

country's development plan; (4) coordination between the technical assistance agencies helping a country to formulate projects for external financing and the external financing institutions; (5) agreed positions with respect to the country's capacity to service so as to determine a proper overall relationship between hard loans, soft loans, and grants; and (6) agreed positions on recommendations to the country with respect to its internal monetary and financial policies.

(e) It is recommended that where a number of agencies are operating in a particular country and where development progress has not been assured, coordinating machinery to achieve the above objectives might be provided by a committee located in the country, on which all external agencies operating in that country were represented. The committee might be authorized to make specific joint recommendations directly to the headquarters of each of the agencies represented, as well as to a high level coordinating group in Washington. The functions of the country committees would be to review development programs and requests, or recommendations for, various types of assistance, and to reach agreed positions in connection with all negotiations with officials of the host country. Such negotiations might continue to be carried on by individual agencies or they might be conducted by representatives of the committee. Since each independent foreign assistance agency is autonomous in its own field, it presumably could not be forced to take an action or refrain from doing so, but the combined decision of a coordinating group operating in the country should carry considerable weight.

G. THE ROLE OF PRIVATE INVESTMENT

Throughout the postwar period, it has been a fundamental policy of the U.S. Government that direct private investment should play an important role in economic development abroad. In spite of various efforts to induce a larger outflow of private investment, its contribution to the poorer countries of the world, outside of the extractive industries and of a few of the more industrially advanced countries of Latin America, has been quite small. No magic formula is likely to be found for releasing a flood of private American capital to poor countries with limited markets and where great uncertainties prevail regarding governmental actions which may affect private enterprise. Nevertheless, we should bring private enterprise into partnership with public agencies in promoting economic development abroad. While recognizing that many fields are closed to private enterprise in developing countries, in many situations a private dollar combined with technical and managerial skills will contribute far more to development than several public dollars.

Both private enterprise interested in going abroad and public agencies concerned with promoting private foreign investment need to be aware of the attitudes of developing countries toward foreign investment and of the new patterns of relationship between the foreign investors and the host country. Developing countries want to select the kinds of foreign investments which are made in their economies and they want to make sure that the activities of foreign enterprises are consistent with their national objectives. In particular, they do not want to see vast petroleum or mining or plantation empires created within their boundaries under the control of for-