

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

**Folder Title:** President George D. Woods Country Correspondence Files - China / Taiwan - Correspondence - Volume 1

**Folder ID:** 1770193

**Series:** Country correspondence

**Dates:** 03/07/1959 – 11/06/1967

**Subfonds:** Records of President George D. Woods

**Fonds:** Records of the Office of the President

**ISAD Reference Code:** WB IBRD/IDA EXC-03-5763S

**Digitized:** 06/11/2025

To cite materials from this archival folder, please follow the following format:  
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK

Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

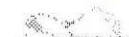
Telephone: 202-473-1000

Internet: [www.worldbank.org](http://www.worldbank.org)

**PUBLIC DISCLOSURE AUTHORIZED**

G.D. Woods Country Corresp - China / Taiwan 1959-67



  
**Archives**



1770193

A1993-001 Other #: 2 Box #: 209336B

President George D. Woods Country Correspondence Files - China / Taiwan -  
Correspondence - Volume 1

**DECLASSIFIED**  
**WBG Archives**

ROUTING SLIP

Date  
Nov. 14, 1967

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. Lind

*copy*

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comments

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

*Mr. Woods - to*  
*ABS 11/14*

*see, please*

Remarks

In Mr. Woods's absence, you may wish to consider with interested departments attached invitation and prepare a reply for Mr. Woods to sign.

R.B. Steckhan

From

NOV 13 REC'D

INTERNATIONAL SOCIETY OF SUGAR CANE TECHNOLOGISTS

CABLE ADDRESS  
"TAISUCO"

XIIIITH CONGRESS-1968-TAIWAN, REPUBLIC OF CHINA

TELEPHONE  
71283

General Chairman

M. H. Yuan  
Taiwan Sugar Corporation  
P. O. Box 35, Taipei  
Taiwan, Republic of China

General Vice Chairman

Genon R. FlorCruz  
Philippine Sugar Institute  
P. O. Box 4052, Manila  
Philippines

General Secretary-Treasurer

H. S. Wu  
Taiwan Sugar Corporation  
P. O. Box 35, Taipei  
Taiwan, Republic of China

November 6, 1967

Mr. George D. Woods  
International Bank for  
Reconstruction and Development  
1818 H St., N. W.  
Washington, D. C. 20433  
U. S. A.

Dear Mr. Woods:

The Republic of China will host the XIII Congress of the International Society of Sugar Cane Technologists in Taipei from March 2 - 16, 1968. The Congress will be attended by 400 delegates consisting mainly of distinguished sugar technologists, research workers and sugar company administrators from more than 30 sugar-producing countries.

In view of the fact that the attending delegates are much interested in the outlook of the sugar industry and that the World Bank is helping the world on agricultural development, you are cordially invited to be one of the keynote speakers in the opening ceremony of the Congress in the morning of March 11, 1968 to enlighten them on the world sugar situation in the foreseeable future. Your kind acceptance of our invitation will be highly appreciated.

Hoping to hear from you soon, and, with best wishes,

Very truly yours,

  
.....  
M. H. Yuan  
General Chairman

April 7, 1967

Dear George:

I appreciate your willingness to accept membership on the Dinner Committee for the May 15 dinner at the Hotel Pierre in honor of Vice President C. K. Yen. And I am particularly happy to learn that you hope to attend.

Plans for the dinner are progressing very satisfactorily. A fine list of fifty-seven have already accepted membership on the Dinner Committee (see accompanying list). The number will be increased as others reply. We already have more than two hundred advance reservations, and I'm sure we'll have a capacity attendance. The program promises to be unusually timely and interesting.

We hope that Mrs. Woods can accompany you. If you have other friends who are interested, you may wish to bring them as your guests, or we'll be glad to send invitations to anyone you suggest. For your convenience I enclose a reservation card and return envelope. Members of the Dinner Committee and their wives are guests of our Chinese friends, so no reservations for you are necessary.

As one of the Dinner Committee, we want you to occupy a place on the dais. Space limitations may prevent the seating of wives on the dais itself, but special arrangements will be made for them immediately in front.

