Creative Capitalism: Nelson Rockefeller’s Development Vision for Latin America and the World

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Abstract

This study of the American International Association for Economic and Social Development (AIA) and its associated corporations, including the commercial International Basic Economy Corporation (IBEC), illuminates an understudied chapter in the history of the public-private aid regime that grew in the mid-twentieth century to become the major industry it is today. As development aid became an American strategic priority in the decades after World War II, Nelson Rockefeller embarked on his own experiment for improving agricultural production and standards of living in poor areas of the world. His laboratory would be Latin America, the region he knew well from his wartime work at the Office of Inter-American Affairs (OIAA). Rockefeller’s vision of “creative capitalism” meshed development work into a complex system of nonprofit and for-profit corporations engaged in trial-and-error projects to figure out how to develop perceived underdeveloped societies. With the announcement of President Truman’s Point IV policy to deploy American development aid globally, Rockefeller advised the US government to make creative and robust use of American nonprofit and commercial expertise to implement this new strategic objective.

This project illustrates just how overlapping and porous the boundaries of nonprofit and commercial development work were and the extent to which they intertwined with the state and other entities. It also shows the difficulties of agricultural and economic development abroad when conducted by small nonprofit corporations and commercial capital—even with the backing of Rockefeller wealth. These limitations meant that AIA increasingly turned to support from the burgeoning US and international public-private aid industry.
“Capital must serve and not exploit the interests of the people.”

As the public-private aid industry developed in the decades after World War II, Nelson Rockefeller embarked on his own experiment for improving agricultural production and standards of living in poor areas of the world. His laboratory would be the region he knew well from his wartime work at the Office of Inter-American Affairs (OIAA), itself an experiment in government-funded development in Latin America. Rockefeller’s vision of “creative capitalism” meshed development work into a complex system of nonprofit and for-profit corporations engaged in trial-and-error projects to figure out how to develop perceived underdeveloped societies. His enterprises were funded by US oil companies, family wealth, and host nation contributions, and they worked extensively with a web of agribusiness commercial and research entities. With the announcement of President Truman’s Point IV policy to deploy American development aid globally, Rockefeller advised the US government to make creative and robust use of American nonprofit and commercial expertise to implement this new strategic objective.

This case study of the American International Association for Economic and Social Development (AIA) and its associated corporations, including the commercial International Basic Economy Corporation (IBEC), illuminates an understudied chapter in the history of the public-private aid regime that grew in the mid-twentieth century to become the major industry it is today. It demonstrates just how overlapping and porous the boundaries of nonprofit and commercial development work were and the extent to which they intertwined with the state and other entities. It also shows the difficulties of agricultural and
economic development abroad when conducted by small nonprofit corporations and commercial capital—even with the backing of Rockefeller wealth. These limitations meant that AIA increasingly turned to support from the burgeoning US and international public-private aid industry.

Historians of US development abroad in the twentieth century have called these public and private efforts by a number of names: a type of liberal developmentalism, corporatism, New Deal multilateralism, or associationalism exported to the foreign policy arena. Corporatist liberals envisioned “new partnerships between public and private elites in the collective administration of world trade and development.” While the US government was pre-occupied with exporting the corporatist model to Europe and Asia, Rockefeller wanted to export it to Latin America. His ideas reflected the “New Deal synthesis,” incorporating the huge web of the state, civil society, and capital. It called for exporting the American production and distribution model with private sector participation in the political economy and an emphasis on growth instead of redistribution. Keynesianism gave ideological heft to the project. Rockefeller stressed the role of private organizations, what another historian called "privatism" in describing the 1920s and the New Deal. In foreign policy, this model called for state participation minimized and private initiative maximized within a “patchwork of private and quasi-private groups.”

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In 1935, twenty-seven-year-old Nelson Rockefeller joined the board of directors for Creole Petroleum, an American oil company operating in Venezuela and a subsidiary of Standard Oil of New Jersey, one of the oil companies resulting from the trustbusting of his grandfather’s original oil empire in 1911. In 1937 and again in 1939, Rockefeller travelled to Venezuela to see their operations firsthand. In Latin America, he found oil camps surrounded by wire with squalid villages outside. Creole had been bringing in American roughnecks to do the work, but “they were always getting into trouble and having to be shipped back.” A new company president, who had worked his way up from a roughneck, started training local Venezuelans as labor. After fifteen years, he saw that men
hired by the oil companies put on thirty pounds in their first year of work and their children living inside the camps “ranged from more than half a foot taller than their parents” from the nutrition they received. Creole spent considerable effort on food, housing, recreation, home demonstration, schools, vocational training, and clinics in order to develop an adequately healthy labor force.\(^7\)

But Rockefeller still found considerable fault with how American companies were representing the United States abroad and interacting with local hosts. He related the story of a US businessmen’s wife at dinner in Caracas in 1939. With his limited Spanish, Rockefeller had been translating for her during dinner to the president of the state. When he asked how her Spanish was coming along, she was dumbfounded that he thought she would be learning Spanish: “Who would I talk to if I did?” She had been in Venezuela for ten years and in Latin America for eight years before that. Rockefeller told this story as representative of the lack of responsibility and investment that Americans often had in the countries in which they lived and made money.\(^8\)

