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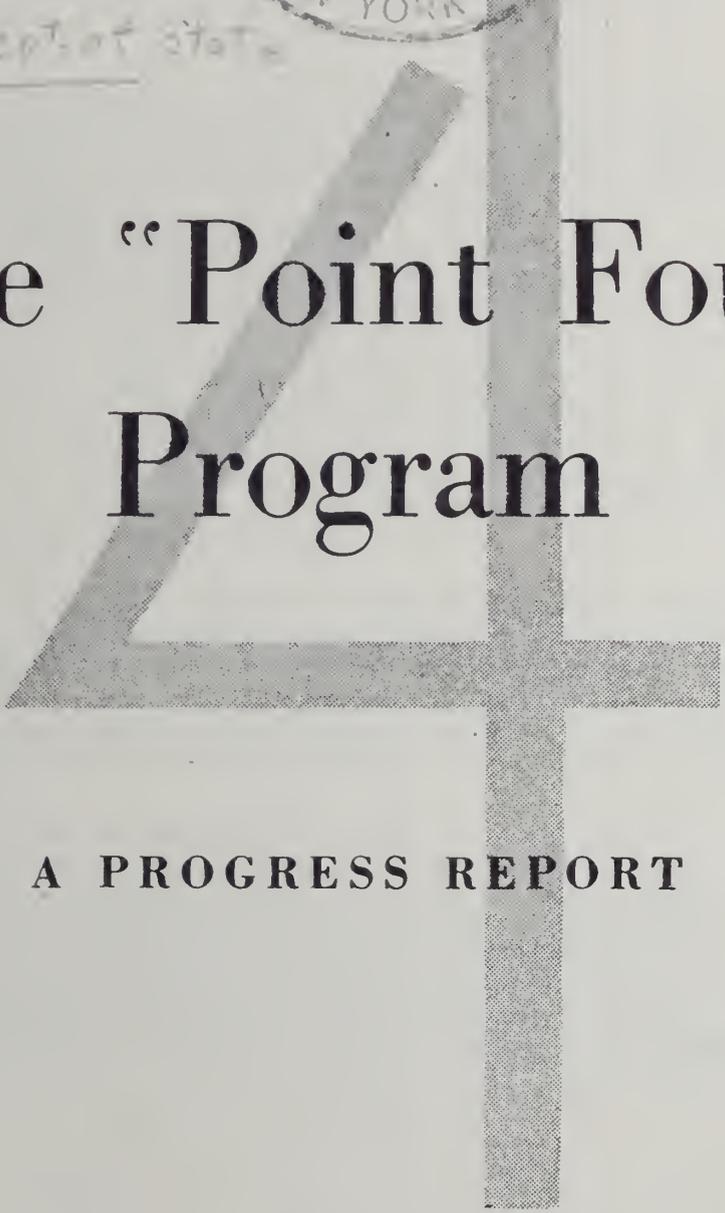
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The "Point Four" Program



A PROGRESS REPORT

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Economic Cooperation Series 25

This series of Progress Reports on the Point Four Program is designed to provide background information in summary form on developments in the President's program for world economic progress through cooperative technical assistance.

POINT FOUR MOVES AHEAD

On October 19, 1950, the Governments of the United States and Iran announced the signing of a Technical Assistance Agreement. This marked the start of the first major new project undertaken under the President's Point Four Program.

The Authorization

On June 5, 1950, President Truman signed the Act for International Development, authorizing the broad program for development of economically underdeveloped areas which the President had proposed in Point Four of his Inaugural Address of January 20, 1949.

In the Act for International Development, the Congress spelled out the philosophy and goals of the Point Four Program. Stating that "the peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples," the act calls for technical cooperation with other peoples in developing their resources and in improving their working and living conditions. "Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace."

The act also stresses the necessity for capital investment in underdeveloped areas to accompany technical cooperation in furthering the objectives of Point Four. It recognizes the need for adequate safeguards, for both the private investor and the receiving country, to insure fair treatment and economic utilization without exploitation. Congress has not yet acted, however, on legislation to provide specific safeguards to private capital investment.

