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15 November 1957

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director (Plans)

SUBJECT: Human Resources for Economic Development

REFERENCES:

- a. Memorandum dated 31 October to the Assistant to the President from the Secretary of Labor, the Deputy Under Secretary of State (Robert D. Murphy), the Acting Director of USIA (S. Bradford) and the Director of ICA. Subject: Human Resources for Economic Development.
- b. Memorandum dated 18 October to the Secretary of Labor, the Deputy Under Secretary of State, the Director of USIA and the Deputy Director for Program and Planning for ICA from a working group comprised of State, Labor, USIA and ICA. Subject: Human Resources for Economic Development.
- c. Memorandum from the White House dated 9 November to the Director, Central Intelligence Agency requesting that he comment on references A and B.

1. This memorandum contains a recommended action (para. 6) in the form of dispatch of a letter in reply to a White House memorandum from General Goodpaster.

2. The 18 October memorandum was prepared by a task force in response to a request by the President. The 31 October memorandum reviews and summarizes the earlier paper and concurs in it. Neither of these papers comes to grips with certain central aspects of the problem and their recommendations appear to be a little on the impractical side. Neither is exactly a model of incisiveness or clarity.

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3. The two basic papers state, in effect, that:

a. lack of skilled personnel in underdeveloped countries seriously impedes their capacity to advance economically and politically and to absorb and benefit from foreign aid;

b. the U. S. S. R. and other Communist countries and the U. S. are making efforts to remedy this deficiency;

c. the U. S. effort, which has official and non-official sponsorship, is uncoordinated and is less than needed;

d. the U. S. effort should be increased by:

(1) exploring specific needs through canvassing field missions, making certain special studies, and mounting trial projects;

(2) framing proposals for expanded effort as a part of the FY 1960 Mutual Security Program.

4. After considering referenced memoranda and other data, this Staff concludes that:

a. Additional U. S. effort is warranted but certain questions have to be answered before a meaningful program can be devised, i. e., we do not know the number of people who should have training, the content of this training, and determination of which countries need it most;

b. Studies to establish the scope and content of the program should be carried out by some one or more of the foundations, and the Ford Foundation should certainly be consulted on this aspect of the problem at an early date; enough work has been done in this field so that a preliminary estimate can probably be made in short order.

c. If this program is to have any very decisive effect it will obviously have to be very large, possibly larger than the resources the U. S. can practically muster for its support. Why not solicit the interest, cooperation and contributions of

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other Western powers, particularly the Europeans, and possibly using "NATO assistance to underdeveloped countries" as an instrumentality?

d. The organization and coordination of this effort in Washington will present difficulties. While the details of coordination within the government could be handled by the OCB, it will probably be desirable to set up some kind of high level advisory board with public and private members; (Chester Bowles would be a good choice to head such a board.)

5. These comments are not directly contradictory of the proposals advanced in the referenced memoranda, although they include some points of difference. We propose an investigation of probable magnitude and content of the program through non-governmental research. The memoranda advocate a sort of piecemeal approach to this investigation conducted by government agencies; we feel that this will not get the data needed. We propose a cooperative effort with Western allies. The memoranda speak of coordination with such international agencies as the United Nations and the World Bank. We think that there would be obvious merit in actively interesting NATO in this program. Our view that the organization and coordination of the program should be through an advisory board and the OCB is not reflected in the basic memorandum.

6. These suggestions are embodied in the draft memorandum to the White House that follows as Tab A.

[Redacted Signature]

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Acting Chief
Psychological and Paramilitary Staff

Attachments (4):
Refs a, b and c
Tab A

cc: DDCI

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October 31, 1957

MEMORANDUM

To: The Assistant to the President

From: James P. Mitchell, Secretary of Labor *J. Mitchell*

Robert D. Murphy, Deputy Under Secretary of State *Robert D. Murphy*

Saxton Bradford, Acting Director, USIA *S. Bradford*

J. H. Smith, Jr., Director, ICA *J. H. Smith*

Subject: Human Resources for Economic Development

In a memorandum dated April 12, you advised that the President asked that a small task force be brought together to prepare a program for the development of high level human resources as a part of foreign aid and technical assistance programs. This memorandum provides an interim report in response to the President's request.

The Task Force has reviewed the attached staff study analyzing this problem and concurs with its general conclusions and recommendations. In summary these are:

A. Conclusions

1. One of the critical problems of the industrializing countries is the development of high level human resources for economic development.

2. It is in the United States interest to assist free world countries which wish to have such assistance in evaluating their needs in this area and in taking necessary steps to meet such needs. Such U. S. programs are valuable not only as a means of facilitating the economic development and promoting economic and political stability in the countries involved, but also of influencing the direction of their development along democratic lines. Unless the U. S. exerts a greater effort on both the governmental and private levels to meet these needs, the USSR is likely increasingly to fill the gap in this critical field.

3. The problem of high level manpower is related to but different from the broader problem of supplying large numbers of technically trained people at various levels in developing countries. It is concerned with the equipment for their functions of a relatively small group of key personnel of essential and strategic importance to economic development in each country.

4. Past and present programs have provided a substantial amount of training useful for economic development. However, such programs need to be reinforced

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and expanded to adequately meet needs for assistance in the special area of developing key and strategic personnel.