Back in New York, Rockefeller began lobbying oil executives to improve the living standards in the Venezuelan oil country and lectured them about the “social responsibility of corporations.” He believed that unless corporations conducted themselves so that foreign peoples thought it was in their best interests to have them in their countries, the companies would eventually be thrown out. He said that one of the oil executives joked that he was talking like a “communist,” but a few months later Mexico expropriated American oil properties.\(^9\)

From Creole’s experience in Venezuela, he also learned that US companies needed local economies that could produce the hale and hearty workers that industrialization required. Venezuela had frequent food shortages and poverty-stricken rural areas suffered from inadequate nutrition. With more oil company money in Venezuela, standards of living had gone up for urban and industrial workers but not for the 80 percent of people living in rural areas. Farmers faced issues producing, transporting, and storing food, so that food prices were the most expensive in the hemisphere.
When war broke out in Europe, Rockefeller continued to worry about the economies of Latin America and what that might mean for their support of the Allied war effort. Supported by economist Beardsley Ruml, he lobbied President Franklin Roosevelt in August 1940 to create an organization to help in this regard. Roosevelt appointed Rockefeller head of the newly created OCCCRBAR (Office for Coordination of Commercial and Cultural Relations between the American Republics), mercifully renamed the Office of Coordinator of Inter-American Affairs (OCIAA, later OIAA). In 1942, a subsidiary government corporation, the Institute of Inter-American Affairs (IIAA), was incorporated to manage food and health issues. Rockefeller, J.C. McClintock, and John Lockwood were its corporate officers. Rockefeller spent the war working on cultural diplomacy, information operations, and what he dubbed “basic economy” development projects for Latin America to stem pro-Axis commerce and sentiments.¹⁰

When his work at the OIAA ended in August 1945, Rockefeller said he felt a personal responsibility to make good on his pre-war development ideas.¹¹ The Truman administration was increasingly tied up with European and Asian challenges, and programs for Latin America were ending. In light of growing tensions with the Soviet Union, Rockefeller also believed in showing the benefits of democracy and free enterprise as part of postwar American foreign policy.¹² He wanted to “see if wartime unity and cooperation with the United States could be translated into peacetime cooperation for economic development and a rising standard of living.” ¹³ He argued that to do development work correctly, government, commercial business, and nonprofit expertise had to work together.¹⁴ He also noted that “development projects, if they are to be successful, must be profitable.”¹⁵ Rockefeller gathered several former colleagues: Wallace Harrison, architect of the Rockefeller Center, and from the OIAA, lawyer John Lockwood, public relations man Francis Jamieson, former coffee businessman Berent Friele, and agricultural expert Kenneth Kadow.¹⁶
Rockefeller wanted his organization to size up “the economic problems and opportunities from the viewpoint of the local people. When it undertakes to develop goods and services[,] it does so for the primary purpose of supplying the people’s needs. The corporation is there for the primary purpose of developing the local economy, creating new wealth, raising the local standard of living.”

He argued for “applying modern cross analysis, modern scientific knowledge, modern engineering techniques to production of foodstuffs and distribution of foodstuffs.” He wanted to balance and promulgate “social objectives with capitalistic incentives.”

Despite Rockefeller’s focus on private enterprise leading the way in postwar development work, he also wanted to eventually see the US government make developing the underdeveloped world a key part of its foreign and economic policy. In a proposal to his father in April 1946, Nelson acknowledged,

naturally with the magnitude of problems which exist throughout the world today, it seems almost preposterous for a private group to enter the field. However, it is my feeling that the pattern can be set, and that in a year or so it can be very materially expanded by public support growing out of a popular appeal. The ultimate hope would be that our government itself will recognize the importance of this field.

Rockefeller’s ideas predicted Point IV three years before Truman announced it.

Rockefeller and his team hashed through ideas for months. Rockefeller wanted a foundation that would have two parts—“one nonprofit and one profit-making.” He wanted the nonprofit part to raise money in order to set up businesses and “remove the suspicion of exploitation.” But he wanted to use the profits from a for-profit company to set up more businesses, to use in projects with foreign governments, or to use again in the nonprofit part, the latter of which would handle enterprises that were “truly welfare operations.” He envisioned a cyclical nonprofit and for-profit loop branching off into other business ventures and foreign cooperation projects. Rockefeller wanted a “philanthropy, with business operations under it” to avoid the accusation that
this was “just a money-making scheme.”

Rockefeller’s lawyers intervened with a legal reality check for these creative ideas of socially responsible capitalist development. Lockwood warned Rockefeller that he wouldn’t be able to combine both profit and nonprofit operations in one company. He argued that one couldn’t legally run businesses from a charity and that Rockefeller would not be able to “keep your tax exempt status if you invested your money into businesses.” Lockwood instead recommended that they form two companies, “one of these should be a Sunday company and one should be a weekday company. That is in the historical, [P]uritan, and [P]rotestant tradition of this country—make money all week and tend to your eleemosynary operations on Sunday.” Finally, Rockefeller settled on setting up the nonprofit organization with the question of a commercial enterprise to follow. The nonprofit organization would “work with government bureaus and departments in nutrition and extension work, supervised credit in rural areas.”

The American International Association for Economic and Social Development (AIA) was incorporated in New York State on July 1, 1946. Kadow, its first director of operations, had led agricultural programs in Brazil. “It has from the start been proposed that problems relating to food form the basis of our new association. Through the sound development of agriculture and its proper industrialization such important problems as food, health, malnutrition, clothing and building materials for industries and homes all come into focus.” Brazil became the first target due to its size, economic potential, and because a hog cholera epidemic was surging there in the summer of 1946.

