

THE POINT FOUR PROGRAM:  
ITS IMMEDIATE INCEPTION AND PROMULGATION

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## PREFACE

Over three years have passed since President Truman announced the Point Four program in his Inaugural Address of January, 1949. Today this program is in operation in thirty-four countries of the world and millions of dollars have already been spent in the promulgation of this element of American foreign policy. Possibly more than any other element in the recent phase of American foreign aid programs, Point Four has met with more widespread approval. However, even with this in view, it would seem appropriate to examine this program.

The foreign policy of the United States is of vital concern to every American. While the United States is no doubt beset with many domestic issues, the tense international situation gives the American foreign policy a place of first magnitude not only to the citizens of the United States, but also to the world community in general. One of the challenges of this problem lies in the examination of what our Government considers to be the justified elements of American foreign policy and evidently the Point Four program is so considered.

It would seem even more appropriate and this was a basis for the author's immediate interest in the problem, that such an examination of the Point Four program should be undertaken at this College. Six months ago the late President of this College, Dr. Henry Garland Bennett, gave his life in the service of the Point Four program.

This examination is not based upon trying to achieve an accurate and objective appraisal of the program, but merely upon an examination of its immediate inception and promulgation. In proceeding with this work the author started with what he considered to be the genesis of the

program—the Inaugural Address of President Truman. However, even after a cursory examination of what the President had in view when he announced the Point Four program, showed that there are many precedents in American foreign policy for such a program. This examination has therefore briefly probed into some of these precedents and into the problem of analyzing the immediate inspiration of the concept of this program.

It was one thing to proclaim the principles of the Point Four program and another to receive legislative authorization, devise the details, and actually implement the program. In this paper an attempt has been made to examine these various stages of development with a view of presenting such with all the divergent views that were evident in regard to them.

Such a study would hardly have been possible without the assistance of the staffs of the Department of Political Science and the College Library, and many other individuals who freely gave of their time and information. Therefore, the author wishes to acknowledge those who have given considerate attention and assistance to this study.

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Stillwater, Oklahoma  
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## CHAPTER I.

### THE ENUNCIATION OF THE POINT FOUR PROGRAM ITS IMMEDIATE PRECEDENTS AND INSPIRATION

All mankinde is of one Author, and is one volume...  
No man is an Ilande, intire of it selfe; every man is  
a peece of the Continent, a part of the maine...Any  
man's death diminishes me, because I am involved in  
Mankinde;  
And therefore never send to know for whom the bell tolls;  
It tolls for thee.-----John Donne, Devotions.

#### A. The "Fourth Point" of President Truman's Inaugural Address.

##### 1. Public reception of the Address.

An address by President Harry S. Truman before the Electoral College on the morning of January 20, 1949, might have been taken by the nation as a favorable indication of what the President would have had to say in his inaugural address that noon. The President:

...spoke solemnly of the responsibilities that he will shoulder when he takes the oath of office in historic ceremonies on the Capitol steps at noon. He told the electors that his supreme interest would be to see the United States assume the world leadership 'God had intended'. He would work toward this goal, he declared, for the benefit of all the people in the world--not for the benefit of the United States alone.<sup>1</sup>

The words "not for the benefit of the United States alone", seem to have indicated what the President was to announce to the world as his now famous Point Four program in his Inaugural Address of January 20, 1949. In outlining a four-point foreign policy, President Truman first stated that we should continue our support of the United Nations; second, we should continue the European Recovery Program; third, we should strengthen the freedom-loving nations against the dangers of aggression through some

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<sup>1</sup> New York Times, Vol. 98 (January 20, 1949), p. 1, col. 5.

<sup>2</sup> U. S. Congress, 81st, 1st Sess., Senate Doc. No. 5. Inaugural Address of Harry S. Truman, President of the United States, January 20, 1949. (Government Printing Office, Washington, D. C., 1949); (Hereafter referred to as Inaugural Address.)



form of collective security; and:

...fourth, 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...Our aim should be to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials four housing, and more mechanical power to lighten their burdens.<sup>3</sup>

The reception of the nation and the world to President Truman's announcement of a "bold new program" was not as impressive as the reception given to his stand on Communism and Russia in his Inaugural Address. Mr. James Reston of the New York Times, raised the question, "What was this (point four), the observers were asking this afternoon, the pronouncement of a carefully developed policy or merely a speech, a statement of hope and intention?"<sup>4</sup> He thus declared that responsible observers in the capitol saw these things in the address:

...a declaration that despite the current Soviet 'peace offensive' and other efforts at home to moderate the nation's policy towards the Soviet Union-the Truman Administration is determined to continue and expand its efforts to rebuild the economic and military defenses of Western Europe.

...an offer to the people of Asia...to give them political and technical assistance but a warning not to throw away these offers by going Communistic.

...an invitation to American private capital to invest in non-imperialistic ventures in the colonial areas of the world with the aid of American skill and perhaps the support of the American treasury to finance the technicians and guarantee the investments.<sup>5</sup>

The question that arose no doubt to many observers was, "What is Point Four?" The late Dr. Henry G. Bennett, first Administrator of the Technical Cooperation Administration, an agency set up to administer the Point Four program,<sup>6</sup> once stated in a memorandum to his staff that the

<sup>3</sup> Loc. cit.; Also see Appendix A, below, p. 131.

<sup>4</sup> New York Times, Vol. 98 (January 21, 1949), p. 1, col. 5.

<sup>5</sup> Loc. cit.

<sup>6</sup> See below, Chapter IV, passim.

Point Four program was, "...a simple down-to-earth, self-help program designed primarily to assist other peoples in improving their educational systems, increasing their food production and bettering their health conditions."<sup>7</sup> This same idea was expressed in a Department of State publication interpreting the Point Four program. This earlier publication made it clear that the official objectives and philosophy of this program were both political and economic and the Department of State listed the following as the four goals of the Point Four program:

...to promote world-wide economic stability and productivity by achieving a better balance in the world economy, and by expanding international trade, in so doing, to assist recovery in Europe and elsewhere by opening new sources of raw materials and new markets to the United States and to the countries now extraordinarily dependent on the United States.

...to strengthen the United Nations system by supporting cooperative international action for economic development and by making maximum use of United Nations and related agencies in such action.

...to strengthen political democracy by helping the peoples of underdeveloped areas toward a better life and by giving them new hope for the future.

...to promote world peace by working toward all these goals and by showing that world development can take place peacefully with increasing personal freedom, as the energies of peoples are released in to channels of constructive effort aimed at greater production, greater exchange, and greater consumption.<sup>8</sup>

But not all the press was as optimistic as the Department of State.

Mr. Serguis Yakobson, specialist in Russian affairs in the Library of Congress's Legislative Reference Service, stated in an article in the Annals of the American Academy of Political and Social Science, that:

...it (Point Four) was violently denounced by Soviet officials as a new page in the long and notorious record of the United States imperialist expansion and as fresh evidence of 'American

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<sup>7</sup> U. S. Department of State, Press Release 66, January 24, 1952 Dr. Bennett's remarks quoted in "What is Point Four?", address by Secretary of State Dean Acheson before the Americans for Democratic Action, New York City, p. 7.

<sup>8</sup> U. S. Department of State, Bulletin, Vol. 21 (July 4, 1949) "The President's Point Four Program." (Government Printing Office, Washington, D. C., 1949), p. (Hereafter referred to as Bulletin.)

colonialism'. Soviet interpretation of this policy would have one believe that it does not differ basically from the United States policy of the last century, that only the emphasis has shifted, that the former United States policy of open intervention in the internal affairs of the Latin American countries has simply given way to more subtle and camouflaged forms.<sup>9</sup>

In the same article, Mr. Yakobson stated that in an article in Pravda, by M. Marinin, the Point Four program was declared to be the third element in an all-out aggressive American foreign policy directed toward the "formation of a world-wide American empire."<sup>10</sup>

This conception, that the Point Four proposal was a plan for American colonialism, was not limited to the Soviet press. Mr. Thomas Sanction, Washington, D. C. editor of the Nation, in an article discussing President Truman's inaugural address, stated that, "...the President's first outline of the idea shows a lack of daring, a failure to grapple with the dilemmas implicit in proselytizing for democracy by means of the ancient economic vehicle of private colonial investment."<sup>11</sup> A similar acrimonious view was taken by the New Republic in an article concerning the background of the Point Four concept. The New Republic stated that President Truman's proposal to wipe out Communism by means of technical assistance, "... appears to call this country to a holy crusade against Russia and her satellites which could have no conclusion except in war."<sup>12</sup>

Although stated in a somewhat chiding manner, Time magazine seems to have captured part of the concept behind the Point Four idea. "The bold new program maybe wasn't another offer of a bottle of milk for every Hottentot, but it sounded as if the United States proposed to the Hottentots, how to run a dairy..."<sup>13</sup> was Time's comment.

<sup>9</sup> Serguis Yakobson, "Soviet Concepts of Point Four.", Annals of the American Academy of Political and Social Science, Vol. 268, (March, 1950), p. 129. (Hereafter referred to as the Annals.)

<sup>10</sup> Loc. cit.

<sup>11</sup> Thomas Sanction, "Truman's Colonial Experiment," The Nation Vol. 168, (February 5, 1949), p. 147.

<sup>12</sup> "Truman's Global Plans," New Republic, Vol. 120, (January 31, 1949), p. 5.

<sup>13</sup> Time, Vol. 153 (January 31, 1949), p. 16.

The Department of State's reaction to the inaugural address and specifically, Point Four, was that there was widespread favorable interest in it. "The interest which the announcement of the 'Point Four Program' evoked both at home and abroad testifies to the acute and widespread need for the kind of assistance offered, and to the popular recognition of the implications and promise of the program."<sup>14</sup>

2. The meaning of the "fourth point".

What was this assistance that was to be offered by the Point Four program and the nature of such, that by January, 1952, was operating, through the Technical Cooperation Administration, in thirty-four countries with a staff of over one thousand technicians, carrying on some two hundred and sixteen projects in Latin America, Africa, the Middle East and Asia? Secretary of State Dean Acheson has stated that the program was primarily a human enterprise in the exchange of skills and information.<sup>15</sup> A definition that the Department of State gave to the program at an early date was, "...a cooperative program for aid in the development of economically underdeveloped areas."<sup>16</sup> The program was to be cooperative in the sense that the United States would work with other countries or international agencies in carrying out the desired programs; it was aid in the sense that the United States offered technical assistance and possible capital to those countries who applied for it and it was found that not only was there a need for the aid, but that such aid<sup>17</sup> would meet certain qualifications set up by the United States.

Technical assistance, one of the first methods used in aiding

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<sup>14</sup> U. S. Department of State, "Building the Peace: The Point Four Program.", Spring, 1949 (Publication 3498, Government Printing Office, Washington, D. C., 1949), p. 1.

<sup>15</sup> Press Release 66, op. cit., p. 2.

<sup>16</sup> U. S. Department of State, Point Four: Cooperative Program for Aid in the Development of Economically Underdeveloped Areas, (Publication 3719, January, 1950, Government Printing Office, Washington, D. C., 1950). (Hereafter referred to as "Point Four".)

economic development development, was a problem of supplying needed know how and show how" to the countries in their total national development.

This meant:

...helping to make basic studies and surveys of economic problems, needs, and potential lines of development; furnishing expert advisers or missions to advise governments, private organizations, or business enterprises in development projects; ...helping to establish and operate research and experimental centers and laboratories; developing demonstration projects; providing on-the-job training; furnishing and instructing in the use of sample materials and equipment;...assisting technical schools and universities; exchanging students and teachers in technical fields....<sup>17</sup>

The second element of the proposed program was to be a capital investment plan, supplied by both American and local sources in the private investment market. Capital investment would be needed in order to make productive the skills and resources that technical assistance was able to develop.<sup>18</sup> The Department of State has stated that, "...new techniques can advance economic development only to a limited extent unless capital investment is taking place at the same time."<sup>19</sup> While the capital investment program would look to private sources as much as possible, public loans would possibly have to be expanded for a temporary period for certain projects that were not adapted to private capital investment. Among such projects would be the basic utilities fields, port and harbor development,<sup>20</sup> irrigation, and reclamation. Hence, with such projects to be developed, the program was thought of as a long-term process on an evolutionary basis.<sup>21</sup>

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<sup>17</sup> "Point Four", op. cit., p. 3.

<sup>18</sup> For a more detailed discussion on the capital investment program, see below, Chapter II, pp. 43-57

<sup>19</sup> "Point Four", op. cit., p. 4.

<sup>20</sup> For a more detailed discussion of the role of public funds in the Point Four program, see below, Chapter II, pp. 48-50

<sup>21</sup> "Point Four", op. cit., pp. 6-7.

B. The Immediate Precedents of the Point Four program.

1. How Point Four is related to missionary work.

The American people and the world in general, should not have found the concept of Point Four something completely foreign to them when President Truman announced his program. American missionaries had been carrying technical aid to the world for many decades. Dr. Rowland M. Cross, of the Foreign Missions Conference of North America, pointed this out in his statement to the Senate Foreign Relations Committee in 1950, when that Committee was considering Point Four legislation. Dr. Cross stated:

...Christian missions have included medical work and medical education, agricultural-improvement projects and agricultural education, industrial work and industrial education, as well as social-service centers and training in cities and country, and extensive participation in relief projects.<sup>22</sup>

The late Dr. Henry G. Bennett stated in an address before the American Vocational Association in 1951, that, "...we cannot claim to be the first on the scene. The missionaries began it, more than a hundred years ago. Almost everywhere you go in the service of Point Four, you see traces of their work. And what you see is good."<sup>23</sup> This idea of the modern missionary has had some appeal to the citizens of the United States and as one official of the Department of State, Mr. John Bingham, Assistant Administrator of the Technical Cooperation Administration, has stated:

Surely what could have more widespread appeal to the American than The Point Four idea? It is both new and old. It is old in that it is in the tradition of Americans to send missionaries to all parts of the world to help peoples of the world. It is in our tradition also in that it means pushing back frontiers both in terms of

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<sup>22</sup> U. S. Congress, 81st, 2nd Sess., Senate, Committee on Foreign Relations, Hearings on the Act for International Development, March 30, April 3, 1950. (Government Printing Office, Washington, D. C., 1950), p. 96. (Hereafter referred to as Senate Hearings.)

<sup>23</sup> U. S. Department of State, Press Release, November 28, 1951. "Point Four: Adventure in Education," address by Dr. Henry G. Bennett, Minneapolis, Minnesota, November 28, 1951.

territory and in terms of knowledge. On the other hand, Point Four is new in terms of the scope of the effort, in terms of the fact that the whole Government of the United States is behind it.<sup>24</sup>

2. Latin American projects conducted by the United States.

That the United States had long recognized the value of technical cooperation to underdeveloped areas is evidenced by the programs carried on by the United States in the past in Latin America. At the Eighth International Conference of American States, held in Lima, Peru in December, 1938, the United States agreed to help in the, "...peaceful collaboration and intellectual interchange and economic reconstruction for international welfare."<sup>25</sup> Also, in cooperation with a resolution adopted by the first meeting of the Foreign Ministers of the Republics of America, that a Inter-American Financial and Economic Advisory Committee be established,<sup>26</sup> the United States made available during the course of World War II, aid in the form of direct gifts or cooperative projects, a total of nearly \$80,000,000 to the Latin American Republics.<sup>27</sup>

In the immediate past, the Inter-Departmental Committee on Scientific and Cultural Cooperation, is an example of a program quite similar to the Point Four program. The CSCC consists of a representative of each of the twelve United States Government agencies that are engaged in cooperative programs in Latin America. The Department of State acts as the

<sup>24</sup> U. S. Department of State, Press Release, January 30, 1952. "Point Four: Our Hope for Peace," address by J. Bingham before the American for Democratic Action, Cleveland, Ohio, January 30, 1952.

<sup>25</sup> Pan American Union, Eighth International Conference of American States: report of the conference. Lima, Peru, December 9-27, 1938. (Pan American Union, Washington, D. C., 1939).

<sup>26</sup> Loc. cit. Report of the Meeting of the Ministers of Foreign Affairs of the American Republics, Panama, 1939. (Pan American Union, Washington, D. C., 1939).

<sup>27</sup> U. S. Congress, 80th, 1st Sess., House, Committee on Finance. Foreign Assets and Liabilities of the United States. (Committee Print, Government Printing Office, Washington, D. C., 1948), p. 36.

the clearing-house for this program and since 1941 it has been authorized to carry out cultural and technical cooperative projects, and educational cooperation, such as the exchange of teachers and students between the Latin American countries and the United States. This was in fulfillment of the concept adopted at the Conference of American States held in 1938.<sup>28</sup> As a part of this program, the United States has helped to sponsor schools in several of the Latin American countries, an example being the "community-centered" schools of Bolivia.<sup>29</sup>

The technical assistance programs carried on by the CSCC, "...included agricultural demonstration and experimental stations in 14 countries to develop such products as rubber, cacao, coffee, cinchona, insecticidal crops, medicinal plants, tropical fruits, and palm oil."<sup>30</sup> Acting as the clearing-house for the agencies engaged in programs of technical assistance to the Latin American countries, the CSCC has coordinated sundry types of programs, the following being a survey of some of them:

- Department of Agriculture: Soil conservation; entomology and extension service programs.
- Department of Labor.....: Industrial training; apprenticeship and employment service; industrial safety and health; employment standards.
- Department of Interior...: Public land management; fish developments, geological surveying for mineral and water resources.
- Department of Commerce...: Census and statistical procedures; national income and balance-of-payments research; information for American businessmen on opportunities for developmental capital to be invested.
- Social Security Administration: Social welfare services; social insurance; and maternal and child welfare services.

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<sup>28</sup> Above, p. 8

<sup>29</sup> "Point Four", *op. cit.*, pp. 164-167.

<sup>30</sup> Major Problems of United States Foreign Policy 1949-1950.

Lee Pasvolsky, Director, International Studies Group, (Brookings Institution, Washington, D. C., 1949), p. 30.



Treasury Department.....: Taxation and fiscal policy, customs administration.<sup>31</sup>

Mr. John R. Steelman, Assistant to the President and Chairman of the National Security Resources Board, stated in an address before the Executives Club of Chicago in May, 1949, that the Point Four idea had as its forerunners, many activities of both government and private organizations.<sup>32</sup> He pointed out that many fine examples of what could be done through such as program as Point Four were being carried on at that time by American businessmen in South America and elsewhere. He cited as examples, the development of lumber camps in South America, of rubber plantations in Liberia, of palm oil developments in the Belgian Congo, and of the building of schools for the training of workers in these fields.

To counter the statements to the effect that Point Four was primarily an anti-Communist development, Assistant Secretary of State Willard Thorp pointed out in 1950, in an address before the American Public Health Association that the:

...concern of your government for the health and well-being of other peoples as well as our own, is not a phenomenon that has suddenly arisen out of the current conflict with Communist imperialism...The American people and their Government went out to do battle with disease long before the Communist menace assumed such threatening proportions...This is true because of our interest and our stake in the well-being of other peoples is based on something even more fundamental than a determination to beat back the encroachments of an evil tyranny...There is a strong humanitarian element in our effort to do our part in the making of a peaceful, happy world.<sup>33</sup>

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<sup>31</sup> U. S. Congress, 81st, 2nd Sess., Senate, Committee on Foreign Relations, Senate Report No. 1371, part 2. Supplementary Report on S. 3304, Title V, Act for International Development, (Government Printing Office, Washington, D. C., 1950), pp. 6-7. (Hereafter referred to as Senate Report 1371, part 2.)

<sup>32</sup> Bulletin, op. cit., Vol. 20 (June 12, 1949), pp. 760-763; See below, Chapter II, p. 57 concerning a private concern in the technical assistance business, IIEC.

<sup>33</sup> U. S. Department of State, Press Release 1115, October 30, 1950.

The validity of this statement is brought out by the fact that in 1947, the 80th Congress authorized the establishment of the Institute of Inter-American Affairs.<sup>34</sup> A wholly Government-owned, non-profit organization, the IIAA has engaged in general welfare work in the Latin American countries since its establishment. The purpose of the IIAA was to further the friendship and understanding of the American Republics with the United States through collaboration with the United States in, "... planning, initiating, assisting, administering, and executing technical programs...in the fields of public health, sanitation, agriculture, and education."<sup>35</sup> The IIAA has operated in nearly all of the Latin American countries in the fields of public health, education, and food supply on a bilateral basis. It was originally organized into several divisions, such as the Food and Supply Division organized to carry on country-wide extension service for the purpose of bringing better agricultural practices to the Latin American farmer; the Educational Division to work in the rural and vocational schools in Latin America; and the Health Division organized to work in fourteen countries draining swamps, building city water systems, training nurses and midwives, and organizing health and prenatal clinics.<sup>36</sup>

It would seem then, that as far as the countries of Latin America were concerned, the United States was initiating nothing new when it embarked on the "bold new program". Mr. Simon G. Hanson, editor of the

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<sup>34</sup> 61 Stat. 780.

<sup>35</sup> U. S. Congress, 81st, 2nd Sess., House, Committee on Foreign Affairs, House Report 1123, Report on H. R. 5730, a bill extending the Institute of Inter-American Affairs. (Government Printing Office, Washington, D. C., 1949), p. 3.

<sup>36</sup> U. S. Department of State. Press Release 1009, September 28, 1950, "remarks of Ambassador Capus M. Waynick at the Plenary Session of the Inter-American Economic and Social Council, Pan American Union."

Inter-American Affairs, has stated that:

For the other American Republics, the Point 4 program represents a restatement of objectives rather than a new policy on the part of the United States Government...Under the good-neighbor policy of the Government, after costly experimentation, there was devised a successful technique of technical cooperation and slowly built up a record of experience...The success of Point Four the world over will in a very large measure depend on what we have learned in the course of the trail run in Latin America....<sup>37</sup>

To many persons in 1949, the proposed Point Four program was merely a call for the continuation of existing programs then operating under the ERP. During the course of the public hearings conducted by the Committee on Foreign Affairs of the House of Representatives in January, 1950, on foreign aid legislation, it was brought out by members of the Committee that the Government was already conducting a 'point four' program.<sup>38</sup> An example of this is shown in the following remarks between members of the Committee and Mr. Paul Hoffman, then Administrator of the Economic Cooperation Administration:<sup>39</sup>

- Mr. Javits.....: Do you think therefore that Point IV represents the first American bid post ERP?
- Mr. Hoffman....: I think that a Point IV program properly administered could take up, in territories where we are now operating, where we leave off...
- Mr. Judd.....: With the possible exception of the IIAA, in that the China Aid Act of 1948, in section 407, set up a Point IV program for the rural free areas of China, the Joint Commission on Rural Reconstruction was a forerunner of the Point IV program?
- Mr. Hoffman.....: That is right.
- Mr. Lodge.....: For reasons best known to the Department of State, they have decided that the Point IV program was a new discovery of the President; whereas the Point IV concept was...in ECA.
- Mr. Hoffman....: (No comment).
- Mr. Judd.....: Actually, the Point IV program is really a plagiarism of what was done by the Eightieth Congress.<sup>40</sup>

<sup>37</sup> Simon G. Hanson, "Latin America and the Point 4 Program." Annals, op. cit., Vol. 269 (March, 1950), p. 66.

<sup>38</sup> U. S. Congress, 81st, 2nd Sess., House, Committee on Foreign Affairs, Hearings on H. R. 5615, H. R. 6026, H. R. 6834, H. R. 6835 and H. R. 7346, part 2, Act for International Development. (Committee Print, Government Printing Office Washington, D. C., 1950), pp. 353-523.

<sup>39</sup> Representative's Javits, Republican, New York; Judd, Republican, Minnesota; Lodge, Democrat, Connecticut.

<sup>40</sup> House Hearing. op. cit., pp. 424, 429, 433, 435 respectively.

3. Projects conducted in China and the Philippine Islands.

The Joint Commission on Rural Reconstruction mentioned by Representative Judd, was established under the "China Aid Act of 1948"<sup>41</sup>-title IV of the "Foreign Assistance Act of 1948"<sup>42</sup>-was a five member commission, three members appointed by China and two by the United States. This Commission undertook projects in research and training for reconstruction purposes in the rural free areas of China. Such programs as the following constituted the bulk of the work undertaken by the Commission

Coordinated extension-type programs in agriculture, home demonstration, health, and education...subsidiary projects...in agriculture production, marketing credit, irrigation, home and community industries, nutrition, (and) sanitation.<sup>43</sup>

Similar to the technical assistance undertaken by the Joint Commission in China, was an earlier program in the Philippine Islands conducted by the United States Government. The "Philippine Rehabilitation Act of 1946"<sup>44</sup> provided for the training of 850 Philippine nationals in the United States Government agencies in such fields as public road construction, health services, weather and geodetic surveying, and fish and wildlife services.<sup>45</sup>

All of these various projects taken together, the IIAA, the CSCG, the activities of the OAS, the ECA and the two measures spoken above would seem to comprise a ample group of precedents upon which to base the Point Four program. But there are other places in which technical assistance may be found. The United States has had no monopoly on such programs. The metropolitan powers of Western Europe, especially Great Britain, have had considerable experience in the past with such projects.

<sup>41</sup> 62 Stat. 157.

<sup>42</sup> 62 Stat. 137.

<sup>43</sup> Bulletin, op. cit., Vol. 19 (August 15, 1948), p. 203.

<sup>44</sup> 60 Stat. 128.

<sup>45</sup> Pasvolsky, op. cit., p. 306.

4. Great Britain's work in the field of technical assistance.

The British Government had undertaken the training of natives in simple medical and surgical aid on a large scale as early as the 1920's; in the year 1929 over \$20,000,000 was spent by the British Government in colonial areas for such services and for related projects in research and experimental work in preventive medicine. These services plus the development of educational systems, mission schools, the fostering of local capital and industry, are projects quite similar to those proposed to be undertaken by the Point Four program in 1949.<sup>46</sup>

In the educational field, the British, through a system of grants-in-aid to missions, have been able to show progress in the field of elementary education. This included instruction in methods in the use of modern techniques in agriculture, sanitation, and simple crafts. In higher education, provision for the training of future native chiefs was undertaken by the British. In addition to these services, provision was made for the training of natives in commercial occupations, trades and industries.

Realizing the eventual economic independence of colonies, the British Government started as early as 1911 to foster the development of local capital through co-operative societies, land banks, and village agricultural banks. By 1937, co-operative legislation existed in all of the British colonies in Asia, and in the West Indies.

But a comprehensive program of technical assistance was not started by the British until 1950. At that time grave internal economic problems existed in the colonial areas and the Commonwealth. To meet this problem, the Colombo Plan, a technical cooperation program similar to the Point Four program, was promulgated.<sup>47</sup>

<sup>46</sup> Information contained here was taken from, The Colonial Problem: Report of the Royal Institute of International Affairs, (Oxford University Press, London, 1937), Chapter XI, pp. 198-226.

<sup>47</sup> Carr-Gregg, The Colombo Plan. International Conciliation. No. 467 (January, 1951), New York, p. 16.

C. The Immediate Inspiration of the Point Four program.

With the foregoing developments in view, the question arises, "If the technical assistance program has many precedents and is not necessarily a new policy of the United States, then where did the immediate inspiration of the fourth point of the Inaugural Address of President Truman come from?" To say that any one person deserves the credit for the inspiration and the implementation of the concept of Point Four would be a fallacy. Samuel Flagg Bemis, in speaking of the ERP has stated:

To give still more generous gush to the outflow, President Truman, apparently taking his cue from an earlier statement by Henry A. Wallace, proposed as his Point Four of his inaugural address..., a 'bold new program'.<sup>48</sup>

1. The role of Henry A. Wallace in the Point Four concept.

This statement possibly has some validity. Mr. Wallace began talking about such a program as Point Four as early as 1942.<sup>49</sup> In an address before the Free World Association on May 8, 1942, Mr. Wallace stated that modern science had made it technologically possible:

...to see that all the people of the world have enough to eat... (and that) The peace must mean a better standard of living for the common-man... Perhaps it will be America's opportunity to suggest the freedoms and duties by which the common-man must live by. Everywhere the common-man must learn to increase his productivity so that he and his children can eventually pay to the world community all they have received. No nation will have the God-given right to exploit other nations. Older nations will have the privilege to help younger nations get started on the path to industrialization, but there must be neither economic nor military imperialism. Modern science, when devoted wholeheartedly to the general welfare, has in it potentialities of which we do not yet dream.<sup>50</sup>

Again, in 1943, Mr. Wallace spoke in quite similar terms in an article in the American Magazine. In answering the question of what would happen to the great industrial machine of the United States when the

<sup>48</sup> Samuel Flagg Bemis. A Diplomatic History of the United States, Third Edition, (New York: Henry Holt and Company, 1950), p. 928.

