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American Consumption and Mutual Defense 5 Pages
By Randall Hinshaw

2. Economic Aid to Underdeveloped Countries 13 Pages
By Caroline Lichtenberg

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December 19, 1950

Randall Hinshaw

AMERICAN CONSUMPTION AND MUTUAL DEFENSE

The purpose of this note is to bring up to date certain series which appeared in an article prepared by the writer in the fall of 1947 on "American Consumption and Foreign Aid." ¹In that article, an attempt was made to show that the foreign-aid program of that period did not involve any consumer "belt-tightening" in the absolute sense but, on the contrary, coincided with the highest per capita real consumption in American history. At the present time, the United States is faced with the prospect of diverting resources to meet our own defense needs and also to meet export needs in connection with mutual defense and related programs. It may be of interest, in this new setting, to re-examine recent levels of U. S. consumption.

The index of per capita real consumption in Table 1 is obtained by (1) dividing the annual Department of Commerce estimates of consumption expenditures by the population of the United States, (2) dividing the result by the consumers price index of the Bureau of Labor Statistics, and (3) expressing the figures thus computed as a percentage of the figure for 1929. The year 1929 has been retained as a base because of its interest as the most prosperous pre-war year. The years 1942-46 have been omitted from the index because of the complications introduced by rationing and because of the diminished reliability of the consumers price index during this period.

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1, Review of Foreign Developments,
Sept. 23, 1947.

Table 1
INDEX OF PER CAPITA REAL CONSUMPTION
IN THE UNITED STATES

(1929 = 100)

1929	100.0
1930	91.2
1931	86.0
1932	76.5
1933	75.7
1934	81.3
1935	85.3
1936	93.3
1937	96.1
1938	93.3
1939	98.3
1940	103.2
1941	111.3
1947	137.4
1948	134.3
1949	134.7
1950*	139.3

*First 3 quarters.

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According to this index, per capita real consumption, after declining by about one-fourth during the depression, recovered to the 1929 level by 1940, and is now more than one-third higher than in 1929. The peak year, moreover, is 1950 (on the basis of seasonally adjusted consumption figures for the first three quarters). If the current year is divided into quarters, it will be found that, after adjustment for changes in the consumers price index, consumption was higher in the second quarter than in the first, and higher in the third quarter than in the second. It would appear not unlikely that per capita real consumption, in the fourth quarter, even after allowing for seasonal variation, will be at an all-time high.

For obvious reasons, the index in Table 1 should not be taken too seriously as an accurate measure of the level of per capita consumption. There can be little doubt, however, that per capita real consumption in the United States is considerably higher than before the war, since this is substantiated by numerous series measuring consumption of specific goods. Perhaps the most interesting of such series relate to food consumption. Table 2 consists of indexes of per capita consumption of a number of important food items for selected years. These indexes in all cases are computed from Department of Agriculture figures of per capita consumption on the basis of physical quantities.

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Table 2
INDEXES OF PER CAPITA FOOD CONSUMPTION (BY WEIGHT)
IN THE UNITED STATES FOR SELECTED YEARS
(1929 = 100)

	<u>1929</u>	<u>1932</u>	<u>1939</u>	<u>1944</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950*</u>
Meat	100	100	102	118	119	112	110	111
Beef	100	94	110	112	140	127	129	128
Pork	100	102	93	114	101	99	98	101
Chicken	100	100	95	136	120	117	128	132
Eggs	100	94	94	106	114	116	114	116
Milk, cream	100	100	98	117	113	110	110	111
Butter	100	105	101	69	65	58	61	61
Cheese	100	93	128	104	150	148	157	154
Sugar	100	98	102	92	95	99	99	102
Coffee	100	102	122	130	143	150	154	140

*Preliminary.

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It will be noted that in most cases per capita consumption is substantially higher, and in some cases much higher, than in 1929. The figures fully confirm the impression conveyed by the index in Table 1 that, should events require it, Americans could forego a substantial fraction of their present consumption without disastrous consequences.