AIA planned to carry out programs through joint ventures with host governments much as the IIAA had done with what they called servicios during the war. AIA would call these joint organizations consejos and recognized that underdeveloped countries lacked the “ready-made institutions for administering needed welfare programs.” The consejos would consist of two Americans and two host country representatives, with AIA choosing the director. American technicians and administrators would primarily staff them.
at first, incorporating local personnel as expertise and training allowed. Over the duration of the contract, financial contributions would be made on a sliding scale upward by the host government and downward on the part of the AIA.\textsuperscript{28} Local government agencies would gradually take over both management and financing, as well as incorporating the programs permanently into government or civil society. Rockefeller noted that, “it really is the evolution of our own country. Both in the field of philanthropy and in the field of business where the thing has become an accepted public utility service or an accepted service to the people, the government gradually takes over at their own expense and provides them for all the people.”\textsuperscript{29}

But Rockefeller still wanted a commercial corporation as a corollary to AIA to do the “other work of setting up business enterprises on a straight business basis with a development company...and this was to be for profit .... but our objectives will be social objectives, economic objectives, and international objectives.”\textsuperscript{30} He called it an “international development corporation.”\textsuperscript{31} Capitalism could simply be a tool used for material gain, but Rockefeller thought that capitalists should have humanitarian goals as a “positive dynamic constructive force.”\textsuperscript{32}

His plans for the development company crystallized with an invitation to visit the President of Brazil in November 1946.\textsuperscript{33} The trip convinced Rockefeller that the for-profit arm was still needed as leaders in Brazil told him they wanted not charity but “cooperation with dignity.” They sought business investment because philanthropy seemed suspicious and, in their view, not likely to accomplish much. This trip solidified Rockefeller’s thinking on how AIA and a commercial corporation would work in tandem to support development.\textsuperscript{34}

Upon his return from Brazil, Rockefeller still needed to clear up the “tax problems” associated with the new venture. Lockwood also had trouble with the New York secretary of state in getting a statement of principles emphasizing altruistic goals included in the Certificate of Incorporation.\textsuperscript{35} But the International Basic Economy Corporation (IBEC) was finally incorporated on January 9, 1947, initially capitalized by Rockefeller and his five siblings.\textsuperscript{36} Rockefeller recognized that IBEC’s impact might be small but hoped that
through his prototype for an international development corporation, other entrepreneurs would be “attracted to the field.”

With AIA and IBEC, Rockefeller wanted to create an “an integrated policy for development” based on what his chief economist Stacy May called “bottleneck theory.” May was a sociological economist who had worked for the Rockefeller Foundation and War Production Board during the war before moving to IBEC. They wanted to find and break bottlenecks in three areas—economic production, public works, and government administration of these areas. The first issue in Brazil was that in order to industrialize, the country needed better agricultural production. Similar to the conclusions of his father and grandfather in setting up the General Education Board (GEB) in the American South in 1903, Rockefeller and his team decided the first priority was to improve agricultural production. The goal was industrialized, mass production agriculture in order to “improve their dollar exchange position to facilitate the industrial growth of the country.” The second step was to provide manpower for rapid industrialization and “that manpower had to come from the rural areas into the urban area.” The analogy that Rockefeller used was that after the American Civil War[,] it took two farmers to feed one “city person,” but by the mid-twentieth century, one farmer could feed eight people in the city. It took “better seeds, fertilizers, mechanization, and so forth.”

**Venezuela and Oil Company Support**

The first issue that both AIA and IBEC faced was how to finance their operations. Rockefeller and his siblings were willing to invest their own funds, but did not plan to finance everything themselves. As early as 1945, Rockefeller turned to his oil company contacts based on what he had seen in Venezuela in the thirties. By the fall of 1946, with AIA established and IBEC about to incorporate, the oil companies in Venezuela expressed a willingness to participate but “desired to obtain some benefit from their participation,” namely that Rockefeller’s organization work in Venezuela, as well as in Brazil. Food shortages were dire in Venezuela along with high prices and abysmal rural
nutrition. John H. Loudon of Royal Dutch Shell wrote to Rockefeller in January 1947 that, “It is generally agreed that the oil companies in Venezuela cannot expect to continue their operations at existing level in an atmosphere favorable to maintenance of their business with satisfactory earnings unless some solution can be found to the basic problem of raising the standard of living of the Venezuelan people.”

Rockefeller traveled to Venezuela in February 1947, and H.F Prioleau, head of Creole Oil, confidentially helped Rockefeller with the suggested apportioned requests for support from the other major American and British oil companies operating in Venezuela. IBEC also established the Venezuela Basic Economy Corporation (VBEC) on May 15, 1947 as a subsidiary company to “operate the business side of the program” in that country. The major oil companies agreed to support AIA and IBEC for five years initially, with the ability to withdraw support after the first year based on performance. Funding from the oil companies settled at one-third to AIA as tax-free donations and two-thirds to IBEC by buying non-voting preferred stock. Donations to AIA alone from Creole Petroleum, Shell Caribbean Petroleum, Mene Grande Oil Company, and Socony-Vacuum Oil Company totaled $1,175,264 for the first two years. Oil companies promised $1,299,833 to AIA for 1949 and 1950. The Venezuelan and Brazilian governments estimated contributing another $2,755,587 to AIA in 1949-51. The Brazilian subsidiary of the Corn Products Refining Company (CPRC) also donated $125,000 for the development of hybrid corn and nutrition education. Rockefeller donated personal amounts each year from his personal oil stocks.