A reception where Dinner Committeemen and their wives will meet Vice President and Mrs. Yen and other guests of honor will be held in the Cotillion Room at the Hotel Pierre, beginning at 6:30. The dinner should begin at 7:30.

I look forward to the privilege of seeing you, and I hope Mrs. Woods also, at both the reception and the dinner.

Sincerely yours,

Mr. George D. Woods, President  
International Bank for Reconstruction  
and Development  
1818 H Street, N.W.  
Washington, D. C. 20433

*Ans'd 4/13/67 - Sent No. - out / country.*

COMMITTEE FOR THE MAY 15 DINNER  
IN HONOR OF VICE PRESIDENT C. K. YEN

Hon. Eugene R. Black, Chairman

Dr. George E. Armstrong  
Mr. E. D. Brockett  
Senator Edward W. Brooke  
Mr. Chester M. Brown  
Mr. William F. Buckley, Jr.  
Admiral Arleigh A. Burke  
Mr. Lew L. Callaway, Jr.  
Mr. Leo Cherne  
Mr. Howard L. Clark  
General Mark W. Clark  
Mr. Thomas M. Cole  
Mr. Gardner Cowles  
Mr. Jose de Cubas  
Mr. A. T. DeSmedt  
Hon. C. Douglas Dillon  
Senator Everett M. Dirksen  
Hon. Allen W. Dulles  
Hon. Charles Edison  
Senator Hiram L. Fong  
Hon. Gerald R. Ford  
Hon. Thomas S. Gates  
Mr. M. L. Haider  
President James M. Hester  
Mr. Jack R. Howard  
Senator Jacob Javits  
Hon. Walter H. Judd  
President Grayson Kirk  
General Curtis E. LeMay

Mr. A. N. Lilley  
Mr. James A. Linen III  
Hon. Robert A. Lovett  
Hon. John W. McCormack  
Mr. Wilfred J. McNeil  
Mr. William P. Margh, Jr.  
Mr. George S. Moore  
Mr. Maurice T. Moore  
Mrs. Maurice T. Moore  
Mr. William H. Moore  
Mr. George A. Murphy  
Hon. Robert D. Murphy  
Mr. William I. Nichols  
Mr. Albert L. Nickerson  
Dr. Daniel A. Poling  
Admiral Arthur W. Radford  
Mr. William S. Renchard  
Hon. Harold Riegelman  
Mr. David Rockefeller  
Gov. Nelson A. Rockefeller  
General David Sarnoff  
Mr. Moses Shapiro  
Mr. Robert C. Tyson  
General James A. Van Fleet  
Secretary Robert C. Weaver  
General A. C. Wedemeyer  
Mr. Roy Wilkins  
Hon. George D. Woods

(list incomplete)

*Published in "Reconstruction" Apr. 1959*  
*reprinted in China Today Apr. 1960.*  
Dr. Sun Yat-sen and Free China - An American Viewpoint

Extemporaneous talk delivered at the invitation of members of the Legislative Yuan at the City Hall, Taipei, Taiwan on March 7, 1959.

by Dr. Magnus I. Gregersen  
Dalton Professor of Physiology  
College of Physicians and Surgeons  
Columbia University, New York 32, N. Y.

Mr. Chairman and Members of the Legislative Yuan and Guests:

I wish I could speak as much Chinese as your Chairman speaks English because I apologize to come here and not to speak in your language. I give my fullest support to all that Admiral Cooke has just said. I, too, think of the world as a whole. I do not think of it in little isolated pieces. In order to understand it, one must look at the relationships of each part to every other part. This is what a physiologist does when he works with the living organism.

What happens in Taiwan is of the deepest concern to all the rest of the free world. I would remind you that over one hundred years ago, Commodore Perry stated in 1853 that the history of the world would be decided on the coast of China, Commodore Perry was right. History is now being decided on the coast of China. Commodore Perry also looked at the world as a whole, not as little parts. On the other side of the Taiwan Straits on the mainland, the Communist regime has repudiated all Chinese traditions and culture. I need not tell you how far that has gone, for you know it better than I do. Now, you, in Taiwan, are the custodians of Chinese culture and traditions and of the future of China. If you do not hold these traditions and preserve them, they will be lost not only to you but to the rest of the free world. They are as important to us as they are to you.