5. Action to intensify and improve present programs in this area would seem to be feasible especially through further efforts to: (a) integrate training with specific capital projects to meet immediate needs; (b) intensify present programs aimed specifically at developing key personnel; (c) coordinate existing programs to achieve the integration and concentration necessary; (d) give more emphasis to the creation and expansion of facilities within underdeveloped countries directed toward the development of such personnel including, where necessary, financial assistance for capital and initial operating costs of such facilities; and (e) provide longer term assistance for the education of potential leadership personnel in the U. S.

6. Efforts to develop needed high level manpower must be concerned not just with provision of the necessary skills as such but with the motivations and attitudes of the personnel involved and with the timely provision of suitable employment opportunities and generally with effective utilization of such personnel.

7. Such programs, involving as they do the training of present and potential leadership of the developing countries, necessarily come close to the sensitive nerves of nationalism. They must, therefore, be carefully adapted to the needs, interests and receptivity of each country.

B. Recommendations

The Task Force recommends a three-pronged attack on this problem:

1. Immediate action to meet cooperating country requests for additional specific projects in this field, within the limits of existing legislation, funds and programs; and otherwise to enhance the impact of current activities in this area.

2. Immediate action to explore the specific needs and receptivity of co-operating countries to a broader and more intensive U. S. program in this field going beyond present legal and fund limitations. This would be undertaken through a canvass of field missions and special studies as outlined in the staff study, followed by the mounting of trial projects of any new types which may be developed. U. S. resources for such an expanded program will also be studied.

3. Depending on the results of these survey and trial activities, the framing of proposals for a special intensive program in this field for consideration as a part of the FY 1960 Mutual Security Program. Such a special program might involve a request for a specific and separate fund earmarked for meeting the high level manpower development needs of underdeveloped countries not covered by present programs.

In addition to its substantive contribution to U. S. foreign policy objectives, an intensified U. S. program in this field could, if properly presented and carried out, have widespread appeal both in the U. S. and abroad. However,

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the Task Force recommends that no publicity be given to this subject at the present time, and that no approaches regarding a possible special program be made to any foreign government, until further studies have made it possible to specify the nature and size of such a program.

Subject, of course, to the wishes of the President in this matter, the Task Force therefore plans to proceed with the proposals for immediate action listed above and to continue in being with a view to making a final recommendation on the desirability of a special program for FY 1960, as described above, as soon as possible.

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October 18, 1957

MEMORANDUM

To: James P. Mitchell, Secretary of Labor
Robert G. Murphy, Deputy Under Secretary of State
Arthur Larson, Director, USIA
John H. Ohly, Deputy Director for Program and
Planning, ICA

From: Daniel Gantt, Department of State *DU*
Robert Oshins, International Cooperation Administration *RO*
Leo R. Werts, Department of Labor *LW*
Bernard Wiesman, United States Information Agency *W*

Subject: Human Resources for Economic Development

The Working Group has prepared recommendations concerning activities which will give greater emphasis to the development of high-level human resources in economic development, as requested in the Memorandum of the Assistant to the President to each of you.

The recommendations in Attachment I are submitted for your policy approval. If these are approved, it is suggested that you send an interim report to the President. A proposed report is attached (Attachment II).

The Working Group recommends no publicity at this time and that the program be referred to as: "Human Resources for Economic Development" since the term "High-Level Human Resources" may be misconstrued abroad.

Attachments

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FINAL
October 14, 1957

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MEMORANDUM

Subject: Human Resources for Economic Development

As requested by the President, a small task force has surveyed problems relating to the above subject, reviewed existing programs in this area and is suggesting better ways of coordinating them. On the basis of this analysis it was to suggest a broad program for the development of high level human resources as a part of foreign aid and technical assistance programs.

The task force has now completed its preliminary studies and makes herewith an interim report and recommendations. Its conclusions and recommendations are summarized below. The body of the report follows:

CONCLUSIONS

1. One of the critical problems of the industrializing countries is the development of high-level human resources for economic development. The shortage of adequately trained administrators, managers, engineers and other categories of high-level manpower and decision makers represents a major impediment to balanced economic development. These countries are dependent upon the advanced countries for assistance in developing these manpower resources. It is in the United States interest to assist interested countries in evaluating their needs and training these resources not only as a means of facilitating their economic development and promoting economic and political stability but also to influence the direction of their development along democratic lines. The communist world has already evidenced the importance which it attaches to this problem by its many offers of aid and programs in which it is already engaging. Although complete data are not available, it is known that the USSR has, for example, invited substantial numbers of skilled workers, engineers and future managers from many countries to study at educational institutions within the Soviet Union. Unless the United States exerts a greater effort on both the governmental and private levels to meet these needs, the USSR is likely increasingly to fill the gap in this critical field.

2. The problem of high-level manpower is related to but different from the broader problem of supplying large numbers of technically trained people at various levels in developing countries. It is concerned with the equipment for their functions of a relatively small group of key personnel of essential and strategic importance to economic development in each country. There are two key elements to the problem: (a) upgrading existing high level manpower; and (b) developing adequate numbers of properly trained and oriented personnel to meet future needs.