AIA and IBEC Begin Operations

From the beginning, the two companies operated in tandem. Board meetings for AIA, IBEC, and VBEC were held together. IBEC and AIA had the same directors—Rockefeller, Harrison, Friele, Jamieson, and Lockwood. Jamieson handled public relations for both AIA and IBEC. John Camp was the general manager for both AIA and IBEC in Venezuela. The same administrators ran
their joint executive offices in Venezuela and Brazil. AIA administrative services were handled by IBEC staff in New York.50

Not surprisingly, as AIA and IBEC got to work, leaders and staff were still confused as to the clear operating lines of each organization. There was a flurry of memorandums in the spring of 1947 trying to clarify the issues.51 When projects requiring cooperation with “governmental enterprise” proved necessary, “consideration may be given to utilizing the American International Association to obtain the desired objectives.”52 Another memo explained that, “A good part of the work of both VBEC and IBEC is designed to further the program of the American International Association, a nonprofit membership corporation…. Its work is confined to projects where commercial operations are impossible but where the need is great.”53 “In the IBEC scheme of operations, these social services” needed to help local people through development of sustainable businesses, but that “collateral work in nutrition, health, sanitation, education” would be carried out by IBEC’s “sister-organization, the nonprofit AIA.”54

The legal lines between the nonprofit and for-profit enterprises were also still blurry. One memorandum stated that “no profit would accrue to Mr. Rockefeller” from IBEC and that “care should be taken to distinguish carefully between the two corporations and the two types of activities in order to avoid difficulty in accounting filing, tax liability, legal liability, etc.” 55 Lockwood again pushed to clarify the purpose of AIA and its relationship with IBEC, which was “particularly important from the tax standpoint.” How they approached the oil companies to buy the preferred stock of IBEC was also critical in order to keep within the laws of the Securities and Exchange Commission. Lockwood warned that any previous discussions in which Rockefeller reached out to the oil companies be tabled in favor of the oil companies themselves reaching out to AIA and IBEC inquiring about donating funds and buying stock.56

In addition, the lawyers were still nervous about Rockefeller’s original idea that IBEC companies make gifts of their profits to AIA. They felt the US government “might take the position that this was a device to give away profits of a foreign
operating company before they could be taxed by the US.” They also had concerns about commercial donations because the CPRC donation to AIA for hybrid corn seed research and nutrition education could favor its corporate bottom lines. They argued that any gifts to AIA must not come with stipulations as to its use or “conditioned upon it returning in some way or other, by making services available, etc.” to the benefit of the giver. And if AIA conducted any “research, analysis, experimentation, etc. for individuals, businesses, firms, foreign governments and their entities, etc.,” they had to rigorously check the tax implications. AIA and VBEC set up a coordinating committee in 1947 to work out any issues stemming from the overlapping work of the two organizations in Venezuela.

The early intertwined nature of AIA and IBEC work is illustrated in three of their first projects. Only a month after AIA’s founding, a hog cholera outbreak hit Brazil and spread rapidly. AIA sent a leading US veterinarian who by December had inoculated hundreds of thousands of hogs, stopping the disease. A few months later, IBEC established a hog production corporation into which they incorporated the vaccination program.

The second project involving hybrid corn seed had already caused the lawyers’ consternation. Directors agreed that all publicity about CPRC’s donation must be approved by AIA’s Brazilian representative to avoid local perceptions of conflicts of interest. But in the same meeting, the directors began plans to incorporate an IBEC subsidiary hybrid corn seed company in Brazil, recognizing that corn was a critical grain in Latin America. Kadow had already ordered corn mechanizing equipment from International Harvester for delivery in early 1947. Rockefeller put pressure on International Harvester to ship more agricultural equipment to its distributors in Venezuela.

The third project involved the problem of grains spoiling for lack of adequate storage and therefore unavailable to feed livestock. AIA worked on the problem with Cargill, a major grain storage company in the US. They decided that trench silos over tall silos provided the most efficient and economical system in the tropical climate. AIA then passed the project on to IBEC to work
with Cargill. Meat packing companies operating in Brazil and needing feed for livestock also became involved—Anglo-Frigerifico, Armour Packing Company, and the Wilson Packing Company. Nestle, needing feed for dairy cattle, also supported the trench silo program with the loan of an agronomist and two workers, all trained by AIA. Coffee producers also adopted the trench silo system in Brazil. Quaker Oats sought help from AIA in growing and storing oats. This one vignette shows the completely intertwined nature of nonprofit and commercial interests in agricultural development.

As AIA and IBEC developed, the directors acknowledged that they had to “separate those activities that could be developed as independent business enterprises from those clearly of a nonprofit nature.” John Ware, a director for General Mills do Brazil, initially helped AIA with the Brazilian hybrid corn seed research. Those activities that promised profits, such as the warehousing and commercial production and distribution of the seed corn, went to IBEC. It established a hybrid seed company Sementes Agroceres S.A. on July 21, 1947. IBEC’s partnership with Cargill led to the first American-type grain elevator system in Brazil to warehouse corn and other grains, forming Cargill Agricola e Comercial S.A.