I have been deeply interested in the writings of your famous leader, Dr. Sun Yat-sen, for several years. Without boasting, I may say that I probably know the writings of Sun Yat-sen as well as many in this room, I have studied the "san min chu yi" and his book on the international development of China with great care and I would like to take this opportunity to give an American interpretation of the "san min chu yi" and Sun Yat-sen's ideas.

First, let me explain that Sun Yat-sen was trained in medicine. He was interested in human biology. I am a medical physiologist and for the last quarter of a century or more, I have made some meager contributions to the intellectual capital of my profession. I understand the scientific process of thinking in which Sun Yat-sen was also trained. Sun Yat-sen writes about various economic and social systems, and in Part 3 of his

book dealing with the livelihood of the people, he examines the economic systems in many countries. He looked at capitalism which was then operating in many countries.

He looked at socialism, he looked at communism and he was wondering which of these systems would best fit the reconstruction of China.

You will remember that at the end of his lectures, he made special point that this was not the final word he had to say, and he invited his followers and listeners to think about the problems which he had presented, to re-evaluate his ideas, to re-state them, to develop them. You will recall that his library was burned, that these lectures were given extemporaneously when his library and his writings were lost, and that he recognized that this was not his final word; so here I am taking up his invitation to re-evaluate what he had to say.

Let me answer one question that has often been raised by people who have read Sun Yat-sen rapidly. Some people have thought that Sun Yat-sen believed in socialism and Marxism, but you will recall that in his book he very clearly says in discussing communism that he regards Marx as a social pathologist, instead of a social physiologist. Marx he rejected as a social pathologist. Repeatedly in the "san min chu yi" you will notice the expressions and phrases that "we must examine the evidence and draw our conclusions; we must not have a preconceived idea of how to do things; we must examine the evidence." This was a most scientific attitude, and this is completely natural with a man who is trained in medical science.

Sun Yat-sen also indicated that one must reserve judgment until one sees how these various systems work out. Now we stand here about forty years later and we have a great deal of evidence which was not available to Sun Yat-sen. Therefore, the question arises, if this evidence had been available to Sun Yat-sen, what would he have said? Or, alternatively, if Sun Yat-sen were able to stand beside us today, what would he say? What would his judgment be and what would be his conclusions? I now feel so close to the thinking of Sun Yat-sen that I dare to speak as if it were with his voice. I hope you do not mind. I think he would say exactly what I would say today when we review the following evidence.

Let us look at the world of the last forty years, look upon the development of countries, and see how the standard of living and livelihood has gone up in certain countries and how it has gone down in others. The evidence is quite clear to us in countries like East and West Germany where you have the contrast between a Marxian system and a free enterprise system. In Western Germany, the living standard and the livelihood have gone up and in East Germany, it has slipped down. Not only that, but the people in East Germany have tried to get out of East Germany by the thousands. The people in West Germany have no desire to go to East Germany. This is the decision of the people and one of the most conclusive pieces of evidence you can get of which system best fits the human being.

Here is a situation where the Marxist doctrine was forcibly imposed on the people. But, let us look at countries that have voluntarily experimented with Marxian doctrine - I mean with socialism. We might take the Scandinavian countries as an example. As some of you know, I am of Scandinavian blood. My father and mother were Danes and I do still speak Danish, so I know the Scandinavian countries rather well. These countries have voluntarily and peacefully experimented with socialism in a mild form for the past fifty years or more. What is the answer? I will tell you a few things. Number 1: in Denmark, the people would be absolutely horrified if private ownership and private property were abolished. They wouldn't stand for it. In Sweden, they have tried some socialistic experiments and they are now turning away from them. They found that this did not work, that this was not the best for their society. A few years ago, a large symposium was published by the Norwegians called "Democracy in the North", consisting of contributions from every strata of society, all agreeing that socialism is not the best for the development of people and society.