<sup>49</sup> See Appendix A pp. 125-126, letter from Henry A. Wallace to author, April 5, 1952.

<sup>50</sup> Henry Wallace, "The Price of Free World Victory.", International Conciliation, Vol. 381 (June, 1942), p. 373.

peace came, Mr. Wallace called for a vast new development program under the direction of the United Nations; "to prevent world-wide unemployment, there will probably have to be a United Nations investment corporation under whose direction public and private capital can be put to work for world-wide reconstruction."<sup>51</sup> In reviewing the accomplishments of the Tennessee Valley Authority, Mr. Wallace pointed out that:

The principal value of experience in the TVA is to be found in the light that it throws on what our attitude should be toward other countries. On the one hand, we do not want to engage in the old type of capitalistic exploitation of the resources of foreign countries. On the other hand, we do not want to spill our money all over the world without regard to how it is used or whether we, ourselves derive any benefits, direct or indirect...The American businessman will rise to the challenge...to the infinite possibilities for development not only in our own country, but in the tropics and in Asia...The creative businessman of the future will recognize that while government will play a large part in opening these new frontiers, the government activity will be such as not to reduce but to increase the field for private initiative.<sup>52</sup>

"To see that all of the people of the world have enough to eat; America's opportunity to suggest...; the common-man must learn to increase his productivity...; older nations will have the privilege to help younger nations get started...; private and public capital can be put to work for world-wide reconstruction...; development not only in our own country, but in the tropics and in Asia." The general tone of these public utterances by Mr. Wallace, would seem to indicate that he possibly had in view some form of post-war technical assistance to the underdeveloped areas of the world; at least he visualized the need for such a program.

2. The possibility of Franklin D. Roosevelt having such a concept.

The late President Franklin D. Roosevelt seems to have had in mind sometime before his death, a concept of technical assistance quite similar to that expressed by President Truman in his Inaugural Address. How far he had developed this concept and whether he planned to make it an

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<sup>51</sup> Henry Wallace, "What We Will Get Out of the War.", American Magazine, Vol. 130 (March, 1943), p. 22

<sup>52</sup> Ibid., p. 103.

element of his post-war foreign policy, is a matter of speculation. But the fact that he did have such an idea is brought out by the following statement by Secretary of State Dean Acheson:

There could be no tribute more fitting to the memory of Franklin Delano Roosevelt than this program dedicated to the Point Four idea. The whole idea of Point Four is one that looks toward the future with boldness and imagination, as did Franklin Roosevelt. Indeed, there are signs that his own thoughts were turning in this direction in the last months of his life. When FDR was returning from Europe on what turned out to be his last trip, one of the matters that preoccupied his mind was the relation between the underdeveloped areas and the problem of world peace. In the course of a press conference on board the Quincy, he spoke prophetically of the need for helping the people of Iran and the other countries of the Middle East and elsewhere, with irrigation, reforestation, education and health—the very things that we are now carrying forward under the trade mark of Point Four.<sup>53</sup>

Again, in an address by the Assistant Administrator of the Technical Cooperation Administration, Jonathan Bingham, tribute was paid to Franklin D. Roosevelt for having in mind a concept that is now called Point Four. Mr. Bingham stated:

Surely there is nothing that Franklin Roosevelt would be more interested in if he were alive today than the development of underdeveloped countries...In her sensitive and preceptive book about him, Frances Perkins told of the time he was flying over the Middle East on his way to Tehran, Roosevelt told his companions that someday after he finished his work as President, he would like to return to the Middle East and try, through the use of water and modern techniques, to make its desert flower again.<sup>54</sup>

This reference probably was to the description that President Roosevelt gave to Mrs. Perkins, of the North African regions and the Middle East, in which he expressed a desire that the, "...people would have work to do and could earn a decent income," by turning these regions into a resort area of the world.<sup>55</sup>

<sup>53</sup> Press Release 66, op. cit., p. 1.

<sup>54</sup> U. S. Department of State, Press Release, January 30, 1952 "Point Four: Our Hope for Peace.", address by Jonathan Bingham, Cleveland, Ohio, January 30, 1952.

<sup>55</sup> Frances Perkins, The Roosevelt I Knew, (New York: Viking Press, 1946), p. 82.



3. The work of Oscar Chapman and Arthur Goldschmidt. Various other persons besides Roosevelt and Wallace have been given some credit for the implementation of the concept of Point Four. The names of Mr. Arthur Goldschmidt and Mr. Oscar Chapman of the Department of the Interior have been mentioned in some quarters as the motivators of this concept. Soon after the program was announced, the New Republic <sup>56</sup> stated that these two individuals inspired the Point Four plan. This magazine, in discussing President Truman's address, stated that, "...we are able to reveal that the inspiration for this plan came from a group of New Dealers in the administration, notably Under Secretary of the Interior Oscar Chapman and Arthur Goldschmidt, special assistant to the Secretary." <sup>57</sup>

Possibly this statement is rather positive considering the material that is now available on the matter. At the time of the announcement of Point Four and as early as 1940, the Department of Interior had been carrying on programs similar to the proposed Point Four program. Under a program of cooperation with the Latin American countries the Bureau of Mines of the Department of Interior had been sending out technicians to help with mining problems in South America. <sup>58</sup> Also, the Geological Survey Division of the Department of Interior had cooperated with Latin American countries in making appraisals of mining deposits in various countries, and the Department stated that:

The practical aid which the Department of Interior...has been furnishing since 1940 to nations of South and Central America in their search for water, minerals, metals, and a better understanding of the forces of nature responsible for such deposits, is blossoming into new life in those and other underdeveloped countries under... the Point Four program. <sup>59</sup>

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<sup>56</sup> "Truman's Global Plans," New Republic, Vol. 120 (January 31, 1949), p. 5.

<sup>57</sup> Loc. cit.

<sup>58</sup> U. S. Department of Interior. Point Four in Action, (Government Printing Office, Washington, D. C., 1951), p. 7.

<sup>59</sup> Ibid., p. 9.

Hence, many persons in the Department of Interior, saw in Point Four a call for an expansion of existing programs. According to Mr. J. C. McCaskill, Director of the Division of International Activities of the Department of Interior, Mr. Goldschmidt had long been a supporter of these existing programs, but that both Mr. Goldschmidt and Mr. Chapman had denied any participation in the drafting of the "fourth point".<sup>60</sup>

4. The role of Benjamin Hill Hardy in the Point Four concept.

One person stands out though, as possibly the greatest single contributor to the immediate inspiration of the Point Four concept. This person is the late Benjamin Hill Hardy, Jr., one of the Public Affairs Officers of the Department of State and later Public Affairs Officer for the Technical Cooperation Administration. Evidently, Mr. Hardy had been thinking in terms of the need for a technical assistance program for several years before the announcement of the Point Four program. In a statement at the time of the death of Mr. Hardy, President Truman said, "...Benjamin H. Hardy...was one of those people who helped to create the Point Four idea and to make it known to the public."<sup>61</sup>

Many such statements tend to verify the fact that Benjamin Hardy, "...was one of the first and strongest enthusiasts for the Point Four idea, ...in his modest and self effacing way, he consistently refused to take credit for his part in bringing Point 4 to life."<sup>62</sup> Also, in a typescript biography of Mr. Hardy, published by the Department of State, the comment was made that, "...he initiated the Point 4 idea and helped to draft it into the President's Inaugural Address of January, 1949."<sup>63</sup>

<sup>60</sup> See Appendix A ,p. , letter from J. C. McCaskill to author, April 15, 1952.

<sup>61</sup> U. S. Department of State, Statement by the President, December 23, 1951, (typescript to author).

<sup>62</sup> Loc. cit. Press Release 1112, December 23, 1951.

<sup>63</sup> Loc. cit. Benjamin Hill Hardy (biographical sketch, typescript to author).

Benjamin Hill Hardy, a native of Georgia, had, at the time of his death in 1951, been in the Government service since 1943. His first work was with the Coordinator of Inter-American Affairs as a public affairs officer in Brazil during the second World War. As a press officer for the CIAA in Rio de Janeiro, Mr. Hardy observed the tremendous achievements that were being accomplished as a result of technical assistance in Brazil under the auspices of the British, Canadian, and American Governments. Out of these observations there grew a strong conviction that the technical "know how" of the United States could not only serve Latin America, but also, all of the under-privileged peoples of the world.

9 After the war was over, Mr. Hardy was sent back to the United States to be a special assistant to the Director of Public Affairs of the Department of State in Washington, D. C., and for some time his idea lay dormant. But in 1948, when the Russian menace began to take on such proportions, the idea of helping all nations to alleviate poverty and misery again appeared. This was in February, 1948, while the Hardy family was vacationing in Florida. It was not until November of that year that he made a memorandum of his idea and presented it to his superior, Francis Russell in the Office of Public Affairs. This memorandum proposed that the American Government take the lead in inaugurating a large scale program of technical assistance to the underdeveloped areas of the world.

As the inaugural time approached, the White House requested the Department of State to prepare a draft for the forthcoming message, as it had been decided to make the inaugural address on the foreign policy of the United States, while the address on domestic policy would be left to the State-of-the-Union message. Evidently, higher officials were

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looking for something that would have had wide public appeal, something dramatic. When the Department of State received their instructions from the White House, it was decided to resurrect the memorandum of Mr. Hardy, and he was assigned the task of preparing the Presidential message. Earlier, Mr. Hardy had suggested that his memorandum be used in the message, as an example of the democratic ideals of the United States towards the less fortunate peoples of the world, but he was discouraged in this because of the short time in which the Department of State would have to secure the approval of the Bureau of the Budget and the Congress for the needed funds.

Notwithstanding these obstacles, Mr. Hardy palced in the first draft of the proposed address, a statement on technical assistance to the underdeveloped areas of the world. However, this draft was rewritten by others in the Department of State and an entirely new message was prepared in which there was no mention of technical assistance by the United States. At this point, Mr. Hardy, convinced of the desirability of such a program, paid an informal visit to the White House to see members of President Truman's immediate staff concerning the matter. He saw Mr. George Elsey, Administrative Assistant to the President, and left a copy of his memorandum with him to be given to the President and his Assistant, Mr. Clark Clifford.

Around December 27, 1948, the White House sent the Hardy memorandum back to the Department of State with the instructions that another effort be made to achieve the desired effect. To this task the Department assigned Mr. Hardy and he prepared the version that was substantially accepted by the White House for the final draft of the inaugural address. But such things as the phrase "bold new program" and that part of the "fourth point" dealing with capital investment, were not part of the Hardy draft, these came out of the White House version. Hence, it would appear that

Mr. Hardy not only played a significant role in the development of the concept that was to be called Point Four, but also in the forming of the body of the entire message of January 20, 1949.<sup>64</sup>

Although the "fourth point" of the Inaugural Address of President Truman was probably the partial inspiration of Mr. Hardy, President Truman deserves any credit for the program. As Mr. Jonathan Daniels has stated, "...the credit for a program, even an idea, in government belongs to the official who seizes it and states it. In this sense I feel that the Point Four program is clearly the President's own bold program initiated by him."<sup>65</sup> No doubt the Point Four program in its entirety, is to a large degree, the program of President Truman and as Mr. Daniels expressed it:

His (Truman) faith in both the possibilities of all people and the necessity for an expansive American faith was best expressed in that 'Point Four' of his foreign policy which he stated on that clear, cold day in January of 1949, after Vinson (Chief Justice Frederick Vinson) had sworn him in as the President of the United States and leader of the American democracy... It was a program which he initiated himself in the preparation of his Inaugural Address. That address, he knew would be listened to expectantly by the commonmen and average men everywhere.<sup>66</sup>

Mr. Daniels stated further, in his discussion of how President Truman came upon such a concept as Point Four, and here he quotes President Truman, that:

'I got to looking at the big globe in my office', he said of that Point Four conception, 'I was talking with ~~TW~~ Soong one day about the food situation in China and I asked him if he thought the Yangtze and the Hwang rivers could be harnessed like the Columbia to

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<sup>64</sup> The information concerning Mr. Hardy's role in Point Four is based, unless otherwise indicated, on letters from Mrs. B. H. Hardy, May 14, 1952 to author, and Mr. Jonathan Daniels, April 29, 1952 to author; See Appendix A, pp. 121-124.

<sup>65</sup> Daniels letter.

<sup>66</sup> Jonathan Daniels, The Man of Independence. (New York: J. B. Lippincott Company, 1950), pp. 368-369.

stop floods, provide power and irrigation to increase the food supply of China. He said it was possible. Then I talked to a man who had been out to Arabia, I forget his name, if it wasn't possible to do something to increase the food supply there. Idn Saub heard of that conversation and asked for an adviser. He's there now...The development of our country was all on the basis of British, French, and Belgian capital. But what has happened to it? They have spent all that capital in two world wars. Now we have two hundred billion in cash, in banks and insurance companies, and an annual income of two hundred billion. Is there any use of letting that lie there doing nothing if we can develop these bread baskets?<sup>67</sup>

While there would seem to be some contradiction between the account that Mr. Daniels gives of the inspiration of the Point Four concept and the account of Mr. Hardy's role in its inspiration, it would seem evident that in such a concept as Point Four, a concept that had many factors in its motivation, could possibly be said to have been inspired by more than one person. Such men as the late President Roosevelt, and Henry Wallace, or government officials such as Oscar Chapman and Arthur Goldschmidt, and Benjamin Hardy, along with President Truman, all could have played a part in the development of such a concept.

However, it would seem that there is a difference in an idea; such as Point Four, which is an abstraction, an impression or supposition; and a program, which is a plan of action with a higher degree of concreteness and substance. In this sense the, the "program" of Point Four is the inspiration of President Truman, but in the abstract sense, many individuals, some more than others, deserve any credit that belongs to Point Four concept.

But the enunciation of a concept as a policy, such as the Point Four program, and the actual implementation of the policy, would seem to be different. After the announcement of the Point Four "idea", there had to follow the successful sponsoring of legislation to implement the program. Such a policy as Point Four, embodying many characteristics that had favorable appeal to many groups, meant various things to these

groups. "To many people, Point Four simply seems common sense, good business, if you will; more than that it represents the highest expression of American idealism."<sup>68</sup>

"Common sense, good business, American idealism", all of these factors seem to have played a part in this program and soon after the announcement of the program began to blend themselves together in Congressional hearings, articles, and debates.

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<sup>68</sup> Press Release January 30, 1952, op. cit.

## CHAPTER II

### FACTORS CONDUCTIVE TO A PROGRAM OF TECHNICAL ASSISTANCE AND CAPITAL INVESTMENT

Ours is essentially a tragic age, so we refuse to take it tragically, The cataclysm has happened, we are among the ruins, we start to build up new little habitats, to have new little hopes, it is rather hard work: there is now no smooth road into the future: but we go round, or scramble over the obstacles. We've got to live, no matter how many skies have fallen.  
——D. H. Lawrence, Lady Chatterley's Lover.

Things fall apart: the centre cannot hold;  
Mere anarchy is loosed upon the world,  
The blood-dimmed tide is loosed and everywhere  
The ceremony of innocence is drowned;  
The best lack all conviction, while the worst  
Are full of passionate intensity.

Surely some revelation is at hand;...  
——W. D. Yeats, The Second Coming.

"There is now no smooth road into the future...", but "Surely some revelation is at hand;..." These words are catholic and seemingly timeless—men are looking for a road to follow. Out of the desires and needs of the peoples, the government embarks upon a foreign policy. Is it a revelation, or is it the present formula for survival? In analyzing the elements of a foreign policy of the United States, the question arises, "Just what is a foreign policy, and what are the fundamental principles upon which it is based?" Part of the answer to this question possibly lies in President Truman's analysis of the United States' foreign policy given on Navy Day, October 27, 1945. The President stated that, "...the foreign policy of the United States is based upon fundamental principles of righteousness and justice. In carrying out these principles we shall firmly adhere to what we believe to be right; and we shall not give our approval to any compromise with evil."<sup>1</sup>

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<sup>1</sup> Bulletin, op. cit., Vol. 13 (October 27, 1945), p. 654.



President Truman's analysis seems to differ with the following statement on a foreign policy by Dr. Frederick L. Schuman:

The foreign policy of each Great Power is a formula for survival in an anarchic community wherein politics is a competition among 'sovereignities' and a struggle of each against all. It consists of the attitudes and practices...whereby each State seeks to protect and promote 'national interests'.<sup>2</sup>

Whether these statements conflict is not within the scope of this paper. The point is, that a foreign policy possibly can mean a variety of things. The Point Four program as a foreign policy owes its prominence to many factors. Concepts of altruism, imperialism, Christianity, and economics possibly all had a part in the formulation and enactment of the Point Four program. The following constitutes a brief resume of what some of the people who were interested in this program conceived to be the factors motivating the program.

A. The impact of concepts; the altruistic-humanitarian concept of the Point Four program.

Basically, the Point Four program appealed strongly to the imagination of certain groups of the American public. Its fundamental principles seemed to reflect the ideals and generous impulses of the American people, conscious of their material advantages as compared with people elsewhere in the world. According to Mr. Herman Ressig, International Relations Secretary of the Council for Social Action of the Congregational Churches, the concept of Point Four was a reflection of the American belief that, "...if our brothers are in misery we are not

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<sup>2</sup> Frederick L. Schuman, International Politics: The Destiny of the Western State System. Fourth Edition, (McGraw-Hill Book Company: New York; 1948), p. 610 (Hereafter referred to as Schuman.)

<sup>3</sup> Thorsten V. Kalijarvi, "Point Four in the Contemporary Setting," Annals, op. cit., Vol. 268 (March, 1950), p. 3.

to pass by on the other side," and that since the United States is able to relieve suffering peoples, they, "...loud thanks should be given that at last something effective can be done to help the millions of our brethren whose daily lives have been filled with want and despair."<sup>4</sup>

A view quite similar to this was brought out in the Congressional hearings on the Point Four program by several individuals, representing certain segments of the American public. Dr. Rowland M. Cross, a representative of the Foreign Missions Conference of North America, stated that the humanitarian objectives sought by the Point Four program had long been a concern of his organization and that, "...we are interested in this (Point Four) for the sake of the peoples around the world primarily, rather than for our own sake."<sup>5</sup> This same point of view was taken by Mr. Delbert Replogle of the Friends Committee. He stated to the House Committee on Foreign Affairs that, "...we have a duty to our fellow human beings of whatever color or creed—a duty that makes the well-being of other peoples a matter of deepest concern to us."<sup>6</sup>

A Far Eastern educator, Mr. Bayard Dodge, in an article in the Christian Century, expressed his belief that:

Our aid should not be given in a patronizing way, so as to pauperize peoples and make them dependent upon us. Like the Good Samaritan, we should raise those who are down and show them how to stand on their own feet, not as our proteges, but as our friends. If we do not stem in giving technical aid to underdeveloped countries, they will become self-reliant and contended.<sup>7</sup>

Out of these foregoing views of the Point Four program came a reaction. Many individuals felt that such views either had no place in

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<sup>4</sup> Herman Ressig, "Christians and the Point Four Program," Social Action, Special Issue, Vol. 15 (October 15, 1949), p. 1.

<sup>5</sup> Senate Hearings, op. cit., p. 96.

<sup>6</sup> House Hearings, op. cit., p. 401.

<sup>7</sup> Bayard Dodge, "Uncle Sam: Good Samaritan," Christian Century, Vol. 67 (February 15, 1950), p. 204.

American foreign policy, or, it was at best, misleading. In a statement to the House Committee on Foreign Affairs, Mr. Donald Montgomery, a representative of the United Automobile Workers, said that his organization, while it advocated the passage of the Point Four legislation, did not look upon such a program as necessarily benevolent in its purpose. He pointed out that the UAW did not desire that such legislation be "dressed up" as benevolence when it was obviously and in a most practical sense a program that was intended to be beneficial to the United States as well as to the recipient countries. Mr. Montgomery quoted Mr. Walter Reuther, President of the UAW, as saying that:

'We are compelled by the world of facts of our day to be concerned with the welfare of other people. If humanitarian consideration did not bring us to that conclusion, we should arrive at the same result as a matter of our own selfish interests.'<sup>8</sup>

Mr. George Kennan, Director of the Policy Planning Staff of the Department of State, expressed a similar view to that of the UAW. In an address before the Academy of Political Science, he stated that the humanitarian concept, the concept that foreign aid is an act of charity on the part of the American Government, reflects great ignorance and superficiality on the part of the American people. Mr. Kennan stated that:

So far as the concept of charity is concerned, I would say that it would not only reflect great ignorance and superficiality but also a certain impropriety on our part to expect assistance granted by this Government to other governments, in the deliberate promulgation of our foreign policy, to be regarded as an act of charity, deserving of a spirit of grateful and sentimental obligation on the part of others. Governments are not individuals and cannot be expected to act like individuals. Their duty is not to themselves, but to the interests of their peoples.<sup>11</sup>

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<sup>8</sup> House Hearings, op. cit., p. 437.

<sup>9</sup> Loc. cit.

<sup>10</sup> George Kennan, "Foreign Aid in the Framework of National Policy," Academy of Political Science: Proceedings, November 10, 1949, Vol. 23 (Columbia University Press: New York; January, 1950), pp. 448-457. (Hereafter referred to as the Academy.)

<sup>11</sup> Ibid., p. 454.

This belief, that the interest of the peoples is the duty of the Government, was also expressed by the National Economic Council in a letter to Chairman John Kee, Democrat, West Virginia, of the House Committee on Foreign Affairs. The National Economic Council stated that, "...much has been said about 'world responsibility' of the United States. The first responsibility of the Congress of the United States is to render to her own citizens."<sup>12</sup>

2. Christian beliefs as to the meaning of the Point Four program.

The humanitarian-altruistic concept of the Point Four program was also closely tied up with the interests of the churches of the United States in such a program as Point Four, with its emphasis on technical assistance in the backward regions of the world. If the churches may be considered as a group, then there was no single group seemingly more interested in such a program, and hence in the passage of the necessary legislation by the Congress. The motivating forces in back of the wide appeal to the Point Four program by Christian leaders in general seems to have varied somewhat. Dr. John H. Reisner, Executive Secretary of Agricultural Missions, Inc., and former dean of the College of Agriculture and Forestry of the University of Nanking, China, stated that the Point Four program should be viewed as a program of material development to secure a non-material end.<sup>13</sup> The end being the implementation of

<sup>12</sup> House Hearings, op. cit., p. 514

<sup>13</sup> John Reisner, "The Churches and Point IV," Social Action. Vol. 15 (October 15, 1949), p. 29; Also see Samuel P. Hayes, Jr.'s article "Point Four in United States Foreign Policy," Annals, op. cit. Vol. 268 (March, 1950), p. 34, here Mr. Hayes quotes Secretary of State Dean Acheson as stating, "...the essential thing about it (Point Four) is the use of material means to a non-material end...It is not the material objects in and of themselves make a better or fuller life, but they are the means by which people can obtain freedom."

of Christianity in the underdeveloped areas of the world. With such an end in view, Dr. Reisner felt that the "Younger Churches", the missionary churches in the backward regions of the world, should relate their programs of technical aid closely to the Point Four program. He felt that by such action, the peoples of the backward regions of the world would then see that the Christian God could serve them and hence they would be more receptive to the Christian religion.<sup>14</sup>

A similar point of view concerning the implementation of Christianity was uttered by the Women's Division of Christian Service of the Methodist Church in a letter to Chairman John Kee. This group, in urging the passage of Point Four legislation, stated that, "...such a program will also undergrid the work of Christian missionaries."<sup>15</sup> Mr. Richard Fagley, Secretary of the International Department of Justice and Goodwill of the Federal Council of Churches of Christ in America, also saw in the Point Four program a means of helping the "Younger Churches" to spread the Gospel of the New Testament to the backward peoples. A chance, according to Mr. Fagley, of improving the spiritual quality of the lives of those affected by the program—not merely modernizing the economies of the retarded regions.<sup>16</sup>

A large missionary organization, the Foreign Missions Conference of North America, stated through its Washington representative, Dr. Rowland M. Cross, approval of the Point Four program. This organization would seem to have viewed such a program as another avenue of spreading Christianity. Dr. Cross stated, "...we believe that a thoroughly

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<sup>14</sup> Ibid., p. 39.

<sup>15</sup> House Hearings, op. cit., p. 517.

<sup>16</sup> Richard Fagley, "The Christian Concern for Point Four," Social Action, Vol. 15, (October 15, 1949), p. 20.

<sup>17</sup> Senate Hearings, op. cit., p. 91-98.

Christianized community, from the home and the village level, up to the level of world order, is the only permanent basis for justice, righteousness, mutual understanding and good will, and thus lasting peace."<sup>18</sup>

Another large missionary organization that was an advocate of the Point Four program was the Society of Jesus of the Catholic Church.<sup>19</sup> This group, while accepting the principle of international technical assistance, warned the Senate Committee on Foreign Relations that attention should be given to the social customs and outlook of the peoples of the backward areas. The Society of Jesus believed that such a program would not succeed unless due consideration was given to the moral standards, or what the people of these regions considered to be moral standards. The Very Rev. R. A. McGowan, Director of the National Catholic Rural Life Conference, stated that, "...a sympathetic appreciation of the peoples concerned in the underdeveloped areas, of their traditions, and cultures, is essential for making surveys or recommendations..."<sup>20</sup> for the Point Four program.

With the above material in view, it would seem that for various reasons Christian leaders in general were ready to accept President Truman's program, either as an avenue for spreading Christianity, or merely as a natural outgrowth of the Christian-humanitarian spirit.<sup>21</sup>

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<sup>18</sup> *Ibid*, p. 96.

<sup>19</sup> *Ibid.*, pp 121-123.

<sup>20</sup> *Ibid.*, p. 123.

<sup>21</sup> Two missionary groups were awarded contracts by the Technical Cooperation Administration in 1951; the American Friends Service Committee received a contract for \$150,000 for a rural welfare and community development project and the Unitarian Service Committee received a contract for \$35,000 for a medical teaching mission, see, Point Four Projects: July 1, 1951 through December 31, 1951. (U. S. Department of State, TCA, March, 1952: Government Printing Office, Washington, D. C), pp. 153-154.

The Dilemma of Imperialism.

Since the Point Four program from its early stages of development, envisioned not only a program of technical assistance but one of capital investment too, there developed an early concern that the proposed program would not be an imperialistic venture on the part of the American people. A capital investment program would mean that private American capital would enter into the internal economic development of the underdeveloped countries. Such capital would invest in the industry and agriculture of a country and possibly exert some control in these fields. But President Truman said that, "...the old imperialism-exploitation for foreign profit-has no place in our plans. What we envisage is a program based on the concept of democratic fair dealing."<sup>22</sup> Even with this statement by the President of the United States, concern still was evident. This was probably due to the fact that in many of the underdeveloped countries of the world there had germinated a deep reaction against imperialism, which had been so prevalent in the history of the modern national states. This resentment in itself was a manifestation of the indoctrination of the subject peoples in Western concepts of justice,<sup>23</sup> national pride, and freedom. In analyzing the elements necessary for the introduction of an imperialistic program, Frederick Schuman has pointed out that among the things which are valuable assets to a national states in carrying out such a program would be the close cooperation of private business.<sup>24</sup> Also, the pretexts of humanitarianism, Christianity,<sup>25</sup> and national honor and vital interests would be assets.<sup>26</sup>

Out of these factors would come an imperialistic program in which no clear, single purpose would be discernable. The program would merely

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<sup>22</sup> Inaugural Address, op. cit.

<sup>23</sup> Schuman, op. cit., p. 540

<sup>24</sup> Cf., p. 51 below.

<sup>25</sup> Cf., p. 29 above.