3. Past and present programs have provided a substantial amount of training useful for economic development.

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However, action to intensify and improve present public and private programs in this area would seem to be feasible especially through special efforts to: (a) integrate training with specific capital projects to meet immediate needs; (b) give more attention to the development of a relatively small group of key personnel; (c) coordinate existing programs to achieve the integration and concentration necessary; (d) give more emphasis to the creation and expansion of facilities within underdeveloped countries directed toward the development of such personnel; and (e) provide longer term assistance, where necessary, for the education of potential leadership personnel in the U. S.

4. One of the principal limitations on development of institutions within underdeveloped countries to supply needs of high level manpower has been lack of funds to meet the capital and operating costs of establishing, expanding and improving training and other relevant institutions and facilities. Local currencies generated by PL 480 sales and other U. S.-owned or jointly controlled local currencies offer a possible means of supplementing technical cooperation funds for this purpose, and other economic aid might perhaps be adapted to meet a part of this need.

5. Efforts to develop needed high level manpower must be concerned not just with provision of the necessary skills as such but with the motivations and attitudes of the personnel involved and with the timely provision of suitable employment opportunities and generally with effective utilization of such personnel.

6. Such programs, involving as they do the training of present and potential leadership of the developing countries, necessarily come close to the sensitive nerves of nationalism. They must, therefore, be carefully adapted to the needs, interests and receptivity of each country.

7. Such programs involving as they do expanded use of U. S. resources, both public and private, relationships with business foundations and institutions of higher education must be expanded and their full support and endorsement sought.

RECOMMENDATIONS

1. For immediate implementation:

- (a) That an instruction be sent to posts abroad outlining the nature of the problem and requesting them to analyze and appraise, from data available to them, the needs of the countries in question for development of high level manpower of the type envisaged, and the degree to which current programs meet them; and to report their estimate of the host government's attitude towards a program, modified or expanded, designed specifically to meet them. Posts should be instructed not to approach the host governments with specific inquiries at this time.

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- (b) That a small group of manpower experts be brought together immediately, to serve as an advisory staff in evaluating the replies from the missions, and in selecting a few countries in the underdeveloped areas where apparent needs and other conditions would justify the sending of small survey teams to make on-the-spot studies.
- (c) That, depending on mission replies and the evaluation mentioned above, small survey teams be sent to a few selected countries to make more intensive studies.
- (d) That subsequently with the assistance of the manpower experts, the mission replies and the on-the-spot studies by the survey teams will be examined in an effort to establish the level and character of training needs in excess of that currently provided by all programs. The principal criteria for this estimate should be (i) the meeting, at essential levels, of present needs, and (ii) the equipping of underdeveloped countries, at the earliest practicable data, to meet their expanding needs.
- (e) That present and feasible additional projects and activities of existing types in this area be given special attention by ICA and IES in carrying out Fiscal Year 1958 programs and in developing Fiscal Year 1959 programs. If necessary, a small portion of special aid funds should be made available for this purpose in Fiscal Year 1958. (Attachment I lists examples of current projects.)
- (f) That special consultations be held between ICA, Export-Import Bank and IES on the possibilities of so arranging their programs as to improve mutual coordination and support in the field of managerial and technical training; and that they examine ways and means of coordinating and supplementing these programs with and by the efforts of private organizations.

This would call for (1) special consultations with representatives of industry, foundations and institutions of higher education to discuss and acquaint them with the problem, seek and support their coordinated efforts overseas and (2) appraising generally the U. S. resources and how they may best be utilized to support such expanded efforts overseas.

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- (g) That ICA and the Export-Import Bank take any additional steps which may be necessary to make certain that the skilled, technical and managerial manpower requirements of all capital projects financed by them are met as integral components of the projects, that such training requirements be eligible for financing as part of the capital cost, and that adequate use of technical cooperation funds be made to supplement this training.
- (h) That, similarly, essential training components of capital projects be eligible for financing by the new Development Loan Fund to the extent consistent with the lending criteria of the Fund.
- (i) That ICA and the Department of State, together with the Bureau of the Budget, be requested to examine immediately the possibilities of expanding the uses of PL 480 local currencies for educational and training purposes under the terms of Sections 104(g), 104(h), 104(i) and 104(j) of that Act, to expand the training of high level manpower within underdeveloped countries. In this connection reference is made to Section 400(c) of the Mutual Security Act of 1954 as amended by Public Law 85 - 141 (85th Congress, S. 2130) - otherwise known as the Mutual Security Act of 1957.
- (j) That ICA and IES should undertake, within the limits of present budget and legislative authority, limited pilot projects in Fiscal Year 1958 and Fiscal Year 1959 designed to test the effectiveness of several types of activities not generally included in present programs, including specifically: (1) assistance to cooperating countries in covering capital and initial operating costs of special institutions and facilities for the development of high level manpower; (2) special in-service, U. S. and third country training programs and institutes in leadership, per se; and (3) longer-term scholarships for potential key personnel.

2. For eventual implementation:

Depending on the outcome of the further studies and pilot projects outlined above, the Administration be prepared to consider requesting a special program including changes in the legislative restrictions on the use of funds in Fiscal Year 1960. Such changes might involve a request for a specific and separate fund earmarked for meeting the high level manpower development needs of underdeveloped countries not covered by present programs.

