

BUILDING THE MODERN WORLD:
MORRISON-KNUDSEN CONSTRUCTION COMPANY

by

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ABSTRACT

After working on construction projects in Boise, Idaho, Morris Hans Knudsen and Harry Morrison combined their resources and skills to form Morrison-Knudsen Company (M-K) in 1912. The two of them built a world-class construction and engineering company that, at one time, was the industry leader in their field. Their success relied upon fast, cost-effective, construction and an uncanny ability to match their company's mission to the goals of U.S. foreign and domestic policy. When Harry Morrison moved to the position of president in 1939, he took M-K international by presenting his company as the deliverer of modernization to the developing world. Afghanistan was the most prominent, and toughest, experiment in U.S. efforts to aid a foreign country's development and M-K was the contractor. When the U.S. committed to defending the Republic of South Vietnam against Ho Chi Minh, M-K was there to provide construction services, without wasting the military's time or money. By 1979, U.S. foreign policy failed to deliver peaceful allies in Afghanistan or Vietnam and M-K once again needed to shift its priorities. Without strong leadership, and because of difficult economic times for M-K, the company failed to produce a new cohesive mission and was sold to another company by the late 1990s.

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LIST OF ABBREVIATIONS

GAO	Government Accountability Office
HVA	Helmand Valley Authority
IECo	International Engineering Company
M-K	Morrison-Knudsen
RMK-BRJ	Raymond International, Morrison-Knudsen, Brown and Root, Johnson International
PNAB	Pacific Naval Air Base
NAVFAC	United States Naval Facilities Engineering Command
URS	United Research Services
USAID	United States Agency for International Development

INTRODUCTION

In the lucrative yet inconsistent world of government contracting, revenue is not always guaranteed. The Federal bureaucracies send out calls for bids for many different projects and private contractors compete for the business. One company that responded to these calls was Morrison-Knudsen (M-K) Construction Company of Boise, Idaho.¹ From 1912 to 1996, M-K was primarily funded through contracts awarded by the U.S. government. For nearly five decades, under the direction of Harry Morrison, M-K's mission closely followed the goals of the Cold War and M-K did well. By the 1970's, when global energy shortages and Cold War detente left M-K without a clear direction, M-K over-diversified, leading to roller coaster years and talks of defaults by the 1990s. It is clear Morrison-Knudsen's financial success was closely tied to its ability to shape the company's mission to U.S. domestic and foreign policy.

From pump houses for the U.S. Bureau of Reclamation to entire airbases in foreign countries for the U.S. Department of Defense, M-K built a reputation as a reliable private contractor federal departments could trust to get the job done quickly and under budget. M-K executives like Harry Morrison had a keen sense of what each White House administration valued, and where the appropriations might land — especially during the nation-building years of the Cold War. M-K would remind its client (the U.S. State

¹ Many sources use the abbreviation “MK,” however most company literature used “M-K.”

Department) that the company helped build the American West. M-K advertisements touted a belief that what was done in the deserts of Nevada, Idaho, and Utah could be recreated in Afghanistan, Algeria, and Iran. Years later during the Vietnam conflict, M-K emphasized its experience with wartime contracting during the Second World War as evidence of its trustworthiness and efficiency.

By the late 1970s, M-K started losing its cohesive message, while at the same time the price of heavy construction drastically increased and federal funding for infrastructure dried up. M-K saw competition in the developing world from construction companies they once hired as subcontractors. Even the Idaho Senator Frank Church, chair of the Foreign Relations Committee, argued against nation building in the 1970s. M-K abandoned its international construction dreams and focused on other avenues of business.

By the 1980s, Morrison-Knudsen Corporation was a much different company from the heavy construction giant its founders made a generation earlier. M-K shifted to domestic and foreign diversification, including mass transit, resource extraction, residential property development, and locomotive manufacturing. Not all of these branches of M-K were equally successful; M-K executives struggled to keep all the plates spinning. In 1988, the M-K board made board member William Agee CEO of the company. Under Agee's direction M-K chose to emphasize its locomotive manufacturing and expand its mass transit arm of business. In an interview with *Forbes Magazine*, Agee said he predicted a demand for mass transit in America and M-K was going to build it. This venture did not pan out as well as anybody at M-K hoped. The company saw record losses and the board fired Agee in 1995 and sold the company in 1996.

Morrison-Knudsen stands alongside a host of 20th century businesses that commercialized the world's resources to an extent that remains with us today. During the Cold War, M-K took advantage of U.S. Government programs to develop infrastructure in countries that bordered the Soviet Union. Directly after WWII, M-K engineers saw the success in closing the American Western frontier in Idaho, Nevada, and California as proof that their work could improve life in similar deserts like those in Afghanistan, Iran, and Algeria. The company promoted itself as the facilitator of progress to countries desiring modernization. After a couple decades of building both civil and defense infrastructure throughout the world, M-K won a shared contract to lead construction in Vietnam for the U.S. Navy. While M-K executives did want to modernize their client countries, the ultimate goal for the company was a positive return on investment.

Understanding the history of Morrison-Knudsen Company requires a solid grasp of American foreign policy throughout the Cold War. Most international projects had a direct relationship with policies set in Washington. It also requires a basic understanding of the heavy construction industry, civil engineering, and the American capitalist enterprise. With such a diverse field, it is no wonder few have ever attempted to tell the story of M-K. Historians often entwine American foreign policy with other geo-political issues, be it the Cold War, foreign aid, the environment, or other topics, but rarely do they include both American corporate and governmental aspirations. The history of civil engineering is also typically incorporated into other topics like economic development or historic transformations of landscapes. Some of the histories that crossed fields were absolutely essential to the groundwork of this Morrison-Knudsen narrative.

Vernon W. Ruttan's *United States Development Assistance Policy* covers the domestic politics that affected U.S. assistance programs and shows how intellectual forces like doctrine and ideology shaped policy. Ruttan's work is dense with dates, names, and events important to the evolution of assistance programs — it is as close to a comprehensive history of the Agency for International Development as one can get. Like many authors on this topic, Ruttan is regrettably silent about the corporate contractors involved in assistance programs; he instead focuses on the government agencies and the actors in Washington D.C. Companies like Morrison-Knudsen were often right in the middle of the supply line of federal monies and the third-world recipients, and thus crucial to a complete understanding of international assistance.

The best way to study the importance of American international heavy construction is to focus on the specific client countries. There are many country-specific histories of development that include brief mentions of M-K. Anthropologist and Afghanistan analyst Louis Dupree spotted issues with the American modernization program specific to Afghanistan in the late 1960s and early 1970s. In his book simply titled *Afghanistan*, Dupree covers any topic a curious diplomat or U.S. State department worker may need to know about the country — including the author's analysis of the U.S. irrigation project in the Helmand Valley.² Dupree's twenty years of research on Afghanistan emphasizes the cultural, religious, and geographic issues that shape the Afghans and his work is still considered an authority on pre-1979 Afghan-American

² The Helmand Valley water project was started by Morrison-Knudsen in the 1940s, but taken over by U.S. State Department in 1959. The issues of salinization and water evaporation are covered in many government reports and summarized by several authors. (See chapter two.)

relations.³ Dupree does mention M-K as the contractor on-site, but does not comment on its relationship with the American financiers. Dupree's work, while still valid, is dated, and therefore of limited use. Online access to recently declassified and indexed government reports sheds more light on American plans for modernization in Afghanistan and need to be considered in current studies of the country.

Two other authors bring insight into the subject. Rajiv Chandrasekaran, a journalist for the *Washington Post*, studied Morrison-Knudsen's involvement in Afghanistan and included a chapter on its work in his book *Little America: The War Within the War for Afghanistan*. Chandrasekaran's work is an update to Dupree's analysis, with many of the same conclusions. One major difference, however, is that *Little America's* primary focus is the recent war in Afghanistan and Chandrasekaran only uses the M-K story for a contextual backdrop to his main argument.⁴ On a similar theme, but focused on a different geographical region, is author David Biggs's study of documents the struggle to modernize Vietnam in *Quagmire: Nation-Building and Nature in the Mekong Delta*. Like Louis Dupree's study of Afghanistan, *Quagmire* emphasizes the geographical and cultural problems faced by outside forces when attempting to build a modern society in a harsh environment.⁵ Biggs does mention M-K involvement in Vietnam, but again only in passing.

³ For specific resources on the topic of M-K in Afghanistan see Louis Dupree. 1973. *Afghanistan*. (Princeton: University of Princeton Press), 459.

⁴ Rajiv Chandrasekaran. 2012. *Little America: the war within the war for Afghanistan*. (New York: Knopf).

⁵ David Biggs. 2010. *Quagmire: Nation-Building and Nature in the Mekong Delta*. (Seattle: University of Washington Press).

All three authors - Dupree, Chandrasekaran, and Biggs - point to a cultural misunderstanding on the part of U.S. foreign assistance workers and federal agents. Their books are valuable for understanding current conclusions about the impact of American foreign policy during the Cold War in countries at risk of communist take over. Furthermore they echo a narrative of American goals to modernize and westernize economies and cultures that are distinctly non-western. Sadly, these authors generally begin their analysis with American plans for the developing nations, skip the middleman (companies like Morrison-Knudsen) and jump straight to the outcomes of the infrastructure projects and how the people reacted to the development. American private contractors were paid to do a job, they did it, and the client countries reacted. For many historians, the important parts of this story are the payment and the reaction, not the job or how it was completed. By their lack of interest in the topic, these historians might assume general contractors are all the same, or that they have no agency in American foreign policy. Both assumptions may have some truth to them, but are not entirely correct.

By studying Morrison-Knudsen's involvement in the Cold War, we see it had its own mission while working for the U.S. government. M-K's ability to complete a job on time, under budget, and without waste was not consistent and varied quite a bit depending on a variety of factors. These elements of international relations need additional research to discover just how much American private contractors affected U.S. relations with the countries they tried to modernize and how those corporations used U.S. policy to stay in business. It is a relatively small factor in the entire scope of the history of U.S. foreign policy and international assistance, but for many foreign nationals, companies like

Morrison-Knudsen were the most prominent symbols of American presence in their country.

While its international work is mostly ignored by historians, Morrison-Knudsen's impact on American domestic policy is relatively well documented and researched. Jessica B. Teisch in *Engineering Nature* and Peter Wiley and Robert Gottlieb's *Empires in the Sun* are critical and analytical histories of the story of the development of the American West. These three authors investigate the various factors of engineering and development in the American West and show the importance of capitalist enterprise to the human effort to transform nature. By neglecting the mission of the heavy construction companies, however, these authors missed a crucial element to the history of American development. The same is true for historians that focused on the impact of U.S. Cold War foreign policy and modernization.

Many aspects of M-K interactions with governmental domestic policy are covered in thematic books that cover topics about heavy construction. Donald E. Wolf's *Big Dams and Other Dreams* frames American western development as a struggle between engineers, nature and politics.⁶ Wolf includes M-K in the history of western development and focuses on the history of the big heavy construction companies. Wolf focuses on the social aspect of construction work and avoids any questions of environmental or social damage done by civil engineering. Instead, Wolf highlights the challenges surmounted in building an infrastructure that is now relied upon. The American Society of Civil Engineering published two books on the same topic of *Big Dams*, including *The*

⁶ Donald E. Wolf. *Big Dams and Other Dreams: The Six Companies story*. (Norman: University of Oklahoma Press), 1996.

American Civil Engineer 1852-2002 and *American Civil Engineering History: The Pioneering Years*.⁷ These books also highlight the innovations of modern society and how those innovations are directly related to the applied science of civil engineering.⁸ Morrison-Knudsen's marketing publications used similar images of civil engineers as pioneers in an overall effort to win contracts.

The closest example of authors attempting to show how construction companies involved themselves with U.S. Cold War foreign policy is Neill Compton Wilson and Frank J. Taylor's *Earth Changers*. These authors combine Cold War history with American international civil engineering. They implicitly point out the connection between the development of the American West and the expansion of modernization throughout the world: "In 1944 the Afghan ruler decided to do something about the food supply. He instructed his minister in Washington to ask the U.S. to send a consulting engineer and appropriate advice. The consultants...had bossed the designing of Hoover Dam and innumerable U.S. works before and since."⁹ *The Earth Changers* holds an optimistic view of the future of international business, from the oil-rich Saudi Arabian peninsula to the iron ore mines in Australia, American engineers provided services as experts in development.¹⁰ *Earth Changers* was published in 1957 and is hardly an

⁷ William H. Wisely, edited by Virginia Fairweather. 2002. *The American Civil Engineer 1852-2002: The History, Traditions, and Development of the American Society of Civil Engineers*. (Reston, Virginia: American Society of Civil Engineers).

⁸ Multiple Editors. *American Civil Engineering History: The Pioneering Years*. 2002 (Reston, Virginia: American Society of Engineers).

⁹ Neill C. Wilson and Frank J. 1957. *Earth Changers*. (Garden City, N.Y.: Doubleday), 125.

¹⁰ For an excellent example of this optimistic view see the end of the chapter titled "Rubbing Aladdin's Oily Lamp." Wilson and Taylor. *Earth Changers*, 145.

objective perspective of these construction crews. It assumes that construction companies and federal policy are in tune and are progressing mankind into the future. It is no wonder that copies of the book are found in the personal libraries of some M-K executives.¹¹ It is one of only a few books written during M-K's prime that are from an outsider's perspective and give significant coverage of its work.

The high praise of American contractors in *The Earth Changers* was accompanied by other works in the 1950s and early 1960s that also affirmed the United States' role as international developer. Foreign policy officials, especially in the Kennedy administration, widely read W.W. Rostow's *The Process of Economic Growth* and Max Millikan, *The Emerging Nations: their growth and United States policy*.¹² This group of social scientists and economists created a modernization ideology that argued that civilization developed along a linear progression, or as Rostow stated:

These rates of change may in turn be regarded as resulting from the interplay of certain technical yields and the effective strength of the following propensities, as they operate through the existing economic, social, and political institutions in the society: the propensity to develop pure science; the propensity to apply science to the economy; the propensity to accept the possibilities of innovation; the propensity to seek material advice; the propensity to consume; the propensity to have children.¹³

In *Modernization as Ideology*, Michael E. Latham describes the way economists like Rostow influenced the Kennedy administration with modernization theory. Latham's

¹¹ The author found copies of *Earth Changers* in the personal collections of James McClary and Lyman D. Wilbur at Boise State University Library, Special Collections and Archives.

¹² This point is made in Michael E. Latham. 2000. *Modernization as Ideology*. (Chapel Hill: University of North Carolina Press), 57.

¹³ Rostow. *The Process of Economic Growth*, 70.

focus was on the discussion of modernization in government policies and military efforts, but the focus of this thesis will be on the civilian company Morrison-Knudsen, which took advantage of Cold War doctrine to win contracts to modernize developing countries. Michael Latham explains that in the Kennedy Era, Rostow's idea of a linear progression of society justified international development projects.¹⁴ Companies like Morrison-Knudsen used modernization ideology throughout the 1950s and 1960s to describe the efforts of companies like theirs as they worked on developing the economies of countries like Afghanistan and Vietnam. This thesis will draw from this analysis to show how M-K literature, and outside sources, viewed the company's involvement in these countries.

One reason authors have not included Morrison-Knudsen in American 20th century history is because the primary sources for the company history are not well documented, not least because the company purged many of its records after 1996 when Dennis Washington bought the company. Before then, in the 1980s, M-K commissioned a corporate history. It hired Boise State University historian Dr. Glen Barrett to write the history, but the company never published his work.¹⁵ Barrett's manuscript *To Build To Build* is wide ranging and covers many aspects of M-K history. By taking such a broad approach to the company's history, Barrett's work is brief on some of the details of specific projects, hardly mentioning exactly what M-K accomplished or its shortcomings. M-K's work included thousands of contracts in seventy one countries, and its domestic work spanned most of the United States. Barrett was able to provide an overview of this history of projects, but *To Build To Build* lacks the distance required,

¹⁴ Michael Latham, *Modernization as Ideology*, 214-215.

¹⁵ Glen Barrett, 1980. *To Build To Build: A history of Morrison-Knudsen Company, Inc.* (Boise, Idaho: s.n.). One copy is available at the Boise State University Library.

both in time and in relationship to M-K, to broaden the understanding of the company's involvement in U.S. policy.

Another author, Ann Daly Morrison, wife of Harry Morrison and early investor in the company, kept a daily diary of her travels around the world surveying job sites and meeting with government officials.¹⁶ Morrison's diary is on the other end of the spectrum from Glenn Barrett's history. Her diary includes poignant remarks and attitudes by herself and her husband. Readers will sense the uncertainty Ann had for the outcome of the company in its early years. These entries are very important for understanding why Harry Morrison focused on government contracts. These two primary sources and the company newsletter, called the *EmKayan*, are important chronicles of the company.

With many resources now publicly available for research, the time is right for the inclusion of M-K in the analysis of American capitalist enterprise. With thousands of contracts and nearly 90 years of business, there are too many narratives for a single monograph, but by focusing on a few specific projects we can gain a better understanding of how the company operated. In the early years, Harry Morrison and Morris Knudsen used their in combined skills in winning contracts and managing construction crews to skirt through some slow years of growth. The company went on to shape its mission towards trends in U.S. domestic and foreign policy to win contracts. Many took notice when Harry Morrison led the Hoover Dam construction project. M-K continued to seek some of the biggest government funded infrastructure projects of the 20th century — both domestic and international.

¹⁶ Ann Morrison, 1951. *Those Were the Days, Diary of Ann Morrison*, (Boise, Idaho: EmKayan Press).

One of M-K's earliest and most symbolic international projects was a modernization program in Afghanistan. It was there that M-K bought and sold the idea of an American style global future, with modern infrastructure fueling industry and enterprise. When American foreign policy shifted to Southeast Asia in the 1960s, M-K followed the trend and joined other contractors on one of the most expensive military construction jobs ever. The outcome of the Vietnam War, along with some other blows to American foreign relations in the late 1970s, indicated to M-K that it needed to refocus its mission. Unfortunately for the company's future, the leadership disagreed exactly on what the new focus should be, leading to some rollercoaster years. This financial disaster overshadowed the history of M-K and the company's success during the Cold War, was lost to the gravity of the more recent financial situation. Now, with some distance, historians can analyze M-K's pinnacle of efficiency; both its roots in Cold War doctrine and effects on the world's infrastructure.