Research on hybrid corn, farm demonstrations of its use, nutrition education, and 4-H type clubs for youth remained with AIA. Because of the lawyers’ concerns over corporate donations, AIA accepted a second grant from CPRC to use for nutrition education alone, “to avoid any suggestion that it was being used to benefit the donor company.” But the still-mixed nature of this project was illustrated by the work of Dr. R. Howard Porter, a seed authority from the Iowa State College of Agriculture. He was brought to Brazil under contract to split his time between hybrid corn research for IBEC and experiments for AIA in sweet corn, popcorn, wheat, oats, and potatoes. AIA touted that his research for the nonprofit agency “became the property not of a commercial enterprise, but of agricultural science.” By disseminating its research publicly, AIA could maintain its nonprofit status as a research organization.
AIA’s nutrition and home demonstration programs were considered critical corollaries to IBEC commercial efforts to increase food production. An AIA report stated that “one cannot logically be developed without the other since to have foods and not know how to use them would render their production senseless. Likewise, it is equally senseless to teach people what to eat if the things they need to eat are not available.” With significant AIA research and demonstrations as to hybrid corn’s productivity and nutrition, Sementes Agroceres became one of IBEC’s most successful companies, the largest hybrid corn seed producer in Brazil, and a major company that exists today under Bayer.

But Rockefeller also set clear limits on the symbiosis of AIA and IBEC. Asked whether AIA would begin teaching Venezuelans how to better incorporate fish into their diets in order to help the fledgling IBEC fish company, Rockefeller answered no, “we can’t have AIA pulling IBEC chestnuts out of the fire.” Instead, he wanted AIA and IBEC to work together when interests converged and wanted to tap into their respective strengths. He said that AIA “extension types” were good at research and what he called “governmental work,” but not good at making development work commercially profitable, which is why he favored staffing IBEC with business people. He used the example of a former USDA expert who got one of every type of agricultural equipment for an experimental farm—which meant there could be no efficiencies in training or maintenance. Rockefeller later made the point that Point IV programs in their implementation had to be careful about using experts who had no business acumen. Rockefeller brought in agricultural companies like Seabrooks, United Fruit, Drexel, and Cargill to advise how to do development economically.

AIA embarked on many other agricultural programs in the late 1940s and early 1950s. Robert W. (Pete) Hudgens took over as Director of AIA on March 15, 1948. Hudgens started at a South Carolina investment firm and pioneered supervised farm credit in the American South during the 1920s and 30s. He was associate director of the Farmer’s Home Administration from 1936 to 1947. In 1948, AIA formed a consejo with the Venezuelan Instituto Pro-Alimentacion Popular to create CIDEA—the Consejo Inter-Americano de Education
Alimenticia—to take on nutrition education in rural Venezuela. AIA also worked with the National Nutrition Information Center in Caracas on national publicity campaigns involving radio, motion pictures, pamphlets, magazines, books, and national health contests. Mobile nutrition units traveled in rural areas bringing nutrition and hygiene information. A weekly column about nutrition, home gardens, home and personal hygiene, and child feeding ran in 58 newspapers. A series of comic books for children on good nutrition and hygiene called Las Adventuras de Juancito Salud (The Adventures of Johnny Health) became very popular in Venezuela through the 1950s and 60s.

In 1948, AIA established rural community services programs through CBR, the Consejo de Bienestar Rural, in conjunction with the Venezuelan Instituto Tecnico de Inmigracion y Colonizacion. A “semi-governmental agency,” the goal was to stimulate more efficient farm production and home life among farm families. It employed a sociologist and community organization specialist, home economist, physician, public health specialist, cooperative and credit consultant, and a farm management consultant. CBR also managed supervised credit to farmers through the Banco Agricola y Pecuario (BAP). It also advised on government bureaucratic reforms, helping to reorganize the Instituto Tecnico and the Forestry Department of the Ministry of Agriculture.

CBR in 1954 began training more Venezuelan agricultural technicians and set up the first agricultural extension course and model extension program.

In 1949, AIA added a pilot regional farm-to-market road program. AIA proposed and ran construction projects funded by the Tachira state government. With an engineer on loan from the US Forest Service and the local government providing equipment and labor, they carved rudimentary roads for two-wheeled vehicles over what had been burro tracks. The program brought on young Venezuelans as apprentices to take over the work. Three other states signed on for similar projects in 1950 for over 300 kilometers of road, and five more states asked for projects in future years.