The heart of the Point Four legislation is the authorization for this Government to plan, undertake, administer, and carry out bilateral technical cooperation agreements with underdeveloped countries and to cooperate with and contribute to development programs of the United Nations, the Organization of American States, and other international agencies.

In the negotiation of bilateral Point Four agreements with underdeveloped countries, certain statutory requirements are set forth in accordance with provisions of the Act for International Development. Before assistance can be given, it must be determined that a recipient country

1. pays a fair share of the cost of the program;
2. provides all necessary information concerning such program and gives the program full publicity;

3. seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country;
4. endeavors to make effective use of the results of the program; and
5. cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

The act states further that the "participation of private agencies and persons shall be sought to the greatest extent practicable."

Finally, the act outlines the basic organization for administering Point Four. The President is given full authority over the program, but he may exercise that authority through the Secretary of State or any other officer of the Government. With the advice and consent of the Senate, the President shall appoint someone to plan, implement, and manage the programs authorized. This person is the Administrator of the Point Four Program.

To assist the Administrator in determining and evaluating policy, the act establishes an advisory board, composed of not more than 13 private citizens representing broad interests, including business, labor, agriculture, public health, and education.

Where the Money Goes

On September 6, 1950, President Truman signed the General Appropriation Act of 1951, including the appropriation for the first year of Point Four.

The amount designated for the Program is \$34,500,000. Of the total, the United States has contributed \$12,007,500 to the expanded Technical Assistance Program of the United Nations. Fifty-two other governments are contributing approximately \$8,000,000.

One million dollars of the Point Four appropriation has been allocated to cooperative projects sponsored by the Organization of American States and by intergovernmental regional groups such as the Caribbean Commission and the South Pacific Commission.

The sum of \$398,000 was allotted to the Department of Commerce to provide information to American businessmen on investment opportunities and the business problems of underdeveloped areas.

To continue the nearly one hundred existing technical assistance projects of United States Government agencies requires \$6,600,000 of the appropriation. Included in this allocation are the cooperative programs of the Institute of Inter-American Affairs and of the former Interdepartmental Committee on Scientific and Cultural Cooperation.

The net figure for initiating new projects and administrative needs is a little less than \$14,500,000. This amount includes \$3,500,000 tentatively allocated to Latin America; \$4,500,000 to the Near East and Africa; \$2,000,000 to the Far East; and about \$4,500,000 for administrative and program funds

and to provide a reserve. The cooperative program with Iran, for example, has received an initial allocation of \$500,000.

Although these figures may seem small by comparison with the urgent needs of the underdeveloped nations, it is important to remember that the first year's activities are largely concerned with planning and staffing of projects and negotiation of agreements with requesting countries. The preliminary work necessarily includes investigations, studies, and surveys before actual operations in many areas can be undertaken.

The recipient countries themselves contribute a fair share to the cost of aid programs. It is estimated that the over-all contribution by recipient countries during the first year will equal what the United States and international agencies expend; and experience has shown that this proportion may rise in the future to three times what the assisting agency contributes.

How Point Four Is Administered

To start the machinery for Point Four rolling, the President on September 8, 1950, signed an Executive order "Providing for the Administration of the Act for International Development."

This Executive order authorized the Secretary of State to perform the functions and exercise the powers and authority vested in the President by the act. It also established the International Development Advisory Board of prominent private citizens to advise and consult on Point Four policy. The President named Nelson A. Rockefeller, businessman and philanthropist, as chairman of the Advisory Board, and asked the Board to review those portions of Gordon Gray's Report on Foreign Economic Policies that relate to the underdeveloped areas. Other members of the Advisory Board, which held its first meeting on November 29 and 30, 1950, are:

Robert P. Daniel, president, Virginia State College, educator.

Harvey S. Firestone, Jr., chairman of the Firestone Tire and Rubber Company.