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ECONOMIC AID TO UNDERDEVELOPED COUNTRIES

Caroline Lichtenberg

A program for economic aid to the underdeveloped countries was launched by President Truman two years ago with the now-famous words "We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas." These words have encouraged other governments and international institutions to increase their efforts in this direction and to devise new schemes for accelerating economic development. Partly as a result of the President's statement, the United Nations expanded its technical assistance program, the International Bank stepped up its lending to underdeveloped countries^{1/}, and the British Commonwealth called a series of conferences to consider the cooperative development of South and Southeast Asia.

United States Programs

The original ideas for a United States economic development program have been changed by the pressure of world events. First, there has been a shift of emphasis from the role of private enterprise to the responsibility of governments and international institutions. Open conflict in the Far East and the overhanging threat of a world-wide conflagration have given rise to such uncertainties that there can be little hope for a really large contribution from private sources. Second, there is now a sense of urgency attached to development aid. When Mr. Truman first announced the Point IV policy, it was conceived as a long-run rather than an immediate problem. Today help to the underdeveloped countries has become imperative so that they may resist Communist pressure and remain outside the Communist sphere.

The impact of these political realities has necessitated a third modification: a reorientation of the role of the United States in the underdeveloped areas--a reorientation with rearmament as a major factor. The needs of the local economies are still of prime interest but proposed development projects will henceforth be considered in the light of immediate defense requirements as well as on the basis of their long-run value.

One major result of these changed conditions is that economic development activities are the responsibility of a number of different U. S. Government agencies. In accordance with the International Development Act, the State Department established in June 1950 a Technical Cooperation Administration (TCA) to coordinate all U. S. technical assistance efforts and to administer new funds specifically appropriated for these purposes. But Congress also authorized ECA to give aid to some

^{1/} Between January 1949 and the end of November 1950, the International Bank made 23 loans totalling \$340 million to underdeveloped countries compared with 2 such loans totalling \$16 million between the beginning of Bank operations in June 1946 and December 31, 1948.

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of the underdeveloped countries and, in fact, up to now, ECA's activities in the dependent overseas territories (DOT's) of the participating countries and in Southeast Asia have overshadowed the Point IV Technical Assistance Program, both in terms of available funds and general scope. Finally, the Export-Import Bank continues to play a most important role in its capacity as the chief lender of U. S. Government funds to foreign governments and private enterprises. The International Bank, of which the United States is a prominent member, is also a major agent in the development field.

All these activities have the same general objective of strengthening the economies of the less advanced areas, and by means of various inter-agency committees there is a fair amount of coordination. It appears, however, that with the growth of developmental activities, further efforts at closer coordination will be necessary to achieve a maximum of efficiency and effectiveness.

In the pages that follow there is no attempt to analyze or evaluate the development programs discussed. The purpose is merely to give a brief sketch of the major schemes which together summarize our current efforts in aiding the underdeveloped countries. Something is said of the history of the program, the type of assistance it provides, the amount of money available for its implementation and the administrative structure under which it operates. No further reference is made to the Export-Import Bank operations or to the activities of the International Bank, but it should be kept in mind that these institutions will continue to provide the underdeveloped countries with substantial amounts of financial assistance.

The U. S. Point IV Program -- Technical Assistance

When the "bold new program" was first taking shape, almost every development measure, government and private, unilateral, bilateral and multilateral was subsumed under the Point IV concept. At that time it was the Administration's hope that private enterprise would play a major role in the development program; that it would invest substantial amounts of capital in the industries of the underdeveloped countries and carry overseas the technical and managerial skills necessary for modern economic development. To encourage this capital outflow, the Administration began negotiating Friendship, Commerce and Navigation (FCN) treaties (later Friendship, Commerce and Economic Development (FCED) treaties). The Administration recommended that the Congress empower the Export-Import Bank to extend guarantees against risks peculiar to foreign investment, and it proposed revisions in U. S. tax regulations which would be favorable to American investors in foreign countries. It was expected that direct technical assistance, especially in the fields of social and public services, e.g., health, education and agriculture, would be supplied through U. N. and U. S. technical assistance programs and that long-term loans for basic development projects would be made available by the Export-Import Bank and the International Bank.

