharing-out program; this means, of course, that wage increases must be granted as productivity rises, so as to reduce undesirable political pressures. Despite its obvious merits, this program has met with considerable resistance in European countries.

The \$1.5 million estimated in Table III for overseas territories is primarily for the development of strategic and basic materials in the African colonies of the participating countries. Considering pure technical assistance only, the DOT's have benefited to a small extent through the use of European TA funds for such things as mineral surveys, health control measures, and engineering services in the colonies.

In Asia, MSA programs contain a substantial technical assistance component only in the Philippines and Thailand. In these countries supplies and equipment represent 86 and 62 per cent respectively of estimated total cost for fiscal 1953, and a large proportion of these supplies are for use by technical experts in demonstration and teaching. For Formosa and Indochina, where aid is closely related to military support, supplies and equipment come to 98 and 97 per cent respectively of estimated total cost in the same year; the bulk of these supplies are used for military and civilian consumption

^{1/} Local funds made available under the 1952 Moody Amendment to the Mutual Security Act -- which authorizes not more than \$100 million in counterpart to be placed in revolving funds to stimulate free enterprise and economic expansion -- will in part probably be used for this purpose.

purposes. There are relatively few U. S. technicians in these two countries -- 75 each in Formosa and Indochina in fiscal 1952 as compared with 142 in the Philippines. Estimated obligations for the total fiscal 1952 program come to \$81 million for Formosa and \$32 million in the Philippines; estimates for fiscal 1953 are \$100 million for Formosa, \$56 million for Indochina, \$28 million in the Philippines, and \$6.2 million in Thailand.1/

1/ Data in this paragraph are from House Hearings on Mutual Security Appropriations for Fiscal 1953.

NOT FOR PUBLICATION

TABLE I

TCA TECHNICAL ASSISTANCE PROGRAMS, ESTIMATED OBLIGATIONS BY
AREA AND TYPE OF ACTIVITY, FISCAL YEARS 1951 TO 1953
(Millions of dollars)

Obligations by Area and Principal Countries

Area and Country	Actual 1951	Est. 1952	Est. 1953
Near East and Africa	3.8	56.2	50.8
Iran	1.5	23.5	23.1
Israel	1.0	15.0	2.8
Egypt	.1	.7	4.9
Asia and Pacific	24.6	87.8	67.8
India	5.2	54.6	44.3
Pakistan	.4	10.8	12.9
Burma	10.8	14.0	6.9
Indonesia	8.0	8.0	3.1
Latin-America	9.4	19.9	20.3
TOTAL	37.8	163.9	138.9

Obligations by Type of Activity

Activity	Actual 1951	Est. 1952	Est. 1953	TOTAL	% Distri- bution
Agriculture, forestry, fisheries	9.0	65.5	52.0	126.5	37.2
Health and sanitation	8.4	18.4	19.1	45.9	13.5
Natural resources, public works	5.3	22.3	25.7	53.3	15.6
Education	2.8	11.3	9.1	23.2	6.8
Industry, handicraft, housing	1.8	28.3	23.5	53.6	15.7
Public administration	1.1	3.4	4.4	8.9	2.6
Joint commissions and surveys	2.3	5.8	5.1	13.2	3.9
Maintenance of essential supply	7.1	8.9	- -	16.0	4.7
TOTAL	37.8	163.9	133.9	340.6	100.0

Source: House Hearings on Mutual Security Appropriations for 1953.

NOT FOR PUBLICATION

TABLE II

ESTIMATED OBLIGATIONS BY FIELD OF ACTIVITY AND AREA,
TCA PROGRAMS, FISCAL YEAR 1953

(Millions of dollars)

Activity	Latin America	Near East and Africa	Asia and Pacific	TOTAL
Agriculture, forestry, fisheries	7.2	15.3	29.5	52.0
Health and sanitation	4.3	9.0	5.7	19.1
Natural resources, public works	1.8	13.1	10.9	25.7
Education	3.2	2.8	3.0	9.1
Industry, handicraft, housing	.8	6.0	16.8	23.6
Public administration	1.6	1.9	.9	4.4
Joint commissions and surveys	1.4	2.7	1.0	5.1
TOTAL	20.3	50.8	67.8	138.9

Source: House Hearings on Mutual Security Appropriations for 1953.

NOT FOR PUBLICATION

TABLE III

OBLIGATIONS BY FIELD OF ACTIVITY, MSA PRODUCTIVITY
AND TECHNICAL ASSISTANCE PROGRAM FOR EUROPE

(Millions of dollars)

Field of Activity	Actual 1951	Est. 1952	Illustra- tive 1953
Industrial productivity and labor relations	7.8	7.5	7.5
Industrial productivity tools	- -	2.0	2.0 ^{2/}
Agricultural production	2.0	2.3	2.0
Distribution	.4	.3	.5
Transportation and Communication	.6	.7	.6
Government administration	.8	.8	.6
Development of territories	.6	.2	1.5
Tourism	1.0 ^{1/}	- -	- -
Operation Costs	1.0	2.3	2.8
TOTAL	13.2	16.1	15.5

^{1/} Less than \$500,000.

^{2/} To come from country aid funds.

Source: House Hearings on Mutual Security Appropriations for 1953, p. 539.

NOT FOR PUBLICATION