CHAPTER ONE: M-K'S ORIGINS IN THE AMERICAN WEST

Building up the American West was the catalyst that started a century of rapid industrialization. The remoteness of places like Boise, Idaho, made the American West a difficult place to start a business in 1912. Located between the Boise River and foothills that expand to a vast network of mountain ranges in the Intermountain West, Boise lacked a main railroad line, navigable river, or port.¹⁷ With few natural resources to speak of, Boise started as a trading place for Idaho miners looking for food and shelter in the late 19th century. As more money from mining claims flowed into the city, agriculture and services created a small sustainable business environment, but the region lacked a manufacturing market. As Boise entered the 20th century, the farmers looked for protection from floods and more sustainable water sources. Boise capitalists had an opportunity for growth with assistance from the United States Reclamation Service. At first, farmers dug their own irrigation ditches, but federal assistance attracted entrepreneurs and an entire industry of public works construction sprouted in the Boise Valley.¹⁸

¹⁷ The Union Pacific railroad originally did not go through Boise and was only extended to the Boise Bench in the 1920s, but still did not go through downtown Boise. Trains had to back into downtown Boise through a spur.

¹⁸ Patricia Nelson Limerick in *Legacy of Conquest* emphasizes the role of economy to the settling of the frontier. Limerick's view of the settlement of the frontier provides insight to the motivations of M-K a generation later. The key to understanding M-K's motivations and progress through international business is an application of Limerick's argument of resource exploitation and a sheer business mentality. Patricia Nelson

Morris Hans Knudsen was one such entrepreneur. Born in Denmark in 1862, Knudsen moved to the United States with his family when he was a child. He grew up in Nebraska, working on a farm. He learned how to grade earth using teams of horses and Fresno scrapers.¹⁹ With that experience he moved to Boise in 1905, looking for work excavating ditches and grading roads for public works projects. While doing jobs for the Reclamation Service, Knudsen met Harry Morrison, a young man about half his age.

Harry Morrison was born in 1885 in Illinois. Morrison also grew up on a farm, but found a job with a construction company at the age of 15. He was a water-boy for Bates and Rogers Railroad Company of Chicago.²⁰ That company offered him a chance to work in Idaho on an irrigation project in the town of Minidoka, working as an office aid. He took the job, but was fired from Bates and Rogers shortly after arriving. Morrison decided to stay in Idaho. He moved to Boise and got a job with the Reclamation Service as a concrete inspector. At some point between 1906 and 1911, he approached Knudsen with the proposition of starting a construction business. Knudsen agreed and in 1912 they started looking for work. Knudsen had the equipment and construction experience. Morrison had the enthusiasm and drive to look for jobs.

The named their company Morrison-Knudsen and started operations with an irrigation pumping station on the Snake River. The project resulted in the company losing money. Morrison said he learned a new philosophy from that experience: "If you're

Limerick, 1987. *Legacy of Conquest: The Unbroken Past of the American West*. (New York: Norton), 202-204.

¹⁹ Barrett, *To Build To Build*, 9.

²⁰ "That Damned Kid," a story in the Harry Morrison Collection, MSS 279, box 1. This information is in Barrett's book as well.

losing on one job, take your loss, finish it on schedule, and make it up on others, making damn sure you have others."²¹ Finding more work was a skill Morrison had. From very humble beginnings, and little early success, Harry and Morris worked on small and medium sized public works projects throughout Idaho, Eastern Oregon, and Utah throughout the 1910s and 1920s. Around this time, Harry met Ann Daly from Boise. Ann lived next door to Harry's sister Edna Allen. They were married on December 12, 1914. From the very start, Ann threw herself into the company, joining Harry at the campsites. She continued this throughout her life by traveling internationally with her husband on business trips. She also kept a detailed diary that is now a crucial part of the chronicle of company history.

²¹ Susan Stacy. 1992. *Harry Morrison: A Portrait*, (Boise: Morrison Foundation) 7.



Picture 1. Ann and Harry Morrison at a construction camp near Cascade, Idaho, circa 1920. Harry and Ann Morrison Collection. Boise State University Albertsons Library, Special Collections and Archives. MSS 205. All photos used with permission.

In 1913 Harry and Morris worked on an irrigation job for the Crane Falls Power and Irrigation Company, which was building a canal system for Nampa, Idaho.²² Some of their more significant projects included the Davis Estate Drainage Canal near today's Julia Davis Park in Boise. This project required Harry Morrison to purchase the company's first dragline excavator in 1921. Even though the price was very high for his small company, Morrison believed technology could keep his company competitive.²³

²² "Lawyers Get a Large Fee," *Idaho Statesman* (August 16, 1913): 3.

²³ Morrison, *Those Were the Days*. 71.

The company also gained fame by blasting a granite mountainside for an eight mile road from the Payette River to Garden Valley. The *Idaho Statesman* called the road “one of the prettiest and most difficult pieces of road construction in the state.”²⁴ Shortly after that project, Morrison-Knudsen (M-K) went to Utah to build canals for the Department of the Interior.²⁵

Innovations in the Construction Industry

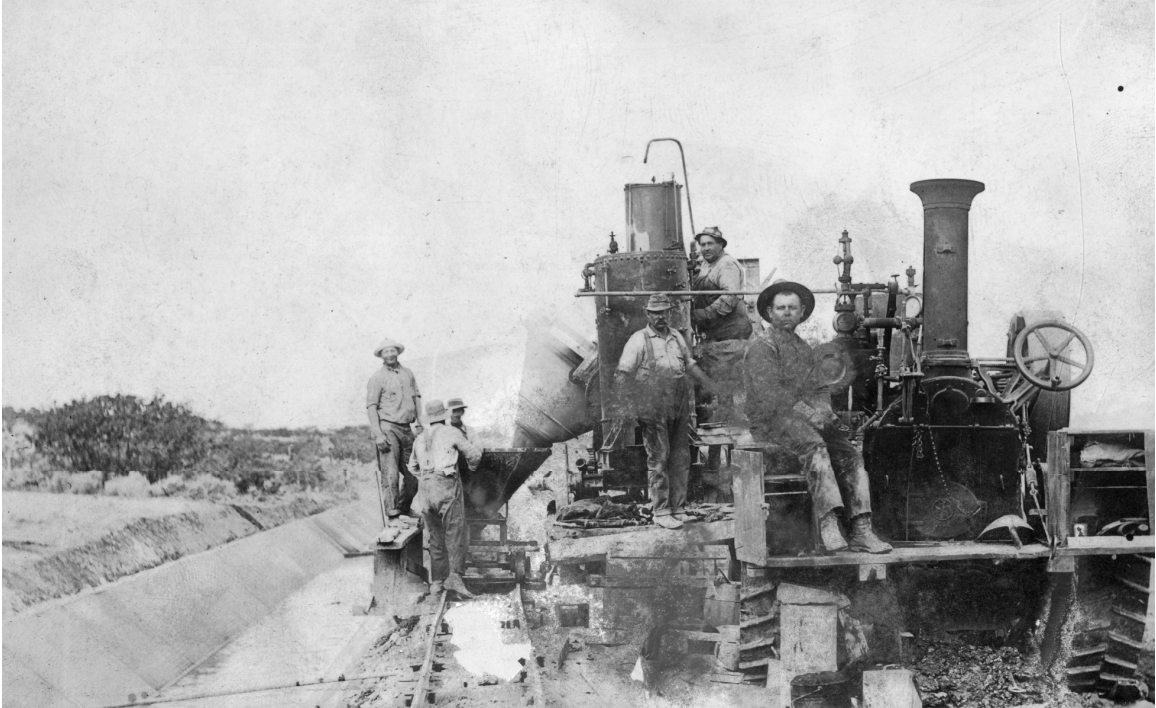
From very early on, Harry Morrison valued technology. In 1921 Harry made his first large investment in heavy equipment by purchasing a steam shovel. Ann Morrison noted in her diary that this purchase was very risky, but Harry’s mind was made up.²⁶ Part of the success of M-K came from innovation. When Harry Morrison and Morris Knudsen started their construction company, the primary tools were horse-drawn metal scrapers, wheelbarrows, and shovels. These were the same tools used for digging irrigation channels for hundreds of years. While on the job, project managers encouraged workers to share new ideas to make jobs faster and more efficient.²⁷ Engineers, too, drafted new ways to complete projects. For M-K, this collaborative process led to the design and implementation of new machines, custom made for each project. In the 1920s, M-K experimented with railroad tracks placed alongside the route of irrigation ditches. Wooden cranes and metal buckets mounted to rudimentary rail carts provided workers with a mobile concrete placing machine.

²⁴ “Large Contract in Utah Given to Boise Firm,” *Idaho Statesman* (June 8, 1915): 6.

²⁵ *Ibid.*

²⁶ Morrison, *Those Were The Days*. 71.

²⁷ City of Boise Arts and History Department Oral History Project. C.W. Smilie Anderson interview with Jim Duran. December 1, 2011.



Picture 2. M-K crew using mechanization to line a canal with concrete, circa 1915. The man in center with suspenders and white shirt may be Morris Knudsen. Boise State University Albertsons Library, Special Collections and Archives. MSS 279

Such machines were later used throughout the West to quickly build long lasting canals to irrigate the semiarid land. M-K continued to use and experiment with automated construction devices like robotic welding machines for victory ships in WWII, and paving rigs for airstrips in Vietnam. Nowhere was the narrative of innovation more prevalent for M-K than its work on the Hoover Dam project.

The Boulder Canyon Dam, later renamed Hoover Dam, was the largest federal project ever awarded to American contractors. The cost was substantial. One of M-K's best innovators in the late 1920s was Frank Crowe. Morrison picked Crowe to manage the bid for the Boulder Canyon project in 1930. Crowe was responsible for estimating how much the project would cost the contractors to build and how much the companies should bid. Crowe of course had help. Before the era of number crunching computers, all

estimates were done with charts and tables listing the cost of various building materials and teams of cost engineers who anticipated the price of everything from nails to job supervisors. Part of M-K's success came from using these cost estimators to accurately bid on jobs, although they sometimes underbid jobs with costly ramifications.²⁸

Project Funding and Government Support

M-K relied on government funding for most of its projects. Heavy construction is, by sheer size, mostly a public enterprise; few private corporations or individuals could afford the massive price tag.²⁹ While M-K required close and friendly relations with public officials to conduct business, they also had to keep their distance to withstand public scrutiny. M-K executives walked a fine line when dealing with the U.S. government. Public works were the lifeblood of the company, but government spending was always a touchy subject for these fiscally conservative men. Nearly every M-K president spoke against federal waste and increased taxes. They saw higher taxes and labor regulations as threats to profit margins and efficient business. They encouraged their employees to see the dangers in supporting candidates that would increase taxes or regulations.³⁰ Executives encouraged privatization when it was available. One of the biggest examples came in the 1950s when Harry Morrison favored private ownership

²⁸ Lyman Wilbur discusses the importance of cost estimating in an interview with Morrison-Knudsen "Old Timers Reminisce – 3," accessed at the URS records center.

²⁹ The major exception to this is energy companies like Shell, or Exxon, Idaho Power, which M-K also worked for on occasion.

³⁰ Throughout the *EmKayan* magazine are examples of discouragement of government spending and regulations.

over public on a massive hydropower project in Idaho's Hells Canyon.³¹ Many executives of M-K tended to be Republican over Democratic and favored Republican policies.³² Even so, the company relied on public spending, no matter the political origins, for a majority of its projects, as was the case during the Great Depression when M-K bid on the Boulder Canyon Dam.

Morrison thrived on massive projects like Boulder Canyon. Civil engineers planned the Boulder Canyon dam many years before construction ever started. While the plans were there, the problem was funding. President Hoover's Secretary of the Interior Ray Lyman Wilbur found funding for the project by making water and power supply to Los Angeles a primary goal of the project. The Boulder Canyon Dam gained enough monetary backing from California to submit plans for the project to the federal government.³³ Congress signed on to the project and plans for the job were released to the public and the Bureau of Reclamation accepted bids in January 1931. Bidders had to post a \$2 million bid bond, and if they won the contract, a \$5 million performance bond.³⁴ Morrison joined forces with Utah Construction Company, Bechtel of San Francisco, and other contractors to pool enough capital to submit a bid. Crowe's estimate for the job was

³¹ "Morrison-Knudsen Construction Inc." *EmKayan*, (June, 1966): 2.

³² Morrison's political commentary was mentioned above. Lyman Wilbur acknowledges his political affiliations in an interview transcribed in his collection at Boise State University (MSS 205). James McClary was an active supporter of the Idaho Republican Party (MSS 278).

³³ Stevens, Joseph E. *Hoover Dam: an American adventure*. (Norman: University of Oklahoma Press, 1988), 32. Stevens also mentions the naming controversy. Wilbur followed an "executive fiat" during an early ceremony and called the dam "Hoover." Many Americans opposed naming the dam after the unpopular president, and stuck with Boulder Dam until 1947, when it was officially named Hoover Dam, 33.

³⁴ Stevens, 34.

\$48,890,990. If his estimate was the lowest, the Six Companies, as they called themselves, could win the contract. If the bid was too low, the project would not pay for itself and could bankrupt each company.³⁵

Some of the bids for Boulder were ludicrous. One simply offered to build the dam for eighty thousand dollars less than the lowest bidder; another made the error of stating the job was in New Mexico, not Arizona and Nevada. Of the two other legitimate bids, one bid quoted the project at \$59 million and another for \$53.9 million. Crowe's was the lowest by \$5 million.³⁶ The Six Companies won the contract and began construction right away. Some questioned if such a large group of companies could work together on a single project.³⁷

The Six Companies did work fairly well together. Each company recommended the best individuals for various operations and Las Vegas offered a large pool of job seekers for the majority of the work. All company executives were active in the management of the project. In one case, W.A. Bechtel pointed out some drivers that "should be shot before breakfast, judging from their demeanor." Bechtel requested they be replaced with some drivers he knew.³⁸ Creating a collaborative environment for the six groups was difficult, but they did find a way to work together. Crowe was made project manager. Raymond Wilbur, the Secretary of the Interior and overseer of the construction

³⁵ See Wolf, *Big Dams and Other Dreams*. 17.

³⁶ Wolf, 17.

³⁷ Stevens, 42.

³⁸ Letter from Bechtel to Mr. Si Bous, November 28th, 1931. URS Records Center. Box 116670.

project, commissioned the creation of Boulder City, a planned community just for the construction project.

The Boulder Canyon Dam required massive amounts of concrete placed in very little time. To finish, the project workers had to increase the height of the dam 4.7 inches a day to build the 726-foot dam in five years.³⁹ The joint venture was a success, both in terms of a project completed and as reclamation. The completion of the dam set the industry's standard for future international construction projects. M-K specifically earned a reputation of finishing projects on time; the Boulder Canyon project finished two years ahead of schedule.

The Hoover Dam, as it was later called, had a substantial impact on the direction of Morrison-Knudsen. Harry Morrison in particular saw the value in pursuing massive dam construction projects. Later on, he would encourage his vice presidents to bid on dams and Morrison would take extra care of such projects. One vice president thought Morrison wanted these jobs because of the prestige.⁴⁰ From the social perspective, it may be difficult to see the impact of a highway, airport, or power grid; cars, planes and electricity come and go in streams so it is hard to visualize their importance. Dams and reservoirs have permanent visual significance. The water behind a dam is there because

³⁹ United States Bureau of Reclamation. *Boulder Canyon Project Final Reports: Cooling of Concrete Dams*. (Denver CO: United States Department of the Interior) 1949, 3.

⁴⁰ Lyman Wilbur interview with Susan Stacy, 1992, see "Harry W. Morrison, A Portrait." (Boise, Idaho: The Harry Morrison Foundation), 9.

of human engineering and that resource can be easily quantified. As one promotion proclaimed, water storage is like dollars in a bank.⁴¹

The Hoover Dam project was so big that it required several rivaling companies to pool resources. This joint venture for construction companies became a new standard for M-K. Heavy construction can be very risky—not just for the workers, but also for the company. Harry Morrison proved his company could lead multi-million dollar projects, finish on time and perhaps even under budget. The size of such projects was mind-boggling. Bringing in extra help, not only for labor but also for collateral, was the only way to build these massive structures the civil engineers designed. The joint venture allowed civil engineers to dream of even larger projects, which they continued to do throughout the 20th century.

As the builders of the Hoover Dam, M-K was in an ideal position at the start of World War II. Not only did the company grow in size, but also in experience dealing with federal bidding and contractor work, which was a crucial background when working with military jobs. During the war, M-K still won and completed some civilian contracts, like the Norfolk Dam in Arkansas, but most personnel and equipment was shifted to the war effort.⁴² The Production Requirement Plan and the War Productions Board limited the trade and civilian accessibility of many resources required for construction. Winning contracts for the military would alleviate any slump in the civilian market caused by the

⁴¹ *The Valleys of Tomorrow*, published by Southwest Idaho Water Conservation Project. 1940 p.3. Accessed in Susan Stacy, *When the River Rises: Flood Control on the Boise River 1943-1985*. (Boulder CO: University of Colorado) 1993, 25.

⁴² Norfolk was the fifth largest American dam at the time. The project was a joint venture with several companies that also built Hoover. “Norfolk Dam,” *EmKayen* (May 1942): 10.

war.⁴³ Morrison focused on two construction fields he thought M-K had a chance to win: airfields in the Pacific and ship building along the West Coast.

The Department of the Navy's Bureau of Yards and Docks and its Civil Engineering Corps was responsible for military construction in the Pacific Theater. The Navy's engineers designed and planned construction projects for the Pacific theater and the Bureau of Yards and Docks administered the construction projects. As early as 1934, treaties with London required the Navy to considerably increase its budget for shipbuilding and shore stations. By 1939, with the start of fighting in Europe, M-K and other members of the Six Companies took center stage as private military contractors and were awarded jobs for Navy construction in the American West.