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Several FCN and FCED treaties have now been signed and others are in the negotiating stage. Although Congress has failed so far to act on the guarantee program, suggestions have been made that the Administration should propose expanding the lending authority of the Export-Import Bank. The basis for the official Point IV Program remains the Act for International Development, approved in June 1950, which authorizes the Administration to supply technical experts, train local personnel and set up pilot projects for demonstration purposes, primarily in the fields of agriculture, health, education and industry.

Authority

The major provisions of the Act for International Development are summarized below:

All technical assistance activities, existing and new, carried on by U. S. Government agencies are to be coordinated and directed by a single agency authorized by the President to exercise the authority vested in him by the Act. In an Executive Order of September 8, this authority was delegated by the President to the Secretary of State.

Joint commissions. The Act gives the Executive branch full authority to establish "joint commissions for economic development" with foreign countries that request them. The commissions are to be composed of persons named by the President and persons named by the requesting country and are to submit written reports on their studies to the appropriate Government authorities. The Administrator of Point IV was given full authority to determine the nature and scope of the studies undertaken, and the experts will be free "to include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries."

Advisory board. "The President shall create an advisory board [of not more than 13 members] ... which shall advise and consult with the [Administrator] with respect to general or basic policy matters ..."

The Board is to be representative of various groups interested in the Point IV program, including business, labor, agriculture, public health and education. Mr. Nelson A. Rockefeller has been named Chairman.

Appropriations

Congress appropriated for the fiscal year 1951 the sum of \$26.9 million, as compared with \$45 million requested by the Administration. Another figure frequently referred to in current discussions of the Point IV Program is \$34.5 million. As shown in the following table, this is the total appropriated to three different programs concerned with the exchange of technical skills, two of which were in operation long before Point IV:

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Sources of Point Four Funds
(Appropriations for the fiscal year 1951 - in
millions of dollars)

<u>Program or Institution</u>	<u>Amount</u>
Total	\$34.5
International Development (PL 535)	26.9
The Institute of Inter-American Affairs	5.0 a/
Department of State International Information and Educational Activities	2.6

a/ The Institute was also authorized, prior to June 30, 1953, to enter into contracts not to exceed \$1 million.

Administrative Organization

Technical Cooperation Administration (TCA). Following announcement of the President's Executive Order, the Secretary of State established within the Department the Technical Cooperation Administration (TCA), headed by an Administrator. 1/ TCA will be the central agency, responsible for implementation of the Act for International Development and for coordination of all U. S. Government technical cooperation programs authorized by the Act. In the words of the State Department announcement:

"The Technical Cooperation Administration shall

- a. Formulate general policies and plans for the conduct of existing and new technical cooperation programs; ...
- c. Approve projects, determine action agencies, allocate funds for United States bilateral programs ... and approve assignment of United States Government personnel abroad to such programs; ...
- d. Coordinate, within each country, the programs of all U. S. Government, inter-governmental and private agencies carrying on technical cooperation programs.
- e. Maintain liaison with and supervise and coordinate the technical cooperation activities of other Federal agencies authorized by the Act; ..."

1/ Dr. Henry G. Bennett was appointed Administrator on November 14. Prior to this appointment Capus M. Waynick, Ambassador to Nicaragua, had been Acting Administrator.

TCA has already allocated \$3.8 million for specific projects, including agricultural assistance, development of mineral resources, rubber development, social security, transportation and health. Funds for approved projects are distributed by area as follows:

(In millions of U. S. dollars)

Total	3.8
American Republics	<u>2.8</u>
Near East and Africa	.9
Far East	.1

Interdepartmental Advisory Council on Technical Cooperation (TEC).