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3. Other:

That no publicity be given to this subject at the present time, and that no approaches regarding a possible special program be made to any foreign government, until further studies have made it possible to specify the nature and size of such a program.

With reference to the above recommendations, the task force wishes to note particularly that 1(f), concerning consultation between ICA, IES and Export-Import Bank, has been cleared with and concurred in by the Export-Import Bank.

DISCUSSION:

Problem.

In a memorandum dated April 12, the Assistant to the President advised that the President had asked "that a small task force be brought together to prepare a program for the development of high level human resources as a part of foreign aid and technical assistance programs." This request followed a statement on the problem presented to the President.

The major conclusions of the basic paper were:

1. That a shortage of suitable high level manpower was likely to be a serious bottleneck in the rapid development of underdeveloped areas along democratic lines.
2. That, while the underdeveloped countries themselves and the various bilateral, multilateral and private technical cooperation and economic programs were making many significant contributions to overcoming this shortage, this aspect of the problem has received inadequate emphasis in relation to the need.
3. That there was, therefore, need for further intensive efforts to develop an orderly appraisal of the specific magnitude and dimensions of this problem in various underdeveloped countries and to assist them in meeting the needs so identified.

Policy Guidance

The policy guidance contained in Mr. Adams' memorandum cited above is supplemented by current basic U. S. policy, which specifically provides:

Dangers to Free World stability are particularly acute in the less developed areas....The task of speeding up economic growth and promoting stability presents a multitude of political, social and economic problems, and calls for some changes in traditional habits and attitudes and for greatly expanded training in administrative skills.

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U. S. financial assistance alone cannot produce satisfactory economic growth in less developed areas....In addition to the provision of financial assistance, the United States should devote more effort (by training programs, aid to local institutions, and providing competent advisers) to the development of local leaders, administrators and skilled personnel, recognizing that such people are essential for using and managing other resources effectively.

Definition of High Level Human Resources for Economic Development

The task force has adopted, for the purposes of its study of the problem, the following definition of the term "high level human resources" in the context of economic development requirements.

"High level human resources" includes those persons who are, or will in the future be, in fairly high administrative positions and those who provide, or will be needed to provide, strategic leadership in the economic and political development of their countries. The term covers three broad classes of personnel--planners, operators or managers, and trainers of others--with the test in each category being their essentiality to economic development. Specifically, the term includes:

1. In public administration:
 - (a) Administrative personnel in charge of major government offices,
 - (b) Key professional personnel, with high training, who constitute the "top manpower" of such Departments.
2. In industry or business, agricultural and labor organizations:
 - (a) Entrepreneurs, managing directors, and all executives above the level of first-line supervision,
 - (b) Staff specialists, technologists and experts including scientists, engineers, labor officers, etc., who are thought of as "part of management."
3. In educational institutions:
 - (a) University administrators, deans and other executive personnel,
 - (b) Chairmen of Departments and key professional personnel in vital fields such as engineering, economics, public administration and business organization and management.

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It is recognized that the needs of particular countries will vary, and that the above categories must be flexibly interpreted.

Review of Present Programs

Organized inter-governmental programs for the transmission of technical skills and knowledge to the underdeveloped countries date only from the end of World War II, principally since 1950. Since then such programs have been instituted by the United States, the United Nations and its specialized international agencies, the Colombo Plan nations, and by a number of private foundations and other private organizations. Data on activities of the Soviet Union in this field are not available but it is known that that country has provided considerable technical and general education and training for the people from the underdeveloped countries and has sought vigorously over many years to reach and influence key personnel in education, government, labor organizations and the professions in such countries.

A rapid review of available evidence indicates that a probable total of some 30,000 to 35,000 persons from underdeveloped countries may be receiving advanced education or training each year in fields or subjects useful for economic development, in foreign countries outside the Sino-Soviet Bloc. Of these an estimated 9,000 to 10,000 receive education or training under three programs (UNTA, ICA, and Colombo Plan) specifically designed to afford training for economic development.^{1/} These same three programs supply annually, on an average, some 6,180 experts to underdeveloped countries for technical advice and assistance in training. The activities of the three programs are supplemented indirectly by those of the Department of State's International Educational Exchange Service and of private foundations and organizations. Statistical tables annexed to this report give details of the available evidence.

Of the 9,000 to 10,000 trainees currently accommodated by the three special programs each year, ICA accounts for some 6,000 to 7,000, UN Technical Assistance programs for about 1,800, and the Colombo Plan program about 1,500. The numbers involved in each program have shown a rising tendency. Of the 6,180 experts provided to underdeveloped countries, about 4,000 are supplied by ICA (including contract personnel), about 2,000 by the UN Technical Assistance program, and about 180 by the Colombo Plan program. All three programs are concentrated chiefly in Asia and the Far East (from India eastwards) and Latin America.

^{1/} The Colombo Plan arrangements are not properly a single, organized program, but rather a series of bilateral programs carried out within the framework of the Colombo Plan forum.