Congress approved cost-plus-a-fixed-fee (CPFF) contracts for outlying bases and later for work inside the United States. Under CPFF contracts, Navy engineers could potentially order the construction of buildings even before engineers finished the specifications.⁴⁴ CPFF contracts benefited the construction companies because the government covered the expenses for their work, thus eliminating the risk of bidding too low and losing money on the job. But CPFF contracts did have a negative aspect for the Navy, since the contractors did not pay for the cost of the project, the Navy had to monitor work-site waste and make sure the contractors adhered to the timetables. Under a government CPFF contract, the Government Accountability Office (GAO) sometimes held civilian contractors accountable for fraud and waste, but M-K did not have many

⁴³ E.W. Rising, "Changing World," *Emkayan* (May 1942): 18.

⁴⁴ David Woodbury, Lili Réthi, and Louis H. Ruyl. *Builders for Battle, How the Pacific Naval Air Bases were constructed*. (New York: Dutton and Company Inc., 1946), 77.

issues with the GAO during WWII, in comparison to itself and other contractors in other wars.

Military buildup in the U.S. during the Second World War was extraordinary. The United States' west coast buzzed with shipbuilding projects. Washington ordered the Navy to prepare for war on two oceans, the Atlantic and the Pacific, that required many ships. Harry Morrison melded many of his company's operations with other western firms for building cargo ships in Portland, Oregon, and San Francisco, California.⁴⁵ Near Portland the Oregon Shipbuilding Corporation built Liberty Ships in as little as 46 days per ship.⁴⁶ These ships were "the workhorse of the merchant fleet."⁴⁷ Such speed in production resulted in some quality concerns, but the need for Liberty Ships outweighed any safety concerns.

The shock of the Japanese attack on Pearl Harbor and Germany's speed in occupying France and Poland no doubt motivated both private companies and federal agents alike to increase efficiency and the outcome of these military construction projects. Months after the 46-day record set by Oregon Shipbuilding, the same company launched another Liberty freighter in just 10 days. While only 87 percent completed when launched, the ship was operational. The building process had been mechanized with automated welding machines.⁴⁸ M-K workers during this time endured long hours, reduced pay, and in some cases even risked their lives for the war effort. While the pace

⁴⁵ Wolf, *Big Dams*, 106.

⁴⁶ Their average was 60 days per ship. "Building Liberty Ships in 46 Days." *Engineering and News Record*, (July 16, 1942): 63.

⁴⁷ Wolf, *Big Dams*, 110.

⁴⁸ "Kaiser yard sets ten day shipbuilding record," *Engineering and News Record* (October 1, 1942), 3.

did slow after the war, the experience stayed with the workers. The long hours, travel requirements, and cultural sensitiveness required in the service translated well for an international construction worker — a point that M-K literature pointed out on occasion.⁴⁹

M-K was not just limited to in-country projects; they also went throughout the Pacific pursuing Navy contracts. In July 1939, Morrison went to Washington D.C. to bid for the Navy Department's plan for bases on strategic islands in the Pacific. The contract included projects on Pearl Harbor, Oahu, and Palmyra. M-K lost the bid to Turner Construction Company of New York, who offered the Navy a much more detailed plan than Morrison.⁵⁰ Turner Construction went to work right away on the bases, under the new name Pacific Naval Air Base group (PNAB), but found difficulty working in such a harsh environment. It took all their effort to stay on schedule, while dealing with vast distances, jungle environment, and looming Japanese threats.⁵¹

A year later, Congress increased the base requirement to include islands even closer to Japan: Wake Island, Samoa, Guam, and later Cavite in the Philippines. The Turner group, stretched to its limits, required additional companies for the job. The PNAB group turned to Harry Morrison, and others, for help.⁵² The military assigned Morrison's company construction projects in Pearl Harbor, Midway, and Wake Island. One of the biggest tasks for M-K involved constructing underground storage tanks for

⁴⁹ Paul Jones, an M-K worker in Afghanistan in the 1950s makes this connection in his book *Afghanistan Venture*.

⁵⁰ Wolf, *Big Dams*, 128.

⁵¹ *Ibid.*

⁵² United States. Bureau of Yards and Docks. 1947 "Building the Navy's Bases in World War II." (Washington, U.S. Govt. Print Office). 115.

fuel at the base in Pearl Harbor. These replaced vulnerable above ground storage tanks.⁵³ M-K workers gained valuable skills in logistics while spread throughout the West and in the Pacific.

One such M-K employee had an easy transition for civilian work to military contracts. James McClary, a Boise native and nephew of Ann Morrison, grew up around the M-K Company. After earning an engineering degree from Stanford, McClary went to work for M-K in the late 1930s. From 1941 to 1943, he worked on various M-K military construction jobs throughout California and Arizona. In 1943, they promoted him to project manager of Otay Mesa Naval Auxiliary Air Station.⁵⁴ McClary steadily moved up in the company to the position of executive vice president and possibly was concerned with the international competition against communism.⁵⁵

It is difficult to judge the ambitions of Morrison-Knudsen after WWII. By the end of the war, M-K had gained enough experience with international heavy construction logistics that it was capable of bidding on a variety of large infrastructure projects. With offices in New York, Los Angeles, San Francisco, and Seattle, the company could show it had the resources to accomplish a variety of projects. In 1947, the Moles, an organization for Heavy Construction, awarded Harry Morrison the prestigious Mole's award. Quoting a high-ranking Navy officer, who oversaw M-K's Pacific work, the

⁵³ Wolf, *Big Dams*, 133.

⁵⁴ McClary Collection, MSS 278, A10-10, Box 3.

⁵⁵ The author has reviewed the papers and book collection of James McClary. While McClary's papers do not have many writings from McClary, substantial portions of his book, magazines, and newspaper clippings holdings were about anti-communism.

Moles called Morrison “one of the greatest builders the world has ever seen.”⁵⁶ Morrison accepted the award and addressed his colleagues with the excitement he held for the future. “Builders are pioneers,” Morrison said. From Morrison’s perspective the American West was conquered. Companies like his own had “closed the frontier” by building highways, taming rivers and otherwise changing the landscape to better suit society.⁵⁷ To some, Morrison noted, this fact was seen as a point of disappointment, because “there are no new frontiers.” Morrison assured the Moles that there was still more to do: “Abroad in the land today are many threats to this spirit; but this is not new. Indians were a threat once — and mountains and deserts and rivers. Economic cycles have constituted threats from time to time. Today, we have both economic and political threats; yet, even these are not new.”⁵⁸ Morrison’s challenge for the second half of the 20th century was to harness the power of science to build new projects for the whole world.

Morrison’s vision of international construction went hand-in-hand with an emerging U.S. foreign policy spurred by the threat of communism. M-K would soon take the knowledge learned from “civilizing” the American West to the deserts of Algeria and Afghanistan. Engineers had a scientific formula for modernity that often replaced traditional practices of local populations in order to industrialize their economies and bring surplus and economic viability.

⁵⁶ “Thomas Crimmins and Harry W. Morrison Will Receive Mole’s Construction Awards,” *Holing Through: News Bulletin of THE MOLES* (New York: The Moles): December 1946.

⁵⁷ Morrison’s address to The Moles. February 5, 1947. URS Records Center. Box 116660.

⁵⁸ Morrison’s address to The Moles, 4.

The confidence gained from earlier success in the Western United States inspired M-K to go for even bigger government contracts; they also expanded into bidding for jobs financed by foreign governments. From Algeria to Vietnam, M-K built the structures needed for modern society and U.S. national defense. Nowhere was this attempt of modernization more clear than the desert landscape of southern Afghanistan. In the Helmand Valley, U.S. engineers and M-K construction crews worked at building a replica of Idaho's irrigated valleys.⁵⁹ M-K used the Idaho deserts they started in as a template for future projects halfway across the world.

By 1946, M-K was working in Brazil, China, India, Afghanistan, the Philippines, Canada, Mexico, and Venezuela. These projects, combined with work done in the United States, did not yield much net income for the company.⁶⁰ After the war, M-K's international projects were still suffering from the wartime economy, but Harry Morrison saw the importance of increasing the international presence of his company. In a memo to the company, Morrison explained that while these small international projects did not have huge profit margins, they were valuable in other ways. He specifically pointed out that M-K always kept many small projects going to keep working capital in case several jobs lost money.

Since the early forties, M-K's diversification has been extended geographically around the world, on this continent and the five others, through many subsidiary engineering and construction companies operating singly and in joint ventures. These undertakings are relatively free of large capital investments or loss hazards...But today they are the international examples of our spread-the-risk

⁵⁹ See Theodore H. Levin, and Peter Goswyn Franck. 1953. *Reclamation of Owyhee lands (a project of the United States Bureau of reclamation)*.

⁶⁰ Board of Directors Meeting, May 14th and 15th 1947. URS Records Center box 116660.

policy — protecting as well as increasing the annual earnings of more than 2600 stockholders who are the owners of Morrison-Knudsen Company, Inc.⁶¹

Morrison took his company internationally as a means to expand on a long history of modernizing nations.

M-K's clients were mostly small countries that were once colonies or protectorates under the empire system before the World Wars. From the perspective of Morrison-Knudsen, these small countries would benefit from American heavy construction projects by increasing commerce and quality of life.⁶² Harry Morrison saw a chance for American business to profit from this new opportunity for trade. In 1949, the same year Morrison became president of M-K after Knudsen went into retirement, Morrison gave a speech to a group of entrepreneurs in Idaho. He said, "At the present time in the world most nations are extremely nationalistic and are endeavoring to promote their economy and develop their country at the expense of their neighbor."⁶³ Morrison went on to explain how his company was selling its services to countries looking for help with modernization. At the end of WWII, Morrison saw an opportunity for companies like his to take the construction business they refined in the American West across the Pacific and Atlantic.

While Harry Morrison was in control of M-K at the time, it should be noted that the idea of going international was not solely his own. In an oral history with the company, retired Chief Engineer and Executive Vice President Lyman Wilbur recollects

⁶¹ Harry Morrison, "M-K's Policy Is to "Spread the Risk,"" *EmKayan* (August 1954): 1.

⁶² Marion, *Afghanistan A Progressive Country*. United States Information Service.

⁶³ Harry Morrison, "Observations on Foreign Relations as the Affect U.S. Business." URS Records Center, Box 116669. Morrison, H.W. – Speech File 1949.

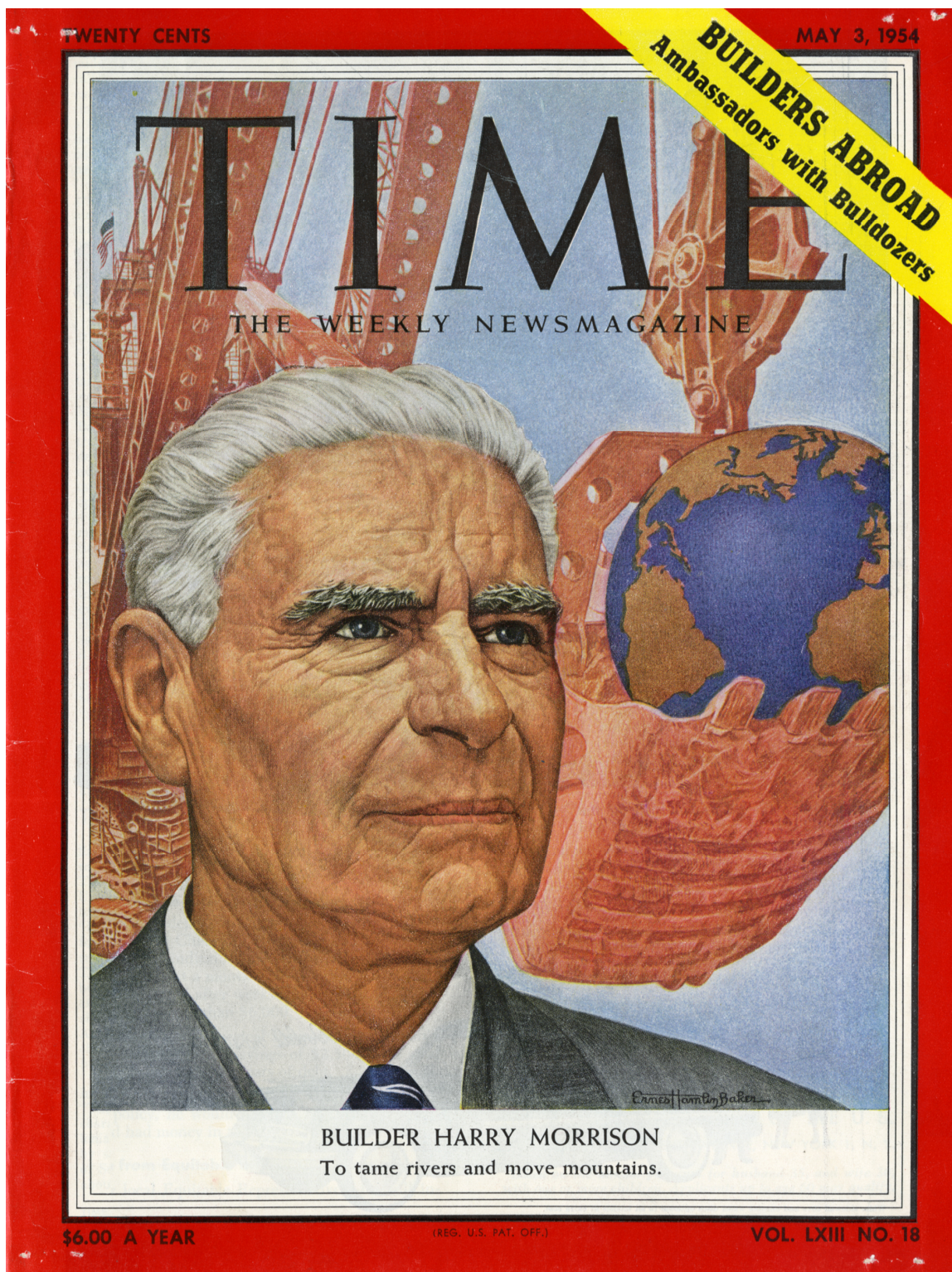
just how Morrison was tipped off that he should expand internationally. The interviewer asked Wilbur asked about the founding of International Engineering Company (IECo) and Wilbur mentions that after the war, sometime around 1946, the chief designing engineer for the Bureau of Reclamation, Jack Savage told Harry Morrison that there was going to be a lot of foreign work after the war. He continued:

If you will organize a company to do the engineering work I will bring you the business. Harry wasn't so much interested in the engineering work, as he was in the fact that it could bring us some construction. So he set Charlie Dunn up to organize an engineering company originally headquartered in Denver, called International Engineering Company. Then Charlie went on to travel the world to get some of this foreign work. One of the first jobs was in Afghanistan, where we did a lot of irrigation work, dams, and canal work for the Afghan government.⁶⁴

Harry Morrison followed Jack Savages' advice and built up an international arm to his company. His engineers, heavy equipment operators, surveyors, and other crew members traveled the thousands of miles on boats and plane to break ground on a new era of M-K heavy construction.

From the very start, Harry Morrison and Morris Knudsen understood the importance of predicting new federal, state, and municipal projects. They both moved to Boise specifically to find construction work. From road work in Idaho to the Hoover dam and airbases in the Pacific, these two men successfully kept their business afloat during some tough times early on and through very risky ventures later on. They established a business model that depended upon winning bids for big jobs. To do that they had to both understand the contemporary political climate as well as convince their clients they had what it took to complete these jobs under budget and on time.

⁶⁴ IECo later moved to San Francisco, where it stayed until being sold in the 1990s. Morrison-Knudsen. "Old Timers Reminesce – 3. Lyman Wilbur – MK Vice President." DVD, URS Records Center.



Picture 3. Harry Morrison on the cover of *Time Magazine*, May 3, 1954.
Used with permission

CHAPTER TWO: MORRISON-KNUDSEN AFGHANISTAN

In the southwest corner of Asia sits a landlocked country, isolated by high mountain peaks and dry deserts, bordered by the USSR, Iran, China, and India. In the 1940s Afghanistan was nearly as remote as it had been for generations prior; yet it had some activity from visitors due to its few trade routes. Harry Morrison noted that Afghanistan was known as a primitive location, where “wheels were a new concept.”⁶⁵ Despite its remoteness, Afghanistan was also a crucial crossroads for trade and for millennia various empires tried to control Afghanistan’s vital trading post between East and West. Afghanistan was also notorious for violent and rugged living — the harsh environment required a frugal and efficient lifestyle. Kings of Afghanistan, or Amirs, tended to have only loose control of their country. They often kept power by introducing or fighting cultural and religious change in the country. Afghans have distinct tribal groups that segment the culture. In the 1940s and early 50s, both M-K and U.S. foreign assistance literature admitted to having little common knowledge about Afghan history or culture. One analyst even explained the Western world’s lack of understanding of Afghanistan was due to that country’s lack of record keeping:

The fiscal and statistical systems which “developed” nations have come to regard as prerequisite to governmental administration and commercial activity are lacking in most of the “underdeveloped”

⁶⁵ Harry Morrison, “Observations on Foreign Relations as they Affect U.S. Business,” November 7, 1949. URS Records Center, Box 116669. Morrison, H.W. – Speech File 1949.

nations of the world. Afghanistan is no exception. Indeed, there may be some truth to the notion current among Western anthropologists that some societies have exhibited for recorded history. This is to say that the value attached to maintaining periodical series of data is much greater in some cultures than in others, and that the Western researcher who ventures outside his own cultural cocoon may find himself a sort of statistical vacuum.⁶⁶

The author goes on to note that he is not judging non-western cultures for not keeping statistics, but that this phenomena just adds a layer of difficulty when that country wants to join the Western economy and modernize. Indeed, Afghanistan had many unique points of history and culture that factored into the outcome of the American construction projects there.