James W. Gerard, former Ambassador to Germany.

John A. Hannah, president, Michigan State College, former president, Association of Land Grant Colleges and Universities.

Margaret A. Hickey, educator, lawyer and business woman, former president, National Federation of Business and Professional Women.

Lewis G. Hines, special representative, American Federation of Labor.

Thomas Parran, dean, Graduate School of Public Health, University of Pittsburgh, and former Surgeon General of the United States.

Clarence Poe, editor of the Progressive Farmer and veteran agriculturalist.

Jacob F. Potofsky, president, Amalgamated Clothing Workers of America.

John L. Savage, chief designing engineer of Grand Coulee and Hoover Dams, consulting engineer on power and irrigation projects in Europe and Asia.

Charles L. Wheeler, executive vice president of Pope and Talbot, identified with shipping and lumber interests.

The Executive order also directed the Secretary of State to establish an Interdepartmental Advisory Council on Technical Cooperation to assure the cooperation and assistance of all participating departments and agencies. This Council has been established and is functioning.

On November 14 the President named Dr. Henry Garland Bennett as Administrator of the Point Four Program. Dr. Bennett since 1928 has been president of the Oklahoma State College of Agricultural and Mechanical Arts. On December 1, Dr. Bennett assumed his responsibilities as head of the Technical Cooperation Administration in the Department of State.

Although responsibility remains with the Administrator, other units within the Department of State are directly interested in the Point Four Program and assist and advise on it. For example, the regional bureaus gather information from the field staffs of the Foreign Service and help to insure uniform United States policy; the Bureau of United Nations Affairs has responsibility for liaison with the United Nations and the specialized agencies; and the Office of Educational Exchange provides services in connection with trainee programs on behalf of the Administrator.

Under direction of the Administrator, operations in the field are conducted by the departments and agencies of the United States Government especially concerned with the substance of Point Four projects. Through the Interdepartmental Advisory Council on Technical Cooperation close liaison is maintained with these agencies on project planning. When a project is agreed upon by the appropriate agency and approved by the Administrator, the necessary funds are allocated by the Technical Cooperation Administration to the agency to do the job.

The U. S. Ambassador or Minister to each recipient country is responsible for negotiating Point Four agreements and seeing that they are carried out. Under his direction, a technical cooperation officer has the task of supervising projects and U. S. personnel and developing good working relations with the local government. Technical direction of the projects comes from the responsible agencies at home.

How Projects Are Planned and Carried Out

In addition to the criteria set by Congress, there are two fundamental

considerations which govern the selection of a particular project under the Point Four Program:

1. It must represent the free choice of the country concerned and be in its interest according to its own determination.
2. It must further the basic objective of the program to improve the living standards of the peoples of economically underdeveloped areas by enabling them to realize more fully the potentialities of their human and material resources.

Before a request for assistance is granted, it must be determined that the requesting country can use that type of assistance effectively and efficiently in terms of its current human, natural, and capital resources.

The planning of Point Four projects involves these steps:

1. After receipt of a request for assistance, officers in the United States embassies abroad work with officials of the requesting government in preparing plans for technical cooperation.
2. The project proposal is forwarded to the Administrator with the evaluation of the embassy.
3. The proposal and evaluation are reviewed and carefully screened by the Administrator, the appropriate regional bureau of the State Department, and the substantive agencies of the government concerned. The basic criteria for assistance, the requirements of the over-all program, the detailed information available in country and area studies, and the technical feasibility are considered in this screening.
4. The requirements of the bilateral program developed by these processes are balanced and coordinated with the programs of the United Nations and other international organizations.
5. The substantive agencies responsible for operation of the project then develop specific operational plans in accordance with the policies and standards established by the Administrator and the funds allocated by him.