<sup>26</sup> Cf., p. 42 below.

be a coalescing of many divergent interests within the state by a more-or-less blind and uncoordinated pushing and pulling. Hence, imperialism would not be a national policy in that it would not reflect any consciously formulated or willfully executed program on the part of the nation as a whole.<sup>27</sup>

A belief that exploitation and imperialism are synonymous has resulted from the complex pattern of national economic growth. The exploitation of the backward areas by the metropolitan powers of Western Europe and others, has left many unfortunate memories. Mr. Thorsten Kalijarvi, in contrasting the "old imperialism" with the "new imperialism", stated:

The imperialism...based on the new machine industry was no less harsh than earlier forms...Finally, to cap the edifice of this, there came the neomercantilism of the totalitarian states after World War I...It is not at all strange under such circumstances that in the minds of public spirited people, imperialism had come to have a bad connotation.<sup>28</sup>

This "bad connotation" is explained, in reference to Point Four, by the fact that there has been in the last few years a strong undercurrent of nationalism, as evidenced in Far East, which has been expressing itself in an antagonism towards things foreign. The backward countries seem to be in an "imperialist dilemma" which has made them wary of private foreign enterprises. Hence, wary of the capital investment plans of the Point Four program.<sup>29</sup>

Dr. Alexander Sachs, an economic adviser and industrial consultant, in an address before the Academy of Political Science, stated that as he viewed post-war developments, he saw evidence of a "counter-imperialism movement" culminating in the transfer of authority and direction to native inhabitants over vast lands and resources. He explained that

<sup>27</sup> Schuman, op. cit., p. 532.

<sup>28</sup> Kalijarvi, op. cit., p. 3.

<sup>29</sup> Bulletin, op. cit. Vol. 24 (January 15, 1951), p. 94.

<sup>30</sup> Alexander Sachs, "Restoring the Economic and Cultural Base for American Foreign Investment", Academy, op. cit., p. 411.



this movement was the result of the impetus of Western doctrines of liberty. These doctrines had been progressively implanted in the backward regions of the world by the Western settlers. Mr. Harold Isaacs, pointed out in 1950, that the problem that faced the Western world in the backward regions was nothing less than, "...creating an entirely new fabric, a wholly new set of relationships...between the Western world and the...backward continents of Asia and Africa." He stated:

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Fear of foreign enterprise springs will all the strength of a natural instinct...Foreign rule, foreign interests, foreign economic purposes are identified in people's minds with all their tangled sufferings, hardships, and frustrations...That is why any new form of Western enterprise now must be viewed with wary suspicion. 32

Mr. George Hakim, Lebanese delegate to the United Nations Economic and Social Council also voiced a fear of Western capital. This author asked a pertinent question when he stated:

What guarantees are there that private American capital will not try to maximize its profits at the expense of the peoples of the underdeveloped countries?...Considering the situation with absolute objectiveness, one is forced to draw the conclusion that there is little chance for the peoples and the governments...to prevent the old imperialism from repeating itself...Private foreign capital itself is strong enough to exercise influence over the weak governments of countries like those of the Middle East and even to corrupt men in those governments in order to achieve its profit-making objective. 33

The important question to Mr. Hakim, was not whether a program like Point Four could successfully develop the economic resources of a country, but whether, in doing so, it would also exploit the peoples.

At the time of the Congressional debates over the enactment of the Point Four program, one Congressman, Representative Paul Shaffer, Republican, Michigan, denounced the program as another phase of "dollar diplomacy". He felt that this program would lead to untold loss in lives and would cost billions of dollars. This program should have been called

31 Harold Isaacs, "The Political and Psychological Context of Point Four," Annals, op. cit. Vol. 270 (July, 1950), p. 51

32 Loc. cit.

33 George Hakim, "Point Four and the Middle East," The Middle East Journal, Vol. 4 (April, 1950), pp. 191-192.

"...the 'point' for the 400," instead of Point Four, for Representative Shaffer viewed the program as another subsidy for big business.<sup>34</sup>

In contrast to this opinion, one author pointed out that if the Point Four program was to move from an idea to a reality, then people should accept the fact that:

The tree that bears the fruit of such a program must be expected to bear imperfect fruit too, as the tree will reflect the aspirations of men of good will as well as those who seek national aggrandizement, new markets, and profitable returns on investments.<sup>35</sup>

Hence, as to imperialism and the Point Four program, there was both a fear, as expressed by Mr. Hakim, and a view somewhat different, as expressed by President Truman.

The Factor of Communism: the threat to the security of the United States.

While the impact of Christianity, altruism, and imperialism, in some way appears to have worked to make an imprint upon the proposed program, even the churches seem to have realized that another factor would play a role in this program. The factor of security from the further threat of Communist expansion into the free areas of the world was to make its mark upon the program. As one church group expressed it, "...this program should be used as a positive element in the containment of Russia."<sup>36</sup> A similar view was expressed by Dr. Frank C. Lauback of the Foreign Missions Conference, he stated:

We must disappoint Russia; we must not disappoint the world... More than any bill in recent history this will strengthen or weaken our moral leadership... A clean bill will have the support of Christian churches. All Christians are being alerted to watch this bill and support a good one, for it is the most truly Christian bill ever proposed.<sup>37</sup>

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<sup>34</sup> Congressional Record, op. cit., Vol. 96 (March 28, 1950), p. 4237

<sup>35</sup> Fagley, op. cit., p. 23.

<sup>37</sup> House Hearings, op. cit., Council for Social Action, p. 513.

<sup>38</sup> Ibid., p. 383.

Marshall stated:

Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist. Such assistance, I am convinced, must not be on a pice-meal basis as various crisis develop. Any assistance this Government may render in the future should provide a cure rather than a palliative.<sup>39</sup>

This was the announcement of the so-called Marshall Plan, the European Recovery Program, which was enacted by the Congress in the "Economic Cooperation Act of 1948", and signed by President Truman on April 3, 1948.<sup>40</sup> The third step in President Truman's plan for the containment of Soviet Communism was the North Atlantic Treaty, to which the Senate gave it consent on July 21, 1949.<sup>41</sup> In the "Mutual Defense and Assistance Act of 1949," the Congress gave life to this treaty by authorizing the needed funds for military equipment.<sup>42</sup>

As the rift between the East and the West developed and deepened, the United States' policy seems to have placed more emphasis on security. Economic aid to Europe, if it were not from the outset, became a policy of securing Western Europe against the march of Communism westward. Military assistance to Greece and Turkey, and military security arrangements under the North Atlantic treaty, became matters of necessity.<sup>43</sup> Mr. Gordon Gray, Special Assistant to the President, has pointed out in his Report to the President on Foreign Economic Policies, that the dominant factor in international relations has been the gradual, then sudden, deterioration of relations between the Soviet Union and the free world.<sup>44</sup>

<sup>39</sup> Bulletin, op. cit., Vol 16 (June 15, 1947) "European Initiative Essential to Economic Recovery," Secretary of State George Marshall, p.1159

<sup>40</sup> 62 Stat. 137.

<sup>41</sup> Congressional Record, op. cit., Vol. 95 (July 21, 1949), p. 9916.

<sup>42</sup> 63 Stat. 714

<sup>43</sup> U. S. Congress, 81st, 2nd Sess., House, Committee on Foreign Affairs, House Report 1802, part 4: Supplemental Report on H. R. 7797, Title III, Act for International Development. (Government Printing Office, Washington, D. C., 1950), p. 3 (Hereafter referred to as House Rept. 1802)

one could easily take this statement to mean that the Christians, that this author spoke for, looked upon the program as an element in a crusade against Russian Communism.

Almost without warning, the United States found itself the chief protagonist of an ideology in a world struggle of ideologies; the champion of free peoples in a world struggle of rival powers. Much that gives significance to President Truman's announcement of the Point Four program stems from the possibility and likelihood that the successful carrying out of a program of technical assistance to the underdeveloped areas of the world would prove to be a real barrier to the spread of Soviet Communism, in that it would be a source of strength to the nations concerned with the survival of the present system of democratic governments.

The Point Four program, as a security measure against the Soviet Union and Communism in general, would seem to have followed a pattern. On March 12, 1947, the now famous Truman Doctrine was first announced by the President in an address before a joint session of the Congress, he asserted:

The seeds of totalitarian regimes are nurtured in misery and want. They spread in the evil soil of poverty and strife. They reach full growth when the hope of a people for a better life has died. We must keep that hope alive. <sup>38</sup>

This statement was in reference to the peoples of Greece and Turkey. The next element in the pattern was far larger for it was to encompass Western Europe. Just three months later, on June 15, 1947, Secretary of State George C. Marshall, in an address at Harvard University, announced that it was the desire of the United States to embark upon a program aimed at the economic recovery of Europe, thereby stopping Communism at its roots.

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<sup>38</sup> U. S. Congress, 80th, 1st Sess., Congressional Record, Vol. 93 (March 12, 1947), p. 1981.

Gray felt that the measures taken by the United States to resist Communist aggression had been largely economic and political, rather than military due to the fact that:

In many areas of the world and among large groups of people, the Soviet Union is making a desperate effort to capitalize, even though cynically and with false promises, on the swelling social and economic pressures now dominant throughout the world. We must hold the initiative in this field; a persistent application of the principles of our free and democratic society can provide the only durable answer. This purpose demands a positive program. Our greatest advantage is that we can pursue such a positive program with honesty and conviction, on a basis of mutual benefit, and that our actions can support our words.<sup>44</sup>

No doubt evidence for such a "positive" program that Mr. Gray called for can be seen in the Point Four program. As early as 1948, Justice William O. Douglas of the Supreme Court, called for a policy that was positive in character, not negative, he stated that:

Our greatest error would be to fashion our foreign policy merely in terms of anti-Communism. We will fail miserably if we do no more than that. For then we will end by railing and ranting at the spectre of Communism but do nothing to eliminate the conditions on which Communism thrives. If we follow that course, war will soon appear as the only alternative.<sup>45</sup>

Justice Douglas would seem to have had in mind something similar to the idea expressed in the "bold new program" of President Truman's foreign policy, the Point Four program. This program could be an answer to Justice Douglas' suggestion that the United States do something to eliminate the conditions in which Communism grows.

Secretary of State Dean Acheson has stated that, "...the Point Four program is not something to beat down the Soviet menace."<sup>46</sup>

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<sup>44</sup> Gordon Gray, Report to the President on Foreign Economic Policies, November 10, 1950 (Government Printing Office, Washington, D. C., 1950), p. 20.

<sup>45</sup> Quoted in Schuman, op. cit., p. 938.

<sup>46</sup> Press Release 66, op. cit., p. 1.

He stated further that the United States' reason for carrying out the Point Four program was based upon, "...our faith, our deepest conviction that representative government is more deeply in accord with man's nature...We also believe that representative and responsible government by their nature contribute toward world peace."<sup>47</sup> It would appear that what the Secretary was trying to say was that the interest of the United States in the Point Four program was due to our desire to protect democracy against any threatening force; and surely Communism was such a threat at the outset of the Point Four program as well as when the Secretary made his remarks on the matter.

That the Point Four program was intended partly as a positive security measure against the threat of Communism is clearly shown in articles and statements, both public and private. President Truman, in his message to the Congress on Point Four legislation, explained to the Congress the need for technical assistance to the underdeveloped areas, for, "...without such an economic base, they will be unable to meet the expectations which the modern world has aroused in their peoples. If they are frustrated and disappointed, they may turn to false doctrines which hold that the way of progress lies through tyranny."<sup>48</sup>

During the month of August, 1949, Under Secretary of State James Webb made two statements in which he spoke of the security factor of technical assistance. On August 22, 1949, he stated that the United States could accelerate development in the underdeveloped areas of the world and by so doing, "...our own national security will be strengthened."<sup>49</sup>

<sup>47</sup> Loc. cit.

<sup>48</sup> U. S. Congress, 81st, 1st Sess., House Doc. 240, Message of the President on Point Four legislation. (Government Printing Office, Washington, D. C., 1949),

<sup>49</sup> Bulletin, op. cit. Vol. 21, (August 22, 1949), p. 274.

One week later he proposed that technical assistance be an element in the United States' program to stop the spread of Communism. This could be accomplished, he believed, as such a program would destroy the basis for Communist infiltration into the underdeveloped countries.

Dr. Raymond C. Moyer, Economic Cooperation Chief in China, in a discussion of the proposed Point Four program's legislation, explained in a similar fashion to that of the Secretary Webb, how such a program, by helping, "...the governments themselves to build up a positive program, meeting the problems which they themselves feel, which are known, we can help to retain the better elements in the country and build up a non-Communist regime." The opinion seems to have been then, that due to relatively inferior living conditions in the underdeveloped countries, and at the same time, their growing awareness of their own rights and possibilities, there was a need to change conditions in these areas so that Communism could not infiltrate. Mr. Henry Hazlitt, contributing editor to Newsweek, has stated it in this manner:

Rosy communist propaganda would ask for no better soil for its seed than the ears and minds of two-thirds of the underprivileged people of the world. Only by improving the lot of these people can freedom flourish and democracy develop. It is no wonder that Soviet propaganda has bitterly attacked this program. If successful, it will destroy the seedbed of future communism and will help hundreds of millions of peoples.

During the course of the Congressional hearings and debates on Point Four, the fact that such a program as Point Four was aimed partially at Communism was clearly brought out. The Senate Committee on Foreign Relations stated that such a program was an essential factor to the United States and that in a very real sense, "...it is a security measure necessary to winning the 'cold war'".<sup>53</sup> Representative Walter Judd, Republican

<sup>50</sup> Bulletin, op. cit., Vol. 21 (August 29, 1949), pp. 305-306

<sup>51</sup> House Hearings, op. cit., p. 356

<sup>52</sup> Quoted in "Point Four: Constructive Therapy or Blood Transfusion?" Joseph S. Lawrence, Annals, op. cit., Vol. 270 (July, 1950), p. 17.

<sup>53</sup> Senate Report 1371, part 2, op. cit., pp. 4-5.

of Minnesota, during the course of the House Hearings on Point Four, asked Ambassador Averell Harriman about the Communist infiltration in the Far East. The Ambassador stated, "...one of the wise aspects of the Point Four program is that if all the peoples of those underdeveloped countries see hope, I am confident they will not be subject to the type of Communist infiltration that you have seen in other places."<sup>54</sup>

After these hearings were over, Representative Judd, a former missionary doctor in China, called upon the House to pass the Point Four legislation.<sup>55</sup> He pointed out that the real test of whether society as it had existed during his lifetime would survive would be in the Far East. He warned the House that the balance between the East and the West would be in the hands of the peoples of Asia, therefore Point Four was not a matter of charity, but one of prime interest to everyone in the United States.<sup>56</sup>

Not all of the members of the House felt the same way about the question as did Representative Judd. Representative Dewey Short, Republican, from Missouri, questioned the validity of the program as a security measure and echoed a thought expressed by Vera Michels Dean, when she said, "...many Westerners who had been sympathetic to Russia during the war, ...began to wonder whether they had checked the menace of Nazism only to foster the menace of Communism."<sup>57</sup> Representative Short stated in an address before the House that:

Sometimes I wonder if we are not playing into the hands of Soviet Russia...We knocked Adolf down and we raised up Uncle Joe. It is hard to keep from becoming a victim to pessimism, cynicism, and

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<sup>54</sup> U. S. Congress, 81st, 2nd Sess., House, Committee on Foreign Affairs, Hearings on H. R. 7378, February 21-23, March 1-2, 1950, part 1, (Government Printing Office, Washington, D. C., 1950), p. 65.

<sup>55</sup> Congressional Record, op. cit., (March 31, 1950) pp. 4531-4532.

<sup>56</sup> Loc. cit.

<sup>57</sup> Vera Michels Dean, The United States and Russia. (Harvard University Press: Cambridge, Massachusetts; 1947), p. 310.



despair. Yet, I think that we are going through one of the world's death throes in this age of transition. Perhaps it is the birth pangs of a new and better world...But if we continue to bleed ourselves white, siphon off the wealth, skim the cream, and give our substance to every other nation, then I say Russia will strike in her own good time.<sup>58</sup>

In the spring of 1950, President Truman told the American Newspaper Guild that Point Four would be used to wipe out disease, poverty and famine. By doing so, the President felt, the breeding ground of Communi-<sup>59</sup>sm would be wiped out. While President Truman spoke of the program as essential to wipe out the seedbed of Communism, American Ambassador to Nicaragua, Capus M. Waynick stated that Point Four was, "...not designed as an instrument of 'cold war', but as a logical, permanent plan for world-wide good neighborliness."<sup>60</sup> Then, one month later, the Ambassador stated that the United States, through the Point Four program, was meet-<sup>61</sup>ing, "...Communist aggression wherever it is applied throughout the world!" There would seem to be some obvious contradiction in these two statements.

However, Secretary of the Interior, Oscar Chapman, in an article entitled, "Peace and Security-Point Four Aims," left little doubt that the program was a positive security measure. He stated that, "...today, the free world is on the march-with Point Four in the vanguard. While the Soviet world is working to spread the seeds of Communism...peoples of democratic countries everywhere are resisting with all their might."<sup>62</sup>

While the concept of altruism, Christianity, and the negation of Soviet Communism might be considered as factors that would not normally unite in a program, since there are possibly some very fundamental differences in each of them, it would seem that each of these did in some

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<sup>58</sup> Congressional Record, op. cit. Vol. 96 (March 28, 1950), pp. 4235-4236.

<sup>59</sup> Bulletin, op. cit. Vol. 23 (July 17, 1950), p. 96.

<sup>60</sup> Bulletin, op. cit. Vol. 23, (August 14, 1950), p. 258

<sup>61</sup> U. S. Department of State, Press Release 947 (September 15, 1950) "Progress on Point Four," by Ambassador Capus M. Waynick.

<sup>62</sup> U. S. Department of Interior, Point Four in Action, (Government Printing Office, Washington, D. C., 1951), p. 2.

way contribute to the formulation of the Point Four program. If this should seem to be diverse, then, as Mr. Lee Coleman said of Americanism, "...diversity can be shown to be the most fundamental of all American characteristics."<sup>63</sup>

#### B. The Economic Elements of a program of Capital Investment and Technical Assistance

For the United States the great awakening of these peoples holds tremendous promise...a promise of new economic strength and growth for ourselves. With many of the economically underdeveloped areas of the world, we have long had ties of trade and commerce. In many instances today we greatly need the products of their labor and their resources. If the productivity and the purchasing power of these countries are expanded, our own industry, and agriculture will benefit. Our experience show that the volume of our foreign trade is far greater with highly developed countries than it is with countries having a low standard of standard of living and inadequate industry. To increase output and the national income of the less developed regions is to increase our own economic stability.

-----Message of President Truman to the Congress on Point Four Legislation, June 24, 1949.<sup>64</sup>

Some individuals hold that the economic factor,"...must be set down<sup>65</sup> as one of the most powerful elements in political motivation." If the degree of value of certain factors in a given situation could be appraised by the volume that the adherents turn out in articles, testimony, and other pressures, then it could readily be admitted that the economic factor had a considerable part in the development of the Point Four program. In 1949, both the domestic and the world economy presented a challenge; possibly this program was part of the answer that was given to that challenge.

#### 1. The Position of the United States in 1949 as a potential world money market for developmental purposes under the Point Four program, and the balance of payments problem.

To ascertain fully why American public and private individuals would be interested in developing economically underdeveloped areas in 1949,

<sup>63</sup>. Quoted in Roots of Political Behavior. Richard Carlton and H. Hubert Wilson (American Book Company; New York; 1949), p. 662.

<sup>64</sup> House Doc. 240, op. cit.

<sup>65</sup> Quoted in Roots of Political Behavior, op. cit., remarks of Dewey Anderson and Percy E. Davidson, p. 384.

would, among other things, require a definitive study of the American foreign and domestic market in relation to world trade in the years previous to 1949. Such a study is not within the scope of this paper. Several factors though, appear to have been evident in regard to this problem in the period around 1949.

While Western Europe and their dependencies were receiving aid from the United States through the ERP in 1949, many persons saw the then evident dollar gap would not be alleviated by this program and they realized that other measures would be necessary to restore the world economy. Also, in 1949, the United States was becoming increasingly aware of her need for raw materials of the underdeveloped areas if she wished to be able to continue to produce in any manner comparable to the peak years following World War II. In addition to these factors, many foresighted persons, realizing the evident disproportion of the balance of payments and how this would eventually effect the American economy, saw a grave need for an expanded program of commodity importing or capital exporting by the United States.

By 1948, private American long-term investments abroad amounted to 17 billion dollars. In the period from 1945 to 1948, the net movement of private long-term capital to foreign countries had amounted to only 2.1 billion dollars. The Department of State attributes this to the fact that foreign countries were unable to raise large amounts of loan capital in the American market due to the defaults of the 1930's made on American capital and to the unstable political conditions that prevailed abroad. Possibly, there were other factors that affected this condition.

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<sup>66</sup> "Point Four," op. cit., p. 56

<sup>67</sup> Ibid., p. 57.

<sup>68</sup> Loc. cit.

The postwar demand for capital in the American domestic market had been rather large. Also, the National City Bank of New York has estimated that while American capital abroad in 1948 earned 1.56 billion dollars on a total investment of 10 billion dollars, corresponding domestic industries earned 13.8 percent on their investments for the same period.<sup>69</sup>

As contrasted with the relatively small movement of American long term investments abroad, the Department of State pointed out that direct investment of American capital in foreign countries reached 11.3 billion dollars in 1948, an increase of 4 billion dollars since 1940.<sup>70</sup> By the end of 1949, American direct investment abroad was valued at 12.5 billion dollars, an increase within one year of 1.2 billion dollars.<sup>71</sup> This flow of direct capital, according to the Department of State, was highly desirable for the capital investment plans of the proposed Point Four program. Direct investments of American capital abroad carry with them the necessary skills that would be needed for economic development, such as the managerial technique.

Whereas the volume of direct investment abroad had increased by 1949, the areas to which such investments were attracted was limited to Canada, and the oil industry of the Middle East and Latin America. The Department of Commerce stated that in 1949 and 1950:

The Western Hemisphere continued to be the most attractive area for direct investments...On an industry basis, manufacturing remained an important field...The most striking deviation from the experience of the 1920's were in the practical cessation of investment in public utilities and the often-mentioned predominance of the petroleum industry in the last few years.<sup>72</sup>

Another problem that presented itself in 1949 was the situation in

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<sup>70</sup> "Point Four," *op. cit.*, p. 57.

<sup>71</sup> U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Survey of Current Business, Vol. 31 (January, 1951), p. 20; Also see Appendix II, table II, for net United States direct investment capital movements by area and industry, 1945-1947, P. 135.

<sup>72</sup> Loc. cit.

regard to the balance of payments, the so-called dollar gap. Dr. Seymour Harris, professor of economics at Harvard University, pointed out that the problem that the United States faced was that the countries receiving aid from the United States were short dollars and that the only way to solve such a problem was, "...we have to export less and import more vis-a-vis the rest of the world."<sup>73</sup> Dr. Harris stated further that the United States was not prepared to take the consequences of such a policy at that time:

The vat is that the American voter show schizophrenic tendencies in his espousal of foreign economic policies. He does not want to foot the bill as a taxpayer, and therefore, wants to terminate foreign aid as soon as possible. But he also resents the dollar deficit being made up by a reduction of sales by American business whether the occasion is a curtailment of foreign imports or an expansion of foreign exports at the expense of domestic sales, or exports by American sellers.<sup>74</sup>

In reference to this dollar gap, Mr. John Pierson, economic adviser to the ECA, has stated that the Point Four program would, "...help to postpone the necessity of entirely closing the export-import dollar gap."<sup>75</sup> In the Senate debates on Point Four, Senator Owen Brewster, Republican of Maine, viewed the dollar gap somewhat differently; in relation to Point Four he stated:

I must say that I am in rather cordial sympathy with the idea that we should look forward to the increasing of American dollar investments abroad even though this is the consequence. In other words, I am in general sympathy with the so-called point 4 to the extent that it is related to private investment.<sup>76</sup>

By the consequences of such an increase, Senator Brewster had reference to the fact that an expanded program of investment abroad would eventually broaden the dollar gap since the investors would receive an income

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<sup>73</sup> Seymour Harris, "foreign Aid and the Domestic Economy," Academy, op. cit., p. 384.

<sup>74</sup> Ibid., p. 385.

<sup>75</sup> John H. Pierson, "Point Four, Dollar Gap and Full Employment," Annals, op. cit. Vol. 270 (July, 1950), p. 15.

<sup>76</sup> Congressional Record, op. cit. Vol. 96 (March 31, 1950) p. 5978.

from their investments and this return would no doubt be sent back to  
 the United States.<sup>77</sup>

British economist Sir Arthur Salter has stated that under an expanded program of American foreign investment there should be a corresponding adjustment in the American import market. This would be necessary because of the cut in the export trade of the United States, if the United States capital became engrossed in foreign enterprises.<sup>78</sup> Mr. Gordon Gray seems to have agreed with the point of view and has stated that:

The failure of the United States imports of goods and services to keep in step with the growth of our national output has seriously aggravated many of the international economic differences that have beset the world in recent years.<sup>78</sup>

Mr. Gray stated further that the United States had a surplus of capital in 1949 to the extent of 29 billion dollars that could have been used either for capital export or direct commodity importing.<sup>79</sup>

In brief, the United States in 1949 had a potential capital market that could be used in a program of capital investment in the underdeveloped areas of the world. Mr. Walter Salant of the Department of State has stated that the domestic effects of any capital export program would be as follows:

- ...Investment of American capital will enable the developing countries to finance additional purchases of goods.
- ...Dollar value of U. S. goods for export will be higher.
- ...Foreign investment will have an expansive effect upon the total economy by raising prices when maximum employment prevails and raising employment and production when prices are below maximum levels.
- ...The tying of our investment to such areas would result in preventing the maximum possible benefits of restoring European viability.
- ...If investment under the Point Four program saves any military and other expenditures, these savings might well exceed the amount invested.<sup>80</sup>

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<sup>77</sup> *Ibid.*, p. 5979.

<sup>78</sup> Gray, *op. cit.*, p. 76.

<sup>79</sup> Walter Salant, "Domestic Effects of Capital Export under the Point Four Program," American Economic Review, Vol. 40 (May, 1950), pp.495-520.

<sup>80</sup> *Ibid.*, p. 27.

Mention should be made also that in 1949 the United States saw the need to secure markets for raw materials. President Truman stated that, "...in many instances we greatly need the products of their labor and their resources."<sup>81</sup> Mr. Thorsten V. Kalijarvi of the Legislative Reference Service, Library of Congress, stated that Point Four, "...can be construed as an effort by the United States to meet some of its basic economic problems. The need for raw materials and for certain strategic materials can be fully met only by increasing the importation of such materials from abroad."<sup>82</sup> This same idea was brought out in an article in the Commercial and Financial Chronicle, in which it was stated that "...our economy has become increasingly dependent upon raw materials in other countries, the availability of these raw materials ...is a vital factor in our capacity to produce and consume."<sup>83</sup>

2. The relationship of public and private funds under the Point Four program.

Even under the circumstances of the desirability of a capital export program to the underdeveloped areas, one of the most conflicting problems that confronted the implementation of such a plan was the problem of the relationship of private and public capital in such a program. The question that arose in some quarters was, "...will Point Four be carried out as a public benefaction to be paid for largely by the American taxpayer, or as an opportunity for American capital to support mutually beneficial enterprises?"<sup>84</sup>

To some, there was an even more basic question than that. Dr. Theodore Kreps, professor of economics at Stanford University, felt that the

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<sup>81</sup> House Doc. 240, op. cit., p. 1.

<sup>82</sup> Kalijarvi, op. cit., p. 1.