When M-K arrived in Afghanistan in 1946, it placed itself right in the middle of a very old feud between rural and urban Afghanistan. Various tribes shifted power from one group to another, making the central government very weak. In 1901 Habibullah, from an established Afghan family dynasty in Kabul, grabbed power and declared himself Amir. From the teachings of his father, Habibullah continued a slow transition of modernizing and secularizing the isolated kingdom. Some of the more liberal groups in Kabul and Kandahar wanted a faster pace of change. In 1918 a group called the Young Afghans saw an opportunity to shake the reins of the British Empire and assassinated Habibullah and put Habibullah's more radical brother, Amanullah, in power. From 1924 to 1927, Amir Amanullah effectively handled national affairs and also implemented some

⁶⁶ Quotes from original text. Michel Aloys, and National Academy of Sciences-National Research Council Washington, DC. *The Kabul, Kunduz, and Helmand Valleys and the National Economy of Afghanistan, study of regional resources and the comparative advantages of development.* (Ft. Belvoir: Defense Technical Information Center, 1959) viii.

social reforms, including a removal of the requirement of women to cover their faces at all times. These types of reforms were too extreme for traditional and religious groups and another revolt broke out in Jalalabad and Kabul.⁶⁷

The revolt began in November 1928, and by late 1929 the tribal leaders gained control over Kabul. Amanullah appealed to the Soviet Union from his headquarters in Kandahar. Favoring a liberal government, the Soviets agreed to help Amanullah take back Kandahar. With the Soviets pushing from the North and Amanullah attacking from the South, the plan was to surround the conservatives, but Amanullah experienced heavy resistance on the way to Kabul and had to abandon his attempt to reclaim power. The Soviets withdrew from the conflict, leaving the various tribes fighting for control. The Musahibin family gathered support throughout Kabul, and Mohammed Nadir Shah overthrew the “bandit chieftain” in Kabul and established his dynasty.

Under Mohammed Nadir Shah, the country cooled its civil disputes and focused on improving the quality of life for the Afghan people. The country drafted a national constitution and unified the nation in a promise to modernize economically, but avoided social reforms. His younger brother Mohammed Hashim Khan took over as Prime Minister, and another brother Shah Mahmoud Khan Ghazi served as commander in chief of the army from 1929 to about 1947 when Khan retired as leader and Ghazi took over. These Afghan leaders sought experts throughout the globe to help the nation become a modern state.⁶⁸ The modernization program was hindered by Afghanistan’s history of

⁶⁷ Donald Wilber. *Afghanistan: its people, its society, its culture* (New Haven: HRAF Press, 1962), 19

⁶⁸ Wilber, *Afghanistan*, 19.

limited central power. Ghazi's vision for the future of Afghanistan was dependent upon support from tribal communities, which relied very little upon the capital city of Kabul.

Ghazi's modernization program came at a perfect time for U.S. foreign policy. By assisting with Afghanistan's economic development program, the U.S. could strengthen ties to this Soviet-bordered country. The program was also enticing for M-K. As U.S. military projects dwindled for M-K in 1946, executives opened negotiations with governments around the world. With their success stories from the American West, M-K submitted bids in countries like Afghanistan for modernization projects. Without colonial hegemonies many smaller countries had a rare opportunity for relatively independent action. This was especially true in Afghanistan, where a relatively new monarchy chose to modernize its country after being released from outsider control by the British and Germany after the war.⁶⁹

Nowhere in the world is Morrison-Knudsen's application of modernization theory more prevalent than in the southern deserts of Afghanistan. It was there where M-K engineers like Paul Jones and economic analysts like Peter Franck saw an opportunity to transform what they believed to be a dysfunctional agrarian tribal area into a replica of the American West. These two men and Helen Colbert of the *EmKayan* magazine wrote about their hopes that the success of irrigation development in the American West could be translated to the Helmand Valley in Afghanistan.

M-K's success in the Snake River Basin increased the confidence of the civil engineers. Engineering reports believed the same systems that fostered desert farming in the American West could bring a surplus of power and food to the Helmand River Basin.

⁶⁹ Dupree, *Afghanistan*, 481-2.

The goal of the Americans was to bolster the agricultural economy of Afghanistan and bring the country closer to the United States, both culturally and economically.⁷⁰ The American engineering project in Afghanistan failed, however, to assimilate the tribal groups that rejected the American-style infrastructure. From that standpoint, Ghazi's modernization program failed to secure Afghanistan as a pro-American ally as the U.S. desired. M-K's involvement was also deemed less-than-successful from the U.S. State Department's perspective, but M-K viewed the project as a technical success. It accomplished the physical challenge of reproducing an irrigation system, which was indeed a challenge.

The American Plan for Modernization

Around this time American social scientists were theorizing why the current socio-economic conditions seemed to favor the Western world, from their perspective. One theory, widely circulated by W.W. Rostow, was that all civilizations are on a linear path from primitiveness to sophistication. This path of progress was called the modernization theory and, while not always referenced as such, is the underpinning of many conclusions made by Americans about nations in poverty. The idea was, and perhaps still is, that some nations and regions are further along in the progression towards modernization than others. American and European ancestors already experienced the Enlightenment, the Industrial Age, and by the late 1950s were ushering in a so-called Space Age. For the social scientists and international aid agencies, the question became how to improve the life of poverty-stricken nations like Afghanistan and bring into the

⁷⁰ Robert Trumball. "Afghanistan Sentiment said to favor U.S." *New York Times*. (New York: May 27, 1949), 7.

modern era. The concept simply became to push these poor nations along the line a little faster than they would naturally move. By introducing modern engineering, science, and technology, the Americans would speed up the modernization for their allies.

According to the Morrison-Knudsen engineering firm IECo, the Helmand Valley was a “thirsty but fertile desert land.”⁷¹ For centuries Afghan farmers settled along the riparian riverbanks, but the population was small. From the perspective of M-K, these farmers desired a more efficient system.⁷² Helen Colbert, writer for the *EmKayan* and wife of the M-K doctor in Kandahar, explained how previous attempts to modernize the canal system were meager. In 1951, she wrote about an earlier Japanese contractor hiring 15,000 Afghan laborers to dig out 6.4 kilometers of canal by hand. She explained, “Today, however, with the might of M-KA’s great machines, the metronome of progress ticks fast in Afghanistan...Accomplishments that once would have been measured by decades are being achieved in months under the ambitious program of the modern Afghanistan.”⁷³ This assessment of the progress in Afghanistan is very similar to Rostow’s model of linear progression of a modern society. Colbert’s writings show how the goal of M-K’s program was to assist Afghanistan in speeding up the natural progression of civilization. From the civil engineering perspective, irrigation water was the factor keeping Afghanistan behind in economic status. Many articles in the *EmKayan* mention the progress of Afghanistan and water projects at the same time.⁷⁴ The water

⁷¹ Helen Colbert, “Water for New Pases in Afghanistan,” *EmKayan* (April 1951): 14.

⁷² Colbert, 14.

⁷³ Colbert, “Water for New Pases.” 16.

⁷⁴ A list of articles about M-K in Afghanistan in the *EmKayan* can be found in “The Emkayan Consolidated Index 1955-Present,” (Boise, Idaho: Morrison-Knudsen Co.)

project in the Helmand Valley was often compared to the development of the American West by both M-K and other Americans in Afghanistan. Colbert said the Helmand Valley was an "...arid yet fertile desert in this land where the climate and terrain are similar to Arizona."⁷⁵ Their goal was to transform Afghanistan's southern desert into a "vast expanse of green," and increase Afghanistan's progression towards a modern society.⁷⁶

Afghanistan's proximity to the Soviet Union qualified the Afghans for assistance from the United States. During the Cold War many countries at risk of converting to a communist system became the focus of international attention. On November 19, 1946, Afghanistan joined the United Nations.⁷⁷ Around this same time, the Truman administration was creating a doctrine of assistance for countries at risk of communist revolution. That July, engineers from various firms moved to Afghanistan to assist the government in modernizing the nations' infrastructure.⁷⁸ While the project was initially locally funded, by 1949, the government of Afghanistan sought assistance from the United States.

Confidence from the American West

Morrison-Knudsen's confidence came from a history of work in the western United States, mostly in California and western Idaho. In 1954 and 1956, M-K hosted a

1995. 1. For pre 1955 articles: "Kajakai Dam, Keystone of the Modern Afghanistan" and "Afghanistan," April 1951. "Arghandab Dam Rises in Afghanistan." May 1951.

⁷⁵ Helen Colbert, "Decade of Progress in Afghanistan," *EmKayan* (June 1956): 6.

⁷⁶ Helen Colbert, "Afghanistan," *EmKayan* (April 1951): 18.

⁷⁷ "Developments of the Quarter: Comment and Chronology September 1-November 30, 1946," *Middle East Journal* vol. 1, no. 1 (Januray 1947): 74.

⁷⁸ *New York Times*. (August 5 1946): 5.

tour of the power and irrigation projects in the American Northwest for Afghan dignitaries.⁷⁹ In the September 1955 President's Memo, Harry Morrison signed under the following assessment of these visits: "...these men [Afghan dignitaries] are studying American methods of developing their basic natural resources...Agriculture is universally the parent industry and western America provided the visitors with the foremost example of an agricultural empire built by the harnessing and distribution of wasting waters to reclaim vast areas and naturally arid lands."⁸⁰ For builders like Harry Morrison, the American West was a model for the rest of the world to follow. Idaho's Snake River Basin bears similar characteristics to the Helmand River Valley in Afghanistan. In its natural state, the Snake River Basin is a tough place for farmers, because it lacks proper soil and water for year-long farming.⁸¹

Heavy construction companies like M-K integrated steam and combustible engines to dig, grade and trench the deserts and redirect water away from the narrow stretches of land along the few rivers that exist there. M-K engineers noted "The canal [Boghra Canal System in Afghanistan] needs no concrete lining as do many big canals in the western United States, for its naturally impervious clay and hard-pan bottom allows practically no seepage."⁸² Except for the logistics of getting equipment to the land locked country, the Helmand Valley project was seemingly not much more difficult than projects

⁷⁹ "Afghan Dignitaries Visit." *EmKayan* (January 1954): 25. continued in (December 1956): 25.

⁸⁰ Harry Morrison, "Reclamation Is of World-Wide Interest," *EmKayan* (September 1955): 1.

⁸¹ For more details on the history and impact of irrigating the arid West see: Mark Fiege. 1999. *Irrigated Eden: the making of an agricultural landscape in the American West*. Seattle: University of Washington Press.

⁸² Helen Colbert, "Water for New Pases in Afghanistan." *EmKayan* (April 1951): 15.

already completed in America. The water development in the Helmand seemed like a feasible project for all groups involved.

Early Financing

By the end of World War Two, the Kingdom of Afghanistan accumulated about \$100 million from exporting goods. Many tribes raised a unique breed of mountain sheep that grew a curly type of wool called caracul. The wool was popular in western markets in Europe and the United States for hats and coats. Afghanistan experienced a substantial growth in revenue in the 1940s.⁸³ To appease the conservative tribes and the more liberal city populations, the Khan dynasty declared a new era of economic modernization in Afghanistan that would preserve the religious and social values that many Afghans held dear. The modernization plan called for impressive projects that would reclaim desert landscape for the purpose of economic growth — not social change. With help from American engineers, who employed the science in the American West, the Afghans used modern science to increase crop production for their country. Harry Morrison won the bid and M-K was one of the first firms hired to send engineers to start this project. With nominal support from the U.S. agencies, the American companies shifted from a wartime mission to the post-war economy.

M-K won Afghanistan's 1946 public works project and started using the \$17 million budgeted for the modernization project to assess the Afghan environment. Afghan public works minister Mohammed Kabir Khan Ludin, a Cornell graduate and U.S.

⁸³ "Afghans Seeking Teachers in the U.S.," *New York Times*, (May 24, 1949): 17.

Bureau of Reclamation supervisor, oversaw M-K's operations.⁸⁴ The U.S. State Department was aware of the importance of Afghanistan. As early as 1947, the U.S. jostled with the Soviet embassy in Kabul for more influence in the country.⁸⁵ By 1949, the competition for Afghanistan was in full gear. The *New York Times* and *Los Angeles Times* repeatedly reported on Afghanistan's risk of falling into Soviet control. Morrison-Knudsen was "engaged in an extensive program," that Morrison considered "the biggest jump of any nation from the primitive to the modern." U.S. foreign policy and the M-K mission coalesced in a single objective with this modernization project.

Logistics

The first step for any M-K worker who accepted a job on the Afghanistan project was to travel there. Administrators gave the workers a list of instructions and warned of "the general conditions of Afghanistan." The instructions noted that the climate was similar to Arizona and New Mexico, "the standards for living and sanitation are not those to which he is accustomed." Employees were assured that they would receive appropriate housing and American style food from American cooks, but were told, "Anyone who has any hesitancy in accepting these conditions of living, sanitation and travel should not consider employment on this project."⁸⁶ The notice went on to warn Americans not to talk to the Afghans about religion or politics, and to never curse or strike an Afghan

⁸⁴ "Afghanistan sets a Pace of Progress," *EmKayan* (August, 1949): 13.

⁸⁵ Waldo Drake, "Afghanistan seen as peace anchor," *The Los Angeles Times*. (Los Angeles: September 5, 1947): 4.

⁸⁶ Paul S. Jones, *Afghanistan Venture: discovering the Afghan people--the life, contacts and adventures of an American civil engineer during his two year sojourn in the Kingdom of Afghanistan*. (San Antonio, TX: Naylor Company). 10.

under any circumstances. The company was not completely unjustified with its warnings. In the first year of work, Frederick Newgard, M-K engineer from Seattle, died in Kandahar from an intestinal illness.⁸⁷

M-K's logistical experience during WWII with moving equipment and personnel was crucial to its success in starting work halfway across the world. The company committed significant resources to the Afghanistan project in the Helmand Valley. Some of the significant money drain came from the company's use of American products, which had to be shipped from Portland, Oregon, or New York. International Engineering Company Inc. (IECo), an M-K subsidiary, provided engineering designs for the big construction programs, including all design work in Afghanistan. The Boise headquarters established Morrison-Knudsen Afghanistan (MK-A), a sub-company of M-K to manage the project. G.L. Youmans led MK-A from its headquarters in New York to ship vast amounts of equipment and construction material to Afghanistan.⁸⁸ M-K committed thousands of tonnage of equipment to Afghanistan. M-K picked New York because that port offered the fastest ship route through the Mediterranean to Afghanistan. M-K also established shipping and transportation office in Karachi, India to receive the cargo and move it inland.⁸⁹ An M-K worker traveled about 9000 miles from Boise to Afghanistan by air. A piece of Oregon timber traveled about 15,000 miles by ship from Portland to the Karachi port.⁹⁰ Transportation directors Jack Desmond and Allen Lee purchased from the

⁸⁷ "Sad Tidings" *EmKayan* (October 1946): 17.

⁸⁸ M-K Afghanistan's headquarters were located in Room 1608-18, 1860 Broadway, NY. *EmKayan* (October 1946): 16.

⁸⁹ "N.Y. Headquarters for M-K Afghanistan," *EmKayan* (November 1946): 5.

⁹⁰ Helen Colbert, "Afghanistan Sets a Pace of Progress," *EmKayan* (August 1949): 13.

federal government the best military surplus, which was still on islands like Guam and Tinian, at a discounted rate.⁹¹ The logistics of completing a job halfway around the world required substantial resources.

Getting supplies to Afghanistan proved to be difficult and caught national attention as an early symbol of America's industrial might after the war.⁹² In 1946, to the east of Afghanistan, the Soviet Union, the United States and Great Britain vied for military treaties with Iran and Turkey. Foreign policy analysts presumed Russia was seeking a warm water port and an alliance with oil-rich Iran.⁹³ From the Russian perspective, the U.S. assistance in Afghanistan was an act of imperialism, while at the same time Afghanistan-Pakistan relations weakened due to a border dispute in the North.⁹⁴ Premier Marshall Shah Mahmoud Khan Ghazi (Mohammed Hasim Khan's brother) reduced the size of his army, claiming the U.S. would protect small nations like his. Shah Mahmoud said America's assurance of protection freed his country's resources for better living conditions for his people. He kept a small force to patrol and control the wild northwest frontier. The M-K project was surrounded in all directions by political stress.

Once in Afghanistan, Morrison-Knudsen supervisors worked with Afghan workers to survey the landscape for the optimal reclamation projects. The initial \$17 million saved by Afghanistan ran out by 1949. Morrison argued the modernization

⁹¹ "Renovating Rigs for Afghanistan," *EmKayan* (April 1947): 12.

⁹² "Developments of the Quarter," *Middle East Journal* (Jan, 1946): 173.

⁹³ Ross W. Collins, "The Big Three: Their Aims and Interests," *International Journal*. (Winter 1946/47. Vol 2. No. 1.): 68.

⁹⁴ Soviet periodical, *Pravda*, quoted in an article in *Public Opinion Quarterly*, "America Through Soviet Eyes," *Public Opinion Quarterly* (Spring, 1947, Vol. 11, No. 1): 37.

project had too many goals. Morrison thought that they should have focused solely on the irrigation aspect.⁹⁵ The initial project completely drained funds available to the Afghan government for modernization. They applied for and received a \$21 million loan from the Export-Import Bank to continue the project in 1950.⁹⁶ Morrison-Knudsen won the 1950 contract to continue the project — an easy choice since M-K was already an established American firm in the country.⁹⁷

To increase the efficiency of the project, as well as boost commerce, the first job with the 1950 funds was a highway to the Indian port of Karachi. The modern highway would connect Kandahar to the border region of Pakistan at Spin Baldak.⁹⁸ After the initial surveying work and road construction, the Afghan government and M-K went to work designing three major irrigation projects for the Helmand and Arghandab valleys. Being engineers, their six main concerns were topography, geology, stream flow, raw materials, water, and power needs in the region, and economic feasibility.⁹⁹ The two parties agreed on a contract on April 19, 1950.

⁹⁵ Trumbull. "Idaho Firm Builds Roads for Afghans," *New York Times* (New York: May 28, 1946): 5.

⁹⁶ Peter G. Franck. "Economic Progress in an Encircled Land." *Middle East Journal*. Vol. 10, No 1 (Winter, 1956): 43.

⁹⁷ International contractors often rely on their size and reputation with the host country for winning more U.S. Aid or Department of Defense contracts. A large contractor like M-K has enough capital to mitigate risk, which is a crucial factor for winning bids. This system also contributes to a cyclical process where large companies continue to grow as few other companies have the size and experience needed to complete massive infrastructure jobs. See Leon B. Poullada. "Afghanistan and the United States: The Crucial Years." *The Middle East Journal*. (Middle East Institute) Spring, 1981. Vol. 35. No. 2. 182.