Let us briefly look at some other countries. The contrast to be seen between the socialist countries and free enterprise countries may be illustrated by, Number 1: Czechoslovakia before it was taken over by the communists. This was patterned after the United States. Number 2: the United States itself through a long and successful history of private competitive enterprise. Number 3: a country which may interest you and which is especially worthy of note, is Switzerland. This is a small country, economically very successful; a small country without any natural and mineral resources whatever.

Looking at the evidence, I feel confident that if Sun Yat-sen were here today, he would say the things which I am now about to say, namely, that the system which best fits the people, which leads to the most rapid economic and industrial development is the system which we describe as capitalism, a capitalistic system. This involves several features. It involves private ownership. It involves free competitive enterprise. It involves the free market system. Mrs. Gregersen (sitting next to me) reminds me that this system does not exclude welfare and she is correct. Denmark, which has little national ownership, nevertheless has a very extensive welfare system, built upon private voluntary action including insurance companies, health insurance, hospital insurance, etc. But this, in the first analysis is built by the people themselves on a voluntary cooperative basis. Now, why do we think that private property, the private ownership, is better than public ownership or state ownership?

This is a question which you could probably answer as well as I can. We can go back a long time for the answer - to Aristotle, 2300 years ago. Aristotle, in his "Politics", says "when nobody owns a thing, then nobody takes care of it." That is, if it is owned by the state, there is not the same responsibility for the care of the property as when it is owned by the individual himself. And a word about the free competitive enterprise.

It is human nature to work for something in which there will be rewards. This is unavoidable. A man works harder if he knows that his work will bring some fruits or rewards for his efforts.

I would like to make some physiological comments on the free market system. Here the price is determined by supply and demand, not arbitrarily fixed. Now, this has many biological analogies. There are many automatic mechanisms in the body which determine how rapidly or how deeply we breathe. Our conscious thinking can modify breathing, but does not regulate this mechanism. And if we were to spend all our time thinking about how fast and how deeply to breathe, I assure you that you would have time for nothing else. I could add to that your heart rate, your blood pressure, your body temperature and could list a whole series of things that are automatically regulated by feed-back mechanisms in your body. These operated very much as the free market system does in the economic system. Perhaps you will understand from this why a physiologist like me would become interested in economics.

When I began to study economics a few years ago and read the classics, I found that Adam Smith, in his "Wealth of Nations", considers first The Nature of Man. He wrote mainly about the nature of man, not about money. He was thinking about the behavior of man and said "the nature of man is to truck, barter and exchange." This was in 1776. If we go up to 1948, when Ludwig von Mises wrote his great classic on economics, he called it "Human Action".

Adam Smith, in 1776, pointed out that England was having great trouble with its economy because it was restricting the flow of money and goods, and his book, "Wealth of Nations", was the spark which changed the whole philosophy of economics and trade in England at the end of the 18th century. It introduced the brilliant period of economic and industrial development in England in the 19th century.

I cannot refrain from pointing out that the analogy between Taiwan in 1959 and England in 1776 is very strong. You are faced with the same problems. You are now a maritime nation. You have to live on trade and industry. It is wise to look at what happened to England 150-200 years ago and think of it in terms of Taiwan today. Two hundred years ago Britain was an underdeveloped country - much more underdeveloped than anything you have in Taiwan or in the adjacent countries. I have attended many sessions with modern economists discussing the development of underdeveloped countries. The first thing that I learned and on which there was complete agreement, is that the principles of development of a so-called underdeveloped country are no different from the principles of economic development in an advanced country. There are not two classes of countries. The same principles apply to both.