<sup>83</sup> Edgar Smith, "Private Enterprise, Key to Foreign Productivity," The Commercial and Financial Chronicle, Vol. 174 (November 8, 1951)

<sup>84</sup> Point Four Program, Edited by Walter Daniels (H. W. Wilson Company; 1951; New York), p. 125 (Hereafter referred to as Point Four Program).

challenge of the Point Four program was that, "...we should practice what we preach—free competitive enterprise."<sup>85</sup> One author stated that there was not even a question as to which should play the dominant role, private or public capital, but the only real question was the problem of reviving private capital movements and that:

If the public opinion of the United States is interested, as it undoubtedly is, in the preservation of free-enterprise capitalism at home, and if the Congress, as it must be, is guided in its decisions by this opinion of the public, then it is essential that the policies of the United States Government under Point Four should be to further...the implementation of the program through private means.<sup>86</sup>

In general, the government officials who were connected with the Point Four program felt that the traditional means of private financing should be used when possible in the development of the resources of the underdeveloped areas, and that the scope of private investment should be widened as far as possible.<sup>87</sup> Under Secretary of State James Webb stated that:

The Point Four program puts particular emphasis upon the flow of private investment because the United States private capital is potentially the major external source of investment capital for development abroad and because it can contribute not only funds but also the technical skills, managerial experience and organizational talents that are essential to put capital to effective use.<sup>88</sup>

Both Secretaries Webb and Thorp, while supporting the use of private capital, pointed out that the volume of private capital necessary for the Point Four program was not, at that time, moving abroad in the amounts needed for industrial development under the Point Four plans,<sup>89</sup> but they did not mention what they considered to be an adequate amount. Mr. Morris S. Rosenthal, President of Stein-Hall Company, stated that too many businessmen had taken the position that American private

<sup>85</sup> Theodore Kreps, "Point Four and Domestic Economy" Annals, op. cit., Vol. 268 (March, 1950), p. 160.

<sup>86</sup> Heilperin Michael, "Private Means of Implementing Point Four," Annals, op. cit. Vol. 268 (March, 1950), p. 55.

<sup>87</sup> Gray, op. cit., p. 61.

<sup>88</sup> Bulletin, op. cit., Vol. 21, (August 22, 1949), p. 275.

<sup>89</sup> Bulletin, op. cit., Vol. 24, (January 15, 1951), pp. 94-95.



enterprise could undertake any industrial development project. He stated that such things as power, transportation, and social services did not lend themselves to foreign private investment because the risks of such investments were too great for American private capital.<sup>90</sup> The fears that public investment would play a dominant role were probably based on the fact that such funds, "...would discourage countries from maintaining and developing private enterprise as a part of their economic system,<sup>91</sup> and that public expenditures increase tax burdens."<sup>91</sup>

The National Foreign Trade Council endorsed a resolution concerning this question. They favored the use of private capital because they believed that the Government entry into such a field would prove wasteful and inefficient.<sup>92</sup> However, Dr. Seymour Harris pointed out that private funds would not be sufficient for projects of industrial development and that a large scale public expenditure would be necessary.<sup>93</sup>

These conflicting views confronted the Congress when Point Four legislation was under its consideration. In committee hearings, witnesses appeared that favored both sides of the question. Some stated that the basic jobs of building roads, schools, and railroads would probably have to be undertaken by public money.<sup>94</sup> Others felt the real question was, "...what is going to be accomplished and not who furnishes the money."<sup>95</sup> Assistant Secretary of State Willard Thorp explained in the hearings

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<sup>90</sup> Morris S. Rosenthal, "Point Four: Enough or Not at All," Annals, op. cit., Vol. 270 (July, 1950), p. 495.

<sup>91</sup> Loc. cit.

<sup>92</sup> The Commercial and Financial Chronicle, Vol. 174 (November 8, 1951), p. 1741

<sup>93</sup> Seymour E. Harris, "Point Four: Public or Private Aid?" Foreign Policy Bulletin, Vol. 31 (October 15, 1951) Foreign Policy Association, New York, p. 4.

<sup>94</sup> Senate Hearings, op. cit., p. 57.

<sup>95</sup> House Hearings, op. cit., statement of Representative Carnahan, Democrat, Missouri, p. 446.

that the Department of State was aware of the desires by some groups that public funds should not be used when private capital was available and could do the job. He recommended that some test be incorporated into the legislation to determine the point.<sup>96</sup>

In the final report of the House Committee on Foreign Affairs on Point Four legislation, it was stated that in the development of the resources of the underdeveloped areas, technical assistance by itself was not the entire solution to the problem and that:

At some stage in the process, investment capital is required... The committee has not explored every aspect of the investment problem thoroughly...The committee has, therefore, no opinion on the question of how the capital formation process can best be promoted, the extent of capital requirements,...or the most effective means of encouraging the flow of American investment capital.<sup>97</sup>

This Committee gave a note of warning when it concluded that, "...technical assistance and freer flow of investment capital—particularly from private sources—offers no panacea for all the ills of underdevelopment."<sup>98</sup>

### 3. Obstacles to the flow of private capital to the underdeveloped areas.

One of the greatest problems in this "freer flow of investment capital", was to try and establish what the Department of State termed a "favorable climate" for private investors in the underdeveloped areas. In 1949 there were many obstacles to the flow of private capital under the proposed Point Four program. Mr. Alan Valentine, President of the University, and former chief of the ECA mission to the Netherlands, has listed ten obstacles that seem to have had general agreement as being impediments to American foreign investment under the Point Four program, they were:

1. Special labor and wage laws discriminating against foreign industry.

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<sup>96</sup> Ibid., p. 458; such a test was incorporated in the final act passed by the Congress, H. R. 7797, Section 303(b)(3).

<sup>97</sup> House Report 1802, part 4, op. cit., p. 10.

<sup>98</sup> Ibid., p. 23.

2. Foreign discriminatory tax laws.
3. Local monopolies protected by law.
4. Local stock control required by law.
5. The dread of expropriation.
6. Lack of assurances for compensation in case of expropriation.
7. Non-convertability of currency regulations.
8. Political insecurity.
9. The balance of payments squeeze. 99
10. Competition on unequal terms with foreign government enterprises.

Corresponding to Mr. Valentine's observations, the Department of State said that the restriction on the right of American investment capital to do business in foreign countries constituted a grave hindrance to the movement of private American capital under the Point Four program. 100 They regarded nationalization and expropriation as hindrances, but they pointed out that competition with foreign governments enterprises could not be considered as an obstacle if such competition was not aimed at forcing the foreign concerns out of business. They further observed that the right of foreign enterprises to manage their own affairs was obstructed by several things. In some countries there were regulations requiring 51 percent of the stock of an enterprise be locally owned. Also, labor union frequently had privileges in foreign countries that went to such an extent that they were able to dictate the personnel policies of the foreign concerns. 101

Mr. Henry Hazlitt, contributing editor of Newsweek, in discussing these hazards to foreign private investment, said that one of the conspicuous features of the underdeveloped countries were their adverse laws in regard to foreign investment and that when such laws prevailed for foreign capital, these countries were only less adverse in their laws to native capital. 102 Assistant Secretary of State Willard Thorp would seem to have agreed with Mr. Hazlitt, for he stated that, "...

<sup>99</sup> Alan Valentine, "Variant Concepts of Point Four," Annals, op. cit., Vol. 270 (July, 1950), p. 64.

<sup>100</sup> "Point Four", op. cit., p. 63.

<sup>101</sup> Loc. cit.

<sup>102</sup> Henry Hazlitt, "Illusions of Point Four", Point Four Program op. cit., p. 62.

government policies, regulations, and attitudes may not only inhibit foreign finance but even domestic enterprises." Secretary Webb reiterated this view and said that the fact that American capital did not flow abroad in the volume that it would be necessary for the Point Four plans was due to abnormal political conditions. In view of this, Business Week stated that, "...United States companies now think twice before investing abroad lest they get caught in nationalistic restrictions."

2. Incentives that could have been used to induce American private capital to move into the underdeveloped areas.

If these restrictions were prevailing to any degree in the underdeveloped countries where capital was needed under the proposed Point Four program, then, "What was the necessary 'climate' that American investors required, and how could such a 'climate' be established?" One author stated that, "...the need is not for the conclusion of agreements conducive to the attraction of private capital abroad, but for a determined and vigorous action to insure that the foreign governments concerned fulfill the commitments they make."

It would appear that business in general looked to the Government to establish the conditions favorable to foreign investors. Mr. Benjamin Fairless, President of the United States Steel Corporation, in an article on foreign investment, stressed the need for the establishment by the Government of a "healthy" climate for American investors and urged all necessary action. The International Chamber of Commerce called for full protection of all types of investments in foreign countries and at its meeting in Quebec, Canada, in June, 1949, discussed resolutions in regard to legal and judicial protection, taxation, and

103 Bulletin, op. cit., Vol. 24 (January 15, 1951), p. 94.

104 Bulletin, op. cit., Vol. 21 (August, 1949), p. 275.

105 Smith, op. cit., p. 1741.

106 Benjamin Fairless, "Foreign Trade and the Point Four Program," The Commercial and Financial Chronicle, Vol. 174 (November 8, 1951), p. 1759.

all other rights that should be allowed foreign investments. This organization felt that native and foreign enterprises should be treated alike and that foreign enterprises should be allowed the freedom of transfer of funds and earnings, the freedom of non-discriminatory regulations on the nationality of shareholders, and the freedom from double taxation.<sup>107</sup>

One means to induce private funds to invest in the underdeveloped areas would have been to guarantee certain private investments abroad by the Government. The Department of State, in explaining the question stated:

Certain risks peculiar to investment abroad...will remain excessive from the point of view of U. S. investors...Outstanding among the risks peculiar to investment abroad which are feasible for a program of U. S. Government guarantees are the risks of loss through nonconvertability of returns from the investment...and the loss through seizure, confiscation, or expropriation...The extension of guarantees by the U. S. Government against risks peculiar to foreign investment is a means of attacking these difficulties and should thus contribute...to a substantial flow of private investment funds abroad.<sup>108</sup>

During the course of the House hearings on Point Four, the guarantee of investments by the Government was brought out by Mr. Delbert Reple, of the Friends Committee. He stated that his organization recommended that, "...an international insurance fund be set up for a fee to guarantee risks for which the recipient governments could not assume responsibility."<sup>109</sup> According to Mr. Norman Littell of the American Bar Association, one of the essentials of a program of the nature of Point Four would have to be the guarantee of investments that take abnormal risks. In a statement before the Senate Committee on Foreign Relations, Mr. Littell pointed out that:

<sup>107</sup> Statement in, Foreign Policy Bulletin, Vol. 25, (June, 1949), p. 76.

<sup>108</sup> "Point Four," op. cit., pp. 73-74.

<sup>109</sup> House Hearings, op. cit., p. 402.

With the policy of protection by intervention in the Americas forever abandoned by the United States, and no security against the grave risks of loss, how can private enterprises be induced to venture into the field? I believe that there is a...practical remedy for the problem in...issuing guaranties from the United States Government to private investors for areas of risks which cannot adequately be secured in bilateral treaties. 110

However, there was some opposition to this policy from both private and public sources. The United States Chamber of Commerce stated that no such guarantee program would be desirable for it would remove the incentive of foreign government to create conditions favorable to private capital investment. 111 Mr. Benjamin Fairless, while he urged the creation of more favorable conditions for foreign investment, believed that a program of guaranties would not work and stated, "...I do not believe, and there are many reasons to support my view, in the workability of the idea!" 112

Aside from the initial question of deciding what risks should be guaranteed, one author, Mr. William Adams Brown of the Brookings Institution, pointed out that other problems would present themselves if such a program were adopted, as, "...the fear of businessmen in governmental interference with the flow of capital abroad." 113 And, as Mr. Hazlitt pointed out, the guarantee of investments by the Government would mean that the American taxpayer would have to assume any losses but that the investors would be allowed to keep their profits. 114

In addition to the discussion of government guarantees to induce private capital to take part in the Point Four program, there was some consideration given to establishing tax incentives for private investors, to attain the same end. But the Department of State considered that such a program, while in some cases it would be quite helpful, was not imperative. They stated that relatively small amounts of income from foreign

110 Senate Hearings, op. cit., pp. 75-76

111. "United States Chamber of Commerce Counsels Caution," Point Four Program, op. cit., p. 64.

112 Fairless, op. cit., p. 1759.

113 William Adams Brown, "Treaty, Guaranty, and Tax Inducements For Foreign Investments", American Economic Review, Vol. 40 (May, 1950), p. 492.

114, Hazlitt, "Illusions of Point Four", op. cit., p. 62.

investments were being absorbed by United States taxes and that, "...in general, investigations of the subject indicate that U. S. taxes have little to do in corporate investors' appraisal of foreign investment

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opportunities." However, they did suggest that, "...in the interest of

stimulating foreign investment...the conditions governing foreign tax

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credits should be liberalized so that greater tax relief might accrue."

On this question the House Committee on Foreign Affairs stated, "...the

question of tax incentives may need careful attention. The Committee

on Foreign Affairs is not the proper forum for discussion of this ques-

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tion."

One avenue was opened, that could be used to produce the desired

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"climate". The Government could negotiate bilateral treaties with the

recipient countries for the establishment of more favorable conditions

for private American investors abroad. Secretary Webb stated that, "...

the Department of State recognizes that in such a program for the reduc-

tion of obstacles to investment abroad, it is particularly important to

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make every effort to improve the climate for foreign investment." He

pointed out that, "...we are constantly working on this problem through

the negotiation of bilateral treaties...However, abnormal deterrents to

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private investment abroad cannot be removed by investment treaties alone!"

In regard to this problem, the Department of State has said that due to

115 "Point Four," op. cit., p. 69.

116 Ibid., p. 70.

117 House Report 1802, part 4, op. cit., p. 11.

118 Although a guaranty clause was not included in the Point Four legislation, the "Mutual Security Act of 1951", did have such a clause in it. Public Law 165, 82 Congress, 1st Sess., Section 520.

119 Bulletin, op. cit., Vol. 21 (August 22, 1949), p. 275.

120 Loc. cit.

the attitude that existed in many countries, the American treaty program would be met with varying degrees of receptivness and that in some cases:

The real benefits which private investments can bring to a country will come to be appreciated only gradually and through a program of education. The technical cooperation program itself can be an effective means to this end. <sup>121</sup>

The House Committee on Foreign Affairs recommended that in achieving this end, that the Department of State, through a vigorously expanded treaty program, try to assure American investors four things:

...That the treatment of our investors will in general be no less favorable than that accorded to the nationals of a foreign country or to nationals of a third country.

...That United States owned enterprises have a reasonable freedom to operate, control, and manage their holdings.

...That in the event of expropriation of an investors' property, prompt, adequate, and effective compensation will be made in the investors own currency.

...That the investors have some right to withdraw and convert to his currency, earnings and reasonable amounts of principal. <sup>122</sup>

#### 5. Technical Assistance at a profit: the International Basic Economy Corporation.

While the Department of State and the Congress considered the problem of inducing private American capital to aid in the development of the underdeveloped areas, one American corporation had already begun to make a salutary record in this field. That corporation was the International Basic Economy Corporation, founded by Nelson A. Rockefeller and his family and associates in January, 1947. The IBEC, a financing development company was dedicated to the purposed of showing the world that the development of the backward countries of the world could be accomplished and at a reasonable profit. <sup>123</sup> The corporation has operated in the Latin American countries of Brazil, Venezuela, and Mexico,

<sup>121</sup> "Point Four," *op. cit.*, p. 68.

<sup>122</sup> *House Report 1802*, part 4, *op. cit.*, pp. 10-11.

<sup>123</sup> *New York Times*, Vol. 96 (January 10, 1947), p. 1, col. 6.



through a system of subsidiary corporations. In explaining the purpose of IBEC, Nelson Rockefeller stated:

The subscribers desire in association with others to promote the economic development of various parts of the world to increase the production and availability of goods, things, and services useful to the lives and livelihood of their peoples, and thus to better their standards of living, and believe that these aims can be furthered through a corporation dedicated to their fulfillment and employing scientific and modern methods and techniques. <sup>124</sup>

In carrying out these purposes, IBEC has served as a clearing house in the United States for the transmission of capital, technology, and managerial skills to the underdeveloped areas. This corporation has concentrated its efforts in the field of agricultural production and distribution. The New York Times has stated:

A new pattern of international development has taken shape since World War II in a score of business enterprises...organized by the Rockefeller brothers and cooperating individuals in the United States and Latin America. <sup>125</sup>

Mr. Francis Jamieson, member of the board of IBEC, when asked whether such an enterprise could succeed financially, stated:

The question of whether a program of the IBEC type can be financially successful depends on many factors...The IBEC enterprises have had varying profit and loss experience. The IBEC was conceived and developed in the belief that it held promise of financial as well as technical success. It is too early to say whether this faith is wholly justified...However, several of the IBEC companies, even at this early stage, are quite encouraging in their promise of becoming sound profit-making enterprises. <sup>126</sup>

The work of this corporation would seem to be an example as to the possibility of the success of private capital under the capital investment plans of the Point Four program, success technically and profit-wise.

To evaluate all the factors that entered into the formulation of the Point Four program as an American foreign policy would be impossible

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<sup>124</sup> Typescript information, "International Basic Economy Corporation," January, 1952; New York.

<sup>125</sup> New York Times, Vol. 101 (January 4, 1952), p. 42, col. 6.

<sup>126</sup> Letter from Mr. Francis Jamieson, April 25, 1952, to author; See Appendix A, p. 127

on any accurate basis. That such things as the threat of Communism, and this would seem to have been a dominant factor, played a part in the early stages of Point Four development would seem evident. How much weight can be attached to the concern of Christian leaders for the program would be difficult to analyze. Suffice to say that the concepts of Christianity, and the humanitarian-altruistic outlook, possibly had some influence on the program. From the outset of the Point Four program, the economic factor seems to have had a vital part in the policy formulation. The desirability of the flow of private capital under the Point Four program and the means to achieve this end were greatly emphasized in articles, testimony, and Congressional debates.

Within these various contentions as to the means of inducing private capital to move abroad under the Point Four program, or even whether it should move abroad, much could be said. In an evaluation of these contentions, it would seem that two things stood out; both private and public funds would be needed for the complete Point Four program, and that the desirable methods of inducing private capital to move abroad would probably have been in an expanded treaty program by the United States with the recipient countries and the efforts of the recipient countries themselves to establish conditions favorable to private American capital.

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## CHAPTER III

### MAJOR PROBLEMS PRESENTED BY POINT FOUR

'Tis our true policy to steer clear of permanent alliances, with any portion of the foreign world...Taking care to keep ourselves, by suitable establishments, on a respectable defensive posture, we may safely trust to temporary alliances for extraordinary emergencies...There can be no greater error than to expect or calculate upon real favors from Nation to Nation.  
—George Washington, Farewell Address, 1796.

We the peoples of the United Nations determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind, and to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women, and of nations large and small, and to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promise social progress and better standards of life in larger freedom, ...have resolved to combine our efforts to accomplish these ends.  
—United Nations Charter, 1945.

#### A. Impressions of the Problems.

##### 1. The Multilateral Versus the Bilateral Method: Implementation by the United States or the United Nations?

The "first point" of the United States' objectives in international relations as defined by President Truman in his Inaugural Address was to continue support of the United Nations. Then, in speaking of the Point Four program, his "fourth point", President Truman stated that, "...this should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable." These words, "wherever practicable" appear to have been a generator of considerable discussion during the Congressional enactment of the Point Four program.

The first bill introduced in the Congress to implement the Point Four program was introduced by Representative John Kee, Democrat, West Virginia, and Chairman of the House Committee on Foreign Affairs.

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<sup>1</sup> Inaugural Address, op. cit.; See Appendix A, p. 131.

<sup>2</sup> Loc. cit.

<sup>3</sup> Congressional Record, op. cit., Vol. 95 (July 12, 1949), p. 9333.

The Kee bill, H. R. 5615, stated that in carrying out a program of economic development in the underdeveloped areas of the world, "...the participation of the United Nations...shall be sought wherever practicable."<sup>4</sup> This bill would have enabled the President, in carrying out program of technical cooperation, to, "...make advances and grants in aid of technical cooperation programs to...any international organization..."<sup>5</sup>, of which the United States was a member. Within the meaning of this bill, the President would have been allowed to carry on programs of technical cooperation through the United Nations. The Kee bill, H. R. 5615, differed somewhat in the approach to the technical assistance program that was introduced in H. R. 6026 by Representative Christian Herter, Republican, Massachusetts,<sup>6</sup> The Herter, H. R. 6026, would have had the United States carry out technical assistance almost entirely on a bilateral basis with each country desiring the aid set up by that bill,<sup>7</sup> instead of through the United Nations.<sup>8</sup> Power would have been give to the President by the Herter bill, H. R. 6026, to use the services and facilities of the United Nations in carrying out the bilateral programs entered into by the United States.<sup>9</sup> These bilateral agreements would have required that each participating country enter into treaties of friendship and commerce with the United States. This was designed to assure private American capital invested in the underdeveloped areas protection against, "...unduly and burdensome measures which unduly

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<sup>4</sup> H. R. 5615 Section 4(a).

<sup>5</sup> H. R. 5615 Section 6(d).

<sup>6</sup> Congressional Record, op. cit., Vol. 95(August 17, 1949),p.11693.

<sup>7</sup> H. R. 6026 Section 7, "Bilateral Agreements."

<sup>8</sup> H. R. 6026 Section 18(a), "United Nations."

<sup>9</sup> H. R. 6026 Section 11(a), "Treaties and Conventions."

restrict the right of nationals of the United States to own, manage, and  
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 operate business enterprises within the participating country.<sup>10</sup> The Her-  
 ter bill, H. R. 6026, also contained a provision:

...Assuring the nationals of the United States that just compensa-  
 tion will be promptly paid them in an adequate and effective man-  
 ner if the participating government expropriates any of their prop-  
 erty, deprives such nationals of normal control over their property,  
 imposes restrictions of charges on their property or business as to  
 deprive them of any substantial beneficial interest, or destroys or  
 substantially impairs the enterprise, business, or property of a  
 national of the United States by engaging in competition with such  
 national either directly or through a corporate instrumentality.<sup>11</sup>

The Herter bill, in carrying out the principle of business protec-  
 tion, further required that a treaty for the conversion of currency be  
 entered into with every participating country. Such a provision assured  
 the American investor of being able to convert his profits or principal  
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 from the native currency to American dollars. The Department of State  
 found that under such a program as the Herter bill envisioned, only a,  
 "...very limited amount of technical assistance activities on a purely  
 bilateral basis by the United States Government would have been available  
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 to countries which signed rigid treaties with the United States."

The Kee bill, H. R. 5615, which emphasized the technical assistance  
 program, and the Herter bill, H. R. 6026, which emphasized the capital  
 investment program, were harmonized between the first and second Sessions  
 of the 81st Congress. The Department of State and Representative Herter  
 worked with the business interests concerned with the Point Four program  
 in order that harmony could be achieved in a new bill. On January 18,  
 1950, Representative Kee, Democrat, West Virginia, introduced the compro-

<sup>10</sup> H. R. 6026 Section 11(a)(1).

<sup>11</sup> H. R. 6026 Section 11(a)(2)

<sup>12</sup> H. R. 6026 Section 11(a)(2-D-b).

<sup>13</sup> Letter from Mr. Harry L. Carr, Public Affairs Officer, TCA, Depart-  
 ment of State, March 11, 1952, to author.

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 mise bill, H. R. 6834. This new bill represented, according to Assistant Secretary of State Willard Thorp, "...a fairly well agreed-upon statement of objectives, policies, and procedures." 15 Thorp explained that while some groups considered that the proposed program should be carried on entirely through the United Nations, and others felt that it should be an entirely bilateral program, this was, "...a natural variety of opinion." 16 Secretary Thorp, in handling the Administrations part in the legislation of H. R. 6834, the Kee compromise bill, worked with Representative Herter, Republican, Massachusetts, and over twenty-five business leaders, among them, Mr. Samuel Baggett, Vice President 17 of the United Fruit Company.

The Kee compromise bill, H. R. 6834, had in it the same clause as the original Kee bill, H. R. 5615, had in reference to the United Nations and the technical cooperation programs, namely, "...in carrying out the technical cooperation programs authorized in this Act the participation of the United Nations...shall be sought wherever practicable." 18 The next bill in the succession of bills introduced to implement the Point Four program was a bill that the House Committee on Foreign Affairs had prepared in perfection of H. R. 6834, the Kee compromise bill. This committee perfection bill, H. R. 7346, had in it a new section in regard to 19 the United Nations. 20 This section pointed out that the United Nations

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14 Congressional Record, op. cit., Vol. 96 (January 18, 1950), p. 584. H. R. 6834 sent to the Committee on Foreign Affairs; on the same day Representative Christian Herter, Republican, Massachusetts, introduced an identical bill in H. R. 6835.

15 House Hearings, op. cit., p. 456.

16 Loc. cit.

17 Ibid., p. 451 and p. 456; letter from Mr. Samuel Baggett to author, June 5, 1952, see Appendix A, p. 122

18 H. R. 6834 Section(4)(a).

19 Congressional Record, op. cit., Vol. 96 (February 20, 1950), p.

2029. 20 H. R. 7346 Section 2(d).

was capable of developing, through its specialized agencies, the economic resources of the underdeveloped countries and that through the United Nations program of technical cooperation, greater production, higher standards of living and greater international trade would ensue. In addition to this statement, the committee perfection bill, H. R. 7346, authorized the President to:

...Make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this Act as effectively as would participation in comparable programs on a bilateral basis.<sup>21</sup>

In the final House bill that authorized the Point Four program, an omnibus foreign aid bill, H. R. 7797, "Foreign Economic Assistance Act of 1950",<sup>22</sup> the above statement was not included. However, the President was given authority to enter into multilateral agreement for technical cooperation. This authority was permissive and hence, the President was to determine which channel of action, the bilateral or the multilateral would best fulfill the purposes of the Act.<sup>23</sup>

Senate bill S. 3304, with the Connally amendment in the form of title V, "Act for International Development", also would have authorized the President to make contributions to the United Nations for technical cooperation programs, "...if such programs would contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis."<sup>24</sup><sup>25</sup>

<sup>21</sup> H. R. 7346 Section 4(b).

<sup>22</sup> Congressional Record, op. cit., Vol. 96 (March 22, 1950), p. 3895; H. R. 7797 was introduced by Representative Hohn Kee, Democrat, West Virginia and referred to the Committee on Foreign Affairs, title III of this bill was the Point Four legislation, "Act for International Development".

<sup>23</sup> Loc. cit., title III Section 304(a).

<sup>24</sup> Congressional Record, Vol. 96 (April 5, 1950), amendment offered by Senator Tom Connally, Democrat, Texas, Chairman of the Senate Foreign Relations Committee, to be title V of S. 3304.

<sup>25</sup> S. 3304, title V Section 503.

Both the Senate and the House reports on Point Four legislation stated that technical assistance would need to be carried out on both a bilateral and a multilateral basis. The House report stated that these two channels would be necessary, but that in either case the choice would be deliberate. The report stated:

The United Nations and its specialized agencies...of which the United States is a member, already have some technical assistance programs in operation. In other instances they have already surveyed the field or are better equipped to survey it. In some fields, the experts must be recruited from many countries to do a job effectively. In other situations, technical assistance that is required covers more than one country. In these instances the multilateral channel is the most effective.<sup>26</sup>

In developing the topic further, the House report stated that, because United States experience in the bilateral field of technical cooperation programs had demonstrated its soundness, and the effective facilities of the United Nations were limited, a bilateral channel would prove effective, at least for the first year of the program. The Senate report discussed both the bilateral and the multilateral methods and stated that both would be needed for technical cooperation programs. However, the Senate report was not as clear and definite in explaining the relative merits of these two alternative devices.<sup>27</sup>

The House Committee on Foreign Affairs print on the Point Four program, which preceded these reports, stated:

It is not possible to establish a rule to determine automatically whether a particular project should be carried out by an international agency such as the United Nations...or by the United States and the recipient country on a bilateral basis.<sup>28</sup>

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<sup>26</sup> House Report 1802, part 4, op. cit., p. 11.

<sup>27</sup> Senate Report 1371, part 2, op. cit., pp. 5-7.

<sup>28</sup> U. S. Congress, 81st, 2nd Sess., House, Committee on Foreign Affairs, "Point Four: Background and Program," (Committee Print, July, 1949, Government Printing Office, Washington, D. C., 1949), p. 8.



Opinion in the Congress and in private circles seems to have been sharply divided on the question of whether the program of technical assistance should be carried on either bilaterally or multilaterally.

In the conclusions of the minority of the House Committee on Foreign

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Affairs, it was stated that Mr. Spruille Braden pointed out in his testimony on Point Four Legislation that:

Even worse than developing this program through the United States Government instrumentalities would be putting it under the less experienced United Nations and the latter's specialized agencies. This Nation would continue to make the major financial and technical contributions; yet the direction and control thereof would be vested in those organizations where our single vote would be overwhelmed by those of the program's beneficiaries. The UN, like all bureaucracies, seems to be ambitious to expand its activities and, at best be only grudgingly tolerant of private enterprise. To coordinate its operations with those of private organizations would be a Sisyphean task. The evils of statism and bureaucracy from which we already suffer within our country would be expanded into infinitely more dangerous international superstatism and hegemonic bureaucracy.<sup>31</sup>

An opinion contrary to Mr. Braden's, was given by Mr. Francis O. Wilcox, a member of the staff of the Senate Foreign Relations Committee.