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Their efforts are indirectly supplemented to a certain extent by the ordinary educational exchanges between nations. UNESCO data indicate that of slightly less than 80,000 foreign students enrolled in 17 countries in 1954-55 at college or higher levels, no less than 45,700 (57 per cent) were from underdeveloped countries^{1/}; and of a similar 80,000 enrolled in 19 countries, 67 per cent were studying in the fields of social science and law, medicine, engineering and technology, or natural science. Similarly, data provided by IES (Department of State) indicate that of 4,443 grantees from all countries studying in the U. S. in 1956, a total of 3,415 (76 per cent) were pursuing studies in the social sciences, natural sciences, medical sciences, engineering and education.

Beyond this, much valuable in-service training and transmission of technical knowledge is directly associated with various other types of technical cooperation projects and in connection with capital projects in underdeveloped countries financed by the Export-Import Bank, the International Bank for Reconstruction and Development and ICA. These Agencies normally, in their lending operations, satisfy themselves that the skilled manpower and management necessary for successful operation of proposed projects are either available or arranged for, which often involved a stipulation for the services of competent engineering and management firms to train management and skilled workmen as well as to construct plant. In programs of this kind it is generally impossible to separate out the training component from the rest of the contract, and no overall estimates of its magnitude are available.

Certain activities of the International Bank for Reconstruction and Development in this field are worth special mention. Aside from financing capital projects, it conducts at the request of member governments broad economic surveys of countries and regions and formulates positive economic development programs for the consideration of the requesting governments. Fifteen such surveys have been made.^{2/} In the process there is inevitably a very considerable amount of "training" of government officials and others in rational ways of approaching the problems of economic development. In 1955 the IBRD established an "Economic Development Institute" at its headquarters in Washington, with financial support from the Ford and Rockefeller Foundations. The objective of the Institute is contributing "to an improvement in the quality of economic management in government and helping officials from less-developed countries to equip themselves for dealing with the practical problems of development." The officials attending "occupy senior positions in finance ministries, ministries of economy, central banks, planning bodies of other government agencies responsible for economic development plans and policies." Fourteen officials from 14 countries attended the first six-months course ending in June 1956 and 18 officials from 16 countries attended the second course beginning in October 1956.

^{1/} Classifying as underdeveloped all countries of Asia (except Japan), all countries of Latin America (except Cuba), the Middle East and Africa (except Union of South Africa), Southeast Europe (except Hungary), and U.K. and French Colonial Territories.

^{2/} British Guiana, Ceylon, Colombia, Cuba, Guatemala, Iraq, Jamaica, Jordan, Malaya, Mexico, Nicaragua, Nigeria, Surinam, Syria, Turkey.

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The ICA, UN and Colombo Plan programs in general appear sufficiently coordinated, in a loose sense, to avoid serious duplication or overlapping. Coordination is sometimes provided by the government requesting assistance; several such governments have established coordination committees to meet the problem. Since 1952 United States Mission chiefs and UN resident representatives in the field have been under instructions from their respective headquarters to establish liaison with each other and notify each other of requests for assistance. Coordination with Colombo Plan programs, which is facilitated by U. S. participation in Colombo Plan meetings, is of a similarly informal nature.

The International Educational Exchange program of the U. S. Department of State, though operated under legislative authority having nothing to do with economic development or technical cooperation as such, supplements to some extent the technical training and development afforded by the other programs. The program is well coordinated with the activities of private organizations such as universities, research organizations, etc., and is being increasingly coordinated (chiefly through liaison at missions in the field) with the ICA program. The program contributes to the development of high level manpower resources by providing training to foreign graduate students, teachers, researchers and opportunities for observation in the U. S. for "leaders" who are chosen as key people in their countries.

Finally, there are the activities of the private organizations, such as the Ford Foundation, the Rockefeller Foundation, various other organizations, and especially of private business firms who in the course of their business engage in a great deal of training and personnel development. No data are available on this sector of the problem and in only few cases is there any effort to coordinate their activities with government programs.

All of these "external" programs are, of course, supplementary to the large scale regular and special public and private programs of the various developing countries themselves to train and develop their own people, both at home and abroad, to meet their needs for technical and managerial manpower.

In general, the education or training in the U. S. or third countries afforded under these governmental programs of assistance is at the college, post-graduate or in-service level, and is limited to a maximum of one year. Specialized, non-academic training is frequently for shorter periods. The more strictly academic training afforded by the Department of State's IES program, and by private scholarship arrangements, is usually similarly limited in time, though some scholarships are renewable for further periods.

Technical assistance projects of the UN, the ICA and the Colombo Plan programs located in the underdeveloped countries, especially the extension college contract program of ICA, include assistance in the establishment, expansion, and equipping of local technical educational and training institutions

I The Southeast Asia Treaty Organization (SEATO) has conducted a survey of skilled labor needs in the area, but this is more concerned with need for skilled mechanics and workmen.

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within the underdeveloped countries. These projects are undertaken in cooperation with the recipient country, the external assistance usually being limited to assistance in organization and curricula determination and the provision of equipment and some initial staff. In addition, both UN and ICA arrange local or regional seminars of short duration on various subjects related to economic development.

Some ICA programs have also been undertaken to provide special training for the entrepreneurial and managerial groups in government and private business. ICA has arranged several regional seminars for them, has encouraged the establishment of local business management institutes, and in cooperation with private organizations has arranged similar seminar type gatherings in the United States.