At the same time that TCA was established, the State Department set up the Interdepartmental Advisory Council on Technical Cooperation (TEC) to advise the Administrator on questions of policy. Government agencies thought to be most concerned with the Point IV Program and with technical assistance projects were invited by Acting Administrator Waynick to membership in the Committee. The following agencies accepted:

- | | |
|----------------------|------------------------------|
| (1) Agriculture | (5) Housing and Home Finance |
| (2) Commerce | (6) Interior |
| (3) ECA | (7) Labor |
| (4) Federal Security | (8) Treasury |
| (9) Budget Bureau | |

In a document circulated to the members of the Committee, the Secretariat of TEC described the proposed organization and terms of reference as follows:

"The newly formed Interdepartmental Advisory Council on Technical Cooperation (TEC) ... will be the only standing committee within the Federal Government comprehensively representative of all agencies participating in or closely associated with the technical cooperation activities governed by P.L. 535 of the 81st Congress [Act for International Development]... The Council will advise the Technical Cooperation Administrator on all questions of policy broadly affecting the bilateral and multilateral activities which constitute the Point IV Program. Among the topics on which its views will be sought are: annual program planning directives, criteria for project priorities, allocations of funds, reporting requirements, personnel standards and regulations, field inspection policies, procedures for clearance of communications with the field, relations with multilateral technical assistance programs, relations with private organizations, reports to Congress or the President, and publicity."

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The Role of ECA

Although TCA is officially charged with the execution of the Point IV Program, the Economic Cooperation Administration has so far played an important role in this field. ERP funds have been used to finance development projects in the overseas territories of participating countries; and China Aid funds, administered by ECA are being applied, through special Congressional authorization, to an intensive economic aid program in Southeast Asia.

Aid to the Dependent Overseas Territories (DOT's). Financial aid to the DOT's is made available by ECA from several sources: a Special Reserve Fund for Overseas Development, the Technical Assistance Program ^{1/}, the Strategic Materials Program, the regular program funds allotted to the metropolitan countries and local currency counterpart accounts.

Special Reserve Fund for Overseas Development. The ECA special reserve fund is a tentative earmarking of a part of an unallocated general reserve fund. For the fiscal year 1950, \$20 million was earmarked for overseas development of which \$7.1 million was actually spent. For the current fiscal year \$45 million is tentatively earmarked for such aid, and preliminary submissions indicate that requests for assistance will equal or exceed the amount now earmarked in this reserve.

Most of the countries receiving aid from this fund are the African territories of the participating countries; and the principal projects financed are for road development, soil conservation and various agricultural enterprises. Aid has been given on a grant basis with this one exception, to date: \$1.8 million for road development projects in the Belgian Congo was extended on a loan basis.

Strategic Material Program. Through the end of September \$36.2 million of contracts had been signed "for the exploration and development of strategic material resources." Of this amount, \$17.9 million represents ECA dollars and the equivalent of \$18.3 million was drawn from the 5 per cent counterpart funds. This is the total value of the Strategic Materials Program--no breakdown as between the metropolitan countries and their DOT's is available, but it is probable that a substantial portion of the total was used for development in the territories.

Allocations from Regular Program and from Counterpart Funds. Participating countries may draw on their ECA allotments for the benefit of their overseas territories, although to date only France has used a

^{1/} The ECA Technical Assistance Program was designed primarily for the purpose of acquainting Western Europe with the techniques of American industry and agriculture. And, in fact, only a very small portion of the funds (\$255,004 as of November 30, 1950) has been spent in the DOT's.

substantial amount for this purpose. According to French data, about \$275 million of procurement authorizations issued since the beginning of ERP and through October 31 were used to supply French overseas territories. France is also the principal metropolitan country which has used counter-part funds on behalf of its territories, having utilized the equivalent of about \$128 million on development projects such as electric power, roads, agriculture and development of raw materials in short supply.

The ECA Aid Program for Southeast Asia. The Twenty-eighth report of ECA for the Public Advisory Board describes the ECA program in Southeast Asia in the following terms:

"The ECA, through its program in Southeast Asia, is attempting to aid these new and struggling nationalisms to develop an economic basis for self-government and for resistance to subversion by providing technical and material assistance: To improve essential public services - health, technical training, transportation, communications; to promote economic rehabilitation and the development of agriculture, industrial production and fisheries -- both for local consumption and for export; and to supply certain essential commodities as incentive goods and as sources of income to assist the governments in paying the internal costs of extending essential services.