⁹⁸ "Haidlens in Afghanistan" *EmKayen*, (August 1949) 14.

⁹⁹ International Engineering Company, Inc. *Final design report on Kajakai Dam, Arghandab Dam, and Boghra Canal Projects*, (1956): 2-1.

The highway was a curious development, considering the hostile relationship between Pakistan and Afghanistan. The same year the EmKayans constructed this highway to Pakistan the Afghan government sought international intervention by the UN Security Council over a heated dispute on the Khyber Pass on the Afghanistan-Pakistan border, north of Spin Baldak.¹⁰⁰ Around that time, the Afghan government also sought an alliance with India, Pakistan's long time enemy.¹⁰¹ Why would Afghanistan agree to a road Pakistan could use for an invasion? While the highway might have been a security risk for Kandahar, it was essential for Morrison-Knudsen. Here is an example of M-K pushing for an economic project that could potentially disrupt foreign relations for the U.S.. M-K needed a reliable way to transport supplies to the city from its port in Karachi, India. The company had to step carefully around and through Afghanistan politics. M-K, along with the Afghan government took a calculated risk that Pakistan would not risk an invasion in the southern area, while the two countries were also in dispute over the tribal region to the north. So in this case at least, the economic necessity of a road connecting two enemies outweighed the risk to national security.

Menzel Bagh

Despite the political turmoil between Afghanistan and Pakistan, work continued for M-K. Two hundred and twenty-five Americans (as well as a substantial number of Italian and Filipino contractors) worked for Morrison-Knudsen in Afghanistan and the

¹⁰⁰ Robert Trumball, "Afghans seek aid in Pakistan Row," *New York Times* (May 22, 1949): 7.

¹⁰¹ Najibullah Khan, "Speech Delivered by his Excellency, Afghanistan Representative to the Indonesian Conference held in New Delhi," *Afghanistan* (Kabul: Directorate General of the Department of the Press, March 1949) Vol 4, No. 1. 37.

company employed 2500 Afghans. While in Afghanistan from 1946 to 1959, the company operated with little complication out of Afghanistan's second largest city, Kandahar. The American and third country nationals were provided lush amenities by the royal government in the king's summer palace, Menzal Bagh. In the outskirts of Kandahar, this compound of the royalty served as administrative offices, management, engineering, accounting, purchasing, storage, machine shops, garage, mess and recreation facilities, and a hospital.¹⁰² The king's central palace served as the hospital for injured employees. Human resources issued M-K families two bedroom bungalows. The families planted vegetable gardens outside their homes to supplement food from the commissary. Each house had one or two Afghan servants. Families typically ate their own style of food, and only sometimes ate fresh fruit and vegetables from Afghan bazaars. Single men stayed in barrack-style housing.¹⁰³ The various nationalities (Italians, Filipinos, Americans) ate separately in the mess hall and were fed their own style food there too.¹⁰⁴ The Kandahar headquarters turned into a tiny embassy for the Americans in Afghanistan, while at the same time serving the primary goal of completing the job.

Menzel Bagh was not just operations headquarters; it was also the center for diversion and entertainment — both for the employees and their guests. The company had many visitors, ranging from consulting engineers to foreign dignitaries interested in America's Cold War competition in the Helmand Valley. Weekly movies, dances, card games, billiard tournaments, and parties kept the Westerners immersed and up-to-date

¹⁰² Jones, *Afghan Venture*, 43

¹⁰³ "Arghandab Dam Rises in Afghanistan," *EmKayan* (May 1951): 11.

¹⁰⁴ Jones, 44

with American culture despite the 12,000 mile separation. According the company magazine, Morrison-Knudsen workers considered themselves “America’s roving ambassadors,” which meant Menzel Bagh was intended to show American luxury.¹⁰⁵ Their headquarters were, according to the company’s magazine, “‘Little America’ for the missionaries of progress who spread the gospel of construction know-how.”¹⁰⁶ While Menzel Bagh was mostly a place of recreation and escape for Americans working abroad, M-K also wanted to show the Afghans what an American lifestyle looks like, not only with the luxury of abundance of resources, but also with liberal entertainment and culture.

¹⁰⁵ "Arghandab Dam Rises in Afghanistan," *EmKayan* (May 1951): 2.

¹⁰⁶ "Arghandab Dam Rises in Afghanistan," *EmKayan*.



Picture 4. Tea Party at Menzel Bagh, Kandahar Afghanistan. Circa 1957. Lyman Wilbur Collection, Boise State University Albertsons Library, Special Collections and Archives. MSS 205.

Harry and Ann Morrison visited Afghanistan several times to assess the progress of the project. On one trip in 1953, Morrison addressed the employees during a dinner in his honor. He said, “You people here are the pioneers, like in our own early west. You are on the firing line. We can do much to help these backward people. Just remember you are from the United States. To these Afghans you represent America. That’s why it’s important that we all conduct ourselves so as to maintain the respect and admiration we have already engendered among these people.”¹⁰⁷ In this quote are many facets of the M-K way of conducting business. On one hand Morrison, by calling the Afghans

¹⁰⁷ Jones, *Afghanistan Venture*, 112.

“backwards,” clearly considers Afghanistan inferior to America — there is an element of hierarchy in the relationship. On the other hand, Morrison and his employees are servants to the Afghan government and thus its people, so Morrison instructed his workers to act accordingly.

For Morrison, the relationship between these two cultures was less important than the task at hand: construction. While the Old West analogy is not quite perfect, there were enough similarities for Morrison and others to continue to use it. Referring to the old west and firing lines, Morrison, in a way, alluded to the point that building the American West required sacrifice on the part of the white Americans and pain and suffering for the Native Americans, but it is unclear who M-K was firing at. It may be possible Morrison was referencing the difficulties of engineering an irrigation system in the desert, but he struck a chord on a deeper conflict between the two cultures that resembled a bloody conflict one hundred years earlier. Nevertheless, Morrison and his crew of engineers and construction crews had a job to do for the Afghan government. This is where the Old West analogy broke down — the Afghan government asked the white Americans to come and the Americans had no intention on staying.

Description of Projects

From the very start of the Afghanistan modernization project, M-K engineers focused on improving that country’s irrigation system, with little interest in “westernizing” Afghanistan beyond that. While M-K was motivated to contribute to the U.S mission of building allies in Asia, their primary mission was building infrastructure regardless of geo-political implications. After the construction of the highway, M-K went to work on the first big dam at Arghandab. Construction started in 1950 and was finished

in 1952, 10 months ahead of schedule. At 117 feet tall and 1775 feet long, this earth and rock dam was a compacted earth core, which was hand tamped by a line of Afghan workers. Truckloads of backfill were unloaded and a team of Afghans used poles with flat heads to compact the core. The core was then covered with gravel, then large stones to create a permanent stopping place for the Arghandab. The project also called for the construction of several dykes along the east and west flank of the main dam, due to the low-lying region in which the dam was constructed.¹⁰⁸ The reservoir held enough water to irrigate 100,000 acres of land down stream and doubled the fruit and vegetable bearing capacity.¹⁰⁹ The first leg of the modernization project was complete. Completion of the first water reservoir was the first step towards a modern farming valley in the Helmand province.

The crews started the second dam, at Kajakai, shortly after Arghandab. Work was moving so quickly, there was no time to conduct impact surveys. Typically, especially in the U.S., scientists from many fields study the ramifications of placing water reservoirs in a valley. These studies predict any problems with drainage, the amount of water expected down stream, and impact on local wildlife and vegetation. Without a feasibility study, engineers in the Helmand Valley reported a 20 percent margin of error on the estimated 400,000 acre water coverage.¹¹⁰ The lack of field studies before construction speaks to some of the limitations of the American international modernization program. Both the

¹⁰⁸ "Flash from Afghanistan," *EmKayan* (February 1952): 22.

¹⁰⁹ Frank. "Economic Progress in an Encircled Land." *Middle East Journal*, 43.

¹¹⁰ Aloys Arthur Michel, "The Kabul, Kunduz, and Helmand Valleys and the National Economy of Afghanistan," (Washington, D.C.: National Academy of Sciences - National Research Council, 1959): 173

U.S. agencies and the American contractors, like M-K, were sending so much information and materials in one direction, both groups failed to take the time to seriously assess the impact of this work.

Nevertheless construction continued. Arghandab was 60 miles as the crow flies upstream from Kandahar. Engineers picked the site because of its steep canyon sides and availability of earth from the streambed. Lacking the industrial infrastructure and raw materials for a concrete structure, the best option for the engineers was earth and rock, which was abundant in the stream-bed above and below the dam site. M-K designed the dam to reach a height of 295 feet high (from the streambed), making it the largest earth and rock dam in Asia.¹¹¹ Crews dug two massive tunnels, out the rock of the left side abutment for diversion of the reservoir's water, about a mile long (.805 miles combined) and large enough for a truck to pass through. At the end of the tunnels, the Afghan workers built a powerhouse capable of supplying a 35,000 kilowatt generator with hydropower. The completion of the Kajakai dam, in many ways symbolized the capstone to Afghanistan's modernization process—or at least as far as Morrison-Knudsen was involved.

Throughout M-K's publications is the idea that progress is measured in concrete. According to historian Glen Barrett, "contractors and civil engineers shared an inherent desire to change the face of the earth; to build a lasting monument to themselves, their company, and their country. A pioneering spirit could be detected among the men who built abroad. Contractors, rather than explorers, were often the pioneers of

¹¹¹ "Decade of Progress in Afghanistan," *EmKayan* (June 1956): 6.

Royal Afghan Government "Final Design Report," 1956 Report, III-1

underdeveloped territories.”¹¹² The contractors in the Helmand Valley did indeed bring a modern marvel to the Afghan farmers. The statistics of acreage of desert irrigated, miles of canal and height of dams should not be overlooked. From the civil engineering perspective, M-K did complete a great task. The completion of two large dams, canals, highways, and airports was a big step forward for Afghanistan’s fledgling economy. If an observer was assessing the steps towards modernization, as in Rostow’s modernization model, they might conclude that the American infrastructure projects in Afghanistan would in fact speed up Afghanistan’s “development.”

Nevertheless, the Helmand Valley Authority struggled with promoting the irrigation project to the local farmers. M-K and the government planners failed to fully inform the villagers of what exactly was happening. The old farming villages below the Arghandab dam saw water regardless of the season. According Louis Dupree, an American anthropologist in the country at the time, many Afghan farmers did not know the dam was under construction. Dupree argued that the farmers did not understand the full implication of constructing a dam on the river — at the time, a dam in Afghanistan was interpreted to be a waist high mud pile to divert a canal.¹¹³ To Dupree, failure to train the native farmers with the new skills required for farming with a reservoir canal has been a long term criticism of the Helmand Valley project. Historian Richard S. Newell made similar critiques of American’s development program in Afghanistan. Newell noted that many of the changes implemented have taken root, but by 1969, the local population

¹¹² Barrett, *To Build To Build*, 334.

¹¹³ Louis Dupree, *Afghanistan*, (New Jersey, Princeton University Press, 1973), 501.

increasingly resented the level of disregard for traditional practices by both the American sponsors and their own government.¹¹⁴

Twentieth century Afghans practiced the same skills their ancestors practiced generations ago. In such a harsh place as the Afghan desert, the Afghans stuck to what worked in their environment. Raising the standard of living was the most basic goal of the Afghanistan monarchy and of the United States government.¹¹⁵ The people of the capital city of Kabul wanted a better standing, both to defend themselves against invasion and for prestige. By the late 1940s however, the country had only enough capital to spend on the most basic necessities. Peter Franck, an American strategist and Middle East economist for the Conference for Economic Progress, saw the need for foreign funding so Afghanistan could both increase its agricultural and manufacturing yields.¹¹⁶

An early American report by Franck saw “pitfalls of planning economic development” in Afghanistan and warned against focusing solely on soil and water reclamation while neglecting other elements of the Afghan economy.¹¹⁷ As early as 1953, Franck noticed M-K’s presence in Afghanistan had tipped the modernization project towards its specialty in irrigation. Franck believed this was a mistake.¹¹⁸ He recommended a diverse approach to economic development with small loans to improve

¹¹⁴ Richard S. Newell. “Afghanistan: The Dangers of Cold War Generosity.” *The Middle East Journal*. Vol. 23. No. 3 (Spring, 1969): 168.

¹¹⁵ Peter G. Franck. “Problems of Economic Development in Afghanistan.” *The Middle East Journal*. Vol. 3, No. 4 (Oct., 1949): 421-440

¹¹⁶ Franck, 425.

¹¹⁷ Franck, “Planners in Afghanistan.” *Economic Development and Cultural Change*, Vol 1. No 5 (Feb.,1953) University of Chicago Press, 324-327

¹¹⁸ *Ibid.*

many segments of the Afghan economy. Franck's view of the failure of economic development in Afghanistan contradicted Harry Morrison's assessment of the situation. Morrison wanted his company to focus strictly on irrigation projects and Franck wanted a broader spectrum of projects to develop all aspects of economic development at once.

Both Morrison and Franck drew examples from the development of the American West. Both men were correct in their assessment of the problems in Afghanistan. From Morrison's perspective, his company was there to build an irrigation project. Irrigation projects were what his company did best; the Hoover Dam was a testament to this fact. Diluting funds by building schools, hospitals, utilities, and other items would have distracted his builders from the water project, which is what his engineers saw as the most crucial aspect of economic development in Afghanistan.¹¹⁹ Franck also saw the importance of a successful water project. He studied the development of western states like Idaho and analyzed what factors were crucial for that region's development. In the Owyhee Desert of Idaho, Franck identified the burden placed on farmers to earn a living on irrigated desert lands.¹²⁰ Franck wanted to correct some of the mistakes made in the Owyhee lands for the Afghan development project, but this would have required a complete change of course right in the middle of M-K's program. Morrison's plan ultimately won and Afghanistan received a massive irrigation modernization project with a few other smaller projects.

¹¹⁹ Marion. "Afghanistan a progressive country" This film continually expresses the importance of water to Afghanistan.

¹²⁰ Levin, Theodore H., and Peter Goswyn Franck. 1953. Reclamation of Owyhee lands (a project of the United States Bureau of reclamation), 45.

Helmand Valley Authority

By 1952, the newly created Helmand Valley Authority (HVA) took control of the dams and canal systems from Morrison-Knudsen.¹²¹ As the name implies, the HVA resembled the Tennessee Valley Authority and kept several Americans from the U.S. Bureau of Reclamation on staff as advisors.¹²² The HVA was an Afghan department that administered water to the farmers below the Kajakai and Arghandab dam in the Nad-i-ali, East Maraj, and Shamalan valleys. The HVA wanted a central location to administer resources to the valley, but the distances between the beginning and end of the administered region was too great. They split control into three locations, until M-K built a new 70-structure headquarters for HVA that could manage all three regions. The HVA was the start of a bigger step towards the modernization program for the U.S. and Afghanistan. From 1946 to 1951, M-K only transformed the landscape. Few Afghans, besides the construction workers, actually had an opportunity to participate in this modernization process. While the dams and canals looked like America, they did little to make Afghans act American. The HVA on the other hand, required Afghans to abandon the old tribal dissemination of power and adopt an American style of administration.

With assistance from the United States government through the U.S. Department of Technical Cooperation, the Afghan government, and the American engineers, the HVA set policy for water rights and irrigation. They all decided on an area called Lashkar Gah for the HVA headquarters. The headquarters for the irrigation program was more

¹²¹ Frank Patterson, U.S. Technical Cooperation Service to Afghanistan. 1953. Report on the Site Selection for the Permanent Administration Center of the Helmand Valley Authority, 1.

¹²² John S. Benz and E.N. Holmgreen. *The Helmand Valley: An Overall Review*. (United States Agency for International Development/Afghanistan. November 22, 1962), 2.

than a simple office- it was a planned community modeled after a U.S. town. Plans called for a city hall, public health clinics, hotels, a public market and even a cinema.¹²³ When completed, the HVA headquarters was also nicknamed “Little America.”¹²⁴ Once again, the U.S. heavily influenced the development of the Helmand Valley, without enough consideration for local traditions. It was at the HVA headquarters where the Americans saw some of the first real human resistance to the modernization program.

It is important to note the difference and similarities between the HVA headquarters at Lashkar Gah and Menzel Bagh in Kandahar, where M-K was headquartered. Both were referred to as “Little America,” yet M-K was primarily a place for Americans to retreat to and Lashkar Gah was intended to be a place for Afghans to move into and take over. Rajiv Chandrasekaran, a modern Afghanistan analyst, noted the resentment traditional Afghans had towards the modernization goals of Lashkar Gah. In 1959 a group of men attacked a girl’s school in Kandahar and intended on attacking HVA headquarters, but were thwarted by the military.¹²⁵ In contrast, Menzel Bagh was never attacked throughout the ten years M-K operated in Afghanistan, probably because of the segregation between Americans and Afghans. In general, M-K was not involved in the cultural westernization programs the U.S. government officials implemented during and after M-K’s peak influence. Besides mechanized farming and operating a canal system for irrigation, M-K had few other expectations of Afghans. The predominant goal for M-

¹²³ Patterson, *Report on Site Selection*, 6.

¹²⁴ Rajiv Chandrasekaran, 2012. *Little America, the war within the war for Afghanistan*. (New York: Alfred Knopf), 24.

¹²⁵ Chandrasekaran, *Little America*, 27.

K engineers was the development of an irrigation system that would provide Afghans with a surplus of crops.

While violent resistance the American program was rare, a much more substantial problem persisted out on the farms built by M-K. A major element, crucial for the success of the Helmand Valley Authority, was the settling of nomadic tribes, people who were not accustomed to this type of land use. The long lasting success of the project also required a stable supply of technically trained Afghans to operate and maintain the irrigation system, the hydro power plant and two dams. The HVA, M-K, and the U.S. Technical Service all worked on settling the tribes with only meager results.