Limitations of Present Programs

The first notable characteristic of the various programs is that they are dispersed over the whole range of educational and training needs of the developing countries and consequently do not sufficiently focus on or emphasize efforts to develop the small high level cadre under discussion.

The second notable characteristic is that in general the training afforded is advanced training of those already employed in the field of activity, and is, in general, limited to a maximum of one year. Except for the activities of the UN, ICA and the Colombo Plan in assisting in the establishment of local training facilities, little is done to provide the preliminary basic training necessary to equip personnel for advanced study or training.

The third notable characteristic is that most of these programs are organized on the governmental and intergovernmental level, with relatively little done to relate them to the activities of private organizations in this field.

The specific limitations on current ICA programs in this area are two-fold: (1) those inherent in the situation, such as the "absorptive capacity" of underdeveloped countries and the limited availability of qualified U. S. personnel, and (2) the limitations imposed by legislative and budgetary restrictions on the one hand, and by administrative policy on the other.

The "absorptive capacity" of underdeveloped countries for advanced training is not unlimited. It is determined by the numbers of individuals with the pre-requisite level of qualifications and by the ability of the country concerned to spare them for the period of absence required for training. Where few qualified personnel exist, even fewer can be spared from the current operations either of government or business.

Nor is the number of qualified experts eligible for assignment to underdeveloped countries unlimited. Engineers, technical experts, and qualified teachers in practically all fields are in short supply in the United States, and ICA has encountered increasing difficulty in recruiting them.

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The situation might be eased by drawing on qualified non-U. S. personnel as appropriate, in selected situations, as ICA has done in expanding its "third-country" training program; but in the world as a whole qualified experts are relatively scarce.

The legislative and budgetary limitations on ICA programs are also significant. Under existing legislative authorization technical cooperation funds can be used only for the supply of technical advisers and experts, the technical training of personnel of underdeveloped countries, and the provision of "demonstration" equipment, but not for "bricks and mortar," or the operating costs of local training facilities abroad. Technical cooperation funds might be, but have not generally been, supplemented by other foreign aid funds and PL 480 funds for these purposes. Similarly, technical cooperation funds cannot be used to finance the "capital cost" of expanding the facilities of American educational and training institutions (already strained) to accommodate an increasing influx of foreign students.^{1/}

The administrative limitations have consisted in the past chiefly of (1) relatively little emphasis on "the human component" of economic development as an essential and integral element of a successful economic development program, (2) a concentration on providing for the immediate and purely technical needs of projects and programs, rather than specifically fitting the training program into a long-range concept of creating, in underdeveloped countries, a class of qualified technical administrators and experts capable of formulating problems correctly, arriving at rational solutions, and giving forceful leadership.

Basically, what underdeveloped countries need is a relatively small group of "decision-makers," who can be classified roughly as "planners," "operators and managers," and "trainers of others." In the beginning of an economic development process the need for "planners" - government officials and private entrepreneurs - comes first, followed by the need for "operators and managers" - technicians, experts and managers - as projects are completed; while "trainers of others" are needed from the very beginning to supply the flow of trained personnel for the other stages. But as economic development proceeds the need for key trained personnel at all levels expands rapidly.

Finally, it appears that there might well be some greater degree of coordination and cooperation among U. S. Government Agencies concerned with the development of foreign personnel and the promotion of economic development. The activities of ICA could perhaps be coordinated somewhat better with those of the International Educational Exchange Service and with the lending operations of the Export-Import Bank. Whether it is possible similarly to coordinate government activities with those of private organizations in the field is not known, but should be explored.

^{1/} The same limitations ordinarily apply to UN programs.

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The specific needs of underdeveloped countries for development of high level human resources of the kind envisaged by this paper cannot at present be evaluated from data available in Washington. It is impossible therefore to say how far the programs reviewed above go to meet them. It is significant to note the common recognition of need for the expansion of managers and administrators. Those responsible for economic development in developing countries as well as informed observers are placing increased emphasis on the significance and importance of managers, administrators and managerial technicians in economic development.

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TABLE I. ICA TRAINING ACTIVITIES, FISCAL YEARS 1955-57Arrivals of Participants in U. S. and Third Countries

<u>Year</u>	<u>U.S.</u>	<u>Third Countries</u>	<u>Total</u>
1955	4,946	566	5,512
1956	4,734	1,045	5,779
1957*	2,875	748	3,623

* Through December 31, 1956 only

By Field of Activity

<u>Field</u>	<u>1955</u>	<u>1956</u>	<u>1957 *</u>
Agriculture & Natural Resources	1,075	1,242	596
Industry & Mining	2,044	1,540	789
Transportation	291	322	282
Labor	543	582	270
Education	623	635	716
Health & Sanitation	391	635	452
Public Administration	441	553	346
Com. Develop. & Soc. Welfare	79	47	53
Housing	25	30	35
General & Misc.		193	84

* Through December 31, 1956 only.

By Area of Origin

<u>Area</u>	<u>1955</u>	<u>1956</u>	<u>1957 *</u>
Europe	2,083	1,479	567
Near East	925	963	670
South Asia	239	188	206
Africa	93	126	70
Far East	1,087	1,665	1,063
Latin America	1,085	1,358	1,047

* Through December 31, 1956 only.