Mr. Wilcox has stated that, "...there should be little question about the competence of the U. N. agencies to engage in technical assistance activities."<sup>32</sup> Mr. Wilcox felt that the task of coordination between the

United Nations and other similar projects, "...will not be difficult as the U. N. will work where it can and the bilateral programs will fill

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the gap."

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<sup>30</sup> House Report 1802, part 4, op. cit., conclusions of the minority, Representatives Robert B. Chipperfield and Lawrence M. Smith, Republicans, Illinois and Wisconsin, pp. 24-33.

<sup>31</sup> Ibid., p. 31.

<sup>32</sup> Francis O. Wilcox, "United Nations Program of Technical Assistance," Annals, op. cit., Vol. 268 (March, 1950), p. 46.

<sup>33</sup> Ibid., p. 52.

In the House debates on the omnibus foreign aid bill, H. R. 7797, Representative Charles Potter, Republican, Michigan, stated that:

I hope to be able to support this legislation, however, all through the debate on this bill with reference to title III, no one has been able to explain to the House why we should have multilateral agreements... If our history has taught us anything it has taught us that we have been most successful in operating our bilateral agreements. We cannot vaunt that much pride in our multilateral agreements. <sup>34</sup>

This statement by Representative Potter possibly had reference, as the minority report of the House Committee on Foreign Affairs also pointed out, to the United Nations Relief and Rehabilitation Administration of the earlier days of the United Nations, an organization that had proven <sup>35</sup> to be quite weak.

Generally speaking, though, the testimony of the House hearings on Point Four were favorable to carrying out technical assistance on a multilateral basis through the United Nations and its related agencies. Dr. Raymond Moyer testified that both the United Nations channel and the bilateral channel should be used. However, he stated that the bilateral channel would probably be more effective to the United States as a weapon against Communism. <sup>36</sup> Although for a somewhat different reason, Mr. J. T. Sanders, a legislative counsel for the National Grange, informed the House Committee that the National Grange favored the maximum use of the United Nations because:

We believe that through Point IV nations must act in concert for common ends in the present world, where even as powerful a nation as the United States, cannot afford to stand alone. If we support the principles of cooperative action with other nations, we must do everything possible to effectuate that principle. Having set up the United Nations, we must use it so that it can mature in capacity and effectiveness as a world government and consequently as an agency of world peace. <sup>37</sup>

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<sup>34</sup> Congressional Record, op. cit., Vol. 96, (March 31, 1950), p. 4538.

<sup>35</sup> House Report 1302, part 4, op. cit., p. 29.

<sup>36</sup> House Hearings, op. cit., p. 366.

<sup>37</sup> Ibid., p. 394.

The United Automobile Workers, through their Washington, D. C., representative, Mr. Donald Montgomery, informed the House Committee that the UAW felt that the Point Four program should be carried out through the United Nations.<sup>38</sup> This organization's position was based on the belief that if technical assistance and capital investment were carried on, on an entirely bilateral basis, then charges could be made that the United States would become, "...the world's new master banker." A member of the Committee, Representative John Vorys, Republican, Ohio, suggested that in order to stop any Soviet charges against an American program of technical cooperation, that the Committee put a clause in the Point Four legislation to the effect that if the United Nations should determine that the programs being carried on by the United States were contrary to the purposes of the United Nations, the President should be directed to discontinue such programs. Representative Vorys stated:

Such a provision should then put the shoe on the other foot—the Soviets instead of just dragging their feet and messing around with any program we made in the United Nations or otherwise, would have to seek affirmative action to stop something that we are doing for some backward country, on the grounds that it is a bad idea, and then we might have them over the barrel.<sup>39</sup>

Similar points-of-view were expressed in the Senate Foreign Relations Committee's hearings on Point Four on this question. Early in the first day of these hearings Senator Fulbright, Democrat, Arkansas, asked the question of whether, under the legislation concerning American participation in the United Nations programs of technical assistance, that it would merely be permissive for the President to do so and not mandatory.<sup>40</sup>

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<sup>38</sup> Ibid., p. 441.

<sup>39</sup> Ibid., p. 462; such a provision was included in the omnibus foreign aid bill, H. R. 7797 Section 411(a).

<sup>40</sup> S. 3304, title V, Section 503.

Assistant Secretary of State Willard Thorp, the witness at that time, stated that under the wording of the legislation, it would be up to the President to decide whether the United Nations or bilateral programs would best effectuate the purposes of the legislation.<sup>41</sup>

One organization, the National Foreign Trade Council, in a letter to Senator Tom Connally, Democrat, Texas, and Chairman of the Senate Foreign Relations Committee, urged the Senate Committee to alter the section in the House Committee on Foreign Affairs perfection bill, H. R. 7346, that would have made it mandatory for the United States to participate in the United Nations programs of technical cooperation.<sup>42</sup> The final bill that was passed by the Congress, the omnibus foreign aid bill, H. R. 7797, "Foreign Economic Assistance Act of 1950," did alter the wording of the House Committee perfection bill, H. R. 7346, so that it became merely permissive for the United States to enter into the United Nations programs. The decision for such would be vested in the President, who was to determine which method would best effectuate the purposes of the Act.<sup>43</sup> Hence, the United States could carry on technical cooperation programs, according to the final bill, by the multilateral or bilateral channel. Whether this permissive authority was in anyway affected by the pressures exerted upon the Congress to allow the United States to participate in the United Nations programs is speculative. One fact though, stands out. Considerable pressure was exerted by the National Cooperative League, the United World Federalists, the Congressional Christian Churches, the Foreign Missions Conference, the African Aid Society, the People's Lobby, the Postwar World Council, the American

<sup>41</sup> Senate Hearings, *op. cit.*, p. 22.

<sup>42</sup> *Ibid.*, pp. 117-118, letter from E. P. Thomas, President of the National Foreign Trade Council, dated, March 31, 1950.

<sup>43</sup> H. R. 7797, Section 404(a).

Association of University Women, and the National Catholic Welfare Conference, and many other such organizations to influence the Congress in the direction of a multilateral plan of action for Point Four.<sup>44</sup>

To ascertain fully, why such pressure was exerted upon the Congress to authorize the multilateral channel as well as the bilateral channel, would require a study that is not within the scope of this paper. Several things appear to be evident as to why the United Nations channel was desirable to several groups. The United Nations had already established organizations on a world-wide scale that could competently handle programs of technical cooperation. Among these were the World Health Organization, the International Labor Organization, the Food and Agriculture Organization, and the United Nations Technical Assistance Administration. The United Nations TAA handles the projects which the specialized agencies, such WHO, is not equipped to handle.<sup>45</sup> Also the United Nations had developed at the time of the debate on Congressional enactment of Point Four, a Technical Assistance Committee within the Economic and Social Council of the United Nations to exercise over-all authority and supervision for technical assistance projects and a Technical Assistance Board to under-take the day-to-day operations of such projects.

As Mr. David Owen, head of the Economic Affairs Department of the United Nations, has stated, a world problem, such as economic development, needs world effort.<sup>46</sup> This world effort could easily be achieved in conjunction with the United Nations. Mr. Owen pointed out that the underdeveloped countries would be less sensitive if an international organization undertook to develop their internal resources, than if the

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<sup>44</sup> Organizations that appeared before the Committees are listed in the Senate Hearings, and the House Hearings, op. cit.

<sup>45</sup> U. S. Department of State, Technical Assistance Under the International Agencies, August, 1951 (Publication 4256, Government Printing Office, Washington, D. C., 1951), pp. 4-7.

<sup>46</sup> David Owen, "The United Nations Program of Technical Assistance," Annals, op. cit., Vol. 270 (July, 1950), pp. 110-111.

United States carried out such programs on a bilateral basis.

2. The Duration of the Program: Permanent or Temporary Legislation?

In addition to the question of how Point Four should be carried out, the problem of the scope of the program faced the Congress in enacting Point Four legislation. The Department of State's position in regard to the time factor on such a program, was that it would be impossible to set a limit in terms of years because of the inherent nature of the program.<sup>47</sup> By this, the Department of State meant that such a program as Point Four would have to be viewed as an "evolutionary program", for the achievement of the constant objectives would require continual adjustment as the program grew in experience and knowledge. Hence, as the Department of State viewed the problem, the formulation of plans far in advance, or the setting of a time limit on the program, would be impossible.<sup>48</sup>

The minority opinion of the House Committee on Foreign Affairs took exception to the Department of State's view of the duration of such a program and announced that, in their opinion, since no time limit was set on this legislation, it could not be classified as a program.<sup>49</sup> Nevertheless, the majority of this Committee felt that the Point Four program should be:

Intended (as)...a continuing part of the foreign policy of this Government. It is long-range in character because economic development is a long-range process. Recognizing this, the committee has framed this title (title III, H. R. 7797) as permanent legislation.<sup>50</sup>

This statement seems to be quite comparable to a statement made earlier by the Department of State in regard to the long-range nature of the

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<sup>47</sup> "Point Four," op. cit., p. 36.

<sup>48</sup> Ibid., p. 7

<sup>49</sup> House Report 1802, part 4, op. cit., p. 38.

<sup>50</sup> Ibid., p. 19.

Point Four program:

Economic development is a long-range process. Consequently this must be a long-range program. Its duration and success will be measured in decades rather than in years. Spectacular results cannot be expected immediately. The cooperation which it envisages should be thought of as a continuing program.... 51

Although the House Committee considered Point Four as "permanent legislation", it was not willing to give it "blanket" authorization. The Committee reported to the House that, "...it believes that a thorough review by the Congress from time to time, and particularly at the end of of the first year, is desirable and necessary." 52

The Senate Committee on Foreign Relations seems to have agreed with the general principles laid down by the House Committee regarding the duration of the program. The Senate Committee's impression was that although the program might prove to be desirable as a continuing element of the United States foreign policy, that since, during the first year of the program, the administrative machinery and techniques would have to be formulated and the needed technical personnel secured, that it would be advisable to limit the authorization. 53

In the final bill that was passed by the Congress, the omnibus foreign aid bill, H. R. 7797, no specific limit as to time was placed on the entire program. There clauses in the final bill, however, would tend to act as limiting factors. One was that contracts entered into under the program would be limited to three years. 54 The second limiting factor was in the authorized appropriation which, while it allowed funds to be appropriated from time to time, set a limit on the first year's authorization, therefore, Congress would be able to review the program

51 "Point Four," op. cit., p. 6.

52 House Report 1802, part 4, op. cit., p. 20.

53 Senate Report 1371, part 2, op. cit., p. 10.

54 H. R. 7797, title IV, Section 405(e).

each year as the appropriations were made. The third limiting factor was that the final bill stated that all or part of the technical cooperation programs carried on under this bill could be, "...terminated if a concurrent resolution of both the Houses of the Congress finds such termination is desirable."<sup>55</sup>

3. The Financial Scope of the program: A Big Money program versus a Modest Beginning.

The Department of State estimated that the total financial requirements for the Point Four program for the first year, in new appropriations, would be \$35,000,000; and the total expenditures for the first year would be \$45,000,000, of which \$10,000,00 had already been authorized by the Congress to carry on the programs of the Institute of Inter-American Affairs, and the Information and Educational Exchange Service.<sup>56</sup> The Department stated that, "...it is fair to say that...the cost of technical assistance will be negligible."<sup>57</sup>

Some members of the Congress did not view the question in that manner. In the Senate hearings on Point Four, Secretary of State Dean Acheson stated that the, "...program for technical assistance is not a big money program." To this, Chairman Tom Connally, Democrat, Texas, replied:

Of course that is your purpose now, and that is your objective now, but as time goes on I can feel the pressure already coming in through the windows there on us to do this and that and the other. We have a great program out here. We have talked to Mr. Thorp about it and Mr. Thorp thinks it's fine. Give us \$100,000,000 now and we will fix it all up.<sup>58</sup>

Secretary Acheson encouraged Chairman Connally some by replying that, "...you and I will cooperate on sitting on Mr. Thorp in that event." To which Chairman Connally answered, "...I hope you keep up increasing your

<sup>55</sup> Ibid., Section 411(b).

<sup>56</sup> "Point Four," op. cit., p. 83; the budget for the program was printed in "Foreign Aid Appropriations for 1951", Hearings before the Senate Committee on Appropriations, 81st Congress, 2nd Sess. (Committee Print, Government Printing Office, Washington, D. C., 1950), pp. 368-370.

<sup>57</sup> "The Point Four Program", op. cit., p. 2.

<sup>58</sup> Senate Hearings, op. cit., p. 23.



weight so when you do sit on him we will sit on him hard."

In the successive bills that were introduced into the Congress for the implementation of the program there was no common agreement as to the size of the appropriation authorization. The original Kee bill, H. R. 5615, did not authorize any specific amount of money to carry out the program, but merely stated, "...there are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act." The Herter bill, H. R. 6026, made the same provision, and in addition stated that the authorization would be for one year. The next bill, the compromise bill, H. R. 6834, again made the same provision. The last two bills introduced in the House, and also the Senate amendment, made specific mention of the sums to be authorized for appropriation. The Committee perfection bill, H. R. 7346 stated that, "...there shall be made available such sums as are hereafter authorized and appropriated from time to time for the purposes of this Act: Provided, however, That for the purpose of carrying out the provisions of this Act through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$45,000,000." This would include the previously authorized \$10,000,000 for the Institute of Inter-American Affairs and the Information and Educational Exchange Service. The final House bill, the omnibus foreign aid bill, H. R. 7797, reduced this amount to \$35,000,000, which was to include the \$10,000,000 previously authorized. The Connally amendment to S. 3304, the Senate omnibus foreign aid bill, authorized the amount requested by the Department of State, \$45,000,000. Possibly the fact that the Senate and House concerned themselves with the amount of authorization was due to the fact that the Congress then

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59 Loc. cit.

60 H. R. 5615 Section 12(a).

61 H. R. 6026 Section 13.

62 H. R. 6834 Section 13(a).

63 H. R. 7346 Section 15(a).

64 H. R. 7797 Section 416(a).

65 S. 3304 title V, Section 508.

considering the extension of the ERP for another year at a cost of several billions of dollars.

4. The problem of defining "Underdeveloped Areas,": Western or Native standards?

The determination of what constitutes underdevelopment, the location thereof, and the measurements to be used for such, would seem to be a primary problem that would face any program of technical assistance to the underdeveloped areas of the world. The very nature of such of problem of determining a working definition of the extent, location, and factors of underdevelopment would seem inappropriate for the Point Four legislation. If underdevelopment was based on comparative standards with Western Civilization, then, possibly, the Congress might have been able to set up some standards, or measurements. However, the problem of underdevelopment probably should be viewed in relation to the native culture. What could constitute underdevelopment in the United States, would not necessarily be considered as underdevelopment in India. The two Committee's of the Congress did take notice of such a problem, however, they did not try to incorporate in the Point Four legislation any specific measures to handle it. As the House Committee on Foreign Affairs stated:

The extent of economic development of a country is not measurable; it is a comparative, measurable by a variety of tests. Geographically, the underdeveloped areas are grouped together. They include two-thirds of the world's population and comprise, roughly speaking, the following: the countries of the Western Hemisphere south of the United States, Africa, and its adjacent islands, the Near East, the Middle East, and the Far East and Oceania.<sup>66</sup>

However, not all of the countries in the regions mentioned would be considered as "underdeveloped". For example, the Union of South Africa and Australia would not be considered as economically underdeveloped in comparison to some countries in their respective regions, such as Nigeria, or the East Indies of the Oceania.

<sup>66</sup> House Report 1802, part 4, op. cit., p. 5.

Hence, geographic location in itself is not a sufficient test and a more satisfactory criterion would seem to be needed. Possibly one of the best tests then, would be a measurement of the ability of the various peoples of the world to produce economic goods, which can be measured to some extent by the average per capita national income of the peoples of the world.<sup>67</sup> Various other methods have been used to solve this problem to a limited extent. The difficulty is that the devices used to measure economic wealth and production in Western civilization, are not always available in the underdeveloped areas. Also, if measurement is necessary, then it will probably be on some basis comparable to Western civilization. This brings up the question of cultural relationships. What might be considered desirable and necessary for economic development in Western civilization, will not always be appropriate to the culture of a specific underdeveloped region. For example, in the United States cattle are not allowed to wander about the countryside freely, but in India, where for religious reasons, cattle wander about, eating where it desires, and in turn destroying crops and causing unhealthful sanitary conditions. Even though Westerners would consider this situation as not only economically unsound, but unhealthy for the community, the Indian culture demands a different point of view. Hence, caution would need to be used in measuring economic development.

Mr. Howard S. Piquet, Senior Specialist in International Relations and Economics, Legislative Reference Service, Library of Congress, has stated that certain factors can be taken as indicators of economic development, namely, such things as per capita income, average food consumption,<sup>68</sup> miles of railroads, telephones and radios in use, Here again,

<sup>67</sup> See Appenstix B, Table II, p. 133-134.

<sup>68</sup> Howard S. Piquet, "Point Four and World Production," Annals, op. cit., Vol. 268 (March, 1950), pp. 152-153.

some of these criteria would seem to indicate development in a given culture or area, namely Western civilization, but not necessarily development in a different area or culture such as the Far East. If one of the primary purposes of technical assistance is to develop the economic resources within the given area, then, the internal factors of culture probably should be given careful consideration. If the technicians going abroad under the Point Four program expected to develop, in countries like India, TVA's or Detroit's, then the success of the program in those terms will not be too evident as it would be on a scale somewhat different.

It is possible, though, to estimate certain factors that are common to all underdeveloped areas. Mr. John Rose, Geographer of the Legislative Reference Service, Library of Congress, has listed eight factors which he views as common to the underdeveloped regions of Latin America, Africa, the Middle East, and the Far East:

1. They are not, as presently known, rich in resources.
2. They may have one or several resources, or none, but the picture is not well-balanced with an abundant diversity of the sinews of modern industry.
3. Income and industrial investment per capita average only one-tenth as high as in the developed areas.
4. Mechanical energy used per capita is only one-twentieth as abundant.
5. Food consumer per capita is estimated at only about two-thirds as much as in the most favored areas and not much more than the minimum assumed to be necessary to sustain life.
6. Such areas support high birth rates and a rapidly expanding population.
7. Illiteracy and disease associated with only slight development of health and educational facilities.
8. The life span is comparatively short. <sup>69</sup>

It has also been pointed out that the economic characteristics of the underdeveloped areas are marked by a high degree of manual production and the family-shop type business. This organization, in turn, has

<sup>69</sup> John K. Rose, "Needs and Resources of the Brave New World," Annals, op. cit., Vol. 269 (March, 1950), pp. 9-21.  
Annals, 70, op. cit., Vol. 270 (July, 1950), p. 43. ped Countries,"

caused several other characteristics to appear as evident, such as low productivity in practically all economic matters, low employment capacity in industry and commerce and an overcrowding in agriculture.<sup>71</sup>

While the Kee bill, H. R. 5615, and the Connally amendment to S. 3304 did not make any provision for the problems associated with underdevelopment, such as the determination and needs of such, the Herter bill, H. R. 6026, the Kee compromise bill, H. R. 6834, and the Committee perfection bill, H. R. 7346, and the final omnibus foreign aid bill, H. R. 7797, all made similar provisions concerning this problem.<sup>72</sup> These bills provided for the establishment of a joint commission, to be composed of persons appointed by the United States and by the recipient country. The joint commissions were to study the resources and needs of each particular country that applied for United States assistance under the Point Four program. The provisions establishing such a joint commission did not specify any particular standards that had to be met or any measurement that had to be used in the determination of whether a particular country was economically underdeveloped. As the Department of State has stated:

Criteria for establishing that any particular country is underdeveloped are not absolute. A careful weighing of such factors as individual income levels, dietary standards, rates of literacy, health conditions, percentage of employment in non-agricultural pursuits, and others tends to establish the division between development and underdevelopment with considerable precision and with little room for doubt.<sup>73</sup>

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<sup>71</sup> Loc. cit.

<sup>72</sup> H. R. 6026 Section 8; H. R. 6834 Section 7; H. R. 7346 Section 10; H. R. 7797 Section 310.

<sup>73</sup> Letter from Mr. Harry L. Carr, Public Affairs Officer, TCA, Department of State, to author, April 2, 1952; See Appendix A, pp. 128-130.

B. The Composing of Divergent Views: The final legislative form of the Point Four program.<sup>74</sup>

1. The introduction of the omnibus foreign aid bill, H. R. 7797.

When the various divergent views on the Point Four program had been discussed and met to the satisfaction of the Committees working on Point Four legislation, there followed the test of Congressional enactment. The Committee perfection bill, H. R. 7346 became a title of the omnibus foreign aid bill introduced by Representative John Kee, Democrat, West Virginia on March 22, 1950.<sup>75</sup> This bill was reported out of the Committee on Foreign Affairs the next day,<sup>76</sup> but fourteen months had past since President Truman had announced the Point Four program to the public, and this legislation was still far from being ready to be placed upon the statutes.

The "Act for International Development," the Point Four title of H. R. 7797, the omnibus foreign aid bill, represented several basic compromises from the successive bills that had been introduced into the Congress to implement the Point Four program. No doubt much of the credit for this legislation as it was reported out of the Committee and appeared on the floor of the Congress should go to the late Representative John Kee, Democrat, West Virginia, Chairman of the House Committee on Foreign Affairs; to Representative Christian Herter, Republican, Massachusetts; and to Assistant Secretary of State Willard Thorp, who had charge of the Department of State's actions in implementing Point

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<sup>74</sup> See Appendix B, Table III, "Outline of Legislative Procedure in the Enactment of Point Four: "Act for International Development," Title IV, "Foreign Economic Assistance Act of 1950," Public Law 535, U. S. Congress, 81st, 2nd Sess., H. R. 7797." pp. 136-138

<sup>75</sup> Congressional Record, op. cit., Vol. 96 (March 22, 1950), p. 3895.

<sup>76</sup> Ibid., p. 3992.

## Table I

Source: U. S. Congress, 81st, Congressional Record, Vol. 96

<p>H. R. 5615 81st Congress, 1st Sess. July 12, 1949 Introduced by Representative Kee, Democrat; emphasized the role of technical assistance.</p>	<p>H. R. 6026 81st Congress, 1st Sess. August 17, 1949 Introduced by Representative Herter, Republican; emphasized the role of capital investment</p>
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<p>H. R. 6834 81st Congress, 2nd Sess. January 18, 1950 Identical bills introduced by Representatives Kee and Herter; a compromise bill between H. R. 5615 and H. R. 6026 on the role of technical assistance and capital investment in the Point Four program.</p>	<p>H. R. 6835</p>
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H. R. 7346  
81st Congress, 2nd Sess.  
February 20, 1950

Introduced by Representative Kee; a committee bill  
perfecting points on the role of technical assis-  
tance and capital investment; on the role of the  
multilateral and bilateral methods of execution;  
and the termination of the Point Four program.

H. R. 7797  
81st Congress, 2nd Sess.  
March 22, 1950

Introduced by Representative Kee;  
the House omnibus foreign aid bill  
which included H. R. 7346 as title  
III, "Act for International Develop-  
ment.

S. 3304  
81st Congress, 2nd Sess.  
March 24, 1950

Introduced by Senator Tom Connally,  
Democrat; the Senate omnibus foreign  
aid bill which included as title V  
the Connally amendment, "Act for In-  
ternational Development.

H. R. 7797  
Public Law 535

"Act for International Development,"  
title IV of the "Foreign Economic Ass-  
istance Act of 1950," 81st Congress, 2nd  
Sess., June 5, 1950.

77  
Four.

The "Act for International Development," of H. R. 7797 represented a compromise in that, the rigid treaty requirements of the Herter bill, H. R. 6026, were completely left out of the final act. To satisfy those groups represented by the Herter bill, H. R. 6026, and for its own merit of technical competence, the advisory board and the joint commission plan of the Herter bill was included in the final Act.<sup>78</sup> Another compromise was that both the bilateral and the multilateral methods of implementation were authorized. The compromise that possibly would be considered the largest single mutual concession was the fact that the "Act for International Development," as reported out of the Committee, dealt with capital investment and technical assistance.

2. House Action on H. R. 7797.

Since H. R. 7797 was an omnibus bill, the debate was somewhat lengthy. On March 24, 1950, Representative Cox, Democrat, Georgia, introduced a resolution that the House resolve itself into the Committee of the Whole to debate H. R. 7797 for a limit of six hours of general debate. This resolution was passed and the general debate began in the Committee of the Whole on March 24, 1950.<sup>79</sup> Except for a few occasional discussions, title III, the "Act for International Development," was not debated until March 31, 1950. Title I dealt with the extension of the ERP and incited long and sharp debate. The remaining titles dealt with aid to China, relief for Arab refugees, and relief for destitute children in war-ravished areas. These titles did not incite much controversial debate. However, this cannot be said of the title dealing

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<sup>77</sup> Senate Hearings, op. cit., p. 455 and p. 475.

<sup>78</sup> House Hearings, op. cit., pp. 470-471.

<sup>79</sup> Congressional Record, op. cit. Vol. 96 (March 24, 1950), House Res. 518, p. 4046.



with Point Four. The extension of the ERP called for a total authori-  
 zation of \$2,700,000,000; the "Act for International Development," call-  
 ed for an authorization of \$35,000,000; in comparison, the latter seems  
 to have been able to illicit more controversial debate. Much of the ear-  
 lier debate on the omnibus foreign aid bill, H. R. 7797, was centered  
 around discussions of the threat of Communist infiltration within the  
 Department of State, and around the need for economy in the Government.  
 It was not until March 31, 1950, that the Committee of the Whole was able  
 to reach any decision on H. R. 7797 and it was also on that day that the  
 major debates on Point Four took place. Representative Kee, Democrat,  
 Chairman of the Committee on Foreign Affairs, led the proponents of  
 title III, and Representative Lawrence Smith, Republican, Wisconsin,  
 and a member of the Committee on Foreign Affairs, led the opponents  
 of the title. Immediately after the House had resolved into the Com-  
 mittee of the Whole on March 31, Representative Smith offered an amend-  
 ment to strike out title III, the "Act for International Development,"  
 from the body of H. R. 7797. This amendment was defeated on a division  
 of 189 against the amendment and 111 for the amendment. Another amend-  
 ment that was offered on March 31, was by Representative Herter, one  
 of the original authors of the Point Four legislation. This amendment  
 was to reduce the funds authorized to be appropriated from the total of  
 \$35,000,000 to a total of \$25,000,000. The amendment was agreed to  
 over the opposition of Representative Kee by a vote of 117 ayes to 78 nos.

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<sup>80</sup> H. R. 7797, Title I, Section 102.

<sup>81</sup> Congressional Record, op. cit., Vol. 96, e. g., remarks of; Rep-  
 resentatives: Howard Smith (Democrat, Virginia), March 24, 1950, pp. 4049-  
 4050; Arthur Miller (Republican, Nebraska), March 27, 1950, pp. 4142-4144;  
 Franklin D. Roosevelt, Jr., (Democrat-Liberal, New York), March 29, 1950,  
 p. 4342; and Frank Keefe (Republican, Wisconsin), March 28, 1950, p. 4233.

<sup>82</sup> Loc. cit., (March 31, 1950), p. 4518, vote at, p. 45550.

<sup>83</sup> Ibid., p. 4539, vote at p. 4540.

Immediately after the Committee of the Whole had agreed to the Herter amendment, it rose and reported to the House that a decision had been reached in the Committee of the Whole.