To administer these programs in Southeast Asia, ECA's Far East Program Division already has established missions in Indochina, Burma, Thailand, and Indonesia. From the nature of their responsibilities these missions are known as United States Special Technical and Economic Missions (STEM)."

After the Chinese Communists had driven the Nationalist Army off the mainland to Formosa, Congress authorized 1/ ECA to use the remaining China Aid funds, appropriated in 1948, for economic assistance to Formosa and other countries in Southeast Asia. The total amount of money thus made available to ECA was approximately \$98 million for the fiscal year 1951. Of this, Congress earmarked a minimum of \$40 million for Formosa, \$8 million for relief to China through the American Red Cross or other voluntary relief agencies and \$6 million for the training of Chinese students and teachers in the United States. This leaves \$44 million for the Southeast Asia program.

Between June 5 and October 31, total ECA commodity and technical service authorizations amounted to about \$27 million with the following area breakdown:

1/ In the Foreign Assistance Act of 1950, approved on June 5, 1950.

ECA Commodity and Technical Service
 Authorizations, June 5 - October 31, 1950

(In millions of dollars)

<u>Country</u>	<u>Amount</u>
Formosa	22.1 a/
Indochinese States	1.9 b/
Burma	1.8
Thailand	1.1
Indonesia	.1 c/
	<u>27.0</u>

a/ Excludes assistance received by China (including Formosa) from ECA funds prior to June 5, 1950.

b/ Procurement authorizations issued by ECA with Mutual Defense Assistance Program financing (classified information) are excluded.

c/ All for public health projects. Excludes \$101.4 million received by Indonesia from ERP funds allotted to the Netherlands on 1948 and 1949.

While it is difficult to separate relief and reconstruction aid from development assistance, the following table, showing the commodity distribution of the allocations authorized through October 31, suggests that over half the funds were used for consumers' goods and reconstruction purposes. The other half, roughly speaking, was probably applied to new projects.

Commodity Distribution of ECA
 Authorizations, June 5 - October 31, 1950
 (In millions of dollars)

<u>Commodity</u>	<u>Amount</u>
Fertilizer	\$5.4
Cotton, cotton yarn and basic textiles	5.1
Machinery, vehicles and construction equipment	3.8
Fats and oils (Formosa)	2.7
Iron and steel (Formosa)	2.7
All other	7.3
Total	<u>\$27.0</u>

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The United Nations Expanded Cooperative Program

In addition to rendering technical assistance on a bilateral basis, the United States is contributing substantially to an expanded United Nations program which has the same objectives as our Point IV Program and offers similar kinds of services. For example, the United Nations and its specialized agencies propose to finance pilot and demonstration projects, technical training, scientific and industrial research and the exchange of technical information. The program will be supported entirely by voluntary contributions from member countries to a technical assistance fund. The U. N. will allocate the total received among the various specialized agencies participating in the program. About \$20 million has already been pledged by 54 countries, including the U. S. contribution of \$12,007,500, a pledge from the U. K. for \$2,128,000; from France, for \$1,207,000; and \$773,000 from Canada.

At the Technical Assistance Conference at Lake Success in June 1950 it was decided to allocate \$17 million of the pledged sums among the participating agencies (in the amounts shown below) and to hold the balance in reserve.

Allocation of U. N. Technical Assistance Funds

<u>Specialized Agency</u>	<u>Per cent</u>	<u>Allocations</u> (Expressed in U.S. dollars)
United Nations	23	\$3,910,000
International Labor Organization	11	1,870,000
Food and Agriculture Organization	29	4,930,000
United Nations Education, Scientific and Cultural Organizations	14	2,380,000
International Civil Aviation Organization	1	170,000
World Health Organization	22	3,740,000
	<u>100</u>	<u>\$17,000,000</u>

This expanded technical assistance program was encouraged by President Truman who said in his inaugural address that Point IV "should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable. It must be a world-wide effort for the achievement of peace, plenty, and freedom."

