

tional negotiating table—provided that other western nations were prepared to do the same. The OECD ministerial committee has now hopefully drawn up a list of general principles for agricultural policy.

But, as the OECD ministerial committee, Dr. Mansholt, and Secretary Freeman are all aware, principle and practice can be separated by a very wide gap. Dr. Mansholt speaks for a commission that only this spring began to devote some attention to correlating the non-price measures of member nations' agricultural policies; Secretary Freeman speaks for an administration whose major bid for the establishment of effective production controls was soundly defeated in the wheat farmers' referendum last May.

Until the balance of political power in western nations follows the shift of population from farm to city,

it seems likely that national farm policies will be shaped more on their direct appeal to the domestic rural vote than on any consideration of their long-range effects on international trade.

The dangers inherent in this situation have been noted by Roger Savary, secretary-general of the International Federation of Agricultural Producers. "Parity [of income for farmers] and trade," he has declared, "will remain, for many years to come, conflicting ideals which governments will have to reconcile, individually and collectively, as best they can. Farm organizations would be well advised, therefore, to concentrate somewhat more than heretofore on the long-run implications of the drive for parity."

But across much of Western Europe, at least, his warning goes unheeded. «»

Venezuela by Pérez Jiménez after serving as provisional president from 1945 to 1948, Betancourt was offered asylum in Costa Rica by President Figueres. While the State Department under President Eisenhower was uneasily wondering whether Betancourt could be chivvied out of the hemisphere (thereby appeasing Pérez Jiménez), the Costa Rican president courageously insisted on sheltering the distinguished Venezuelan exile. Eventually he found refuge in Puerto Rico, where he lived for some years. During that time he and Governor Muñoz often discussed the combined political and economic measures that had been so successful in Puerto Rico. When the Pérez Jiménez régime fell in 1958, the three men continued to work together—as chiefs of state, as students, and as friends.

I can bear witness to the remarkable results of this collaboration in Venezuela. The Pérez Jiménez dictatorship fell partly because the Venezuelan Army had had enough of it (armies sometimes move *toward* democracy) and partly because Betancourt's party, Democratic Action, had done an excellent job of political organization. A provisional government was formed consisting of army and navy officers; one of them, Admiral Wolfgang Larrazábal, ran for president in 1958 and is running again in the elections to be held next month. Honorably, this provisional government held the 1958 election and Rómulo Betancourt won it. Shortly thereafter I was in Venezuela and later discussed the situation with Figueres, who also was in Caracas: "What a mess!" he exclaimed, as he described the shambles Pérez Jiménez had made of the Venezuelan economy. "But a rich mess! There are resources here. Rómulo's job is to put them to work." This was precisely what President Betancourt himself thought, and he went to work with passionate dedication.

Betancourt and his administration have now had nearly five years to work in Venezuelan affairs. The results are dramatic, even in statistics. The child-mortality rate of the country has dropped from 66.7 per thousand in 1956 to 53.3 in 1961. In five years the government has provided schools, with teachers, for

## Venezuela: The Achievement Of Don Romulo

A. A. BERLE

**I**N RECENT INTERVIEWS with American journalists, President Rómulo Betancourt of Venezuela has taken pains to counter the false impression prevalent in the United States that Venezuela is a terror-ridden country in danger of revolution. He might have added a more telling point: in the five years past, Venezuela has seen one of the most brilliant achievements of social and economic development in the world.

Venezuela is not in the position of other Caribbean countries where armies have taken over or changed presidents, and only ignorance of conditions causes reports of an imminent army coup. I would give odds against the success of any attempt to upset the administration of President Betancourt before his term expires next February. In part this is due to his personal character, force, and political capacity. Even more, it is due to the remarkable accomplishments—economic, social, and political—of his administration.

These have taken place despite the early and bitter attacks on him from the leftovers of the former dictatorship of Colonel Marcos Pérez Jiménez and the later and far more savage effort carried on by a diminishing cadre of Venezuelan and Cuban terrorists financed, directed, and in part armed from Castro's Cuba with Russian-trained leaders and supplies. Betancourt has demonstrated that he is not only an idealist but a very tough politician. And as he completes the first full term ever served by a freely elected Venezuelan president, he is stronger politically than he was when he took office early in 1959.

### Three Friends

Behind all this is a personal drama. It revolves around three men: Rómulo Betancourt himself, Governor Luis Muñoz Marín of Puerto Rico, and the former president of Costa Rica, José Figueres, now a visiting professor at Harvard. Exiled from

145,000 additional students. This year schooling will be available for substantially every Venezuelan child. The annual gross national product of Venezuela jumped in the past year more than six per cent to \$6.25 billion. This was not merely greater production of oil for export by American companies. Local industry produced \$200 million more goods in 1962 than in 1961. A steel plant begun under Pérez Jiménez (and in terrible shape) was reorganized with the help of an American company. Production is expected to pass sixty per cent of capacity by next March, at which time it will be a profitable investment. It can produce most of the steel the country needs.