AIA consistently tapped into US government and local resources, in addition to assistance from commercial companies. In Nueva Esparta in Venezuela, the AIA
brought in a land-use survey specialist on loan from the USDA Soil Conservation Service and a geologist on loan from Creole Petroleum to study soil and water resources.\textsuperscript{78} AIA set up the training of both Venezuelan and Brazilian farmers at an agricultural school in Turrialba, Costa Rica starting in July 1948. Programs of “Applied Rural Sciences” taught these young men how to be mechanized farmers using modern fertilizers, insecticides, herbicides, and equipment.\textsuperscript{79} AIA also had trainee technicians working under US technicians in Venezuela and Brazil with the goal of gradually turning over responsibilities to local staff.\textsuperscript{80}

In Brazil, AIA started in 1946 with hog cholera vaccinations. In 1947, it delved into livestock parasite control investigations and demonstrations. AIA engaged Dr. E.W. Laake from the USDA Agricultural Experiment Station at Kerrville, TX. US chemical manufacturing companies donated the chemicals needed.\textsuperscript{81} The AIA director in Brazil, Dr. John “Dad” Griffing, was candid in a later assessment of the spraying project: “Cooperation was given to the representatives of these commercial companies (Standard Oil Company of Brazil and Blemco Importers) in their efforts to sell toxaphene” to local farmers. Both beef cattle and dairy cows were freed of tick infestations and milk production increased. Nestle Milk Company joined the campaign and also supported cattle vaccination campaigns against \textit{aftosa} foot and mouth disease.\textsuperscript{82} But toxaphene was eventually banned by the Environmental Protection Agency in the US in 1990 and globally in 2001. It was found to cause toxic effects in animals and humans.\textsuperscript{83}

Similar to the Venezuelan CIDEA program, the CPRC-funded nutrition education program in Brazil publicized nutrition and home economics information in newspapers, magazines and pamphlets, press, radio, and moving pictures, supplemented by conferences and demonstrations. It encompassed modern farming practices, natural resource conservation, human nutrition, and crop-marketing services.\textsuperscript{84} Another popular AIA program was corn clubs for boys and girls similar to those set up in the American South and Midwest by the Rockefellers' GEB in the early 1900s and modeled on US 4-H clubs. These had the added benefit of interesting the children’s parents in
hybrid corn seed. By 1956, 4-S clubs in Brazil had 49 clubs with 1055 members.

In 1948, AIA began major fertilizer experiments and supervised credit to Brazilian farmers. In Minas Gerais state, AIA established the Associacao de Credito e Assistencia Rural (ACAR) to carry out financial and technical assistance for farmers. The Brazilian state bank, Caixa Economica do Estado de Minas Gerais, extended supervised credit to farmers receiving technical assistance from ACAR. Three US and 20 Brazilian technicians were employed.

Associacao Nordestina de Credito e Assistencia Rural (ANCAR) started in 1954 providing supervised credit in northeastern Brazil. Rural extension tied to supervised credit was designed to improve productivity and to stimulate local farmers’ demand and ability to buy more agricultural products such as machinery, chemicals, and fertilizers.

VBEC meanwhile formed companies involving reconstituted milk, fishing, cattle pastures, and vegetable growing. The first reconstituted milk company started in Puerto de la Cruz, an oil port town. In Brazil, IBEC took over from AIA’s experiments in fertilizer with a company to develop Brazilian fertilizer deposits. Taking over another AIA project, IBEC began breeding Santa Gertrudis bulls as part of a cattle breeding ranch in Brazil. The bulls came from Rockefeller’s friend Bob Kleberg and his King Ranch stock. Kleberg was willing to support in exchange for 51% of the stock of the IBEC subsidiary.

IBEC quickly ran into issues of lacking infrastructure to support development in Latin America. So Rockefeller decided to set up another IBEC subsidiary company to “render services to government municipalities or states to help solve their bottlenecks, which were their public works.” IBEC Technical Services Corporation (ITSC) was established in April 1947 to help manage the planning, contracting, and supervising of engineering services. The company acted as a go-between, studying projects and finding expertise, normally from the US, to carry out the work. The US Department of Commerce recommended ITSC and other “Nelson Rockefeller Enterprises” to the State Department for technical assistance projects in Latin America.
As illustrated by its hog cholera, hybrid corn, and grain storage projects, AIA did significant agricultural research, but it was not its primary mission. In November 1950, Rockefeller and his IBEC team established the IBEC Research Institute (IRI) to undertake agricultural research for the tropics and subtropics. 

Lockwood had concerns about IRI’s tax-exempt status because it was part of the for-profit IBEC. IBEC’s lawyers delayed the incorporation while they studied the new tax code of 1950 which set up several changes for tax-exempt organizations, including a new concept of taxing unrelated business income. Lockwood urged Rockefeller to appoint board members not associated with the management of IBEC and to keep the “Institute as separate as possible.”

Dr. Robert P. Russell, a chemical engineer and IBEC VP, was tapped to lead IRI. Russell resigned as President of the Standard Oil Development Company in 1947 to join IBEC in charge of research and development. IRI aimed to research the best practices to make tropical agriculture in Latin America more productive, efficient, and cost effective. Initial funds came from AIA, Rockefeller, the Rockefeller Brothers Fund (RBF), and from the oil companies through AIA. IRI also planned to work with the Ford Foundation on research. In 1951, the AIA made a grant of $120,000 to IRI for weed control experiments in Venezuela and much of its early work focused on chemical weed control for corn, rice, black beans, potatoes, and sesame. IBEC provided IRI with purchasing and other supply services, including personnel and transportation services, financial, fiscal, and administrative services, and public relations services.