Activities of the specialized agencies will be coordinated through a Technical Assistance Board (TAB) consisting of the executive heads of the United Nations and of the specialized agencies. Within TAB there will be exchange of information and discussions of important requests for assistance and of the relation between proposed annual programs which

each participating agency will be asked to prepare for the next fiscal year. A standing Technical Assistance Committee (TAC) of the Economic and Social Council will examine the activities undertaken and review the effectiveness of the methods of coordination.

At the time of writing no current progress report has been made available by the United Nations, but it is known that a number of agreements have recently been signed and several missions despatched. For example, Colombia has received a mission and requested more experts from the U. N., ILO, FAO and UNESCO; two missions have made a general economic survey for Afghanistan; and a number of specialists will be sent to Indonesia to advise on labor problems, agriculture and forestry, education, aviation, public health, and economic and social affairs.

The Colombo Plan

One of the most interesting events in the economic development field was the publication of the British Commonwealth Colombo Plan for Cooperative Economic Development in South and Southeast Asia.^{1/} This report, as its name implies, is a plan; a blueprint based on need. For each of the Commonwealth participants -- Ceylon, India, Pakistan and the Federation of Malaya -- it describes in relatively few pages the estimated minimum requirements for sound economic development over the next six years beginning July 1951. It is obviously written with a view to United States assistance, and in this sense is similar to the reports of the Committee of European Economic Cooperation which served as the basis for formulation of the European Recovery Program.

At the London meetings in October, Australia, Canada, Ceylon, India, New Zealand, Pakistan and the United Kingdom agreed to establish, with headquarters at Colombo, a Technical Cooperation Council which will provide technical assistance up to a maximum value of £8 million sterling over the three years commencing July 1, 1950. A major function of the Technical Cooperation Council, besides its administration of the £8 million, will be to coordinate all technical assistance programs initiated in the Commonwealth countries. Liaison is to be established "immediately with the United Nations and the specialized agencies and with all other organizations or countries not members of the Scheme which are presently extending technical assistance within South and Southeast Asia or which may in the future decide to do so." This may prove a particularly valuable agency if the United States ever decides to provide a substantial amount for Southeast Asian development.

The total estimated cost of the development program for the six-year period amounts to \$5,230 million of which \$3,035 million would require external financing. As shown in the table below it is proposed to draw down sterling balances in the amount of \$689 million, leaving \$2,349 million to be financed by other sources. Three such "other sources" are

^{1/} The Colombo Plan for Cooperative Economic Development in South and Southeast Asia. Report by the Consultative Committee. London: September - October 1950.

mentioned in the plan: (1) overseas private investors, (2) international institutions and (3) overseas Governments; and it is made quite clear that the International Bank and foreign Governments are considered the most likely contributors.

Summary of External Finance Required, 1951-57
(Millions of dollars) a/

	<u>India</u>	<u>Pakistan</u>	<u>Ceylon</u>	<u>Malaya and Br. Borneo</u>	<u>Total</u>
For period, July 1951 - June, 1957					
Total cost of the deve- lopment program	3,861	784	286	300	5,230
Cost of capital goods imported for the program	664	322	109	56	1,151
External finance needed:					
from sterling balances	591	45	53	--	689
From other sources	<u>1,700</u>	<u>361</u>	<u>115</u>	<u>171</u>	<u>2,349</u>
Total	2,290	406	168	171	3,035
For the first year, 1951-52					
External finance needed					
from sterling balances	98	28	14	--	140
From other sources	358	36	20	25	437

a/ Converted from £ million sterling at rate of 2.80.