The first of the country's great electric plants, located in a Venezuelan version of the Tennessee Valley Authority, where the Caroni River meets the Orinoco, generates 350,000 kilowatts. Arrangements have been completed with the World Bank for construction of a second unit that will supply power for an aluminum plant to be completed next year by the government in partnership with the Reynolds Metals Company. A petrochemical fertilizer plant handy to the Venezuelan oil resources is on the way. Smaller plants of many kinds are in operation. Venezuela now makes seventy-two per cent of the manufactured products it consumes. The national road system has been increased by 2,600 kilometers, including approach roads opening up agricultural areas.

**S**TRIKING a balance between expenditures for production facilities and for social welfare—that is, for consumption—presented a problem in Venezuela as it does in every underdeveloped country. Betancourt's government took a chance, giving rather high priority to production. Now the program is paying off, permitting greater emphasis on social welfare.

Results are beginning to show on the social side too. Real wages of Venezuelan workers have increased by nearly one-third in five years. Although this enormous jump had a very low starting point, increased production and a better distribution of income have raised the standard of living substantially.

Venezuela's agrarian-reform law is very nearly a model. At the close of this year, one hundred thousand farmers will have been settled on land they are in process of buying in houses built by or for them. This already locates more than three hundred thousand people. Roads, electricity, schools, and sanitation and health facilities serve the new communities.

The agrarian-reform law provoked a violent conflict with the Communists, who wished to seize and occupy existing plantations or holdings, Cuban-style, making agrarian reform synonymous with class war and wrecking existing production without any corresponding increase—as the Cubans have learned. Many of the newly created colonies produce food for urban markets. This, together with the road systems and with better agricultural methods, is slowly but steadily increasing the supply and lowering the formerly inflated price of food.

The slums of Caracas, filled with rural migrants, still remain a major problem. The government has tackled the situation with spirit, working out three complementary plans. Co-operative apartments have been constructed for those who wish to enter the life of the city. Construction on a self-help basis of colonies adjoining farming areas near the city is under way. As they are built, they are made available to slum dwellers. In at least one large area, arrangements have been made to rebuild the slum *ranchos* from the roof down without displacing the inhabitants—a true job of urban renewal.

One result of all this progress has been the gradual increase of a middle class. Families with relatively assured though modest incomes, able and willing to take advantage of opportunities for jobs or education, are not easily driven like dumb cattle, whether by Communist agitators, military or political demagogues, or selfish economic groups.

#### **Who Will Succeed Him?**

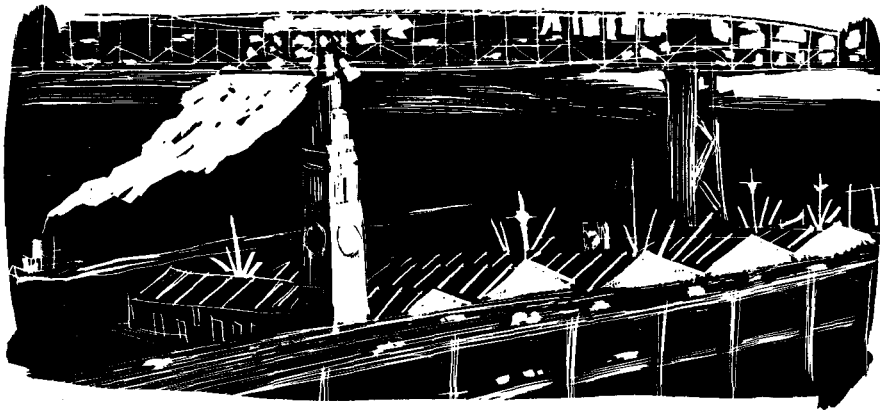
The majority of Venezuelans believe that the Betancourt government has improved their lot. Although the president may not succeed himself, this sentiment seems likely to benefit his party in the December presi-

dential election. Recent polls suggest that more than forty per cent will go to Dr. Raúl Leoni, the Democratic Action candidate, and that second place will be a close contest between Dr. Rafael Caldera, heading the Christian Democrats, who now are in coalition with Democratic Action, and Jovito Villalba, whose Democratic Republican Union appears to favor co-operation with the Communists. Each will get perhaps eighteen or twenty per cent. Since the coalition between Democratic Action and the Christian Democrats will continue, it is fairly plain that the next president will carry on for at least another five years the policies of the current government.