Written agreements on the nature and content of the assistance program are signed by the United States and each recipient country. These agreements are of two types:

1. **General Agreements.** One general agreement may be negotiated with each recipient country. It covers the basic mutual understanding underlying the Point Four Program and each of its projects. It includes joint definition of the purposes and methods of Point Four; commitment to pay a fair share of the costs and to facilitate the operations in every way possible; reciprocal undertaking to extend technical knowledge; commitment to supply information to the United States relative to development and results; reciprocal undertaking to keep the public informed; agreement on treatment and taxation of personnel; and undertaking to make effective use of the program.

The first standard general agreement to be concluded under the Program was signed on November 7 with the Government of Ceylon.

2. Project Agreements. Specific project agreements are concluded with the recipient country for each project undertaken. This agreement is the contract under which the particular task is performed by the operating agency with the specified cooperation of the receiving government. It includes an exact description of the project; provisions for information desired by the United States; contribution of both parties to the cost of the project; and provisions relating to policies and administrative procedures.

United States Government agencies bearing most extensive responsibilities under the new program include:

Department of Agriculture	Soil conservation, plant entomology and development, extension service, forestry, statistics, etc.
Office of Education, Federal Security Agency	Exchange of students and teachers, fundamental and vocational education.
Public Health Service	Development of public-health services, research and control measures, training, improvement of vital statistics and public-health statistics, consultation.
Social Security Administration and Office of Vocational Rehabilitation	Social-welfare services, social insurance (old age, unemployment), employment service, maternal and child welfare, vocational rehabilitation.
Department of the Interior	Geological surveying for mineral and water resources, mining and metallurgy, multiple-purpose water development including reclamation and irrigation, fish development, public-land management, etc.
Department of Commerce	Census and statistical procedures, national income and balance of payments research, information on foreign economic development opportunities for American business, foreign investment research, coast and geodetic surveying, weather, standardization and laboratory testing, tidal and magnetic observations.
Civil Aeronautics Administration	Aviation.

Public Roads Administration	Highways.
U. S. Army Corps of Engineers	Multiple-purpose water development, port and harbor development.
Interstate Commerce Commission	Railroads.
Department of Labor	Industrial training, apprenticeship and employment service; industrial safety and health; employment standards, labor legislation, and labor inspection; employment of women and children; employment in agriculture; productivity and other labor statistics; and labor, business, and government interrelations.
Housing and Home Finance Agency	Shelter and urban development.
Federal Communications Commission	Telecommunications.
Treasury Department	Taxation, fiscal policy, customs administration.

The responsible agencies operate in some or all of the following ways: 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; joint financing and administration of foreign government operations in fields essential to economic development; 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; consulting and advising with foreign visitors; translating and publishing specialized reports; assisting technical schools and universities; exchanging students and teachers in technical fields; bringing workers, supervisors, engineers, and executives to the more advanced countries to observe or train; organizing international conferences on economic problems and providing technical data, publications, and samples of materials for research and experimental purposes; and establishing and operating technical libraries and film services.

One technique of operation which has proved especially productive in the work of the Institute of Inter-American Affairs, and which is being continued under Point Four, is the Servicio. The Servicio is a cooperative service, jointly staffed and financed by the aiding and recipient countries. It is organized as an integral part of the appropriate agency or ministry of the host government, but its senior men are usually members of the field party from the United States. Good opportunities for close understanding, cooperation, and integration are provided by this unique device in international administration.

Another technique, that of the "demonstration center," is being used in Iran. These centers are being established in selected rural villages, serving both to improve local living standards and to train Iranian teachers and demonstration agents.

A joint Iranian-American Commission for Rural Improvement, composed of four representatives from Iran and three from the United States, administers the demonstration projects. An Iranian heads this group.

An integrated health, agricultural, and education project, each center will demonstrate and practice simple techniques for increasing food production, reducing disease, raising the education level, and otherwise improving the living conditions of people throughout the area. For example, the use of DDT and other modern scientific controls over disease will be demonstrated; workshops will be set up to teach the making of simple tools, such as steel hoes and metal-tipped plows; and instruction in rural teaching methods will be given.