After M-K put the majority of the irrigation systems in place, the Helmand Valley Authority opened the farms to the Afghans. To avoid legal issues and to increase the acreage of farms, M-K diverted water to once barren land with no land claims. The plan was to convince the traditional nomadic tribes to settle and take up new lives as farmers. Many nomadic groups did take the offer, partially because of reduced grazing options due to the Pakistan dispute. The Afghanistan government also added to the offer with subsidies and housing options.¹²⁶

The largest of these experimental farming areas was established in Nad-i-ali. This new village was a homestead-like program with some land, which HVA gave to nomads after they paid back the loan with the annual crop yields. The government offered farmers “10, 15, and 25 acre lots, according to family size.”¹²⁷ The houses were adobe structures,

¹²⁶ Franck, 425.

¹²⁷ Franck, 425.

with four families living in a fourplex style development.¹²⁸ The entire scenario was very new to these nomadic people. The high-yield farming techniques were foreign to them. They were, after all, nomadic shepherds, not sedentary farmers. To add to the confusion, the homes built for the new farmers were a substantial distance from the crops. On top of everything else, the HVA and its American counterparts, either unknowingly or simply with disregard, placed rivaling tribes next to each other in the housing community. By 1960, only 30 percent of the original farmers were still living in Nad-i-ali.¹²⁹ Without much commotion, this aspect of the modernization project quietly failed. Nevertheless, M-K completed its portion of the agreement.

Even though M-K was not quick to point out the problems with the American experiment in Afghanistan, others were starting to wonder. Beyond the experimental farming communities, other cultural issues limited the success of other development projects. As Peter Franck noted:

On the perennially settled land the proprietary peasants, who far outnumber the large estate holders, are hard pressed to meet immediate needs, let alone set savings aside for improvements. Farm co-operatives are as yet unknown. The large estate holders are generally too conservative to undertake radical improvements, and the numerous prosperous traders depending on farm production have neither developed the venturesome attitude nor found the channels by which savings are plowed back into the land, thus increasing its productivity.¹³⁰

While the monarchy was willing to make dramatic changes, the farmers, villagers and nomads had a harder time agreeing to the new development program. A lack of monetary security and political support for a weak central government created an environment

¹²⁸ Paul Jones, *Afghanistan Venture*, 73.

¹²⁹ Dupree, 504.

¹³⁰ Franck, 426.

where the people of Afghanistan were not willing to invest in the modernization effort. At the time, however, the monarchy and the U.S. development officials thought they could convince the Afghans to change.

As part of the modernization project, M-K did its part too. Plans called for two trade schools in Kandahar, where American advisors taught men, but no women, a variety of trades needed for this modern system. The center for Afghanistan Studies at the University of Nebraska - Omaha, the leading center for Afghanistan history in the United States, considered the trade schools the most important legacy of the Helmand Valley project.¹³¹ Images of Afghans in traditional turbans and western style blue-collar work shirts became a popular scene for publications about the modernization project. Within these training programs, the plan seemed to be working for the U.S. modernization effort.

Sometime in the 1950s, M-K commissioned a promotional film for their work in Afghanistan. Titled “Afghanistan A Progressive Country,” this hour-long documentary spelled out in plain language America’s modernization strategy. The documentary highlighted the importance of an economic surplus for the well-being of the Afghans. Considering the fact M-K lost part of the job a year later, this film was probably produced in an effort to drum up support for the project back in the United States. In the film they interviewed engineers who said they thought the Afghans would only appreciate the benefits of a western capitalist society if they first had more food than they needed. With a surplus, the population could afford to send its young men to college, where they could transform into an educated work force. For the engineers, the key to an

¹³¹ Wahab, Shaista, University of Nebraska at Omaha Arthur Paul Afghanistan Collection. *A Brief history of Afghanistan*. 2007. (New York: Facts on File), 120

agricultural surplus was a modern irrigation system—built by M-K.¹³² This infrastructure would then be handed over to the Afghans and maintained by a new group of educated Afghans who were trained in vocational programs taught by Americans.

By 1958 the U.S modernization program in Afghanistan was failing to bring any significant improvements to the country. M-K was in its 12th year of construction and foreign policy officials in Washington D.C. were eager to balance the budget sheets for foreign aid. As of June 30, 1958, the federal government had \$12.179 billion (approx \$97 billion in 2013 dollars) in outstanding loans to foreign countries for aid. Of the approximately 75 countries with outstanding loans, Afghanistan was one of only eight that had not made any repayments.¹³³ The Royal Government of Afghanistan owed the U.S. Government \$44.425 million (equal to \$353 million in 2013). The U.S. government took ownership of the modernization project in 1959, relieving M-K of any design work. The company stayed on as a contractor, but the U.S. State Department sent its own engineers to solve the development problems.

Around the same time the State Department took over in Afghanistan, M-K headquarters experienced a changing of the guard. In 1956, board member B. "Woody" Williams died; vice president Charlie P. Dunn retired in 1958; and A.H. Johnson resigned due to declining health in 1959. In January 1960, the Board elected three new board members, A.O. Strandberg, John L. Armitage, and J.P. Frein—all long time M-K

¹³² "Afghanistan A Progressive Country." United States Information Service, Morrison-Knudsen. accessed from the United State National Archive. ARC 49287, 306.2933.

¹³³ The other countries that had not made payments (from 1940 to 1958): Ceylon, Eritrea, Libya, Tunisia, U.S.S.R., British Guiana, and Vietnam. source: Legislative Reference Services, U.S. Library of Congress. *U.S. Foreign Aid. Its Purpose, Scope, Administration, and Related Information*. 1959, 1969 reprint (New York: Greenwood Press Publishers) appendix table 2 in appendix.

employees and managers.¹³⁴ Even bigger changes came in the summer of 1960, when Harry Morrison announced his retirement and the reconfiguring of M-K's executive staff. Morrison and the board of directors elected Jack B. Bonny, former General Manager, the new president of the company. Morrison promoted two assistant general managers, James Wells and James McClary to executive vice presidents of operations and administration, respectively. Morrison then eliminated the title "general manager."¹³⁵ All these changes at the highest level could have ushered in a new era for M-K; however, almost all of the men promoted were longtime employees and they did little to change the course already set. Morrison assured the *Idaho Statesman*, "the company's 1960 operations will be consistent with previous years."¹³⁶ That year, M-K had jobs in 18 different foreign countries, including Afghanistan. The strategy of keeping medium and small jobs throughout the world remained consistent throughout the 1960s. Work continued in Afghanistan, but at a much slower pace for M-K.

Freed of the responsibility of creating a thriving agricultural powerhouse in the Helmand Valley, M-K won bids for different projects in Afghanistan. In 1960, the U.S. International Cooperation Administration hired M-K to build four airports for the Afghan Air Authority. The multi-million dollar contract called for a modern 10,500-foot-long runway in Kandahar and three smaller facilities in Herat, Khunduz, and Jalalabad.¹³⁷ The 113 American supervisors and hundreds of Afghan workers completed most of the work

¹³⁴ *Em-Kayan* (January 1960): 18.

¹³⁵ No author. "H.W. Morrison Moves Up to Board Chairmanship; Four M-K Men Promoted." *Idaho Statesman*. June 24, 1960, 6.

¹³⁶ *Ibid.*

¹³⁷ "Modern Airports Usher Afghanistan Into the Jet Age," *Em-Kayan* (September 1961): 12.

within two years. It would be another eight years until M-K mentioned any other significant work by M-K-A. In the 1970s, IECo went back to work for the USAID office to design a power plant for the Kajakai dam and other irrigation facilities.

M-K's impact on the landscape of Afghanistan was significant, especially while M-K engineers were the principal designers and builders from 1946 to 1959.¹³⁸ While improvements to agricultural infrastructure in the Helmand Valley did increase crop production, the project failed to “modernize” Afghanistan. When USAID took control of the modernization project, it consistently commissioned reports and analysis on what needed improvement. Morrison-Knudsen, on the other hand, quickly lost interest in the development project. Years went by without any reports or publications promoting the project—a stark difference from the 1940s and 50s, where it some times wrote two or three articles a year. Here we see the difference between M-K and U.S. foreign policy. While M-K may be interested in global modernization, the company is only committed as long as the project is economically viable; the shareholders demand so. The U.S. Foreign policy departments such as USAID, or the Technical Assistance Cooperation department, had a much longer-term perspective on the project.

¹³⁸ Chandraserakan documents several ways the irrigation project effected development in Afghanistan, including the production of opium. *Little America*, 33

CHAPTER THREE: VIETNAM WARTIME CONTRACTS

1960 was an election year. John F. Kennedy and his opponent Richard Nixon were on the campaign trail. While some M-K executives kept their political affiliations discreet, James McClary and his wife Janey publicly supported the Republican Party. Janey served on the decorations committee for Richard Nixon's visit to Idaho on September 13, 1960. That month the couple also hosted a GOP party at their home in Boise. The *Idaho Statesman* announced "there'll also be a pin-the-tail-on-the-donkey game for any Democrats who might wander in."



Picture 5 Eight-foot depiction of John F. Kennedy as a donkey at the McClary's Election party in Boise, September 1960. MSS 278, James McClary Collection Scrapbook 1960, July-December. BSU Special Collections and Archives.

That same month, Nixon announced that if he were elected, he would “exercise more direct control over foreign policy than does President Eisenhower.” He added “The next five years are critical and it is essential that the President directly assume control and command over non-military aspects of the world struggle.”¹³⁹ The next month Kennedy won the election by 0.17 percent of the popular vote. M-K had a new administration and political party in office to deal with. In his first year in office, President John F. Kennedy established the U.S. Agency for International Development (USAID). The mission of USAID was “long-range economic and social development assistance efforts.”¹⁴⁰ Federal funding now required a social element of progress. Morrison-Knudsen had to adapt to a new administration’s view of national security through international development.

At first, M-K continued similar jobs it had done for years. The big project in 1961 was a massive concrete dam for Iran in the Karadj canyon above Tehran. This project resembled the Helmand Valley project, except Iran’s oil deposits ensured quick and easy payments back to the United States. M-K stayed active during the Cold War in Iran by building military bases for Iran’s monarch Shah Mohammad Reza Pahlavi. These projects went smoothly from the American perspective, but lacked popularity with the Iranian people. The blinders of the Cold War left many Americans oblivious to the ramifications of discontent with U.S. business negotiations with what we view now as dictators and despots. Once again, in relation to its clients, M-K was not as much

¹³⁹ Associated Press. “Nixon Plans More Control of U.S. Foreign Policies.” *Idaho Statesman*. September 5, 1960, 1.

¹⁴⁰ *A history of foreign assistance*. 2000. Washington, DC: United States Agency for International Development, 200-?]. http://pdf.usaid.gov/pdf_docs/PNACP064.pdf.

concerned with the long-term project goals of its international projects, but instead interested in profits.

Engineers from IECo continued to submit plans for infrastructure projects throughout the world and M-K subsidiary companies continued to build projects like they had the previous decade. In 1961 they had work in Canada, Great Britain, France, Tunisia, Libya, Turkey, Afghanistan, Iran, India, Indonesia, Taiwan, New Zealand, Argentina, Peru, Paraguay, Brazil, Ecuador, Colombia, and Honduras.¹⁴¹ Foreign operations increased from \$100 million in 1960 to \$150 million in 1961. Consistent work was the key to M-K stability. In a memo to the shareholders, M-K's executive staff noted that 1962 was the company's fiftieth year in operation and that a second, even third, generation of employees were now in control of the company. The memo emphasized the company's stability and continual forward vision.¹⁴²

That year it picked up an unassuming project in Southeast Asia, for the U.S military. This was not M-K's first job for the military; throughout the 1950s M-K built silos for atomic intercontinental ballistic missiles and, of course, it was a contractor during World War Two. But unlike those two experiences, the project in Southeast Asia was a little more ambiguous. It started similarly to the project in Afghanistan (improving infrastructure to get American supplies in the country) but after the war escalated M-K saw itself as a participant in the long-term molding of a modern country in Southeast Asia.

¹⁴¹ Morrison-Knudsen Company, Annual Report 1961, 13.

¹⁴² Ibid.

Just like Afghanistan in 1946, Vietnam did not have adequate infrastructure for modern transportation equipment. Also like Afghanistan, the people of Vietnam were host to rival superpowers using local factions to compete for control of the country's government. Unlike Afghanistan, however, the Vietnam competition escalated to an international crisis. Afghans generally recognized the king Zahir Shah as their leader, though his control was almost nonexistent in the tribal and rural regions. In Afghanistan, American and Soviet contractors worked in their own spheres of influence without too much conflict. According to one analyst, U.S. policy during most of the 1950s was to avoid Afghanistan so as not to upset the Soviets. All projects, including the Helmand Valley project by M-K, were relatively small ventures for American policy makers who, according to some, did not consider Afghanistan a crucial interest for the U.S.¹⁴³ The U.S. government and its private contractors had an entirely different scenario in Vietnam.

After WWII, the British released control of Afghanistan, while the French kept control of South Indochina. This, perhaps, is the beginning of the differences between the civil competition in Central Asia and the violent rivalry in Southeast Asia. U.S. foreign policy supported the French occupation of South Indochina, even though it contradicted the post-World War Two anti-colonial vision established by Roosevelt. The western countries felt they could not afford to lose the country to the communists.¹⁴⁴ A military intervention was on the horizon.

¹⁴³ Poullada, "Afghanistan and the U.S." 183. Robert W. Komer also mentions U.S. neglect of Afghanistan, when compared to other regions, especially in the 1970s, which he attributes to the country's remoteness. "What Decade of Neglect." *International Security*. (M.I.T. Press: Autumn 1985) Vol. 10. No. 2. 76 and 81.

¹⁴⁴ Barrett, *To Build To Build*, 308.

While the French military fought the anti-colonial and communist forces, Americans, including some civil engineers, worked behind the scenes assisting in the effort in a limited but important role. In January 1962, the U.S. military prepared for long-term engagement in Vietnam. The U.S. Navy awarded two construction companies contract NBy44105, which included full responsibility for American military construction projects in South Vietnam. Raymond International and Morrison-Knudsen International Company combined resources for the joint venture and called themselves RMK.¹⁴⁵

The U.S. Navy Bureau of Yards and Docks — the Navy version of the Army Corps of Engineers—administered contract NBy44105.¹⁴⁶ The Navy Engineers took requests for construction projects from military command and the South Vietnamese government, designed the structures, and gave the blueprints and cash to Morrison-Knudsen and its partners for construction. The government paid the construction companies the cost of the project, plus a fixed amount for profit. The cost-plus contract was typical for projects that included many structures over a large distance and an indefinite time period. This type of contract not only streamlined the bidding process, it also allowed the owner, in this case the U.S. Government, the ability to quickly create and change construction projects.¹⁴⁷

Morrison-Knudsen managed the RMK job through Saigon and an office in San Bruno, California. The San Bruno office was busy shipping American-made construction

¹⁴⁵ From 1962 to 1965, there were only two contractors – RMK.

¹⁴⁶ A.H. Lahlum “Diary of a Contract NBy44105.” (Saigon: RMK-BRJ) July 1967.

¹⁴⁷ *EmKayan* (June 1965): 7.

supplies to Vietnam, since using American products and services is often a requirement for a U.S. government contract. As is the case with many business transactions, supplies were sometimes purchased, not on merit, but through localized favoritism. John Stadler noticed such arrangements while working in Saigon as equipment superintendent.

Automotive paint, for tractors and trucks, was purchased from Mountain State Paint of Boise, Idaho, an obvious choice for M-K. Stadler recommended to the San Bruno office that the company should purchase a higher quality paint from Sherwin Williams, or Martin Senour, which would last a few years longer. The recommendation was not well received, but accepted.¹⁴⁸ While M-K was not immune to favoritism or nepotism, it had a reputation of correcting errors when found.¹⁴⁹

In 1962, when M-K started work in Vietnam, the company was worth \$479 million (2013 USD), with a net income of about \$1.7 billion (2013 USD).¹⁵⁰ It was Jack Bonny's second year as president of the company. Harry Morrison stepped down as president in 1960, but still chaired the board of directors. M-K experienced stable growth from the early 1940s up to the beginning of the Vietnam War, which was the span of Harry Morrison's tenure as president.¹⁵¹ The company had done well in international work and had some proud achievements, including several highways through South America, a variety of hydropower dams throughout the world, and modern airports and

¹⁴⁸ Stadler, *Thirty Years Ago*, Gray vs. Yellow.

¹⁴⁹ Many examples of M-K correcting favoritism or nepotism can be found in Jim Duran's interviews with Morrison-Knudsen retirees, as well as some of the congressional hearings on M-K activities. One of the major congressional hearings on M-K conduct will be discussed below.

¹⁵⁰ 1962 Annual report, Morrison-Knudsen.

¹⁵¹ see M-K annual reports from 1940s to 1960s.

trains in Europe, to name a few examples. In 1962, the Vietnam modernization project was to be a major test of M-K construction abilities. Not since the Second World War had M-K directly involved itself as a company in a combat mission. This was an opportunity for M-K executives to drastically influence the Cold War.

Contract Escalation

In 1961 Washington considered Vietnam to be “faced with the clear and present danger of a communist take over.”¹⁵² In 1962 the U.S. Military put out a search for civilian contractors to go with the U.S. Forces to Vietnam. The Vietnam contract, or NBy44105, included a variety of military and civilian heavy construction projects. Over the course of ten years, the project moved 91 million cubic yards of earth — the equivalent of a hole one-quarter mile wide, one-quarter mile long, and one-quarter mile deep. It required 48 million tons of rock products, 10.8 million tons of asphalt, and 3.7 million tons of concrete, which was enough to build a wall 2 feet wide and 5 feet high completely around the Republic of Vietnam.¹⁵³ The U.S. Navy called it the “construction miracle of the decade.”¹⁵⁴ The project started slowly. From 1962 to January 1965, the Vietnam Builders were hardly noticeable. At most, RMK had around 220 American supervisors on the ground. As the war effort escalated, so did plans for new construction. With out much additional information, M-K was warned to “think in big terms” by their

¹⁵² Barrett, *To Build To Build*, 308.

¹⁵³ All statistics are from United States Naval Facilities Engineering Command Office in Charge of Construction. “RMK-BRJ Vietnam Builders ‘The Construction Miracle of the Decade.’” (Washington D.C.: NAVFAC) 1972.