Then, Representative Lawrence Smith again tried to defeat the Point Four legislation by making a motion that the House send H. R. 7797 back to the Committee on Foreign Affairs with instructions that title III be removed. This motion was defeated on a yea and nay vote, demanded by Representative Smith, of 150 yeas to 220 nays, with 61 not voting. On this vote 29 Republicans voted with 191 Democrats to defeat the motion, and 31 Democrats voted with 118 Republicans to pass the motion. On a regional basis, this vote on recommitting would have carried in the Middle Western states by a vote of 40 to 23; in the Western states it tied at 5 to 5; in the North Central states the motion was defeated by 77 to 50; in the Pacific Coast states it was defeated by 16 to 13; in the Southwestern states it was defeated by 19 to 9; and it carried in the New England states by 12 to 11. After this vote was taken and the Smith motion defeated, the House proceeded to vote on H. R. 7797 and the bill carried by a vote of 287 yeas to 86 nays, with 58 not voting. This vote crossed party lines to some extent with 86 Republicans voting with 201 Democrats to pass the bill, while 68 Republicans and 18 Democrats voted against the bill. On a regional basis, the bill carried in the New England states without a dissenting vote; in the North

<sup>85</sup> Ibid., p. 4552.

<sup>86</sup> Ibid., pp. 4552-4553; Regional groupings are as follows: Pacific Coast, California, Oregon, Washington; Southwest, Texas, Oklahoma, Arizona, New Mexico; Middle West; North and South Dakota, Kansas, Missouri, Illinois, Minnesota, Wisconsin, Iowa, Nebraska; New England, Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut; South, Alabama, Louisiana, Mississippi, Arkansas, Tennessee, North and South Carolina, Georgia, Florida, Kentucky, Virginia, and West Virginia; North Central, New York, Pennsylvania, New Jersey, Indiana, Ohio, Michigan, Delaware, and Maryland; West, Idaho, Nevada, Utah, Colorado, Wyoming, Montana.

Central states the bill carried by 103 to 24; in the Middle West states, the bill was defeated by 36 to 35, the only region voting against the bill; in the Southern states the bill carried by 65 to 19; in the South-<sup>87</sup> eastern states, the bill carried by 30 to 1; in the Western states the bill carried by 7 to 3; and in the Pacific Coast states the bill carried by 23 to 6. On both the Smith motion and the final vote on H. R. 7797 the Middle West showed a tendency to be opposed to foreign aid.

3. Senate Action on H. R. 7797 and S. 3304.

On April 3, 1950, the Senate received the House bill H. R. 7797 in<sup>88</sup> which the Senate was asked to concur. But the bill was not taken up immediately. On this same day the Senate Committee on Foreign Relations concluded its public hearings on Point Four legislation. The next day, April 4, 1950, this committee met in executive session and approved, by a vote of 11 to 0 a recommendation to the Senate of an amendment to implement Point Four, to the Senate omnibus foreign aid bill, S. 3304,<sup>89</sup> this amendment was introduced on April 5, 1950. This amendment to implement Point Four was in most respects like the House bill, H. R. 7346, except that the capital investment program was not considered in the Senate amendment offered by Senator Tom Connally, Democrat, Texas. April 19, 1950, the two bills for foreign aid, the House omnibus foreign aid bill, H. R. 7797, and the omnibus foreign aid bill, S. 3304<sup>90</sup> came up on the calendar, but both bills were passed over. On April 20, 1950, Senator Tom Connally, Chairman of the Senate Committee on Foreign Relations, introduced the Senate to S. 3304, "Economic Cooperation Act of 1950," by explaining the various titles of that bill, but the discussion of the titles was limited due to many interruptions caused

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<sup>87</sup> The one vote against H. R. 7797 was by Representative T. Morris, Democrat, Oklahoma.

<sup>88</sup> Congressional Record, op. cit. Vol. 96 (April 3, 1950), p. 4570.

<sup>89</sup> Ibid., p. 4722.

<sup>90</sup> Ibid., pp. 5354-5355.

by the debates over Communism in the Government.

On April 25, 1950, the first major discussions took place on title V, the Connally amendment to S. 3304. On the previous day Senators Millikin and Saltonstall, Republicans, Colorado and Massachusetts, offered an amendment to S. 3304 which proposed that the question of technical assistance and capital investment be submitted to a bipartisan commission to be established for the purpose of making a study of the entire question. <sup>92</sup> The debate on the Connally and Millikin amendments took place on May 5, 1950. Senators Taft and Millikin, Republicans, Ohio and Colorado, and Senator McKellar, Democrat, Tennessee, led the debate for the proponents of the Millikin amendment, which, if adopted, would have automatically stopped the Point Four program for some time. Senators Connally, McMahon and Humphry, Democrats, Texas, Connecticut, and Minnesota, led the proponents of the Connally amendment.

It was on this day, May 5, 1950, in the Senate, that the Point Four legislation had to meet a real test of strong leadership. The Millikin amendment was defeated by a ye and nay vote of 41 to 33, with 22 not voting. <sup>93</sup> On this vote 36 Democrats and 5 Republicans voted against the amendment, and 5 Democrats and 28 Republicans voted for the amendment. On a regional basis, the amendment carried in the Pacific Coast, Western, Middle Western, and North Central States, but was defeated in the Southwestern, Southern and New England states. The Connally amendment passed <sup>94</sup> on a ye and nay vote of 37 to 36, with 23 not voting. On a regional basis, this Point Four legislation was defeated in the Pacific Coast, Middle Western, Southern, and North Central states, but was passed in

<sup>91</sup> Ibid., p. 5425, discussions concerning the charges of Senator McCarthy, Republican, Wisconsin, that Mr. Owen Lattimore was a Communist.

<sup>92</sup> Ibid., p. 5695.

<sup>93</sup> Ibid., p. 6470.

<sup>94</sup> Ibid., p. 6481.

in the New England and Southwestern states, and by one vote in the Western states. When the omnibus foreign aid bill, S. 3304 came up for voting, immediately after the Connally amendment had been passed, the voting changed somewhat, possibly because it was an omnibus bill, and S. 3304 by passed by a vote of 60 yea to 3 nay, with 28 not voting.<sup>95</sup> After the Senate bill had been passed, H. R. 7797, the House omnibus foreign aid bill, was taken up for consideration and all after the enacting clause of H. R. 7797 was stricken and the text of S. 3304 was inserted and S. 3304 was then indefinitely postponed by the Senate.<sup>96</sup>

4. The Conference on H. R. 7797 and its final passage.  
The two measure passed by the Congress in the name of H. R. 7797, were different in some respects and therefore the Senate immediately called for a conference with the House.<sup>97</sup> The House, which objected to part of the Senate version,<sup>98</sup> agreed to a conference. This Conference Committee met and on May 18, 1950, submitted its report to the House and to the Senate.<sup>99</sup> When the House managers for the conference reported, they stated that several disagreements had been settled, the main points being:

1. The bill passed by the House had authorized \$25,000,000 for the Point Four program, the Senate bill had authorized \$45,000,000: the Conference agreed to \$35,000,000.
2. The House bill authorized a new agency to be established to administer the Point Four program, the Senate bill had not: the Conference agreed that the program should be administered within the existing framework of organizations.
3. The House bill had authorized a salary compensation of \$16,000 for the Point Four administrator, the Senate bill stated that he should receive \$15,000: the conference accepted the Senate version
4. The House bill had given more favorable recognition to the multilateral channel of action than the Senate bill: the conference agreed to the House version.<sup>100</sup>

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95 Ibid., p. 6481.

96. Ibid., p. 6490.

97 Loc. cit.

98 Ibid., p. 6724.

99 Ibid., p. 7528; Senate Doc. 168 , House Report 2117.

100 Ibid., p. 7522.

Representative Kee, reporting the conference to the House made the following statement to the House concerning the report:

The conference agreement is, insofar as it relates to Point 4, in every essential way like the bill we passed here 7 weeks ago. The only significant difference is with regard to the authorization, which splits the difference between the House and the Senate versions. The main results of the House victory on this point is to preserve this principle...that Government assistance in the field of technical cooperation will be at the most only a pilot effort. ..The second result of the acceptance of the House language in the conference is to make clear the principles by which technical cooperation programs will be carried on through the agency of international organizations. A third result--and here I make my tribute to the gentleman from Massachusetts (Representative Herter) is to give him an acknowledged place as one of the architects of the Point Four program. 101

On May 23, 1950, the House agreed to the Conference bill by a vote of 102 248 yeas to 88 nays. On this vote minor crossings of party lines was noticeable, with, the Republicans voting with the Democrats in the main. Sixty-three Republicans and 185 Democrats voted for the bill and 13 Democrats and 74 Republicans voted against the bill.

On this day, May 23, 1950, the Senate heard Senator Tom Connally, Democrat, Texas, report on the conference. Senator Connally seems to have felt that the Senate had scored a victory in the conference. He stated, "...in the main the Senate restricted and cut down the powers which the House intended to give under Point 4. In the final analysis, the action of the Senate was that Point 4 should be restricted to technical advice and assistance." 103 The conference report was debated in the Senate on May 23, 24, and 25, 1950 with Senators Millikin, Malone, and Jenner leading the debate for the opponents of the conference bill, and Senator Connally leading the debate for the proponents of the bill.

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101 Ibid., p. 7529.

102 Ibid., pp. 7538-7539.

103 Ibid., p. 7497.

Senator Millikin, Republican, Colorado, contended that the conference bill did not in anyway limit the character of technical assistance or the duration of the program. However, Senator Connally contended that the conference bill authorized nothing more than a simple plan for technical assistance without any financial aid for business enterprises.<sup>104</sup>

Senator Taft, Republican, Ohio, took exception to this. He stated that the conference will committed the Government to appropriate money to provide for the flow of capital into underdeveloped countries, because under section 403 of the conference bill, a law would have to be passed, either now or in the future, to make effective the policy stated in this section.<sup>105</sup>

The after the debate had finished on this day, May 25, 1950, the conference bill was put to a vote in the Senate and was passed by 47 yeas to 27 nays, with 22 not voting.<sup>106</sup> The vote crossed party lines to some extent with 10 Republicans uniting with 37 Democrats to accept the bill and 4 Democrats with 23 Republicans to defeat the bill. On May 26, 1950, H. R. 7797, "Foreign Economic Assistance Act of 1950," was enrolled in the House and the Speaker pro tempore affixed his signature to the Act and sent a message to the Senate that H. R. 7797 had been enrolled and signed.<sup>107</sup> The President of the Senate then signed H. R. 7797.<sup>108</sup> President Truman notified the Congress that on June 5, 1950 he had signed H. R. 7797.<sup>109</sup>

<sup>104</sup> *Ibid.*, p. 7696.

<sup>105</sup> *Ibid.*, p. 7702; Section 403, H. R. 7797: "It is declared to be the policy of the United States to aid the flow of investment capital..." Cf, "Mutual Security Act of 1951", Public Law 165, 82 Congress, 1st Sess. Section 520.

<sup>106</sup> *Ibid.*, p. 7725.

<sup>107</sup> *Ibid.*, p. 7821.

<sup>108</sup> *Ibid.*, p. 7812; U. S. Congress, 81st, 2nd Sess., Journal of the Senate of the United States of America, (Government Printing Office, Washington, D. C., 1950), p. 364.

<sup>109</sup> Congressional Record, *op. cit.*, Vol. 96 (June 5, 1950), p. 9000.

By June 5, 1950, over sixteen months had passed since President Truman had announced the Point Four program. Even after the program had received Congressional authorization, it had to be justified before the appropriations committees. The Senate Committee on Appropriations, headed by Senator McKellar, Democrat, Tennessee, who had voted against Point Four authorization, cut the appropriation authorized at \$35,000,000 to \$34,500,000, and this cut was upheld by the Congress.<sup>110</sup>

The Act that was finally passed by the Congress to implement the Point Four program had in it many mutual concessions, it was as comprehensive as the nature of the Congress would allow. Technical assistance and capital investment both were element of the Act.<sup>111</sup> The problem of public versus private funds was met by stating that both should play a part in the program.<sup>112</sup> As to the problem of which method of action should be used, the bilateral or the multilateral, the Act allowed the President to use both.<sup>113</sup> To assure the United States that the recipient countries would use the program to advantage, certain requirements were required of the recipient countries. For example, they should endeavor to make use of the Point Four program in an effective manner and pay a fair share of the costs of the projects.<sup>114</sup>

This law allowed the President to delegate his powers under the statute to the Secretary of State,<sup>115</sup> and to appoint an Administrator for the Point Four program.<sup>116</sup> Moreover, the law specified that an Advisory

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<sup>110</sup> U. S. Congress, 81st, 2nd Sess., "General Appropriation Act of 1951," H. R. 7786, "Foreign Aid", Chapter XI, Public Law 759.

<sup>111</sup> H. R. 7797, Title IV Section 402(c); "Foreign Economic Assistance Act of 1950," Public Law 535, 81st Congress, 2nd Sess., June 5, 1950.

<sup>112</sup> Ibid., Section 403(b).

<sup>113</sup> Ibid., Section 404(aeb).

<sup>114</sup> Ibid., Section 407(c).

<sup>115</sup> Ibid., Section 412.

<sup>116</sup> Ibid., Section 413(a).



Board should be established to advise and consult with the President on  
 117  
 matters relating to the Program. In accordance with the wishes of some  
 of the members of the Congress, Joint Commissions were allowed to be es-  
 tablished, upon the request of the recipient country, to aid in matters  
 relating to the establishment of various programs under the Point Four  
 118  
 program. This law also stated that technical cooperation projects  
 could include such economic developments matters as would relate to the  
 119  
 fields of agriculture, engineering, and industry.

Since most laws, especially those relating to economic development,  
 cannot be perfect in content, the possibly this law was not in all res-  
 pects theoretically perfect. Nevertheless, it was what the Administra-  
 tion would have to work with, at least for the first year of the program.  
 The authorization and appropriations for the program were ready and at  
 last the Point Four program could be put into execution.

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<sup>117</sup>Ibid., Section 409(a-b).

<sup>118</sup>Ibid., Section 410.

<sup>119</sup>Ibid., Section 418(a).

## CHAPTER IV

### THE LAUNCHING OF THE POINT FOUR PROGRAM

We of the Republic sensed the truth that democratic government has innate capacity to protect its people against disasters once considered inevitable, to solve problems once considered unsolvable... Nearly all of us recognize that as intricacies of human relationships increase, so power to govern them also must increase—power to stop evil; power to do good. The essential democracy of our Nation and the safety of our people depend not upon the absence of power, but upon lodging it with those whom the people can change or continue at stated intervals through honest and free system of elections.  
———Franklin D. Roosevelt, Second Inaugural Address, 1937.

#### A. The Formation of the Technical Cooperation Administration.

Two days after the necessary appropriations for the Point Four program became available, President Truman issued an Executive Order on September 8, 1950 delegating to the Secretary of State the powers which the Congress had given the President under the "Act for International Development."<sup>1</sup> The essential power given to the President under this Act was the power to plan, administer, undertake and execute technical cooperation programs on both a bilateral and multilateral basis.<sup>2</sup> The Executive Order of September 8, 1950 delegated this role to the Secretary of State and also gave the Secretary of State authority to establish within the Department of State an agency to carry out the Point Four program.<sup>3</sup>

The informal groundwork for organizing what was to become the Technical Cooperation Administration, had begun as early as May, 1950. American Ambassador to Nicaragua, Capus M. Waynick, had been detailed at that time from his normal duties to report to Washington to assist Under Secretary of State James Webb in organizing the administrative machinery necessary for the Point Four program.<sup>4</sup> In the Executive Order delegating

<sup>1</sup> U. S. Congress, 81st, 2nd Sess., "General Appropriation Act of 1951," H. R. 7786, September 6, 1950, Public Law 759, Chapter XI.

<sup>2</sup> 15 FR 6103, Executive Order No. 10159.

<sup>3</sup> 22 USCA Sec. 1557b-c

<sup>4</sup> Bulletin, op. cit., Vol. 22 (June 26, 1950), p. 1062.

the responsibility for carrying out the Point Four legislation to the Secretary of State, the President authorized and requested all the departments and agencies of the United States Government to participate with the Secretary of State, upon his request, in the implementation of of program.<sup>5</sup> In addition, the President authorized the Secretary of State to establish an International Development Board to advise and consult with the Secretary of State on matters of general policy relating to the Point Four program.<sup>6</sup> This Board, composed of prominent private citizens, held its first meeting on November 29, 1950 to study those portions of Report to the President on Foreign Economic Policies, which were related to underdeveloped areas.<sup>7</sup>

To the post of Chairman of the International Development Board, the President nominated Nelson A. Rockefeller and the Senate confirmation the nomination without opposition on December 7, 1950.<sup>8</sup> Mr. Rockefeller was not a newcomer to the Federal Service. A philanthropist and businessman, he had served as Coordinator of Inter-American Affairs during World War II. This experience, plus his work with the International Basic Economy Corporation, gave him a wide background in the problems of the economic development of the underdeveloped areas of the world.

The President also named other prominent citizens to be members of this board. Eleven members were appointed to the Board by the time that it held its first meeting in November, 1950. They were, Robert P. Daniel, president of Virginia State College; Harvey S. Firestone, Jr., chairman of the Firestone Tire and Rubber Company; James W. Gerard, former Ambassador to Germany; John A. Hannah, president of Michigan State College and

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<sup>5</sup> 15 FR 6103, Executive Order 10159 Section(2).

<sup>6</sup> Loc. cit., Section(3).

<sup>7</sup> "The 'Point Four' Program: A progress report," No. 5, op. cit., p. 3  
<sup>8</sup> Congressional Record, op. cit. Vol. 96 (December 7, 1950), p. 16285.

Secretary of State

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TECHNICAL COOPERATION ADMINISTRATION

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Program Planning Staff	Administrator Deputy Administrator Assistant Administrator Plans, directs, and manages the Point 4 program	Staff Assistants
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Technical Staff	Training Staff	Supply and Procurement Staff	Legal Counsel	Executive Director	Program Information
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Inter-American Development Service Assistant Administrator Deputy Assistant Administrator	Near East and African Development Service Assistant Administrator Deputy Assistant Administrator	Asian Development Service Assistant Administrator Deputy Assistant Administrator
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Each regional Assistant Administrator directs, plans, and executes Point 4 in his area within established policy

Country Director  
of Technical Cooperation

Country Director  
of Technical Cooperation

Country Director  
of Technical Cooperation

Country Directors are under the general leadership of chiefs of diplomatic missions and direct and supervise field operations, develop country programs, projects, and budgets.

"Cooperative Service"

"Cooperative Service"

"Cooperative Service"

former president of the Association of Land Grant Colleges and Universities; Margaret A. Hickey, lawyer and business woman and former president of the National Federation of Business and Professional Women; Lewis G Hines, special representative of the American Federation of Labor; Thomas Parran, dean of the Graduate School of Public Health of the University of Pittsburg and former Surgeon General of the United States; Clarence Poe, editor of the Progressive Farmer and veteran agriculturalist; Jacob F. Potofsky, president of the Amalgamated Clothing Workers of America; John Savage, chief designing engineer of Grand Coulee and Hoover Dams; and Charles L. Wheeler, executive vice president of Pope and Talbot, identified with shipping and lumber interests.

The Department of State set up within its own organization, the Technical Cooperation Administration on November 30, 1950. Like many of the modern governmental agencies which carry out a wide range of services, the TCA was organized in a somewhat complicated position. This organization, though, was formed so that a direct line of authority and responsibility existed from the field worker on a cooperative project up to the Secretary of State.

Although the Technical Cooperation Administration was placed under the direction of the Secretary of State, he re-delegated his powers to an Administrator. This was in accordance with the "Act for International Development" which had provided that the President could appoint, at a salary of \$15,000 per annum, a person to exercise the powers that the Congress had given him under the Act. This Administrator, with two Assistant Administrators, was given the duty of planning, directing, and man-

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<sup>9</sup> "The 'Point Four' Program: A progress report," op. cit., pp. 3-4.

<sup>10</sup> Public Notice 66 (15 FR 8223), November 30, 1950 (Published, December 1, 1950).

<sup>11</sup> 22 USCA Sec. 1557k(a).

aging the Point Four program. To assist the Administrator and his assistants, there was established a Program Planning Staff which was to develop long range policies, provide guidance for annual program development, and review and coordinate regional programs for budget presentation. Members of this Program Planning Staff were to include the Administrator and his Assistants and the regional Assistant Administrators. This staff was to work with non-Government agencies, such as the American International Association for Economic and Social Development, representatives of land grant colleges, technical institutes, consulting firms, and philanthropic foundations.<sup>12</sup>

In addition to this staff, the TCA was provided with various staff assistants to be detailed from the Government agencies directly concerned with Point Four projects, such as the Department of Agriculture, the Federal Security Agency, and the Department of Interior. These three groups, the Administrator and his assistants, the Program Planning Staff, and the special staff assistants, formed the nucleus for the first level in the administrative hierarchy of the TCA.

The next level in the administrative divisions of the TCA was to be found in the various auxiliary staff services. Here such things as the Supply and Procurement Staff, the Personnel Training Staff, the Legal Counsel, the Executive Director, and the Technical Staffs were to be found. The Training Staff was to direct the Point Four training centers in the United States and abroad. To these centers were to be sent the technicians and administrative personnel which were to be used in carrying out Point Four projects in the various regional divisions of the TCA. In the main, this training has consisted of orientation courses in the

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<sup>12</sup> Information contained here concerning the administrative organization of TCA is taken from correspondence with Mr. Harry L. Carr, Public Affairs Officer of the Technical Cooperation Administration by the author; See Appendix B, p. 140 for an organizational chart of the TCA.

culture of an area to which the technician was to be sent. In the early days of the program such training lasted only two weeks, later it was expanded into a six weeks course. The Foreign Service Institute of the Department of State has acted as one of the training centers for the TCA.<sup>13</sup>

The Legal Counsel was established as an assistant to the Department of State's Legal Adviser on Point Four matters, and as such, helped the Department of State in the negotiation of agreements between the United States and the countries which were to receive technical cooperation services under the Point Four program. In addition to this, the Legal Counsel was to interpret legislation pertaining to the Point Four program for the TCA. The Executive Director was to act as an administrative manager of the Point Four program in such matters as fiscal, personnel, and budgetary problems. In addition to this work, he was to be responsible for administrative supply requirements and property management.

Since the Point Four program was to be world wide in scope, the TCA was organized into three regional divisions. In the Western Hemisphere, the Inter-American Development Service was organized to administer Point Four projects with the Latin American countries, which included nineteen Central and South American countries. For the countries of Iran, Israel, Jordan, Lebanon, Syria, Iraq, Saudi Arabia, Yemen, Liberia, Libya, and Ethiopia, the TCA organized the Near East and African Development Service. For the Asiatic region, the Asian Development Service was organized to administer programs in Afghanistan, Nepal, Ceylon, Pakistan, and India.

Each of these three regional divisions of the TCA was placed under the direction of an Assistant Administrator who was to exercise authority over the countries participating in technical cooperation programs in his region. Like the TCA Administrator, these Assistant Administrators.

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<sup>13</sup> Bulletin, op. cit. Vol. 24 (January 8, 1951), p. 56.

were provided with two assistants, a Deputy Assistant Administrator and a Special Assistant. In order to insure over-all coordination of the Point Four program, these regional Assistant Administrators were to be members of the central Program Planning Staff spoken of above. Acting in the capacity of a regional coordinator, the Assistant Administrators were to direct the planning and execution of the Point Four program in their areas within established policy. In addition, they were to issue guides for program development to country directors, review proposed country projects, and prepare the regional programs for budget presentation.

Under the various regional services, such as the Asian Development Service, were placed Country Directors. These Directors would be under the general leadership and supervision of the chiefs of the American diplomatic missions in a particular country. They were to supervise field operations; develop country programs, projects, and budgets; and maintain the necessary relations with the local governments for the Point Four program. Under the different Country Directors were placed the "Cooperative Services". These "Cooperative Services" would be composed of the field workers handling projects for the recipient countries, such as an extension service unit or an agricultural demonstration project.

Hence, there was established a direct line of authority from the Administrator in Washington, D. C., to the workers in the field. This explanation does not show all the relationships of the TCA with the agencies of the Government which were to cooperate in the Point Four program. This would necessitate an unusually complicated picture for program that was not intended to be such. Also, material for such an explanation is not available at the present time.

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B. The Appointment of Dr. Henry Garland Bennett as First Administrator of the Technical Cooperation Administration.

As the first Administrator of the Technical Cooperation Administration, President Truman nominated the doyen of American land grant college presidents, Dr. Henry Garland Bennett, President of the Oklahoma Agricultural and Mechanical College, Stillwater, Oklahoma.<sup>14</sup> Dr. Bennett took office on December 1, 1950 and his appointment was confirmed by the Senate without opposition on December 7, 1950.<sup>15</sup> There were probably several factors that were instrumental in the selection of Dr. Bennett as the TCA Administrator. Representative Tom Steed of Oklahoma has stated that President Truman once told him that the Bennett appointment was a result of a conversation that the President had had with an individual who spoke highly of Dr. Bennett's work in Ethiopia in 1950. The President thought that an individual who could carry out such work as Dr. Bennett had in Ethiopia with success, would be an excellent person for the TCA and he asked Dr. Bennett to accept the position.<sup>16</sup> Dr. Bennett's reaction to the nomination to this post by President Truman, was that should accept it as a "patriotic duty".<sup>17</sup>

The President of Oklahoma A. & M. College was not new to international circles and the Government service. In 1946 Dr. Bennett was appointed by the Secretary of Agriculture, Clinton P. Anderson, as the United States' only agricultural college president to the United Nations Food and Agricultural Conference held in Quebec, Canada.<sup>18</sup> In June, 1950, about the time

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<sup>14</sup> Current Biography: Who's News and Why. Edited by Anna Rothe. (H. W. Wilson and Company; New York: 1951), p. 33

<sup>15</sup> "The 'Point Four' Program: A progress report," No. 5, op. cit., p. 4

<sup>16</sup> Congressional Record, op. cit., Vol. 96 (December 7, 1950), p. 16285

<sup>17</sup> Interview with Representative Tom Steed, Democrat, Oklahoma, with the author, Stillwater, Oklahoma, May 6, 1952.

<sup>18</sup> The Oklahoma A. & M. College Magazine, "Memorial Issue," (February, 1952), Stillwater, Oklahoma, p. 12.

<sup>19</sup> Ibid., p. 11

that President Truman made his first request to the Congress on Point Four legislation, Dr. Bennett was in the Trizonia area of occupied Germany on an assignment for the United States Department of the Army. This assignment was concerned with the formulation of a survey on the rehabilitation of agriculture in the Bavarian sector of Germany.

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Less than a year after this assignment, in April, 1950, Dr. Bennett visited Ethiopia at the request of the Emperor Haile Selassie to advise the latter's ministers on long-range educational and agricultural planning. In this capacity, Dr. Bennett advised the Ethiopian Government on the techniques of organizing agricultural training centers along the lines of the American Land-grant colleges. Immediately after the completion of his work in Ethiopia, Dr. Bennett came back to the United States to assume his duties with the Technical Cooperation Administration in Washington, D. C.

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As President Truman has said of Dr. Bennett, "...he was a good man, and he believed in the goodness of human nature...he understood how people can work miracles by sharing knowledge to help themselves and each other."

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To Dr. Bennett, the Point Four program was a "philosophy of plenty". In an address before the Land Grant Colleges Association Conference at Houston, Texas, in November, 1951, he stated that the Point Four program was based on the fact that, "...mankind's knowledge and skill, for the first time in history, are sufficient for the purpose of ending mass misery."

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Dr. Bennett did not view the Point Four program as a program on paper, but as a program of action. He stated, "...the American people

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20 Current Biography, op. cit., p. 34.  
 21 College Magazine, op. cit., p. 11.  
 22 U. S. Department of State, "Statement of the President," December 23, 1951. (Typescript to author.)  
 23 U. S. Department of State, Press Release, November 12, 1951, Address by Dr. Henry G. Bennett, "Point 4: Philosophy of Plenty," before the Conference of Land Grant Colleges Association, Houston, Texas.

have dared not only to propound a philosophy of plenty; they are acting  
 24 on it." All the knowledge and skill that the United States had accumu-  
 lated over a period of years of expansion was a power that Dr. Bennett  
 felt should be used wisely. In speaking of this power, he once stated,  
 "...let us use our power not to feed, not to clothe, not to shelter less  
 fortunate human beings, but to enable them to do these things for them-  
 selves; let us use our power not to conquer or dominate men and nations,  
 25 but to free them."