However, IRI could also receive fees for “sponsored research” from agribusiness companies. IRI worked out cooperative relationships with one of the largest coffee producers in the world, Cambuhy S.A., to provide facilities, labor, and equipment for coffee field experiments in Brazil. They developed cooperative arrangements for research with General Foods, the Burrows Equipment Company (moisture meters), Gotcher Engineering (controlling weeds in cotton), the California Institute of Technology, and the University of North Carolina. IRI conducted studies in the 1950s on coffee using fertilizers,
insecticides, and herbicides, mulches, and on the microbiology of coffee fermentation; on soil fertility for various agricultural products; and pasture studies to increase cattle production.100

Although IBEC wanted to use AIA and IRI research to develop profitable businesses in Latin America, its directors also wanted to support responsible agricultural development and not profits alone. In 1953, after considerable AIA and IRI research on agricultural chemicals, members of IBEC urged Rockefeller that “it is not sound to leave the development of the market and the utilization of the knowledge to others whose primary interest may be in profits rather than in the development of agriculture.” Therefore, Rockefeller established IBEC Agricultural Services as a subsidiary company in Venezuela to develop the market for agricultural chemicals and mechanized equipment. Russell was the Chairman and a stockholder in the new commercial venture.101

The lawyers’ concern with IRI being part of IBEC was resolved on August 26, 1957, when IRI merged into AIA, a fellow nonprofit organization, which also saved money by combining administrative overhead.102 But the merger did not end concerns with how IRI as a nonprofit supported commercial agribusiness. To maintain its tax-exempt status, nonprofit research organizations had and still have to make their research available widely to fulfill the mandate that it operate “exclusively for scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.”103 The 1950 Revenue Act did make exceptions to the new unrelated business expense taxation, “certain exemptions are provided by the statute for income derived by colleges, universities, hospitals and other organizations for special research, the results of which are freely available to the general public.”104 Therefore, IRI disseminated technical bulletins and other publications, for example distributing over 2000 copies of its 1951 bulletin on weed control progress in Venezuela to agricultural and educational organizations in the US and globally.105 IRI noted that it published its research widely “to all research agencies and interested individuals, both in Brazil and elsewhere in the world.”106
Rockefeller, AIA, and Truman’s Point IV

President Truman’s inaugural address in 1949 announced a new foreign policy goal that reflected Rockefeller’s longstanding views on the need for the US to make developing poor nations a national policy. And Rockefeller wanted to influence how the US implemented Point IV, namely by using private nonprofit and commercial enterprises backed with government funding. Truman appointed him chairman of the International Development Advisory Board (IDAB), a body convened to advise how to carry out Point IV objectives. The final IDAB report “Partners in Progress,” issued in March 1951, strongly argued for “making the most effective use of private enterprise and of the varied international agencies and voluntary groups active in the field of economic development.” Rockefeller’s vision for global development influenced how Point IV eventually took shape as the intertwined state-nonprofit-corporate regime we know today. His own enterprises also followed the many non-profit and commercial organizations that tapped into the funding increasingly offered by the US government.

As the oil companies began cutting support in the early 1950s, AIA recognized its funding challenges and looked to Point IV programs. The oil companies expected the AIA to turn its programs over to Venezuelan bureaucracies just at the time AIA wanted to expand programs into the rest of Latin America. In 1952, Hudgens negotiated AIA’s first contract with the US Technical Cooperation Administration (TCA) for agricultural training in Brazil. AIA also looked elsewhere for support--from the large philanthropic foundations, the UN and, as before, from American corporations. Hudgens left AIA in 1953 to establish International Development Services (IDS), a nonprofit corporation created by the opportunities presented by Point IV and UN funding for people with development experience to offer management expertise to organizations wanting to do development work.

For the next 15 years, AIA continued to expand its programs into the rest of Latin America, as well as select projects globally, primarily by partnering with
expanding Point IV and successor programs as well as with the UN and large philanthropic foundations. AIA received US International Cooperation Administration (ICA) funds to support two national ACAR-type organizations in Brazil, working with a joint US-Brazilian Point IV organization. Private corporations like IBEC were also becoming part of the burgeoning public-private aid industry. In the mid-1950s, Barron’s analyzed IBEC’s work over the previous ten years noting that IBEC was itself performing a “hard-boiled” Point IV program. Despite early mistakes and failures, IBEC by the mid-fifties was “comfortably in the black” providing capital and skill to build local companies in Latin America.

AIA’s research subsidiary IRI also made use of Point IV funds for research in Brazil. By the early 1960s, IRI was significantly meshed within the public-private food development regime with support from the FAO, USAID, and the Ford Foundation. IRI separated from AIA in 1963, becoming the IRI Research Institute and receiving significant support from USAID. AIA also began working more closely with USAID, accepting a 10 million dollar loan to the Agricultural and Livestock Bank of Venezuela for CBR and the Organization of American States (OAS) to cooperate on rural development projects. Additionally, USAID contracted AIA for an agricultural resource survey of the central plateau of Brazil.

AIA also worked with another rising phenomenon of the mid-twentieth century political economy—regional organizations. AIA had started an agricultural education program for all of Latin America in the late 1950s in conjunction with the OAS and supported by ICA funding. These included mass information programs in agriculture, health, and nutrition fields. In 1960, AIA took more of its programs on a hemisphere-wide basis in conjunction with the OAS, focused on rural development, basic agriculture, health, and expanding rural youth organizations of the 4-H club type. AIA turned the Programa Interamericano para le Juventud Rural 4-S program fully over to the US National 4-H Club Foundation in 1967.
After 22 years of work, AIA closed in 1968. Its directors decided that their programs had made sufficient progress in being incorporated into either host government bureaucracies or with the OAS. Rockefeller had been gradually less involved with both AIA and IBEC through the 1950s, in light of his increasingly high-profile political career. AIA turned over to national, state, and local governments, or to private groups nine major programs, including more than 60 separate operating activities. By the 1980s, IBEC almost exclusively consisted of agribusiness holdings, but its uneven financial history dedicated to socially responsible capitalism eventually ended as it was slowly absorbed by other corporations. The Financial Times declared that “this marks the end of one of the odder business ideas of the fabulously wealthy and philanthropic Rockefellers.”