¹⁵⁴ *Ibid.*

client the U.S. Navy.¹⁵⁵ Since RMK worked on a cost-plus contract, the most they needed to know at any given time was how much capital they were required to have on hand and correspondingly how much personnel and equipment.

In early 1965, the Navy instructed RMK to prepare for \$37 million (2013 USD) worth of work total. By August, several months after the first U.S. combat troops were deployed, the Bureau increased its goals for contract NBy44105 and instructed the contractors to be ready for \$2.2 million (2013 USD) of work a month. To handle the increase, RMK added Brown & Root Corporation and the J.A. Jones Construction to the group, creating RMK-BRJ, which they often referred to as the “Vietnam Builders.”¹⁵⁶ The success and status of the project paralleled the U.S. military commitment in Vietnam. As the military increased its involvement in the war, so did RMK-BRJ increase its construction activity.

M-K president Jack Bonny sent longtime friend Lyman Wilbur, an Idahoan from Boise and Vice President of M-K, to Vietnam in 1965 to be the resident partner for the company. By sending a vice president to Vietnam, M-K was paying close attention to this contract.¹⁵⁷ After the two other construction companies joined the venture, M-K made J.A. Lilly of M-K General Manager of the whole operation. In May 1966, the company agreed to a change in compensation; instead of cost plus fixed fee, they would accept “cost plus award fee,” which fluctuated based on quality of work, management, and

¹⁵⁵ *Diary of a Contract*, 1.

¹⁵⁶ A.H. Lahlum “Diary of a Contract NBY 44105.” (Saigon: RMK-BRJ) July 1967. 1,77.

¹⁵⁷ Lahlum makes a point to mention the rarity of M-K sending a V.P. to manage a jobsite in *Diary of a Contract*, 77.

performance, which was a move to ensure the company was doing a good job. That same month RMK-BRJ's client, the Bureau of Yards and Docks, changed its name to U.S. Naval Facilities Engineering Command (UNSNFEC) or sometimes simplified even further to NAVFAC, a name still in use today.¹⁵⁸

In 1966 NAVFAC put RMK-BRJ to work constructing the military complex needed for the escalation of the war, constructing airbases, barracks, depots, and ports. Contract NBy44105 was the most ambitious construction project ever attempted in such a short time under a single contract — at least according to M-K.¹⁵⁹ Construction projects were moving so fast that workers that were ordered to build the foundations of structures that were not yet completely designed. In March 1967, RMK-BRJ reached its peak monthly production with \$0.440 billion (2013 USD) of work each month. The civilian contractors were working very closely with their overseers at the OICC, Officer in Charge of Construction. Representatives from the Army, Navy, and Air Force would meet with the civilian contractors and decide which projects to move forward and at what speed.¹⁶⁰ The civilian construction project operated smoothly for the first five years and without much complaint. Some in the military and Washington disapproved of a civilian force in a warzone, but Navy officials continually supported the Vietnam Builders.¹⁶¹

¹⁵⁸ *Diary of a Contract*, 142.

¹⁵⁹ *Diary of a Contract*, 135.

¹⁶⁰ RMK-BRJ, Bill Lightfield. "Vietnam: A long way to Journey" The United States Naval Facilities Engineering Command. A film produced during the war. Accessed through the URS Records Center.

¹⁶¹ Barrett, *To Build To Build*, 313.

After 1967, the project slowed down. The work force was reduced along with budgets.¹⁶² One project that fell in line with modernization efforts, very similar to the Nad-Ali village in Afghanistan, was a planned community near the Cam Ranh military base. In 1967, without revealing too many details of the project, RMK-BRJ public relations staff announced plans for new hospitals, schools, 2900 single-story housing units, shops, and an open-air market. The Americans designed the community for low and middle income Vietnamese, who already worked for the U.S. at the Cam Ranh base. USAID funded this planned community and considered the project a “major escalation in the American effort to ‘build for peace’ in Vietnam.”¹⁶³ This was one of many projects both M-K and NAVFAC pointed to when showing the long-term effort to build a modern Vietnamese country.

Impact of the Construction Project

Some of the construction built by RMK-BRJ was not permanent. U.S. Army hospitals consisted of prefabricated walls and flooring, which was not as permanent as other construction styles.¹⁶⁴ To keep time schedules, the Vietnam Builders used aluminum sheeting for airfields. While RMK-BRJ was there to modernize Vietnam, the first priority was clearly helping the war effort for the U.S. There was, however, a plan to

¹⁶² *Diary of a Contract*, 138.

¹⁶³ “RMK-BRJ Clears Site of New Community.” *Vietnam Builders*, (Saigon: RMK-BRJ) February 4, 1967, 1.

¹⁶⁴ Vietnam Builders. “VN’s 1st Pre-Cast Hospital Nearly Finished. *Vietnam Builders* (Saigon: RMK-BRJ). September 15, 1966. 3. (accessed at the URS records center, box 166518)

leave a lasting legacy of American presence in Vietnam. The builders of RMK-BRJ thought that American legacy was built with “the blade of a dozer.”¹⁶⁵

An often-overlooked aspect of the Vietnam War is the effect of the U.S. military in the city of Saigon. As more troops and personnel moved into the city, civilian and military mixed and entwined together, causing a variety of problems for both. NAVFAC commissioned RMK-BRJ to build a new city for the military in the jungle near Saigon called Long Binh. This massive facility replaced eighteen square miles of “first growth jungle situated at the intersection of National Highway #1 and Highway #15, twenty-five kilometers northwest of Saigon.”¹⁶⁶ About fifty Americans and five hundred Vietnamese went to work clearing the jungle for the new USARV headquarters. Before the project was finished, Army troops moved in.¹⁶⁷ This growth shows how M-K was part of the U.S. plan to build Vietnam. The new USARV headquarters was a long-term compound intended to demonstrate American commitment to the freedom of South Vietnam.

Saigon also lacked proper ports for the influx of U.S. war supplies. By 1966, Saigon had become the busiest port in all of Southeast Asia. The U.S. Navy took priority on the docks and made local commerce wait. “Ordinary goods have to wait for available dock space at the mouth of Saigon River in Vung Tau.”¹⁶⁸ The Vietnamese government

¹⁶⁵RMK-BRJ, Bill Lightfield. “Vietnam: A long way to Journey” The United States Naval Facilities Engineering Command. A film produced during the war. Accessed through the URS Records Center.

¹⁶⁶ Public Relations correspondence from M-K Saigon staff to Boise Staff. March 1967, URS Records box 166516.

¹⁶⁷ “Long Binh: The Boom Begins.” *Vietnam Builders* (Saigon: RMK-BRJ) February 4, 1967, 6. (accessed at URS records center Box 166516).

¹⁶⁸ Nguyen Thanh Chan, “\$4.5 M Pier to Ease Up Port Congestion.” *The Saigon Post*. (Tran-Hung Dao: Saigon) August 23, 1966.

tried to ease congestion but problems persisted and prices on exported goods increased due to the wait.¹⁶⁹ Under the cost-plus contract, RMK-BRJ went to work on a brand new pier for Saigon that could hold a single 10,000-ton ship. The new pier was estimated to relieve 25 percent of the congestion.

RMK-BRJ created a film supporting its project in Vietnam. While standing on the half-finished pier, General Westmorland explained the importance of these civilian contractors' efforts in Vietnam:

Every stage of our armed forces build up here in Vietnam, has required a proportionate build up in the facilities to support them. This has involved construction of entire harbors, to get the goods of war into this country — logistical depots to store them and airfields and roads to use them. We are not only building to help the Vietnamese people to thwart aggression, but many of the harbors, airports, hospitals, roads and support facilities we are building here will last many years beyond the present conflict. When peace is restored and Vietnam is free to pursue her own destiny, these facilities will be turned over to the Vietnamese. So in a really sense, we are building for peace here in Vietnam.¹⁷⁰

For the U.S. military and RMK-BRJ, these construction projects were not a temporary solution for wartime logistics. To show the South Vietnamese that the Americans were serious about the inclusion of South Vietnam in the Western economy, the Navy intended these facilities not only to alleviate the congestion of wartime material, but to also provide a lasting solution to growth of the city's port. The construction companies also shared this sentiment. As with most capitalist companies, these contractors were first concerned with profits; however they also believed in the cause. Both the engineer and

¹⁶⁹ Chan "\$4.5 M Pier."

¹⁷⁰ Bill Lightfield, *A gift for the Dragon's Son*. United States Naval Facilities Engineering Command. Produced by Morrison-Knudsen International. Accessed at the URS records Center.

the construction worker intended their work to last. It would be difficult imagining RMK-BRJ not supporting the idea of building lasting structures in Vietnam.



Picture 6: Aerial photo of a helicopter base near the coast. Lyman Wilbur Collection (photo VIET 019), Boise State University Albertsons Library Special Collections and Archives.

Drawdown of the Contract

As the war dragged on, the hazards increased for both American and Vietnamese RMK-BRJ contractors. One of the most dangerous jobs for the civilian construction crews was road construction after the Tet Offensive.¹⁷¹ From decades of war and the intensified battles of 1968, 450 miles of roadways throughout South Vietnam required

¹⁷¹ “Vietnam contractors push 450 miles of road work.” *Roads and Streets*. January, 1969. 71.

repair, especially in the Mekong Delta where 35 percent of the population resided.¹⁷² USAID and the Army co-sponsored roadwork to improve both combat logistics and relations. For the most part, enemy forces did not menace construction crews. M-K took care to distinguish its work from the military operations and the Viet Cong (VC) initially ignored the construction workers.¹⁷³ The Viet Cong also knew road improvements helped their efforts; however, after the 1968 offensive, the VC targeted the road building operation.¹⁷⁴ In the Mekong Delta U.S. infantry escorted construction crews during construction of a particular road linking Saigon to My Tho, about 25 miles.¹⁷⁵

Working on a dredge also proved to be a dangerous job for RMK-BRJ workers. “The dredge Western Eagle, guarded by a nineteen-man Army team, was hit during a March 1969 rocket attack, killing one soldier and injuring another as well as one member of the crew.” The Viet Cong sunk a dredge in 1967, killing three crewmembers. In 1968 Communist troops raided an inspection vehicle and took Henry Hudson, Edwin Jones, Otto Scholten, and their driver Chung Can prisoner. Three of them escaped, but Scholten was killed during the rescue. In all, fifty-two employees lost their lives while working for RMK-BRJ in Vietnam.¹⁷⁶

The dangers of construction in Vietnam were matched with different types of hazards back in America. Contract NBy44105 was a “cost plus” contract, the government

¹⁷² United States Military Assistance Command, Vietnam. *Construction Program South Vietnam (Complex Review)*. United State Militaty, Directorate of Construction HQ Military Assistance Command Vietnam. March 1, 1969. sec: 18-1.

¹⁷³ “Vietnam Contractors.” *Roads and Streets*, 71.

¹⁷⁴ Construction Program South Vietnam, 20-3.

¹⁷⁵ “Vietnam contractors.” *Roads and Streets*, 71.

¹⁷⁶ Barrett, *To Build To Build*. 310a, 311.

assumed all risk. While this was advantageous for RMK-BRJ, since it was guaranteed a marginal profit, the cost plus contract also came with public scrutiny and skepticism. The Government Accountability Office charged RMK-BRJ and NAVFAC with “wasteful and inefficient practices” in May of 1967. The contractors and the Navy convinced the GAO that both groups were working as efficiently as they could considering the circumstances, but some U.S. senators were still convinced that the construction program was plagued with waste. Senator Abraham Ribicoff (D-Conn.) and John L. McClellan (D-Ark.) requested the GAO conduct another investigation.¹⁷⁷

This was not the first time the U.S. Senate opened hearings on corruption between M-K and its military clients. In 1952 Senator Lyndon Johnson chaired a fact-finding committee to investigate reports of graft and mismanagement on a job to build airfields for the U.S. Air Force in Morocco. Several M-K executives testified before Congress on the matter, including Jack Bonny and Lyman Wilbur. The company came under fire for accusing Johnson of “headline hunting,” essentially going after M-K just to help his upcoming presidential campaign.¹⁷⁸ Bonny later publicly withdrew the accusation, saying that he and the company “do not challenge and do not impugn the integrity of the chairman and the committee.”¹⁷⁹ The investigation went through 1952, but M-K continued to defend its actions in Morocco, claiming Congress’s deadlines for completion forced the project to lose some control. According to Bonny, the Korean conflict caused a

¹⁷⁷ Barrett, *To Build To Build*, 315, 316.

¹⁷⁸ Undated newspaper clipping, Associated Press, in the James McClary scrapbook collection. MSS 258, 1952.

¹⁷⁹ McClary Scrapbook.

panic in Washington two years earlier when Congress ordered the construction of airbases to protect Europe and the Middle East completed within eighty days.

Johnson's committee concluded the hearing in the spring of 1952, releasing the transcripts to the public and requesting the Justice Department handle any action against the companies or the Armed Services. The House Appropriations Subcommittee reviewed the report and "did not support the 'legend of scandal and inefficiency,' which it [the subcommittee] said had been woven around the effort to build airfields hurried within bombing range of Russia."¹⁸⁰ Later in the summer of 1952, Johnson's committee reported its findings and mostly cleared Atlas Construction, the M-K joint venture, of any misconduct and instead blamed Lieutenant General Lewis Pick of mismanagement of the project. General Pick countered that the committee was "overcritical."¹⁸¹ Morrison-Knudsen persisted in its defense that indeed the project did cost more than it should have, but that is often the case with wartime contracts.

Similarly, during the Vietnam conflict, the U.S. Central Intelligence Agency (CIA) investigated alleged misconduct by RMK-BRJ workers that was reported to its counterparts in the Office of Naval Intelligence. The Chief of Police at Vien Long, where RMK was building an airfield, reported some Vietnamese dump truck drivers were being paid for work they did not do. The CIA investigated and found at least two drivers made arrangements with a gate checker to give two or more load tickets per trip. Gate checkers were to only give a single ticket per load, since the drivers were paid per ticket. When the police chief stopped and interrogated the drivers, the police found them with a brief case

¹⁸⁰ Associated Press, "Criticism of bases in Africa is scored." *New York Times*. September 29, 1952. p35.

¹⁸¹ "The Nation." *New York Times*. August 31, 1952. pE2.

containing 50,000 piasters (enough money for one of the drivers to purchase a new motorcycle).¹⁸² The common laborer for RMK-BRJ made 9 piastres an hour.¹⁸³ The CIA investigator took this information to an RMK project manager and was displeased with the manager's lack of concern. The investigator's report accused the American manager and the RMK office in Saigon of impeding the prosecution of the Vietnamese drivers by not releasing evidence.¹⁸⁴ These types of reports trickled in to the Department of Defense and up to Capitol Hill, but few were reported to the public.

While reports of fraud were detrimental to the RMK-BRJ civilian construction in Vietnam, the Navy came to the defense of the contractors and argued the fault was not with the Vietnam Builders but with the President's overall strategy in Vietnam, which set up a system that was susceptible to waste. Despite these flaws, the Navy still only estimated "one million [dollars] worth of material used in the nearly two billion [dollar] ten year construction period would be unaccountable."¹⁸⁵ Defenders of RMK-BRJ, including *Fortune Magazine* writer John Mecklin, noted the construction group operated with only a 2.46 percent profit margin. Spencer Smith, of the Navy's Civil Engineering Corps, said "The contractor has done a terrific job in my opinion. This contractor has been of the highest ethics that I have ever seen. He will do anything that he is asked to do

¹⁸² Report from William McKeldin II., Regional Inspector, MIS/Saigon, to the Department of the Navy. August 5, 1965. Accessed in the Lyman D. Wilbur collection. MSS 205, Box 10. Boise State University Library Special Collections & Archives.

¹⁸³ Lyman D. Wilbur April 1966 speech on Construction in Vietnam. accessed in the Wilbur Collection. MSS 205, Box 10.

¹⁸⁴ McKeldin II.

¹⁸⁵ Barrett, *To Build To Build*, 317.

and doesn't think about whether he is going to make money."¹⁸⁶ 2.46 percent was less than half the rate charged by other contractors in Vietnam during the war.¹⁸⁷ The high praise from the military was not enough to keep RMK-BRJ from ending up on the wrong side of public opinion, though.

In a July 1966 memo to his employees, Harry Morrison addressed the importance of victory in Vietnam to both his company and the United States. Morrison subscribed to a "domino theory." Many of the company's international projects were within the containment zone of the Soviet Union. According to the domino theory, if Vietnam fell, the world could see free countries fall to communism all over the globe. For Morrison, the Vietnam War must be won because "the stakes in the struggle are enormous and extend far beyond the freedom we strive to guarantee [for South Vietnam]."¹⁸⁸ For Cold War contractors like Harry Morrison, a company's success was partially based in its patriotism. Morrison had harsh words for the Vietnam protestors back home. "How disconcerting it is that television and newspapers tend to give continuing prominence to the actions of a few headline-seeking students...thereby depicting our nation to people abroad as a land divided of purpose and direction." M-K executives worried that "bearded students burning draft cards" stole the media's attention from "true Americans." Furthermore, Morrison saw such actions by rebellious citizens in both instances as the

¹⁸⁶ Spencer R. Smith, RADM, CEC, USN, Interview, Richard Tregaskis, September 28, 1970, Pacific Division, NAVFAC, Honolulu, Hawaii, Project Search file. Accessed in the Robert E. Melbourne dissertation: *Advance Base Construction by Civilian Contractors in War Zones*. (University of Southern California) 1996, 343.

¹⁸⁷ Barrett, *To Build To Build*, 314.

¹⁸⁸ Harry Morrison, "Steadfast America Can Win in Viet Nam," *EmKayan* (July 1966): 6.

true cause of a failed international conflict and poor international perception.¹⁸⁹

Morrison's vision of a modern Vietnam was shared with the publicity department of Morrison-Knudsen, but fewer and fewer Americans were agreeing with this positive outlook on the future of Vietnamese-American relations.