Source: Hearings, MS Appropriations (1958), Subcommittee of House Committee on Appropriations, p. 279.

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TABLE II. COLONEO PLAN TRAINING, 1950-56

Negotiations for Training Completed Showing Number of Trainees from each Country by Years, Technical Cooperation Scheme, July 1950 to June 1956

<u>Country</u>	<u>1950-52</u>	<u>1952-53</u>	<u>1953-54</u>	<u>1954-55</u>	<u>1955-56</u>
Brunei	-	2	-	2	2
Burma	-	7	21	87	132
Cambodia	-	-	-	2	8
Ceylon	121	147	138	106	198
India	198	154	102	102	209
Indonesia	16	60	55	156	291
Japan	-	-	-	-	3
Laos	-	-	-	1	1
Malaya	27	38	14	54	129
Nepal	5	5	5	195	93
N. Borneo	4	7	2	18	30
Pakistan	168	118	115	175	221
Philippines	3	25	21	58	63
Sarawak	6	6	2	16	20
Singapore	1	15	29	24	33
Thailand	4	13	4	22	53
Vietnam	-	-	-	4	66
TOTALS	548	597	508	1,022	1,522

Source: Report for 1955-56 by the Council for Technical Cooperation in South and Southeast Asia, pp. 12-13.

By Field of Training

<u>Field</u>	<u>To Dec. 52</u>	<u>Jan 53-June 54</u>	<u>1954-55</u>	<u>1955-56</u>
Education	67	68	170	269
Medical & Health	90	78	124	232
Food, Agr. & Forestry	124	144	172	198
Power & Fuel	97	26	23	17
Engineering	86	106	139	310
Industry & Trade	54	77	88	124
Transport & Communic.	92	40	63	81
Administration	116	150	162	167
Social Services	21	12	18	41
Statistics	44	39	18	12
Fisheries	5	4	1	11
Cooperatives	-	-	21	16
Banking, Finance, Ac- countancy, Taxation, Insurance, etc.	51	62	23	74
TOTALS	847	806	1,022	1,522

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TABLE III. UN TECHNICAL ASSISTANCE OPERATIONS, 1953 - 56

<u>Year</u>	<u>Experts</u>	<u>Fellowships</u>	<u>Equipment*</u>	<u>Total Cost*</u>
1953	1,825	1,195	1,701	17,818
1954	1,652	1,524	1,377	15,112
1955	2,108	2,431	2,390	21,310
1956	2,346	2,128	3,302	25,322

* Value in thousands of U. S. dollars

Source: Data from Annual Report of the Technical Assistance Board, 1956, p. 8.

By Area (Expanded Program)

<u>Area</u>	<u>1953</u>		<u>1954</u>		<u>1955</u>		<u>1956</u>	
	<u>Experts</u>	<u>Fell.</u>	<u>Experts</u>	<u>Fell.</u>	<u>Experts</u>	<u>Fell.</u>	<u>Experts</u>	<u>Fell.</u>
Africa	171	43	161	186	215	282	288	156
Asia & FE	631	365	517	242	618	525	744	734
Europe	175	315	163	453	157	609	187	430
Latin Amer.	423	269	379	344	557	552	706	458
Mid. East	392	203	381	289	512	463	515	321

Source: Data from Annual Report of the Technical Assistance Board for 1956, pp. 96-105.

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TABLE IV. FOREIGN STUDENTS ENROLLED IN "POST-SECONDARY SCHOOL" INSTITUTIONS

<u>Year</u>	<u>Total</u>	<u>No. Countries</u>	<u>Reliable Information</u>	<u>No. Countries</u>
1954	124,000	56	88,000	N. A.
1955	126,000	56	116,000	43

Source: "Study Abroad", UNESCO, 1957, p. 15.

TABLE V. FOREIGN STUDENTS ENROLLED IN 17 SELECTED COUNTRIES, 1954-1955, BY COUNTRY OF ORIGIN *

Total Number	79,703
Number from Underdeveloped Countries	45,700

* Original table gives breakdown by country of origin and country of study. Included in above total for underdeveloped countries are students from all countries of Asia and Far East except Japan, all from Middle East and Africa except Union of South Africa, all from Latin America except Cuba, all from southeast Europe, except Hungary, and all from U.K. and French colonial territories.

Source: Data from "Study Abroad", UNESCO, 1957, pp. 30-33.

TABLE VI. FOREIGN STUDENTS ENROLLED IN 19 SELECTED COUNTRIES, 1954-55, BY FIELD OF STUDY*

Total Number	79,898
Studying:	
Humanities	19,611
Education	1,613
Fine Arts	2,309
Law	5,772
Social Sciences	9,258
Natural Sciences	11,177
Engineering and Technology	12,732
Medicine	14,249
Agriculture	1,918
Non-specified	1,259

* Covers same countries of study as Table V above, with China, Colombia and Greece added and Guam and Hawaii dropped as separate entities.

Source: "Study Abroad", UNESCO, 1957, pp. 34-35.