The first demonstration center is being established immediately outside Isfahan, about three hundred miles south of Tehran, and it is likely that three other centers will be in operation by June 30, 1951. Approximately ten centers should be in action by June 30, 1952.

Still another technique which will be used in the Point Four Program is the "Joint Economic Development Commission." Such a commission surveys the economic resources of a whole country and recommends a balanced program of development. The commission is a continuing body, which follows up its recommendations, evaluates what is being done, and adapts economic planning to existing conditions.

Personnel to do the Point Four job is selected by the responsible agency of the U.S. Government on the basis of professional competency and ability to work with people in the foreign country. In addition, clearance by the F.B.I. is required. At their posts, these people are responsible to the technical cooperation officer and ultimately to the United States Ambassador or Minister for conduct and field administration. Technical instructions and guidance, however, come from the operating agency in Washington.

Regular evaluation and reporting on progress and results are provided by the technical cooperation officer in the embassy or legation and by the operating agency in Washington, who measure the projects within each country from the standpoint of their effective contribution to economic development.

Point Four and the U. N. Technical Assistance Program

In his Inaugural Address of January 20, 1949, President Truman said, "This should be a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable."

At the United Nations Conference on Technical Assistance, held at Lake Success in June 1950, fifty participating countries, including the United States, pledged a total of \$20,012,500 for technical assistance activities.

Since June three additional nations have pledged funds to this account. It is being used to expand the programs of the United Nations itself and of the World Health Organization, the International Labor Organization, the Food and Agriculture Organization, the International Civil Aviation Organization, and the United Nations Educational, Scientific and Cultural Organization.

The United States coordinates its bilateral programs with the international assistance program. As Willard L. Thorp, Assistant Secretary of State for Economic Affairs, said at the United Nations Technical Assistance Conference in June 1950:

"Many countries have or will have bilateral programs of technical assistance. To assure the most efficient use of funds and manpower and to avoid duplication of effort, it is essential that these countries take full account both of the several bilateral and multilateral programs as they develop. We have every intention of working for the fullest possible coordination of these programs."

Coordination within the United Nations is being developed through the Technical Assistance Board (TAB), composed of the heads of the specialized agencies. The Board is informed of all requests for assistance received and all operations carried on both bilaterally and multilaterally by the specialized agencies and member governments and assists in an international integration of aid programs. Policy direction is given by the Technical Assistance Committee whose members are the governments represented on the Economic and Social Council.

Whether a particular project is undertaken by the United Nations or the United States depends upon a number of factors, including the desire of the requesting country, the type of project, and the availability of funds.

The United Nations is most readily used where a proposed project is of direct interest to or involves several countries, as in the control of epidemic diseases or pests; where a project requires the mobilization of the technological resources of a number of countries, as when the need is great and the number of trained technicians limited; where international uniformity or standardization is an end in itself, as in the case of air navigation standards; or where the international character of the sources of the assistance may be particularly helpful in achieving its purpose:

On the other hand, the United States undertakes projects which are impracticable for the United Nations, or other international organizations, to undertake. The United States also is continuing existing projects which would be adversely affected if transferred.

As the United Nations and the specialized agencies are able to expand their activities on a sound basis, they will carry an ever increasing share of the responsibility for technical aid and development programs. At present, however, the total need is so great, the particular projects so diversified, that separate bilateral programs like Point Four can make a great contribution to the over-all effort.

For further information on the Point Four Program see:

Point Four: Cooperative Program for Aid in the Development of Economically Underdeveloped Areas (Department of State publication 3719, January 1950).

The "Point Four" Program. Foreign Affairs Outline No. 21 (Department of State publication 3498, Spring 1949).

The "Point Four" Program. Progress Report Number Four (Office of Public Affairs, Department of State, May 1950).

Report on U.N. Technical Assistance Conference, Department of State, July 12, 1950.

Public Law 535, 81st Congress, the Foreign Economic Assistance Act of 1950.

"Our Foreign Policy". Department of State publication 3972, September, 1950.