Continued for as much as ten years, the program would revolutionize Venezuelan life as thoroughly as Muñoz Marín's program has revolutionized Puerto Rico's. The Caroni River power development, lying close to resources of oil, gas, and iron ore and with access to the sea, could become the Pittsburgh of South America. Light manufacture already supplies good inexpensive clothing, and the volume will certainly increase. Land and housing are increasingly available. Agricultural yields per acre are beginning to show the effects of modern techniques; grain and meat should become more plentiful. Ceramics and tile production is already established; chemical production is coming in.

Venezuela is thus on the threshold of becoming an industrial nation as well as a producer of oil and iron ore for export. It has a balanced budget, a slightly favorable balance of trade, and a good working relationship with American companies whose services Venezuela uses primarily for the export trade, while maintaining ownership of its internal production.

To be sure, conditions are not the same in any two South American countries. Venezuela's experience nevertheless demonstrates for all to see that with democratic leadership, socially enlightened economic administration, and reasonable co-operation with the United States, the peoples of these countries stand a far better chance than if paralyzed by the extreme Right or conquered by Communism.



## Unions and Automation: Truce on the West Coast

BRUCE BLIVEN

**T**HREE union contracts on the West Coast seem to point a clear, broad road to voluntary peace between workers and employers on the greatest single issue now dividing them—automation. In each of these agreements, the union has abandoned all resistance to the introduction of labor-saving devices. In each, the employer is paying a stiff price for this concession, including a guarantee for a period of years that no worker will suffer hardships because machinery has eliminated his job. While prediction is always rash, strikes seem highly unlikely during any of these contracts. They have special significance at a time when Congress, struggling with the nationwide conflict between the railroads and their workers, has passed the first peacetime law in memory providing for compulsory arbitration.

The contracts in question are between the Southern Pacific railroad and its clerks, the shipowners and the longshoremen of the Pacific Coast and Hawaii, and the Kaiser Steel Corporation and its steel-makers.

Each of these agreements is the lengthened shadow of a man, and in each case he represents a different side of the triangular bargaining table that is becoming commonplace today. In the railroad dispute, the outstanding figure is Professor

J. Keith Mann of the Stanford University Law School. The longshoremen's contract is chiefly the handiwork of the president of the union, Harry Bridges. The Kaiser settlement springs from the ideas of Edgar Kaiser, now the guiding spirit in the steel company and in most of the other enterprises founded by his father, Henry J. Kaiser.

These three agreements were hammered out within a few miles of each other, the first two in San Francisco and the third at the Kaiser headquarters across the Bay in Oakland. This is only partly coincidence; the West seems somewhat freer from the rigidity of conservative tradition than the East, more willing to experiment boldly.

While these contracts have important elements in common, they also have sufficient differences to be discussed separately.

### Automation and Arbitration

Donald J. Russell, the hard-driving sixty-four-year-old president of the Southern Pacific railroad, has made his line one of the country's most prosperous, aided by the fact that its eight thousand miles of track are in seven Western states, comparatively free from competition. Russell quit Stanford University before graduation and has been working for the Southern Pacific ever since. He is a

fanatic on using all technological advances to reduce costs and improve service, including computers and many other devices to cut down paper work. In five years, 1958-1962, he was able to eliminate forty per cent of his clerical workers—about 4,500 men—while traffic was increasing more than eleven per cent.

Naturally, the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees was unhappy, and said so. The protests were voiced by a tough union bargainer, James E. Weaver, general chairman for the Southern Pacific unit, backed by another tough bargainer, George M. Harrison, international president. The complaints became so loud that President Kennedy finally appointed a special investigating committee headed by Dr. Mann, who has been working in labor relations almost since he got his LL.B. from the University of Indiana in 1949. Mann was chairman of the Review and Appeals Committee for the Wage Stabilization Board during the Korean War, later worked on labor relations for the Atomic Energy Commission, was a member of the President's commission on the flight engineers' dispute with the airlines in 1961, and has been a negotiator in two railroad controversies.

His committee in the Southern Pacific dispute was set up in August, 1962, and brought in a report on December 31. It made some far-reaching suggestions that proved unacceptable to both sides. While investigations were in progress, Weaver set a date for a strike several times, and postponed it only at the last minute.

The union did not reject outright any reduction whatever of the work force because automation had eliminated jobs; the sticking point was how rapidly this should be done. The railroad, at least in theory, would have liked to see every position vacated as soon as it proved unnecessary; the union wanted to keep the reduction down to a fixed small percentage, perhaps one like the two per cent a year embodied in a separate agreement made two years earlier with the Order of Railroad Telegraphers.

By March of this year, agreement had been reached on some of the issues. President Kennedy now sug-