Now let us consider what are the characteristics of a country that make for rapid economic development and industrialization. What are the assets that determine whether or not it is a favorable country for rapid

economic and industrial development? What do you need in a country to obtain a rapid, economic and industrial development? This has been the subject of many conferences. At these conferences that I have attended, there has been complete agreement about one thing, and that thing is that the material and natural resources, such as mineral wealth and national capital wealth, are secondary to the inherent quality of human resources. The quality of the human beings, the qualities of the people, their characteristics are the primary factors. I will describe these characteristics out of a series of lectures by the famous Swiss economist, Professor Albert Hunnold in Zurich. This man gave a series of lectures a few years ago in Egypt which he entitled, "Swiss Lesson in Egypt". Here are the characteristics of the people which he considers to be essential for economic development:

Responsibility,  
Honesty,  
Dependability,  
Exactness,  
Precision,  
Reliability,

Thrift,  
Initiative,  
Willingness to take risks,  
Meticulousness,  
Sense of Continuity,  
Respect for culture and traditions,  
Readiness to work hard,

I have listened to business leaders and economists from the following countries; Mexico, Bolivia, Argentina, Scandinavian countries, Japan, United States, Germany. All agreed that capital and natural material resources are secondary and that with the above qualities in the people, economic development will occur. A brilliant illustration is Switzerland. I have a feeling that in Taiwan there is little too much emphasis upon the amount of money, invested, as though only that is important. The big industrial enterprises in the United States were started with very small sums of money, but with much energy and with much ingenuity and vision. The main objective of a successful business enterprise should be to produce goods and services at low cost. In other words, to serve the people. And I think that one of the best illustrations in my country is Henry Ford and the car he built.

There will be no lack of capital in Taiwan if Taiwan creates the atmosphere and the climate that will bring it here. This is something that the outsider cannot do - this lies in your hands. I have said this to your President and I have told it to many members of your government. There is no secret about this. The capital is there if you want it. The Communists can't get it. It's there for you, waiting for you, if you create the situation which invites it to this island. When the investor, the financier, and the industrialist from other countries, such as Malaya, Hong Kong and America, look at a country for investment to determine whether it is a good place to invest or not, a good place to start an enterprise, they study how the country treats its own enterprises, how free it permits the private enterprise to develop. This is his test of whether or not this is a good country to go to. If he sees that the local businessman is well treated and does not have too many obstructions, then he will come.

If the local businessman has many obstructions, then he will hesitate. I would like to say one thing more about this, - that people and money and energy will come to places where they are free to leave. If money can move back and forth freely, it will come to Taiwan. If you have exchange controls that prevent money from leaving, then it will not come in. The same is true of people. Never try to stop anybody or your money from leaving the island, but be very careful what comes in. This is important - not what leaves but what comes in.

Now I will turn to another subject. You wanted me to talk about the China International Foundation and what it believes in and what it wants to do. When I became President of the China International Foundation 5 years ago, I realized that I had two responsibilities. One was to disburse funds of the China International Foundation for philanthropic purposes. The other was at least to know something about the business enterprises and the operations of the companies which are wholly owned subsidiaries of the China International Foundation. I hasten to say that I am a professor of physiology. I do not pretend to know technically how to run these corporations. I am nevertheless responsible for general policies. The executives of these corporations are very able and brilliant men and they have carried out the business enterprises, not I. Mr. Wasson, sitting next to me; Mr. C. C. Wei, your compatriot, whom I regard as a dedicated and devoted person, who wants to help free China the best he can, are among my associates. Without their help, I say frankly that the shipyard would never have been. I pay tribute to both of them.

Now, while the Foundation would like to give much money for philanthropic purposes, it has limited funds. It has to earn the funds that it gives away. But it has in its subsidiary corporations the resources of brilliant men who are able to start new enterprises. When I began to think of what the Foundation could do, I realized that it could do far more good by creating productive enterprises than it could ever hope to achieve even if it had millions and millions of dollars to give away. In my opinion, gentlemen, one of the greatest economic benefactors in a society such as this is the creator of productive enterprises. He gives jobs, he raises the standard of living. He adds to national wealth. This is what the Foundation wants to do and it has a motto which has been taken from an old Talmudic book: "The noblest charity is to prevent a man from accepting charity ... and the best alms are to show and enable a man to dispense with alms", \* that is, to make him a free man economically. Now, the aim of the China International Foundation in having its subsidiary corporation start a shipyard was not to own and control a shipyard in Formosa, but to start one that would eventually be owned by the Chinese people and that had a broad base of ownership in the people. China International Foundation now owns most of the stock in the Ingalls-Taiwan.