AIA and its corollary entities were relatively small players in the nonprofit development world in the 1950s and 60s but, largely due to their creativity and the outsized influence of their founder, they served as an influential early experiment in American overseas development work. Rockefeller’s vision in having private nonprofit and commercial organizations tackle development work abroad, particularly for agricultural productivity, became a reality. The US government and UN both used the expertise and agility of groups like AIA, supporting them from larger and better-funded agencies and programs over time. This history also shows the incredible complexity of the intertwined public and private actors involved and demonstrates the porous and overlapping boundaries of nonprofit and commercial work in agricultural development.

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2 The term “Creative Capitalism” was the tentative title of a book that Rockefeller planned to publish in 1949 about AIA and IBEC and written by Reader’s Digest writers.
James Monahan and Lois Mattox Miller. The book was never published due to Rockefeller taking a position chairing President Truman's International Development Advisory Board (IDAB). See Outline of Jim Monahan book, box 18, folder 112, Nelson A. Rockefeller Personal Papers, RAC.


7 “Nelson A. Rockefeller Interview with Hugh Morrow, July 26, 1977,” page 24-25, box 1, folder 4, Nelson A. Rockefeller Personal Papers, Hugh Morrow Interviews, RAC; “Memorandum of my conversation with Mr. and Mrs. Monahan, May 9, 1949,” page 10, box 18, folder 115, Nelson A. Rockefeller Personal Papers, RAC.

8 “Memorandum of my conversation with Mr. and Mrs. Monahan, February 7, 1949,” page 18, folder 113, Nelson A. Rockefeller Personal Papers, RAC.


12 “Memorandum of my conversation with Mr. and Mrs. Monahan, February 7, 1949,” page 26-27, box 18, folder 113; Outline of Jim Monahan book, box 18, folder 112, Nelson A. Rockefeller Personal Papers, RAC.

13 Dalrymple, The AIA Story, 8.


15 Outline of Jim Monahan book, box 18, folder 112, Nelson Rockefeller Personal Activities, RAC.

16 Dalrymple, The AIA Story, 7-8; “Memorandum of my conversation with Mr. and Mrs. Monahan, April 4, 1949,” page 2, box 18, folder 113, Nelson A. Rockefeller Personal Papers, RAC.
Draft of Monahan book, page 14, box 22, folder 136, Nelson A. Rockefeller Personal Papers, RAC.

“Memorandum of my conversation with Mr. and Mrs. Monahan, February 21, 1949,” page 11-12, box 18, folder 113, Nelson A. Rockefeller Personal Papers, RAC.

“Memorandum of my conversation with Mr. and Mrs. Monahan, April 7, 1949,” page 1, box 18, folder 114, Nelson A. Rockefeller Personal Papers, RAC.

Nelson A. Rockefeller to John D. Rockefeller, Jr., April 27, 1946,” box 11, folder 104, Nelson A. Rockefeller Personal Papers, AIA-IBEC, RAC.

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“Memorandum of my conversation with Mr. and Mrs. Monahan, February 7, 1949,” page 33, box 18, folder 113, Nelson A. Rockefeller Personal Papers, RAC.

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Kenneth J. Kadow to Nelson A. Rockefeller, May 7, 1946, box 1, folder 1, Nelson A. Rockefeller Personal Papers, AIA-IBEC, RAC

“Annual Report for 1951,” page 1, box 1, folder 1.3, American International Association for Economic and Social Development (hereafter AIA Records), RAC.

“Memorandum of my conversation with Mr. and Mrs. Monahan, April 7, 1949,” page 10, box 18, folder 114, Nelson A. Rockefeller Personal Papers, RAC.

“Memorandum of my conversation with Mr. and Mrs. Monahan, February 7, 1949,” page 33, box 18, folder 113, Nelson A. Rockefeller Personal Papers, RAC.


“Memorandum of my conversation with Mr. and Mrs. Monahan, April 7, 1949,” page 10, box 18, folder 114, Nelson A. Rockefeller Personal Papers, RAC.

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“Memorandum of my conversation with Mr. and Mrs. Monahan, February 14, 1949,” page 1-2, box 18, folder 113, Nelson A. Rockefeller Personal Papers, RAC.
62 “Minutes of Informal Meeting in Nelson A. Rockefeller’s Office, December 17, 1946,” box 1, folder 1, Nelson A. Rockefeller Personal Papers, AIA-IBEC, RAC.

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72 “Annual Report for 1949,” page 2, box 1, folder 1.2, AIA Records, RAC.

73 “Annual Report for 1955,” page 1, box 1, folder 1.4, AIA Records, RAC.

74 “Annual Report for 1948,” page 3, box 1, folder 1.2; “Annual Report for 1952,” page 2-3, box 1, folder 1.4, AIA Records, RAC.

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