Concerning Government-to-Government assistance, the Report says that it is very unlikely that "the external finance available through the other channels will be enough to enable the development programs to be carried out. It seems certain therefore, that a substantial element of Government-to-Government finance will be required, particularly in the early stages of the development programs." ^{1/}

^{1/} In this connection, "untied" assistance and lenient terms are advocated: "The way in which financial support could most effectively be given if other countries proved able to help, is a matter which cannot be determined at this stage. It would be clearly desirable, however, for the flow of capital to be organized and managed in a manner which made the greatest possible contribution to the objective of creating a pattern of world trade capable of sustaining a multilateral system of international payments ... Whatever means may be adopted for providing a flow of capital should not involve the tying of purchases to particular sources of supply, but should permit the available funds to be used in the most advantageous manner. It is likewise desirable that the flow of capital should not be arranged in a manner which involved such burdens of future repayment as would frustrate the purpose of stimulating an expansion of trade." (The Colombo Plan, p. 61)

Summary

Aid to underdeveloped countries is becoming an increasingly significant feature of United States foreign policy. It is now of utmost importance for the security and defense of the United States that the countries still free from Communist control become politically and militarily strong and socially and economically stable. The fact that funds have been made available for technical assistance under the programs described above is evidence that a good start has been made.

Summary of Funds Earmarked
for Economic Aid to Underdeveloped Countries
1950-1951
(In millions of dollars)

<u>Program</u>	<u>Amount</u>
U. S. Point IV	
ECA Special Reserve Fund for Overseas Development (tentatively earmarked)	22.5
ECA Southeast Aid Program	45.0
U. S. Contribution to U. N. Expanded Cooperative Program	44.0
Total of other countries contribution to U. N. Expanded Cooperative Program (in dollar equivalent)	12.0
Commonwealth Technical Cooperative Program	8.0
	<u>7.5</u>
Total	139.0

It will be noted that the order of magnitude involved is considerably below our European commitments, but any such comparison is subject to obvious qualifications. First, in addition to the funds allotted by governments for technical assistance a large portion of aid to underdeveloped countries will be in the form of Export-Import Bank and International Bank loans. Second, it is not the "dollar" that is needed in the underdeveloped countries so much as technical assistance. Many of these areas are abundantly endowed with rich natural resources but are sadly lacking in the technology and techniques necessary for sound development. Therefore, to meet the needs of the underdeveloped countries, the United States will possibly have to tax its resources much more lightly than was the case with European recovery. However, the underdeveloped countries could probably absorb much more technical assistance than is now contemplated.

In the face of a national emergency and world crisis, scarce resources must be husbanded and the maximum efficiency attained in their allocation. Under any conditions this is a difficult task, but where there is simultaneous operation of separately administered programs all working in closely allied fields, it is doubly difficult. Overlapping, duplication and contradiction are only a few of the hazards. As we have seen, there are the Technical Cooperation Administration, the Economic

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Cooperation Administration, the United Nations and its specialized agencies, the Commonwealth Technical Cooperation Council and the two important lending agencies -- the Export-Import Bank and the International Bank.

A mere review of the programs and listing of the coordinating committees suggests room for an overhaul. There are two major problems: (1) coordination of U. S. activities with the U. N., its specialized agencies and other multilateral programs and (2) coordination within the government of U. S. policies and operations. At present the first is being met through TCA and TAB. All technical assistance requests received are exchanged informally through an agreed routing to avoid duplication and inconsistency. TCA is responsible for coordinating all U. S. technical assistance activities, including those sponsored by ECA, and forwarding them to TAB via the State Department and the U. S. mission to the U. N.

It is the second problem that is at present more urgent. The Gray Report indicated that it would probably be the better part of wisdom to centralize administration of funds and operations, and to coordinate financial development and technical assistance activities. It should be recognized that different agencies have specific responsibilities in fields directly or indirectly related to development. In the absence of single-agency administration, therefore, there will have to be close coordination on an interdepartmental basis. Such coordination is now being effected through the TEC and the National Advisory Council (NAC), the former on the basis of its executive classification by the State Department, the latter on the basis of its statutory responsibility. It will be recalled, in this connection, that the membership of the two committees differs, with the Export-Import Bank, State, Treasury and Commerce on both committees and the International Bank, the Monetary Fund and Federal Reserve represented on the NAC but not on the TEC.

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