\*Quoted after F. A. Harper, On Freedom and Free Enterprise, Ch. 7: "The Greatest Economic Charity" (p. 95).

It is our desire gradually to transfer this stock to many people, to create the pattern which exists in the United States of big corporations in which many, many people have a share in the capital and receive the profits and share in the profits of the company. This way they share in the economic development of the country as the corporations grow. This is our hope: that we can transfer the stock gradually at cost to people in this community. Then we will use that money which we get from it to start other enterprises. I announced this to you two years and four months ago when I signed the agreement with the Chinese government. Now, do you understand what this means - that everything you do to help this shipyard, to give it business, build it up to help it grow, will all come back in terms of benefits to the people on this island and to everyone involved in the work - the workmen in the yard, the people who work as engineers and all the people related to this enterprise where there are now 1900 men employed. This is quite a labor force! These are the jobs that have been created by this enterprise. Mr. C. C. Wei, Mr. Wasson and I dream of other enterprises. We would like to turn these over gradually to the Chinese people for themselves to operate so that when you help this project, you help yourselves. We are not here to gain a monopoly on something. We are here to make this country a demonstration of free competitive enterprise, to show how best in a free economic system. This will be good for the free world, and it will be good for you. It will be the worst thing you can do to the Communists to demonstrate how wonderful this island can become. I once called Taiwan the "Switzerland of Asia", and this it could become overnight if you so will - it is in your hands.

I have a question to ask you. Where did the idea come from that poverty is better than inequality? You say it is Mencius? Whatever its source, it is questionable and certainly controversial. Biologically speaking, it is wrong. The nature of men is that they are dissimilar and unequal. Please note that you cannot match the lines in my hands in this room, or in all the world. I am different from you and you are different from me and all other people in this room. I do not want to be the same as you, and you do not want to be the same as me or the next man. When the American uses the expression that all men are born equal, he wishes to convey the political ideal that all men are equal before the law, not that they are biologically or by endowment equal.

You may recall, Dr. Sun Yat-sen gives a very interesting discussion of the true equality and the false equality in his third lecture on the Democracy in the book of "san min chu yi". Dr. Sun said, "If we pay no attention to each man's intellectual endowment and capacities and push down those who rise to high positions in order to make all equal, the world will not progress and mankind will retrocede". As for Mencius' statement, the Chinese scholars tell me that Mencius statement has several different translations into English, all of them controversial in nature, but I would rather quote what Dr. Sun said in his second from last paragraph in the second lecture of "People's Livelihood" - "China now, is suffering from poverty, not from unequal distribution of wealth". I think this is clear enough.

One of the worst obstacles to the development of capitalism is that people become envious of the achievements of others. It is essential that we all acknowledge the excellence in our friends and our fellow-workmen and that we encourage them to do the best they can, that we are willing to enter in this competitive system and work as hard as we can and achieve what we can and then cheer other people on with their achievements. I have been running a laboratory for many years and I have learned that the most important thing is to be sure that the young man who does something outstanding gets credit for it. Not from me alone, but from all his associates. Then, as each one achieves, he becomes encouraged by his fellowmen. It develops a kind of spirit of mutual support to show we are glad that the man next to us can sometimes do better than we ourselves.

Time is getting on. I have tried to show you a little bit of how I think. I am not a politician. I am not a businessman. I am not an economist. I am a physiologist who is thinking about what I see is going on and trying to do what little I can to help. I thought it was **only fair** to try to show some of the ideas which made me interested in the creative enterprises and industry, so that you will understand what my motives are and how I think about it. I would also like to tell you the inspiration I had from my study of Sun Yat-sen. I have deep admiration for the way he thought. He has been a great help to me. I feel very humble about not having prepared a careful speech for this distinguished audience, but I did not have time, so I have simply let my hair down and spoken from the heart to you. I hope that what I had to say will make us better friends, able to support one another in a mutual effort to save the free world.

\* \* \* \* \*