To Dr. Bennett, serving as Administrator of the Point Four program  
 26 was, "...not only a delight, but an inspiration." He saw in this program  
 the only fight that was good—the fight against poverty, disease, and ig-  
 norance. This concept was not localized by him, but was something inter-  
 national in scope:

Our goal is nothing less than a community of free peoples and inde-  
 pendent nations. We are not satisfied to go on living in the old  
 world in which the strong dominate the weak and play the old power  
 game. That's why we took the lead in creating a United Nations,  
 and that's why we have undertaken this bold new program.<sup>27</sup>

An "adventure in education" was how Dr. Bennett once described how  
 he felt about the Point Four program. The educational challenge of the  
 Point Four program was in educating millions of peoples to conquer and  
 utilize their environment, and he stated that, "...if I have overestim-  
 ated the potential power of Point 4, then all of us ...will have to re-  
 28 vise our ideas about the power of education."

Although Dr. Bennett served as TCA Administrator for only a little  
 over a year, he will not soon be forgotten in Government and internation-  
 al circles. As Eric Sevareid, Washington, D. C. news commentator, has  
 29 stated, "...he was something rare among us here in the capital."

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24 Loc. cit.  
 25 Ibid, p. 7.  
 26 U. S. Department of State, "Point 4: A Better World in the Making,"  
 Address by Dr. Henry G. Bennett, TCA, Administrator at the Conference of  
 Land Grant Colleges Association, Houston, Texas, November, 14, 1951., p. 1  
 27 Ibid, p. 7.  
 28 College Magazine, op. cit., p. 20.  
 29 Ibid, p. 21.

Mr. Severeid pointed out that Dr. Bennett:

...didn't use the vocabulary of government agencies...his words were simple and old-fashioned; he talked like a modest prophet out of the testaments and gradually the urbane men and women who worked with him fell under his spell and their curiosity turned to personal devotion.<sup>30</sup>

Devotion was also an element in the character of Dr. Bennett. The Point Four program became his life and he unselfishly gave his time to it. Sacrificing his Christmas holidays, Dr. Bennett journeyed with his wife and assistants, Benjamin Hill Hardy, Albert Cfilley and Thomas Mitchell to Rome, Italy during the first part of December, 1951. From Rome, where Bennett had attended the United Nations Food and Agriculture Organization Conference, the Bennett party traveled to Athens, to Cairo, to Amman, and to Baghdad. From Baghdad, the party was to fly to Tehran, Iran, where Dr. Bennett was to inspect the Point Four projects in that country.<sup>31</sup> The Bennett party left Baghdad for Tehran on December 22, 1951. However, due to a blinding snow storm, the Egyptian airlines plane in which the party was traveling crashed into the side of a hill five miles from the Tehran airport, killing all of the sixteen passengers and five crew members.<sup>32</sup>

President Truman stated the next day, that, "...in the death of Henry Garland Bennett...I have lost a friend and the American people have lost a great teacher of the simple ideas of cooperation and brotherhood."<sup>33</sup> It would seem that the Secretary of State, Dean Acheson, expressed a thought that probably occurred to many, when he stated that Dr. Bennett,

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<sup>30</sup> Ibid., p. 20.

<sup>31</sup> Ibid., p. 14.

<sup>32</sup> U. S. Department of State, Press Release No. 1111, December 23, 1951.

<sup>33</sup> "Statement of the President," op. cit., p. 1.

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"...was one of those rare human beings whose faith in his fellowmen in-  
spired them to unselfish action far beyond their duty and their ordinary  
capabilities."<sup>34</sup>

Possibly it is too soon to measure the service that Dr. Bennett performed for the nation as Point Four Administrator. However, the Technical Cooperation Administration, at the time of Dr. Bennett's death, was operating in many corners of the globe. Technical assistance to the underdeveloped areas of the world had become a reality. A transformation from the paper stage to the actual stage of a working program, serving and benefiting many peoples. This transformation had called for many stages of development and one of the important stages was the actual implementation of the program in various countries.

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<sup>34</sup> U. S. Department of State, Press Release 1112, December 23, 1951.

## CHAPTER V

### THE WORK OF THE TECHNICAL COOPERATION ADMINISTRATION

#### A. The Essential Nature of the Point Four Program.

After the Technical Cooperation Administration had been organized and an Administrator appointed, the Point Four program was all but a reality and within a short time the concrete work was underway. President Truman had said in his Inaugural Address, that, "...our aim should be to help the free peoples of the world through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens." By early 1952 this program was operating in thirty-four countries, however, "Had the essential nature of the program changed to any measurable degree since President Truman had made this statement, or since the Congress had stated:

...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. ?<sup>2</sup>

"To help" and "to aid", the words used by the President and the Congress, could be taken to mean a variety of things. These terms could have meant the building of dams and large scale industries for the peoples because the economic development of the underdeveloped areas could at least use some dams or the introduction of modern methods of industrial production. Or, in the second place, they could have meant showing the peoples of these areas how they could best utilize their own limited resources and bolster their economic condition, whether this was done by improving the breed of cattle or helping to prevent the spread of disease. It would seem upon an examination of the projects carried out under the

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<sup>1</sup> Inaugural Address, op. cit.

<sup>2</sup> "Act for International Development," op. cit., Section 403(a); 22 USCA Sec. 1557a(a).

the Point Four program, that the essential nature of the program lay in the second type of procedure. As the late Dr. Henry G. Bennett once stated, "...the thread that runs through the fabric of our entire program and gives it strength and character is the training of people in the skills of production and the arts of living."<sup>3</sup>

An example of this "fabric" will illustrate what is meant by, "Train-<sup>4</sup>ing the peoples in the skills of production and the arts of living." For this purpose the work of Mr. Horace Holmes can be taken. A former county agent from North Carolina, Mr. Holmes had been in India three years when the Point Four program was enacted. During this period he had worked for the United Provinces of India in agricultural demonstration work. His adoption of the principles of agricultural extension work in the United States to the Indian culture seems to have been received quite favorably by the Indian Government. When the Point Four program became a law, the Indian Government asked that the United States assign Mr. Holmes to develop a nation-wide extension service under the program. In a country so lacking in the fundamental facilities of modern agricultural extension service as India, the work of Mr. Holmes was viewed as a great accomplishment. Under the Point Four program he was able to bring together several simple things and put them within the reach of the Indian farmer. He found an improved wheat seed, developed by an Indian experiment station, but not acceptable to Indian farmers. He persuaded them to plant the improved seed, first in small demonstration areas, and later in the fields of the community. He demonstrated the value of plowing under a native legume and of fertilizing the land with a compost made of trash and refuse. He introduced a steel plowshare in place of the

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<sup>3</sup> Bennett, "Point Four: A Better World in the Making." op. cit.

<sup>4</sup> Loc. cit.

unwieldy wooden plow that had been used by the farmers of India for hundreds of years. He suggested a small non-motorized threshing machine and showed the benefits of inoculating cattle against disease. As a result of such teaching and demonstration work carried on by Mr. Holmes in one small area of India, several hundred Indian technicians were trained, and five thousand farmers in the area were able to increase their wheat production from thirteen bushels to twenty-seven bushels per acre.<sup>5</sup> Of this yield was not high in comparison to the yields that many farmers of the American Middle West are able to produce. Nevertheless, it was a step forward in feeding the millions of peoples in the vast lands of India.

What Mr. Holmes did for the peoples of one small area of India, was what several hundred other American technicians tried to do in other areas of the world during 1950 and 1951 under the Point Four program. In order that technicians like Mr. Holmes could go abroad to work under the Point Four program, careful planning and organizing was necessary on the part of the Technical Cooperation Administration. Several steps had to be taken by the TCA before a Point Four project could start.

#### B. How Technical Cooperation Originates.

Since the economic needs of a particular underdeveloped country are best known by the country itself, the TCA specified that requests under the Point Four program should originate in the recipient country. Probably there was another reason for this. If the United States tried to force, or even suggest that such a program be adopted by a particular country, then the United States could easily be charged with desiring to interfere in the internal affairs of that country.

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<sup>5</sup> U. S. Department of State. "Point Four Pioneers: Reports from a New Frontier." October, 1951 (Publication 4279, Government Printing Office Washington, D. C., 1951), pp. 27-36.



The requests for technical cooperation usually came out of a conversation of a United States diplomatic mission with the representatives of the local government requesting the cooperation.<sup>6</sup> Although the TCA was originally divided into regional divisions with country Directors, at the time of formal requests for cooperation, such a director would not have been appointed since technical cooperation had not begun. Hence, the the Head of the United States diplomatic mission concerned made the recommendations, and reviews of the requests by the local governments and then forwarded them to the TCA in Washington, D. C.<sup>7</sup>

The TCA Administrator and his staff would then review the requests and recommendations. Such reviews and recommendations were processed in consultation with the technical agency in the Government most directly concerned with the field of activity which the request contemplated.<sup>8</sup> In accordance with the stipulations of the "Act for International Development," the TCA had to take into consideration several things in reviewing a request. "Act for International Development," stipulated that in reviewing requests for assistance, it should be determined whether such cooperation would be technically feasible,<sup>9</sup> and that assistance should be made available only in cases in which the President determined that the requesting country met the following conditions:

- ...Pays a fair share of the cost of the program.
- ...Provides all necessary information concerning such a program and gives the program full publicity.
- ...Seeks to the maximum extent possibly, full cooperation and integration of technical cooperation programs being carried on in that country.
- ...Endeavors to make effective use of the results of the program.
- ...Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.<sup>10</sup>

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<sup>6</sup> U. S. Department of State. "Point 4: What it is and How it Operates." July, 1951 ( Publication of the TCA-monograph, Washington, D. C., 1951), p.6.

<sup>7</sup> Letter from Mr. Harry L. Carr, Public Affairs Officer, TCA, to author, April 2, 1952; See Appendix A, pp. 127-129.

<sup>8</sup> "Point 4," op. cit., p. 6.

<sup>9</sup> 22 USCA Sec. 1557e(b).

<sup>10</sup> 22 USCA Sec. 1557e(c, 1-5).

In addition to these requirements, the TCA, in considering a request, would have to take into consideration whether funds, personnel, and equipment for the requested projects would be available, whether it could best be undertaken by the United Nations, and whether it would duplicate activities that were already being undertaken.<sup>11</sup>

After the TCA has reviewed a request for technical cooperation and approved it, then the general agreement on technical cooperation between the United States and the requesting country would have to be formulated, and specific work plan formed concerning the channel of action for the contemplated project. Three different channels have been used for projects carried out on a bilateral basis:

1. The TCA has allocated funds to an appropriate agency within the Government to carry out the program for it.
2. The TCA has authority under the law to enter into contracts with private firms qualified to carry out the requested projects. This has been used to some extent.<sup>12</sup>
3. The TCA has directly administered the projects.

An agreement is signed at the time when the work plan is formulated, or earlier. Sometimes general agreements have been used. Such agreements established the framework for technical cooperation between the United States and the recipient country and leave the specific details of the projects for later determination. This allows Point Four operations to begin and leaves the details to be settled as the specific projects are undertaken.<sup>13</sup> These general agreements contain the provisions specifying the time limit of the program and its termination on proper notice from either government, the nature of the United States contribution, the nature of the support the recipient country intends to provide for the program,

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<sup>11</sup> Carr Letter, April 2, 1952, *op. cit.*

<sup>12</sup> See below, pp. 109 on private contracting.

<sup>13</sup> U. S. Department of State, TCA, "What is Point Four?" Spring, 1952, (Monograph of the TCA, Washington, D. C.), p. 13 (not to be confused with and address by Secretary of State Dean Acheson under the same title).

the authorization for detailed projects, and provisions for public information on the projects.<sup>14</sup>

The signing of these general agreements does not necessarily occur before the actual beginning of project operations. Some of the countries participating in the Point Four program had to have their national legislatures consent to such agreements. To avoid the delay that would have been caused by this requirement, projects were sometimes started before the agreements were completed.<sup>15</sup>

As regards the portion of the total cost of a project which the recipient country would bear, these general agreements contained a clause that stated, "...the Government of \_\_\_\_\_ agrees to bear a fair share of the cost of technical cooperation programs and projects."<sup>16</sup> No mention of the specific amount of the share that the host government would bear was made in such an agreement. The Point Four project agreement which would be negotiated after the general agreement, would contain a detailed provision concerning this contribution. The Department of State has stated that:

Experience with projects which have been in operation over a period of years shows a complete willingness on the part of the cooperating governments to pay a fair share of program costs. In many of the American Republics, where technical assistance projects have been in operation for as long as ten years, the ratio of local contributions to the United States contribution has shown a steady and substantial increase.<sup>17</sup>

They estimated further that project contributions would be equivalent to three dollars from the recipient country for each dollar spent by the United States on the project.<sup>18</sup> This statement was an obvious contradiction to the Department of State's budget justification for the Point Four program given to the Senate Committee on Appropriations on June 16, 1950. On

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<sup>14</sup> Ibid., pp. 14-15.

<sup>15</sup> Carr Letter, April 2, 1952, op. cit.

<sup>16</sup> "Point 4," op. cit., p. 10.

<sup>17</sup> Loc. cit.

<sup>18</sup> Loc. cit.

that date, Secretary Thorp, stated that the Department of State could estimate that, "...a third of the cost will be borne by the recipient countries."<sup>19</sup>

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C. How Technical Cooperation Is Carried Out.

Either during the course of the negotiations for a general agreement, or after the agreement has been signed, the United States, through the TCA sends a director to the requesting country to coordinate and supervise the program for the recipient country and for the TCA. These directors are attached to the United States Embassy or Legation in the cooperating country and act as staff assistants to the American diplomatic mission.

In accordance with the provisions in the "Act for International Development" joint commissions have been established in some countries which participate in the Point Four program.<sup>21</sup> These commissions, composed of nationals of the recipient country and of the United States, work with the ministries of the cooperating country whose duties are related to the activities being undertaken. Such commissions make studies and prepare reports for recommendations concerning specific projects which will contribute to the general economic development of the country. In addition, they examine policies which will remove deterrents to technical cooperation which exist within the cooperating country, and encourage the introduction and effective utilization of capital in the cooperating country.<sup>22</sup>

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<sup>19</sup> Senate Committee on Appropriations, Hearings, op. cit., p. 509; See Table I, "International Development: Summary of requirements for the fiscal year 1951," Loc. cit., p. 369.

<sup>20</sup> Unless otherwise indicated, material on this section has been taken from "What is Point Four?", op. cit., pp. 15-19.

<sup>21</sup> 22 USCA Sec. 1557h(b,1-5).

<sup>22</sup> 22 USCA Sec. 1557h

The United States has learned much concerning the techniques of technical cooperation from experience gained in the Latin American countries from the work of the Institute of Inter-American Affairs and the Inter-departmental Committee on Scientific and Cultural Cooperation. Therefore, many of the techniques were adopted to the Point Four program when its operations began. The patterns thus established in the Latin American countries over a period of ten years were called "cooperative service" techniques. The recipient country would establish a "cooperative service" within the ministry having jurisdiction over the specific project to be undertaken. Thus, several such "cooperative services" might exist in a country at one time. Each such service would operate as a bureau of the ministry concerned and it had its own budget, accounting rules, and administrative procedures. The existence of such "cooperative services" was for the purpose of establishing in the recipient country a particular project and so organizing it that after the United States project mission had terminated the country would be able to carry on the project.

Although the Minister in whose department the "cooperative service" was established and the chief of the Point Four field party acted as co-equals in the development of the project, the chief of the United States field party served as the head of the service. In this capacity, he directed the technicians sent by the United States and those supplied by the recipient country. Some technicians sent by the United States would be personnel from Government agencies most closely related to the work, for example, technicians sent out by the Children's Bureau of the Federal Security Agency to establish pre-natal clinics. Other technicians were supplied to the field party under private contract. During the year 1951 eighteen percent of the total expenditures for bilateral projects were authorized under private contracts. The "Act for International Development"

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<sup>23</sup> "Point 4," op. cit. p. 8.

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allows private contracting up to a period of three years.

D. A Survey of the Point Four Programs in Iran.

The first project undertaken by the new TCA under the Point Four program was in Iran. On October 19, 1959, over six weeks before the official organization of the TCA, the United States and Iran signed a general agreement to undertake an integrated program in the field of health, agriculture, and education in the rural villages near the urban centers of Iran. The United States was to contribute \$500,000 to this project.

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For the period of July 1, 1950, to December 31, 1951, the United States contributed a sum of \$110,000 in the form of direct services to the technical cooperation projects in Iran. This contribution was made in the form of services carried out on a bilateral basis by the departments and agencies of the United States Government for the TCA in Iran. In addition to this sum, the United States, through the TCA, awarded contracts to private concerns in an aggregate of \$980,000. Hence, the total contribution by the United States under the Point Four program to Iran for a period of a little over one year, was \$1,090,000.

The private contracts awarded for technical projects in Iran by the TCA were as follows:

The Near East Foundation: \$297,000 for rural development projects.  
United States Overseas Airlines: \$196,000 for aerial spraying to stop a locust plague. \$17,000 for training Iranian's to do such work.  
Brigham Young University: \$65,000 for recruiting personnel for the TCA projects in Iran.  
University of Utah: \$65,000 for recruiting personnel for the TCA projects in Iran.  
Utah State Agricultural College: \$100,000 for recruiting personnel for the TCA projects in Iran  
Louis J. Richards: \$230,000 for a well-digging project in Iran.

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<sup>24</sup> 22 USCA Sec. 1557c(e).

<sup>25</sup> Bulletin, op. cit. Vol. 23 (October 30, 1950), p. 703.

<sup>26</sup> U. S. Department of State, TCA, "Point 4 Projects: July 1, 1950 through December 31, 1951," March, 1952 (Government Printing Office, Washington, D. C., 1952), pp. 82-83.

<sup>27</sup> Ibid., pp. 153-154 (Unless otherwise indicated, material for this section was obtained from the above source.)

The \$110,000 spent by the TCA through the Department of Agriculture, the Federal Security Agency, and the Department of Labor was for four projects. Under the terms of the general agreement signed in October, 1950, there was to be established a joint United States-Iranian Commission for Rural Improvement. The program for rural improvement called for the establishment of a work center in each province. This included work in the fields of agricultural extension service, animal husbandry, timber and range management, plant and animal disease, insect control, and agricultural engineering. Five such centers were established by December 31, 1951.

The Office of Foreign Agricultural Relations of the United States Department of Agriculture, undertook this project for establishing work centers for rural improvement. The outstanding accomplishments of this project included:

Aerial spraying of 58,000 acres for the control of locusts in the summer of 1951; the importation of 10 Brown Swiss Bulls and arrangements for their use in a program of artificial insemination; setting up three village demonstration centers involving repair of buildings, sanitary improvements, improvements in water supply, planting nurseries, and providing school facilities; spraying of 2,600 head of cattle on an experimental basis for the eradication of ticks; securing and distributing 50 tons of improved wheat seed. This seed was distributed on an exchange basis and with the understanding that next season's wheat crop would be available for further distribution for seed purposes.<sup>28</sup>

The Department of Labor was allocated \$12,126 by the TCA to undertake an industrial training program in Iran in early 1950. This project consisted of training workers in industrial plants such as armaments, textiles, and chemicals, in various methods of work improvements, leadership, job instruction, and safety.

Another project undertaken for the TCA during 1951 was the public

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<sup>28</sup> Ibid., p. 80.

health program in the Tehran-Caspian region carried out by the United States Public Health Service of the Federal Security Agency. To this program TCA allocated \$30,488. The Public Health Service sent to Iran under this project, four doctors, a sanitary engineer, three nurses, and two sanitarians. The principal activities undertaken in the project included the operation of a pre-natal and pediatric clinic; a malaria control program; and the installation of a sanitary well and drainage system.

The fourth project in operation in Iran during the 1950-1951 period was carried on for the TCA by the United States Office of Education of the Federal Security Agency. Under this project, the United States provided three experts in the field of vocational agriculture. These experts helped the Iranian Government to plan the teaching curricula for Karaj College, an agricultural teachers college.

Aside from the training program carried on by the TCA for members of its own staff or technicians detailed from the agencies to work with TCA, this administration also carried out a training program for the nationals of countries participating in the Point Four program. During the fiscal year 1951, over 860 training grants were authorized by the TCA for trainees from forty-three countries at a cost of \$2,425,000. Over half of these trainees received their training in the fields of agriculture, education, and health. Other fields were included too, in this training program. Foreign trainees were given instructions in the fields of public administration, finance, labor, transportation, industry, and communications. These training programs were conducted under the guidance of the TCA in the various agricultural, technical, and professional schools, in private industry, or in specialized agencies within the Government, such as the Bureau of the Budget.

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<sup>29</sup> "Point 4," op. cit., p. 9.



In addition to providing training for nationals in the United States, the TCA set up similar programs in those countries participating in the Point Four program. These programs of "on-the-job" training with the United States technicians in the various field projects. In Paraguay, for example, the Government assigned workers to the American field party which set up a school for dairy farming and agronomy. These workers would help the American experts in their daily work and thus learn the methods which they used.

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During the fiscal year 1951 the total expenses of the TCA on all bilateral projects was \$20,620,368. A breakdown of this total show that the Latin American countries received the greater part of the amount, or \$11,256,480 of the total. In 1951, nineteen countries in the Americas participated in the Point Four program, eleven countries in the Near East and Africa, and four in South Asia.

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Aside from the bilateral programs conducted in 1951, the TCA contributed twelve million dollars to the technical assistance programs operated by the United Nations and its specialized agencies. Also, it contributed one million to the Organization of American States for its programs in the fields of technical assistance. This work included organizing workshops, regional training centers, and regional institutes.

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After reviewing, even in a summary manner, the operations of the Point Four program, several distinct characteristics are evident. In the first place, projects originate by request within the country desiring technical cooperation. Secondly, these technical cooperation projects are based on agreements signed by representatives of the United States and of the recipient country. Thirdly, since these projects involve, in the main, the

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30 "What is Point Four," op. cit., p. 20  
 31 "Point 4," op. cit., p. 13.  
 32 Ibid., p. 11.

exchange of skills and knowledge, the moneys allocated for them are allocated for salaries and travel expenses for United States technicians engaged in field projects, for training grants for technicians, equipment, supplies, and demonstration projects, and administrative costs. Fourthly, part of the total costs of the project is paid for by the recipient country. Fifthly, training programs in specialized fields were provided for, for a great number of persons. Finally, no panacea for economic development is expected from these projects. Point Four is simply the means whereby countries can help themselves and learn to utilize and develop their own economic resources. As the Department of State has said, "... it makes skills available, but the transfer, adaptation, and practical application of those skills resta largely with the people themselves."

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<sup>33</sup>"What is Point Four?", op. cit., p. 9.

## CHAPTER VI

### CONCLUSIONS

The Moving Finger writes; and, having writ,  
Moves on: nor all thy Piety nor Wit

Shall lure it back to cancel half a line,  
Nor all thy Tears wash out a Word of it.

-----Omar Khayyam, The Rubaiyat.

This study was undertaken as was stated in the Preface, without any effort to pass upon the role or justification of the Point Four program as an element of American foreign policy. It has merely been our purpose here to determine the antecedents, the nature, and the methods of operation of the Point Four program.

President Truman's Point Four program of cooperative aid in the economic development of underdeveloped areas of the world was not a new element in American foreign policy in 1949. For at least ten years before this program was announced by President Truman in his Inaugural Address on January 20, 1949, the United States had been carrying on programs of technical assistance in foreign countries. From a regional view point, the Latin American countries provided many precedents of technical assistance programs conducted by the United States Government. However, technical assistance was an element of the European Recovery Program and the foreign aid programs conducted by the United States in the Philippine Islands and in China after World War II.

In analyzing the immediate inspiration of the Point Four concept there is much to be said for the creative words of Henry A. Wallace, uttered long before the announcement of the Point Four program. Yet Mr. Wallace's concept of the need for a technical assistance program in the postwar era does not seem to have been in any measurable degree, influential in the immediate inspiration of the Point Four program. Indeed,

there were many others like Mr. Wallace who visualized the desirability for such a program. The late President Franklin D. Roosevelt and Government officials such as Oscar Chapman and Arthur Goldschmidt, all seem to have been favorably inclined towards such a concept. It would appear from the available evidence that the late Benjamin Hill Hardy, a Public Affairs Officer of the Department of State, contributed considerably to the immediate inspiration of this program and its announcement in the Inaugural Address of President Truman. Nevertheless, the credit for the creation of the Point Four program as a legislative and administrative reality should go to the President, who placed the vital support of his Administration behind the project.

The basic factors in the formulation of this program are as varied as the traditions of the American social order from which they arose. The United States is considered to be a Christian nation, and this fact possibly helps to explain why many Christian leaders worked to make Point Four a reality. Part of the Point Four concept of aid in development of underdeveloped countries had been previously in operation under the auspices of Christian missionary groups of the United States. These groups seem to have been quite anxious for this program to receive Congressional authorization. In general, the Christian leaders seem to have viewed the Point Four program as another avenue for spreading the humanitarian principles of the New Testament.

It would appear from an examination of the implementation of this program that several other factors entered into its formulation, either in a positive or negative sense. One factor stands out as paramount in the promulgation of the Point Four program and this is the factor of security. While some Government officials seem to have depreciated the factor of security in the promulgation of this policy, it would appear that a significant part of this program as an element of postwar American

foreign policy, was the belief of its proponents that the success of such a program would destroy the seedbed of Communism. In this sense, the Point Four program would seem to be a positive element in the containment of the Soviet Union in particular, and Communism in general. Point Four is partially an economic policy aimed at alleviating poverty, disease, and hunger, and hence destroying a basis for the spread of Communism. Over two-thirds of the world's population lives under conditions in which Communist propaganda easily makes an appeal to the minds of the people. However, it is not denied here that there are other basis for Communism and Soviet policy and that the elimination or mitigation of these roots of Communism cannot be achieved without cooperation by the United States with other like-minded nations.

In addition to the factors of Christian-humanitarianism, national security and the negation of Communism, it would seem that the economic factor of the investment of capital played a considerable part in the early stages of Point Four formulation. Many business groups and other interested persons seem to have felt that the capital investment plans of the Point Four program should have been the means whereby American private capital could invest in the underdeveloped areas of the world with the support of the United States Government. The questions of the desirability of the flow of private American capital under the Point Four program and of the means of stimulating this flow, received considerable attention in the early stages of Point Four. To this, some persons raised the cry of imperialism and economic colonialism. To pass judgment upon these charges is not within the scope of this thesis. However, the desire of certain sections of the American money market to invest abroad under the Point Four program could have been a vulnerable point in the Point Four program, in that the protection desired by these groups could have hindered the Congressional legislation for this program.

The Congress considered Point Four legislation for ten months chiefly because of the need for some compromise on the various views as to how the program should be implemented. Some quarters viewed the proposed program as one of technical assistance, while others wished to emphasize the role of capital investment. Still others disagreed on such issues as whether the program should be implemented bilaterally by the United States, or multilaterally through the United Nations, whether the aid under the program should be private or public, and exactly what the financial scope and duration of the program should be. These issues occupied considerable amount of the time of the Congress and necessitated compromises on the divergent views of each.

Point Four legislation was sponsored by members of both of the major political parties in the Congress. However, while party lines were often crossed in voting on this legislation, the Congressional legislation for the Point Four program was clearly a Democratic sponsored bill when the real tests of authorization were met in the Congress. From a regional view point, the Middle Western states seem to have consistently voted against the Point Four authorization and the New England states were generally favorable to such authorization. Other regions did not always show a clear distinction on Point Four authorization.

After the Congress had authorized the program in June, 1950 and the necessary funds appropriated in September, 1950, the Point Four program quickly became a reality. The simple idea of sharing technical knowledge and teaching the peoples of the underdeveloped areas the arts of living was soon underway in thirty-four countries. In order to carry out this program, the Technical Cooperation Administration was formed within the Department of State as the agency charged with the administration of the Point Four program. The TCA, through a system of global regional divisions and its field service units established within the recipient country

cooperating under the Point Four program, was able to establish working programs and projects. Much of the credit for the successful launching of the program in its first year of operation should go to the late Dr. Henry Garland Bennett, first Administrator of the Technical Cooperation Administration.

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# CHARTERED PARLIAMENT

1837-1841

## APPENDIX A



United States  
Department of Interior  
Office of the Secretary  
Washington 25, D. C.  
April 15, 1952

Mr. Harold Frank Way, Jr.  
349 Cordell Hall  
Stillwater, Oklahoma

Dear Mr. Way:

The problem you raise in your letter of March 29 to Secretary Chapman concerning the origin of Point Four is one that has been the subject of speculation in Washington ever since the President's Inaugural Address. Mr. Goldschmidt, of course, has frequently been given credit for having a hand in drafting the statement in the Inaugural Address, but he has consistently denied any participation. Secretary Chapman likewise takes no credit for the "fourth point."