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ATTACHMENT I

Technical Assistance Projects Which Contribute to the Development of High-Level Human Resources

1. Overseas Workshops; EPA 404, "Workshops on Education for Management"; workshops on management similar to that held for ICARE, Chile; encouraging and supporting management workshops for top level governmental officials; specialized workshops abroad in such fields as accounting, budgeting, records management, in-service training, etc. as being utilized in many countries for working level administrators.
2. Overseas Conferences. National and regional professional meetings that encourage dissemination of management experiences and knowledges - such as the regional conference of public administration being sponsored by the Institute of Public Administration, Philippines; the regional conference of accounting which is sponsored by the Philippine Accountants Society; the annual meetings of the International Institute of Administrative Sciences; the CIOS meetings in Europe; etc.
3. Leader Workshops and Training Projects in public and private management organized in the United States for national or multi-national participation such as EPA 329, "Training of European Teachers of Business Administration"; the Pakistan project for top governmental officials; the Vanderbilt project; the land reform conference at the University of Wisconsin; specialized university projects such as the Tax Study Project at Harvard and the Industrial Administration project at the Carnegie Institute of Technology.
4. Individual Training and Observation Projects in the United States for nationals of middle and upper management, and for scientific and technical training.
5. U. S. Universities and Professional Organizations Conducting Conferences and Specialized Training Work - e.g. The American Management Association, the Public Personnel Association, the American Society for Public Administration, arrangements for specialized attention at U. S. universities, etc.
6. Inter-University Contracts to develop national educational centers in universities or as governmental academies in public and/or business administration education such as those in France, Iran, the Philippines, Vietnam, and Japan.
7. Expanding National Professional Interests through such organizations as CIPM which encourage formation of more local professional interested groups for the support of management training in their countries, such as is being done by ICARE in Chile, the Austrian Association of Manufacturers recently formed in Vienna, the Chapter of the International Management Association recently established in Japan, etc.
8. U. S. Universities Support of Executive Training projects sponsored by host institutions abroad such as Harvard Executive Development Program under the sponsorship of Keio University, Tokyo; the summer workshop for teachers of business administration sponsored by the Ministry of Education, France.

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THE WHITE HOUSE
WASHINGTON

November 9, 1957

MEMORANDUM FOR

The Honorable Allen Dulles
Director
Central Intelligence Agency

Governor Adams asked if you would be good enough to look into the attached report, and let him have the benefit of any comments you might have on it.


A. J. Goodpaster
Brigadier General, USA

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Tab A

Draft Memorandum to the White House from the
Director of the Central Intelligence Agency

1. With reference to the memoranda on Human Resources for Economic Development, forwarded under a White House memorandum of 9 November 1957, I concur fully with the proposal for additional U.S. effort to aid underdeveloped countries in training executive personnel for government and private enterprise. Such a program is essential if our economic aid to these countries is to achieve fruitful use and counteract Communist efforts in this field.
2. Before the specifics of such a program can be framed in terms of scope or content, some fairly comprehensive studies will be required. I think that these will be best accomplished outside of the Government, through one or more of the foundations, but certainly including the Ford Foundation. The object would be to ascertain how much and what kind of training is needed to make a decisive impact, and just where it is needed most, so that effort is not spread too thinly for any real effect.
3. It appears likely that the total effort adequate for a solution to the central problem would be costly in funds and manpower. Our allies have the same interest in the problem as we do, and are in a position to contribute ideas, manpower and some funds. This is particularly true of our NATO allies. Consideration should be given to enlisting their

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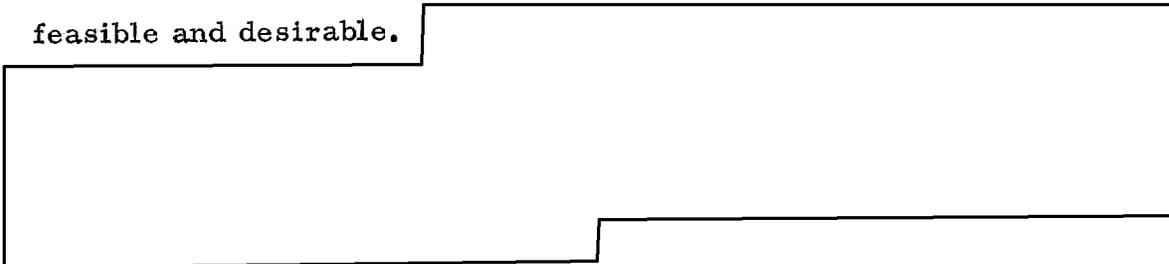
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participation, possibly through some such instrumentality as a "NATO Plan for aid to underdeveloped countries." This could result in a significant contribution to solving the problem and it would have a beneficial effect on NATO solidarity as well.

4. It is obvious that this program would require a great effort, both within and without the Government. To give this effort impetus, direction, organization and coordination will present a good many difficulties. I believe that this aspect of the problem can best be handled by setting up a high-level advisory board with public and private members. It occurs to me that, given his interests and experience in this field, Chester Bowles would be a first-rate choice to head such a board. The details of coordination of this effort within the Government can, in my view, best be taken care of by assigning the responsibility to the OCB.

5. While it would appear that the Central Intelligence Agency would not appropriately be directly involved in the proposed program, we are, of course, ready to contribute in any way that appears feasible and desirable.



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