You are no doubt aware that the idea behind Point Four had a great many supporters in the Administration prior to the Inauguration. Mr. Goldschmidt was one of these. Many officials saw in Point Four not a new program but a call for the expansion of existing programs, including that of economic, scientific, and cultural cooperation, authorized by P. L. 402, 80th Congress. The similarities between the work which the Department of the Interior was doing under these programs and the Point Four was so great that the Department proposed an immediate expansion and redirection of P. L. 402 rather than waiting for legislative authorization for the Point Four program.

Despite the fact that many Interior Department Officials viewed Point Four as a logical and appropriate expansion of work that had been carried on for years, there was no doubt at that time or since that its emphasis in the Inaugural Address marked one of the most constructive and far reaching developments in our foreign policy.

Sincerely yours,

J. C. McCaskill, Director  
Division of International  
Activities

JONATHAN DANIELS

1540 Caswell St.  
Raleigh, N. C.  
April 29, 1952

Dear Mr. Way:

I don't think there can be any doubt that so far as the President is concerned the basic idea of the Point Four Program did come, as you suggest, from the late B. H. Hardy. I had corresponded with Hardy about this matter before I wrote my book, but he had a feeling of very proper modesty about the matter and a desire at that time to keep his suggestion in an anonymous state. My information as to what happened is this:

Hardy had embodied in a memorandum the basic idea of Point Four program. It had been kicked around in the State Department and I gather in effect rejected by persons up the line above Hardy in the Department. However, a copy of it was seen I know by Clark Clifford and I believe George Elsey of the White House staff. When the time came to write the inaugural address it had been decided to make it a speech particularly stressing foreign policy, as domestic matters were to be largely emphasized in the State-of-the-Union message. There was a desire to find some new, good, and dramatic thing to put in the speech, and in that search, as I understand it, the Hardy memorandum was resurrected and brought to life.

I don't know how much experience you have had in governmental operations of this sort. The White House is continually subjected to suggestions from persons in the government and outside of it. Many, of course, are of no value. In some there are items of value though the main idea may not seem suitable. Where a good idea does under any circumstances come to life, it is, of course, subject in most cases to modifications of various kinds.

I have always felt that the credit for a program, even an idea, in government belongs to the official who seizes it and states it. In this sense I feel that the Point Four program is clearly the President's own bold program initiated by him.

Page Two

Undoubtedly, however, the credit for the genesis of the idea belongs to Hardy, though, as you suggest, there were other thinking along similar lines to what might have ended up as the Point Four program.

I am telling you all this quite frankly though from memory only. My suggestion to you would be that you check directly with the persons involved. I don't know whether you know it or not, but Mrs. Hardy has been engaged in writing an article about her husband. May I suggest that you write her at 416 North Oakland Street, Arlington, Virginia.

I shall be very much interested in seeing your work when it is completed.

With best wishes.

Sincerely,

Jonathan Daniels

\* \* \* \* \*

UNITED FRUIT COMPANY  
General Offices, 80 Federal Street  
Boston 10, Massachusetts

Sam Baggett  
Vice President

5th June 1952

Dear Mr. Way:

I am sorry that my duties have kept me out of my office so much in the last month or two that I did not make a timely reply to your letter of April 8th regarding Point IV.

I am, of course, very much interested in this subject and participated in various conferences during the formulation of the Act for International Development. I should have liked to send (sic) you some material on the subject, but I assume that the school year is closed and that perhaps it is too late for you to utilize such material in your thesis. I am exceedingly sorry I did not get this matter in time to you.

Yours very sincerely,

Sam Baggett

Mr. Harold Frank Way, Jr.  
349 Cordell Hall  
Stillwater, Oklahoma

Dear Mr. Way,

Thank you for your letter of inquiry in regard to the origins of the Point Four concept. I should be happy to cooperate with you in this phase of your work. However, I must ask you to confine your use of the information enclosed to your thesis, because I am working on a lay article which I expect to have published soon.

My husband, Benjamin Hill Hardy, Junior, spent almost two years during the war in Rio de Janeiro, Brazil, as Press Officer in the Office of the Coordinator of American Affairs. In his travels in Brazil he observed a few instances of tremendous achievement which were the result of foreign technical assistance. Some of the aid was American, some British, some Canadian. Out of his observations there grew the firm conviction that American know how could not only benefit (sic) Latin American neighbors but all of the needy peoples and nations of the world. This conviction lay dormant until the threat of Russian communism loomed so greatly. In February 1948, while we vacationed in Florida, the thought of helping all nations to alleviate poverty and misery occupied him considerably. He clearly saw that such help would also strengthen the have-not nations against the threat of aggression. However, it was not until late November that he actually put his convictions on paper and presented them in the form of a memorandum to his superior, Francis Russell, the Director of the Office of Public Affairs of the Department of State.

The memorandum proposed that the United States keep the initiative and momentum it had achieved in foreign affairs through the Marshall Plan by establishing a large scale, long range program of technical assistance to other countries. After discussing the proposal with about twenty people in the State Department he revised the memorandum slightly in Mid-December.

By that time the White House had requested that the State Department prepare a draft for the forthcoming Inaugural Address, which was to be devoted to foreign policy, and was intended to be a ringing statement of democratic principles. Mr. Hardy was assigned to prepare such a draft.

In the revised memorandum, which I mentioned above, Mr. Hardy had already suggested that the new program be announced in the Inaugural Address,

as a convincing exemplification of democratic ideals in action, even though a detailed program could not be fully formulated by Inauguration Day. This revised memorandum was circulated in the department by Mr. Russell but the proposal was discouraged, chiefly on the grounds that approval of funds for the program by the Budget Bureau and by Congress would be difficult to obtain, and the belief that the time was not right for such a program to be presented to the world.

Never-the-less, the first draft by Mr. Hardy of the proposed Inaugural Address contained a statement on a technical assistance program. This draft was completely rewritten by others in the Department of State, and an entirely new speech with no mention of technical assistance, was sent to the White House.

At this point, Mr. Hardy, convinced that the idea was great and merited the consideration of the President himself, went "informally" to the White House and talked with Mr. George Elsey a member of the President's staff and left in his hands a copy of the memorandum to be given to Mr. Clark Clifford and to the President.

A few days later, about the 27th of December, 1948, the White House sent the Department of State's draft back and asked that another effort be made to achieve the desired effect. Again the task was given to Mr. Hardy and he prepared another version of his original draft, including his proposal for a technical assistance program.

The draft was sent to the White House, where, although somewhat revised, it formed the basis of the Inaugural Address as the President delivered it. Among the features introduced into the speech at the White House were the numerical summary of the major courses of action (which led to the designation "Point Four"), the fostering of capital investment and the phrase "bold new program".

These are the essential facts concerning my husband's part in the origination of Point Four.

When your thesis is published I should appreciate it if you would kindly supply me with the reference information as to title, date and place of publication. If I can be of further help, please write to me.

416 N. Oakland St.  
Arlington, Va.  
May 4, 1952

Sincerely yours,  
Christine Moore Hardy

Farvue

South Salem

New York

April 5, 1952

Dear Mr. Harold Way,

The idea of what is now called point 4 originated long long before Mr. Truman called for a bold, new program. I know I began talking about the idea as early as 1941. In late 1941 or early 1942 in an article for the Atlantic Monthly I said; "The process of industrialization is the way to attain higher standards of living. ### There are many communities in Southern Europe, Latin America and the Pacific Countries where that kind of a shift would be of tremendous value from the standpoint of raising living standards. ## Fortunately in many cases the low level of industrialization is not a result of circumstances for which there is no remedy, but a consequence of the scarcity of capital and lack of proper technicians. It should be possible with intelligent effort to help these countries get both. #### Some such program as here suggested might be worked out in collaboration with the British and the democracies of Europe and Latin America and put into effect boldly before we come to an armistice. Probably the English-speaking peoples of the world will have to take the lead in underwriting world prosperity for a generation to come. #### It is one of the ways we can build an economic future solid enough to be worth fighting for."

In my Century of the Common man speech on May 8, 1942 I outlined the same idea in very general terms and again in the March 1943 issue of the American magazine. My ideas were called at that time "globaloney", "Milk for Hottentots", and "TVA's on the Danube", "Wallace's International milk route", etc.

On April 23, 1947 in talking to 150 members of the French Chamber of Deputies, ~~On that occasion~~ I deplored the fact that UNRRA had been killed the preceding year and said that I thought it would be cheaper for the USA and Britain to pay for peace with organizations like UNRRA than it is to have increased expenditures for large armies. I suggested that it would take eventually about ~~\$10,000,000,000~~ \$5,000,000,000 a year for about 10 years to do a sufficiently good job of rehabilitation to make the world safe for peace.

The Board of Economic Warfare did a little work along this line and its successor organization FEA did some from the standpoint of making surveys country by country as to just what were the capital needs. The BEW working in cooperation with the Coordinator of Inter-American Affairs developed technique for sending specialists in agriculture and other lines

to Latin America during the war to expand production of various kinds. We started some of this work while I was still Secretary of Agriculture.

Sincerely yours,

H A Wallace

(Henry Agar Wallace)

\* \* \* \* \*

CLIFFORD AND MILLER  
Attorneys and Counsellors at Law  
1523 L Street, Northwest  
Washington

April 10, 1952

Dear Mr. Way:

I have your letter of April 1st with reference to the genesis of the Point IV program. The story is an interesting one but rather long and the thought occurred to me that your travels might bring you to Washington sometime in the near future, at which time I would be happy to sit and visit with you about it.

I think you are correct in stating that the story has never been told, and I am sure you would perform a useful service if you did so.

If you do not plan on coming to Washington, perhaps I could meet you some place in the Middle West when my work brings me out there.

With best regards, I am

Cordially yours,

Clark M. Clifford

Mr. Harold Frank Way, Jr.  
349 Cordell Hall,  
Oklahoma A. & M. College  
Stillwater, Oklahoma

30 ROCKEFELLER PLAZA  
New York, N. Y.

Room 5600

April 25, 1952

Dear Mr. Way:

Mr. Nelson A. Rockefeller has asked me to thank you for your letter of the eighth, in which you request information on the operations of the International Basic Economy Corporation. The attached material provides background information on this work, together with a bibliography of published material.

The question of whether a program of the IBEC type can be financially successful depends on many factors which cannot be appraised fully at any particular time. The IBEC enterprises have had varying profit and loss experience. Some are doing well profit-wise; others have lost money and have been liquidated in whole or in part.

The IBEC was conceived and developed in the belief that it held promise of financial as well as technical success. It is too early to say whether this faith is wholly justified on the basis of actual experience. As you know, the element of business risk is especially great in new ventures abroad. However, several of the IBEC companies, even at this early stage, are quite encouraging in their promise of becoming sound profit-making enterprises.

Sincerely,

Francis A. Jamieson  
(Member of the Board  
of Directors, IBEC)

Mr. Harold Frank Way, Jr.  
349 Cordell Hall  
Stillwater, Oklahoma

Enclosures



DEPARTMENT OF STATE  
Washington,  
D. C.

In reply refer to  
TCA

April 2, 1952

Mr. Dear Mr. Way:

I shall try to supply the information requested in your letter of March 25. If the answers are not clear or are lacking any essential detail, please let me know.

1. An organization chart is enclosed. It does not show all the relationships with other agencies, which would make an unusually complicated chart. To this basic chart of TCA one might add the boxes I have indicated in pencil, which would contribute to an understanding of the relationships.

2. TCA does not have authority to guarantee private investments in the countries where it is working. The Mutual Security Agency does have such authority, and it has been used to a limited extent. I suggest that you write to the Mutual Security Agency for information about its investment guarantee program, if you are interested in such activities in the Philippines, which, as far as I know, is the only country where the program is presently in operation.

3. Criteria for establishing that any particular country is "underdeveloped" are not absolute. A careful weighing of such factors as individual income levels, dietary standards, rates of literacy, health conditions, percentage of employment in non-agricultural pursuits, and others tend to establish the division between developed and underdeveloped countries with considerable precision and with little room for doubt.

Technical cooperation with a country usually originates in conversations between local government representatives and the chiefs of U. S. diplomatic missions. These missions receive and study the requests and forward them to TCA in Washington with recommendations.

The proposals are then reviewed by the Point 4 staff, in consultation with the appropriate regional bureaus of the Department of State, and technical agencies most directly concerned with the field of activity. Projects are considered from various points of view: whether they are technically feasible and sound; whether funds, personnel, and equipment are available; whether the work could better be undertaken by the U. N. or whether it would duplicate activities already under way.

Once a project is approved in principle, specific plans are worked out with the other governments. Operations can begin after a project agreement has been signed and technicians have been recruited.

In the first months of the program, requests for technical cooperation tended to be miscellaneous in character. In 1951, however, both American and foreign officials were talking more in terms of integrated country programs striking at the root of problems of masses of people.

The Act for International Development stipulates that governments requesting Point 4 cooperation shall meet certain reasonable requirements. They must pay a fair share of projects costs, keep the United States informed and tell their own citizens about the aims and accomplishments of the program, make the best possible use of the fruits of cooperation and make available to other governments participating in the program any helpful technical information. The Mutual Security Act makes certain other stipulations.

Accordingly, the United States has negotiated General Agreements with most Point 4 countries containing these and other basic conditions.

The signing of a General Agreement did not necessarily precede the beginning of project operations. In some countries a General Agreement must be ratified by the national legislature. Therefore, to avoid delay, projects were sometimes approved and set in motion during General Agreement negotiations. In most of the other American Republics, projects were already in operation when the TCA was established. These were reexamined and most of them continued even though General Agreements had not been signed.

4. The National Industrial Conference Board, Inc., of 247 Park Avenue, New York, at the request of President Truman's Committee for Financing Foreign Aid, prepared, in early 1951, a report on "Obstacles to Direct Foreign Investment". In the preparation of this report, questionnaires were sent to hundreds of people and numerous meetings were held in New York. These meetings may be the ones to which you refer. You might obtain a copy of the report—a lengthy one of 376 pages—by writing the above address. It has a wealth of information and its conclusions and recommendations are of interest. They include suggestions for changes in tax laws and modifications of exchange regulations, particularly in reference to the return of profits to investors.

100

If these were not the meetings which you mention, it is possible that you have in mind conferences held in New York and other key cities by Mr. Samuel Baggett, Vice President of the United Fruit Company, of Boston, Massachusetts, Mr. Baggett was one of the leaders of a group of businessmen working for the passage of the Point 4 legislation. It might be worth your while to write to him.

5. I am enclosing some speeches and other material, by and about Dr. Bennett. I am sure that there is a great deal of other information about him at the College. Of course, the Memorial Issue of the College Magazine a great many tributes to his work; I am sure you have seen it.

Sincerely yours,

Harry L. Carr  
Assistant Public Affairs Officer  
Technical Cooperation Administration

Enclosures:

"Point Four" of President Truman's  
Inaugural Address, January 20, 1949

Fourth, 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.

More than half of the people of the world are living in conditions approaching misery. Their food is inadequate. They are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas.

For the first time in history, humanity possesses the knowledge and the skill to relieve the suffering of these people.

The United States is preeminent among nations in the development of industrial and scientific techniques. The material which we can afford to use for the assistance is limited. But our imponderable resources in technical knowledge are constantly growing and are inexhaustible.

I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. And, in cooperation with other nations, we should foster capital investment in areas needing development.

Our aim should be to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens.

We invite other countries to pool their technological resources in this undertaking. Their contributions will be warmly welcomed. This should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable. It must be world-wide effort for the achievement of peace, plenty, and freedom.

With the cooperation of business, private capital, agriculture, and labor in this country, this program can greatly increase the industrial activity in other nations and can raise substantially their standards of living.

Such new economic developments must be devised and controlled to benefit the peoples of the areas in which they are established. Guaranties to the investor must be balanced by guaranties in the interest of the people whose resources and whose labor go into these developments.

The old imperialism—exploitation for foreign profit—has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair dealing.

All countries, including our own, will greatly benefit from a constructive program for the better use of the world's human and natural resources. Experience shows that our commerce with other countries expands as they progress industrially and economically.

Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge.

Only by helping the least fortunate of its members to help themselves can the human family achieve the decent, satisfying life that is the right of all people.

Democracy alone can supply the vitalizing force that is necessary to stir the peoples of the world into triumphant action, not only against their human oppressors, but also against their ancient enemies—hunger, misery, and despair.

APPENDIX B

Table I  
Per Capita Income, Population and Population Groups of 53 Countries  
1939

Country	Per capita income U. S. dollars per annum-a	Rank	Population-b in thousands	Types
Upper Income Group (over \$200)				
United States	\$554	1	131,416	1
Germany	520	2	69,317	1
United Kingdom	468	3	47,778	1
Switzerland	445	4	4,206	1
Sweden	436	5	6,341	1
Australia	403	6	6,996	1
New Zealand	396	7	1,612	1
Canada	389	8	11,368	1
Netherlands	338	9	8,834	1
Denmark	338	10	3,825	1
France	283	11	41,950	1
Norway	279	12	2,937	1
Belgium	261	13	8,396	1
Eire	248	14	2,946	1
Argentina	218	15	13,132	2
Middle Income Group (\$101- 200)				
Union of S. Africa	188	16	10,251	1-f
Finland	184	17	3,684	1
Chile	174	18	4,940	2
Austria	166	19	6,940	1
USSR	158-d	20	196,500-e	2
Italy	140	21	43,864	1
Greece	140	22	7,200	2
Czechoslovakia	134	23	15,230	1
Hungary	125	24	9,129	1
Bulgaria	109	25	6,308	2
Lower Income Group (\$100- below)				
Cuba	98	26	4,253	3
Yugoslavia	96	27	15,703	2
Poland	95	28	35,090	2
Japan	93	29	72,520	2
Venezuela	92	30	3,650	3
Egypt	85	31	16,650	3
Palestine	81	32	1,502	3
Costa Rica	76	33	639	3
Colombia	76	34	8,986	3
Peru	72	35	7,000	3

Table I

Country	Per capita income U. S. dollar per annum-a	Rank	Population-b in thousands	Types
Lower income group (\$100- below)				
Panama	71	36	620	3
Ceylon	63	37	5,922	3
Mexico	61	38	19,380	3
Uruguay	56	39	2,147	2
Dominican Republic	51	40	1,650	3
Haiti	50	41	2,600	3
Nicaragua	50	42	883	3
Guatemala	48	43	3,260	3
Bolivia	47	44	3,400	3
Honduras	45	45	1,090	3
El Salvador	45	46	1,745	3
Brazil	46	47	40,900	3
Ecuador	44	48	3,000	3
Paraguay	39	49	970	3
India	34	50	382,000	3
Philippines	32	51	16,300	3
China	29	52	450,000	3 <sup>d</sup>
Indonesia	22	53	60,435	3

From, "Point Four and World Production," Howard S. Piquet, Annals of the American Academy of Political and Social Science, March, 1950, Vol. 268, pp. 150-151.

- a. Source-Per Capita National Income, "Foreign Assets and Liabilities of the United States and Its Balance of International Trade."
- b. Source-Statistical Yearbook, League of Nations, 1941/42.
- c. Countries are grouped by population as follows:  
 Type 1. Low growth potential. Birth rates below 25 per thousand. Low death rates.  
 Type 2. Transitional growth. Birth rates 25-35 per thousand. Both birth and death rates generally falling. Rapid population growth.  
 Type 3. High growth potential. Birth rates over 35 per thousand. Death rates generally declining but not birth rates.
- Source-P. B. Baran, "National Income and Products of the U. S. S. R., 1940," Review of Economic Statistics, November, 1947.
- e.-Source, Department of State.
- f. White population only.

Table II

Net United States Direct-Investment Capital Movements by  
Area and Industry, 1945-1947.  
(in millions of dollars, decreases shown - )

	Total	Canada	Latin America	ERP countries	ERP dependency	other Europe	other countries
total, all industries:							
1945.....	100.0	39.0	140.4	-6.8	16.2	87.0	30.6
1946.....	139.8	14.6	55.7	14.7	4.4	1.0	49.4
1947.....	665.9	28.8	407.7	43.1	26.9	1.7	158.2
Manufacturing: <sup>2</sup>							
1945.....	67.5	42.2	21.2	3.8	....	1.7	7.4
1946.....	16.5	-11.1	16.3	4.8	.6	1.7	5.2
1947.....	72.9	-.5	50.8	9.6	.3	1.9	10.8
Distribution:							
1945.....	-12.7	....	3.8	-2.5	.1	.2	14.3
1946.....	24.2	-.2	8.1	4.2	.6	.1	11.3
1947.....	43.0	-4.8	31.4	6.4	1.7	....	8.3
Agriculture: <sup>3</sup>							
1945.....	43.1	.3	46.7	1.2	(4)	....	-5.1
1946.....	6.8	.6	6.3	....	-.9	....	.8
1947.....	-9.4	.3	-11.2	....	.8	....	.7
Mining and smelting:							
1945.....	-3.0	2.5	-6.7	....	1.0	....	.2
1946.....	-12.9	(4)	-12.2	....	-.5	....	-.1
1947.....	18.4	-.7	18.2	.2	-2.0	-1.5	4.2
Petroleum:							
1945.....	87.8	-3.9	71.1	-2.7	-7.3	.1	40.5
1946.....	158.2	12.1	104.3	6.6	4.5	-.1	30.7
1947.....	454.6	26.0	260.8	18.7	25.1	1.3	122.0
Public utilities:							
1945.....	-96.1	-5.9	1.7	.1	....	88.	-3.9
1946.....	-84.1	-5.5	-79.7	....	(4)	.1	.9
1947.....	-9.7	-26.1	17.9	.1	....	....	-1.6
Miscellaneous: <sup>5</sup>							
1945.....	13.4	3.8	2.6	3.3	(4)	.1	3.6
1946.....	31.1	18.7	12.6	7.9	.1	.2	.4
1947.....	96.6	33.7	39.8	8.1	1.0	....	13.8

1. Includes unallocable minor investments.

2. Includes paper and pulp.

3. Includes fishing.

4. Less than \$50,000

5. Includes insurances.

International Economics Division  
Office of Business Economics  
Department of Commerce  
March 21, 1949.



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Outline of Legislative Procedure in the  
Enactment of Point Four;  
"Act For International Development", Title IV  
"Foreign Economic Assistance Act of 1950",  
Public Law 535, U. S. Congress, 81st, 2nd Sess., H. R. 7797

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U. S. Congress, 81st, 2nd Sess.

H. R. 5615, July 12, 1949; introduced by Representative John Kee, Democrat, West Virginia. "A bill to promote the foreign policy of the United States and to authorize participation in a cooperative endeavor for assisting in the development of economically underdeveloped areas of the world." Sent to the House Committee on Foreign Affairs, never reported out of the Committee.

H. R. 5594, July 12, 1949; introduced by Representative Brent Spence, Democrat, Kentucky. "To amend the Export-Import Bank Act of 1945, as amended...To vest power in said bank to guarantee United States investments abroad." Sent to the Committee on Banking and Currency. Reported out of the Committee on October 6, 1949 and committed to the Committee of the Whole; no decision reached in the Committee of the Whole.

H. R. 6026, August 17, 1949; introduced by Representative Christian Herter, Republican, Massachusetts. "A bill to establish a program of foreign economic development." Sent to the Committee on Foreign Affairs; never reported out of the Committee.

September 27, 1949; hearings open in the House Committee on Foreign Affairs on H. R. 5615.

September 28, 1949; hearings continued in House on H. R. 5615.

September 30, 1949; hearings continued in House on H. R. 5615.

October 3, 1949; hearings continued in House on H. R. 5615.

October 4, 1949; hearings continued in House on H. R. 5615.

October 5, 1949; hearings continued in House on H. R. 5615.

October 6, 1949; hearings continued in House on H. R. 5615.

October 7, 1949; hearings continued in House on H. R. 5615.

No decision was reached in the first Session of the 81st Congress on Point Four legislation.

U. S. Congress, 81st, 2nd Sess.

January 12, 1950; House Committee on Foreign Affairs reopened hearings on H. R. 5615 and opened hearings on H. R. 6026.

January 13, 1950; hearings continued on H. R. 5615 and H. R. 6026

January 17, 1950; conclusion of public hearings on H. R. 5615 and H. R. 6026.

January 25, 1950. House Committee on Foreign Affairs met in executive session to consider H. R. 6834, which had been introduced by Representative Kee on January 18, 1950; a compromise bill between H. R. 5615 and H. R. 6026.

February 2, 1950; Committee continued in executive session on H. R. 6834.

February 6, 1950; Committee continued in executive session on H. R. 6834.

February 8, 1950; Committee continued in executive session on H. R. 6834.

February 10, 1950; Committee continued in executive session on H. R. 6834.

February 14, 1950; Committee continued in executive session on H. R. 6834.

February 16, 1950; Committee approved H. R. 6834.

February 20, 1950; Committee met in executive session and approved H. R. 7346, a bill which had been introduced by Representative Kee on February 20, 1950 on behalf of the Committee.

March 22, 1950; H. R. 7797 was introduced by Representative John Kee and sent to the Committee on Foreign Affairs. H. R. 7797 was an omnibus foreign aid bill and contained it as title III, the bill which the Committee had approved on February 20, 1950-H. R. 7346.

March 23, 1950; Committee approves H. R. 7797 and referred it back to the House.

March 24, 1950; S. 3304, the Senate omnibus foreign aid bill was introduced by Senator Tom Connally, Democrat, Texas, at this point S. 3304 did not have a title in it concerning Point Four.

March 24, 1950; general debate in the House was opened on H. R. 7797, the previous day it had been agreed to limit debate to six hours.

March 27, 1950; House continued general debate on H. R. 7797.

March 28, 1950; House concluded general debate on H. R. 7797.

March 29, 1950; House continued consideration of H. R. 7797.

March 30, 1950; House continued consideration of H. R. 7797.

March 30, 1950; Senate Committee on Foreign Relations began consideration of the "Act for International Development."

March 31, 1950; House passed H. R. 7797-287 Yea, 86 Nea.

April 3, 1950; Senate received H. R. 7797.

April 3, 1950; Senate Committee on Foreign Relations concluded public hearings on the "Act for International Development".

April 4, 1950; Senate Committee met in executive session and approved the "Act for International Development" by 11-0, the act was to be introduced in the form of an amendment by the Committee to S. 3304.

April 5, 1950; Senator Tom Connally introduced for the Senate Committee on Foreign Relations an amendment to S. 3304 in the form of "Act for International Development", title V, S. 3304.

April 20, 1950; debate began in the Senate on S. 3304, the omnibus foreign aid bill.

April 24, 1950; Senators Saltonstall and Millikin, Republicans, Massachusetts, Colorado, introduced an amendment to S. 3304 in the form of title V to that bill. This title would have submitted the question of the Point Four program to a bipartisan Congressional committee for further study.

April 25, 1950; Senate debates title V, "Act for International Development", S. 3304.

April 28, 1950; Senate continued debate of title V.

May 5, 1950; Senate rejects the Saltonstall-Millikin amendment, adopts the Connally amendment to S. 3304 by a vote of 37-36. Senate adopted the enacting clause of H. R. 7797, then inserted the body of S. 3304 under this clause. S. 3304 was indefinitely postponed. Senate called for a conference with the House to consider differences in the two versions of H. R. 7797, appointed Senate managers

May 9, 1950; House disagreed with Senate version of H. R. 7797 and agreed to a conference, appointed House managers.

May 18, 1950; conference report submitted to the Senate.

May 23, 1950; conference report debated in the Senate.

May 23, 1950; conference report submitted to the House, debated and agreed to by a vote of 248-88.

May 24, 1950; conference report debated in the Senate.

May 25, 1950; conference report debated in the Senate, Senate agreed to conference bill by a vote of 47-27.

May 26, 1950; President of the Senate signed H. R. 7797.

May 26, 1950; Speaker pro tempore of the House signed H. R. 7797.

June 5, 1950; Notice in the House that the President had signed the Act passed by the Congress, H. R. 7797, Public Law 535, "Foreign Economic Assistance Act of 1950."

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