M-K chief engineer Lyman Wilbur also reflected on the pessimism surrounding America's involvement in Vietnam. In a 1966 speech about RMK-BRJ and the Vietnam construction project, Wilbur gave a detailed portrait of the operations. He focused on logistical details and the risks faced by military operations for both Americans and the Vietnamese workers. He concluded his speech by answering the questions "Why are we over there?" and "Can we win?":

I do not have all the answers as I am sure few do, but I can give you an emphatic "yes" to the last question. We can win if we all put our shoulders to the wheel and decide to win. I think Uncle Sam has done just that and by Uncle Sam, I mean, the Government. Unfortunately, some of our people hesitate. I think we need to get back to thinking of our patriots of old, who made it possible for us to have what we have today, when they followed the motto: "May our Country always be right, but right or wrong — my Country."¹⁹⁰

Wilbur's assessment on the progress of the military conflict, and by extension the RMK-BRJ endeavor, not only shows his cautious optimism for the war, but also his disfavor for the American anti-war sentiment. As early as 1966, Wilbur recognized the split between Americans who supported and those who opposed the Vietnam conflict.

Despite the difficulties of the war and dissent at home, RMK-BRJ continued work in Vietnam. Over a ten-year period lasting the duration of the military conflict (1962-

¹⁸⁹ Morrison. "Steadfast America," *EmKayan*.

¹⁹⁰ Wilbur Speech "Vietnam Construction." MSS 205, Box 10 Folder marked "speeches."

1972), RMK-BRJ constructed 33-million square feet of building floor space and laid 10.8 million tons of asphalt. At the peak, RMK-BRJ employed 40,990 Vietnamese, 4,086 U.S. citizens, and 5,965 third country nationals. The project finished \$10.3 billion (2013 USD) in buildings. The U.S. Military called the project the “construction miracle of the decade.”¹⁹¹ The success of construction projects, however did not translate into a modernized South Vietnam. As historian David Biggs explains in *Quagmire: Nation-Building and Nature in the Mekong Delta*, the modernization effort in Vietnam overlooked important environmental and cultural factors that crucially defined socio-economic conditions in South Vietnam.¹⁹²

The U.S. mission to win the hearts and minds in South Vietnam ultimately failed. The domino fell as General Dũng led the North Vietnamese army into Saigon. The U.S. embassy, built by RMK-BRJ, symbolized the evacuation of U.S citizens and some loyal South Vietnamese seeking refuge from the coming communist takeover. Saigon was renamed Ho Chi Minh City. South Vietnamese soldiers and government workers, perhaps the same people working for RMK-BRJ, were sent to reeducation camps to assimilate into the new regime. Fordham University historian Michael E. Latham believed the U.S. mission of nation building had failed from the beginning. For Fordham, the RMK-BRJ and the entire economic development plan was America’s largest attempt to create a modern first world nation out of a third world agrarian society. Indeed, the Morrison-Knudsen civil engineering firm, along with its government counterparts, believed that if the Vietnamese had modern infrastructure, they could get a fighting chance to join the

¹⁹¹ “Viet Nam Work Concludes,” *EmKanyan* (June 1972).

¹⁹² David Biggs, *Quagmire, Nation-Building and Nature in the Mekong Delta*, University of Washington Press, Seattle. 2010. page 154.

modern economy.¹⁹³ For many social scientists and historians, many of the failures in Vietnam stemmed from this foundational principle. They claim that the U.S. tried to socially engineer very conservative and traditional societies and ignored social and cultural histories.¹⁹⁴

In 1972, when RMK-BRJ rolled up its work in South Vietnam, M-K engineers continued working in Afghanistan. The Vietnam modernization program was short-lived in comparison to the Helmand Valley agricultural project. Combined with the frustration of an unsuccessful military campaign, the thought of handing over billions of dollars of infrastructure and training to the North Vietnamese communists shook the company's confidence in the modernization theory created by Rostow twenty years earlier. But M-K continued limited consulting operations in Afghanistan for another seven years, until 1979. For a while at least, M-K still held on to its international presence, but without the modernization mentality, that fueled expansion decades earlier.

In the midst of instability for M-K's international work, the entire field of civil engineering shifted focus for Americans. In 1972 lawyer David Crump published an article in *Civil Engineering*, asking "Are civil engineers socially responsible?"¹⁹⁵ Like other articles written by non-engineers, this article in *Civil Engineering* provided the applied science industry an outsider's perspective. While Crump overall gave the civil engineering profession a positive critique, he did point out some shortcomings. "I think civil engineers have missed opportunities to do public service by failing to assert

¹⁹³ A Gift for the Dragon's Son

¹⁹⁴ See Louis Dupree, *Afghanistan*, for very similar arguments.

¹⁹⁵ David Crump. "Are civil engineers socially responsible? A lawyer's viewpoint." *Civil Engineering*, (January 1972.) Vol. 42 No.1

themselves in response to problems involving society and government.” He went on to criticize the narrow point of view of civil engineers, especially in cases of understanding humanity: “Your education is a demanding one. It is going to leave you excellently prepared for handling technical problems but poorly prepared to put them in context. It is surprising how many engineers (and even engineering educators) are oblivious to this problem.”¹⁹⁶ The American business environment was changing all around Morrison-Knudsen, partially due to the difficulties of Vietnam. Crump encouraged young civil engineers to keep their independence.¹⁹⁷ He thought that engineers should join smaller firms to keep as much control over their work as possible. This sentiment went against everything M-K built for itself. M-K executives took loyalty very seriously during the first several decades of operation. M-K president Jack Bonny mentions in his construction management textbook that company loyalty is a primary building block for a healthy business. Bonny goes on to blame unions for replacing company dedication.¹⁹⁸ In 1965, Harry Morrison and M-K recognized Percy Pinder for being the first EmKayan (besides Morrison) to earn the fifty-year service emblem. Morrison believed in honoring those who stuck with the company.¹⁹⁹

By the mid-1970s loyalty did not seem to matter as much to the construction company. Harry Morrison passed away and computer algorithms and automated

¹⁹⁶ David Crump. “Are civil engineers socially responsible?” 59.

¹⁹⁷ Crump, “Are civil engineers socially responsible?” 60.

¹⁹⁸ J.B. Bonny. *Handbook of Construction Management*, xi.

¹⁹⁹ Harry Morrison, “Oldest Employee Attains Historic Milestone.” *EmKayan* (March 1962): 2.

machines replaced hundreds of laborers on the payroll.²⁰⁰ The company magazine spent less space recognizing employees with long tenure. As with most companies in the 1970s and 1980s, employees moved around more often than previous generations of workers. A lack of company loyalty was indicative of an overall shift in direction for M-K after Vietnam. In many ways, the Vietnam War and civilian construction project led by RMK-BRJ ended an era of business for M-K that could be defined as Harry Morrison's style of business. From the 1930s to the 1960s, Morrison's engineers and contractors conducted themselves as examples, or ambassadors, of all that they saw as good about modern Western society. This generation of American contractors may have only been service providers to their foreign government clients, but their demeanor was more distinguished. As was evident in the Kandahar headquarters of Menzel Bagh, where EmKayans hosted dinner parties for the King of Afghanistan, where they served American food, played baseball and showed American movies, these men and women had a sense of pride in their American lifestyle, which they thought could be universally applied. This idea was thoroughly challenged in South Vietnam, leading to problems within the company.

²⁰⁰ "Computers Speeds Inventory," *EmKayan* (December 1968).

CHAPTER FOUR: AFTERMATH

By 1979, the toll of international instability threatened M-K's foreign ambitions. Four years after the fall of Saigon, the Soviets invaded Afghanistan and the Iranian people revolted against America's ally Mohammad Reza Pahlavi Shah.²⁰¹ The fall of these three pro-American governments, Vietnam, Afghanistan, and Iran, highlighted an even tenser environment of stressed foreign relations looming for the 1980s. As new leadership stepped in, M-K faced another changing era for the company's mission. Unfortunately, the new mission lacked the simplicity of previous versions and ultimately failed to keep the company afloat. Unknown to most at the time, M-K's best days had gone, at least in terms of company stability and reliability of work.

Not only were communist and anti-American powers gaining control of M-K's client countries, the skeptics of U.S. international assistance programs started gaining sway in the foreign policy committees. Years earlier, the *Middle East Journal* reported in "The Dangers of Cold War Generosity," that U.S. and Soviet involvement in Afghanistan created "serious social and political dislocations and have met resistance from

²⁰¹ M-K was also the lead contractor in the construction of military bases, airfields for Iran's air force, and other military compounds. Earlier, in the 1950s, M-K also designed two massive hydropower and water reservoir systems for Iran's capital city, Tehran. The 1979 revolution happened so fast that some M-K workers were stuck in country during the revolt.

conservative elements who have seen their political and religious positions weakened.”²⁰² Throughout the 1970s, Idaho’s Senator Frank Church urged Congress to decrease spending on international projects. While political instability in the Middle East brought an end to modernization projects for M-K, it also brought other opportunities to the foreground. After the Iranian Revolution and the continual conflict in Israel, the United States had to adjust its policy to insure the U.S. economy was not reliant upon an unstable Middle East energy. Once again, international construction companies made their services available.

American companies that once built highways and dams for the Cold War turned to Saudi Arabia, Kuwait, and the United Arab Emirates to expand oil production. Companies similar to M-K, like Washington Group, Bechtel, Kewit, and others also increased their resource extraction engineering services in South America and Asia.²⁰³ From the 1970s to the 1990s, resource extraction proved to be more profitable than infrastructure construction as non-renewable energy was in high demand.²⁰⁴ In an era of limited energy and conflicting views of America’s role in the world, the role of private contractors in foreign development became convoluted. Morrison-Knudsen’s international business mostly withered away.²⁰⁵ Resource extraction, however, was not M-K’s forte and it was no longer was the leader in its field.

²⁰² Richard S. Newell. “Afghanistan: The Dangers of Cold War Generosity.” *Middle East Journal*. Spring 1969. Vol. 23, No. 2.169.

²⁰³ Morrison-Knudsen Annual Report, 1981. (Boise, Idaho: Morrison-Knudsen)

²⁰⁴ Morrison-Knudsen was one company that did not survive this transition. While M-K did attempt to shift to resource extraction, CEO Bill Agee also invested heavily in Railroad Engines.

²⁰⁵ Paul Beebe, “Agee guides MK to profits.” *Idaho Statesman*. August 6, 1989. 4E.

With energy prices on the rise, M-K expanded its domestic work to cut down overhead. It continued to win contracts for hydropower and coal fired power plants in the United States; it also expanded into commercial and residential real estate development in the American West. M-K president William McMurren focused on national projects close to home.²⁰⁶ McMurren took control of the company in 1969, when his predecessor, B.L. Perkins, died in a car crash. In 1970 the company's profits slumped, which McMurren thought was partially due to the company's emphasis on costly heavy construction jobs and not enough on low-overhead engineering. That year, for example, 50 percent of the company's revenue came from construction, while only 5 percent was from engineering. McMurren flipped that and by 1976 the company was earning 36 percent from engineering and 9 percent from construction.²⁰⁷ This shift away from construction heavily impacted domestic projects. McMurren said, "While Americans will continue to build and improve their environment, the West has basically been won and civilization — for better or worse — has arrived [at modernity]." He thus shifted work away from building infrastructure.²⁰⁸ According to one project manager who was working for M-K at the time, the only international work the company considered worthwhile was in South America. McMurren saw the importance of resource extraction for future growth of the company, especially coal.²⁰⁹ For McMurren, winning energy supply contracts was a sure bet in an unstable economy.

²⁰⁶ William H. McMurren, "Presidents Memo," *EmKayan* (May 1981): 2.

²⁰⁷ *Forbes Magazine*. "Too Many Sandboxes?" March 15, 1976, 79.

²⁰⁸ Steve Guerber. "International 'Controlled Expansion' by M-K Outlined to Chamber." *Idaho Statesman*, November 23, 1972, 16-A.

²⁰⁹ *Forbes*, "Too Many Sandboxes."

M-K in South America

The later part of the 20th century was indeed less stable for M-K than the first half, however not all was bleak for this Fortune 500 company. While energy shortages, recessions, and high turnover shook M-K's ability to win U.S. foreign assistance jobs in Europe, Asia and Africa, the company did manage to transform its role in South America perfectly well. This transition deserves special attention, because not only does it show how M-K successfully navigated U.S. policy to win contracts after 1979, but also provides some context to the turbulent times awaiting M-K. Despite the transition to domestic work, M-K continued to work in South America, but increasingly in the resource extraction business. Throughout Morrison-Knudsen's history, South America was always a prime location for international projects; by the late 1970s, it was the only international region that remained on the books.²¹⁰

Some of the earliest international work for M-K was in Mexico, building canals and dams. In the 1950s and 60s M-K worked for both South American governments and USAID to build roads and service facilities for mining operations.²¹¹ In 1966, M-K was commissioned to build a Peruvian highway from the Pacific Ocean to the Amazon Basin. Once again, military strategy was the catalyst for a large construction project with civilian benefits. The World Bank sponsored this \$46 million Northern Transandean

²¹⁰ One of the longest ongoing projects M-K was involved with was the Pan-American Highway. The United States, Canada, Mexico, and some South American countries had for a very long time wished to complete a continuous stretch of highway from Alaska to the bottom of South America. M-K won a variety of contracts to build parts of this road. Source: Jim Duran interview with Bill Perkins, project manager for some of these highway jobs. City of Boise, Arts and History Dept. M-K Oral History Project.

²¹¹ Barrett, *To Build To Build*, 348.

Highway project for the Peruvian army, but its completion resulted in the opening of the interior of Peru for commerce.²¹²

Building such highways often required extra planning and logistics. M-K crews unloaded ocean liners packed with American heavy equipment onto river barges. The barges were loaded by order of necessity: A ramp for unloading, a crane to move the ramp sandwiched between two bull dozers, behind the dozers were dump trucks and fuel trucks, then excavators for digging and finally smaller trucks and paving equipment and supplies. The barge would pull up to the river shore, the crane and ramps could launch the dozers to start clearing the jungle and then the rest of the equipment was ready to build a road.²¹³ The program was well thought out and well-funded. Peru's president, Fernando Belaunde Terry, considered the highway project an opportunity to exploit Peru's untapped interior and American civil engineers saw the project as a boost of patriotism for Peru. *Engineering News-Record* editor Arthur J. Fox, Jr., thought that the highway project "suggests further that to a new era of Latin-American cooperation, construction must lead the way."²¹⁴ This cooperation persisted for years with some South American governments. While some conflicts erupted during the drug wars, U.S. business had mostly uninterrupted relations with South American countries like Brazil.

With assistance from the United States, many South American countries benefited from massive infrastructure projects that exposed resources for extraction. Regardless of

²¹² *Peruvian Times*. "Road Building Equipment for Peruvian Army Engineering Battalions." (Lima: Peru) March 25, 1966. vol 26, no. 1318, 1.

²¹³ Jim Duran oral history with Bill Perkins, for a photo see *Peruvian Times*, March 25, 1966.

²¹⁴ David J. McGrath, "To Fill You In..." *Engineering News-Record*. (New York: McGraw Hill) June 23, 1966, 2.

the project's modernization progress, M-K employees in South America thought their work improved relations between the United States and some of the South American countries — if not for any other reason than the opportunity for trade.²¹⁵ M-K activity in South America during the late 1970s and throughout the 1980s highlights the company's straying away from modernization theory and toward integration into the current resource extraction business. In the 1980s, M-K won a contract to build one of the largest coalmines in the world at Cerrejon, Columbia. This project became the highlight of South American work for M-K throughout that decade.

The transition from international modernization to resource extraction is a subtle difference; hardly recognizable when just analyzing line items in a budget. M-K still continued to build bridges, power plants and other infrastructure for other nations, just at a smaller scale. Only when looking at how M-K described its projects after 1979 compared to earlier Cold War projects is the difference clear. During the 1980s and 1990s M-K was a much more culturally sensitive company. Instead of the paternal tone of the 1950s, M-K dealt with its client countries on an equal footing. The notion of offering developing countries the gift of modernization was no longer relevant, nor realistic. Countries with strong growing economies like Brazil, India and Egypt, produced their own construction companies that often beat M-K for local work. These countries were providing their own plans for a modern world. More than ever they did not need or want help from the United States.²¹⁶

²¹⁵ Joseph Jordan and Bill Perkins mention improved business trade with Brazil. City of Boise Arts and History Department, Morrison-Knudsen Oral History Project.

²¹⁶ Bill Perkins tells of the problems M-K had winning foreign work in the 1980s. Morrison Knudsen Oral History Project, City of Boise Arts and History Department.

Problems with Administration

With the exception of its work in South America during the 1970s and 1980s, the company focused on domestic projects. This was not the first time M-K had to change its mission to survive a changing business environment. This transition, however, changed the face of the company and caused instability at the top of the hierarchy. From the late 1970s and through the 1980s, M-K cycled through more executives than the company had historically. These changes at the top level did little to improve profits for the company and were perhaps more a symptom of a much larger problem for the company. By the late 1980s, the company was at risk of bankruptcy. In 1986 the M-K board of directors elected William Agee as the chief executive officer. Agee was a Boise native with prior experience at Boise Cascade and Morrison-Knudsen. Agee was an electric leader with bold ideas. He sought to “trend-surf” by pushing M-K towards projects that were popular trends in the construction industry.²¹⁷ Agee saw an opportunity for M-K to enter the mass-transit industry and win some emerging projects restoring and upgrading American infrastructure. With a new emphasis on diversified domestic work, the goal was to add significant capital to train-car and engine-manufacturing, as well as commercial and residential urban development.²¹⁸

Agee sold off parts of the company that were failing to produce revenue and only bid on new jobs that were massive in comparison.²¹⁹ At first, Agee seemed to improve the value of the company. In 1989, the company reported \$32.2 million in profits, which

²¹⁷ Richard L. Stern and Reed Abelson, “The Imperial Agees.” *Forbes Magazine* (New York: June 8, 1992), 88.

²¹⁸ Morrison-Knudsen Annual Report, 1985.

²¹⁹ Stern and Abelson, *Forbes*, 88.

gave the impression the company was recovering under Agee's direction.²²⁰ In fact, Morrison-Knudsen was in a very risky position if it could not produce a profit on some major projects, like high-speed transit lines in Texas, a remanufacturing plant for Chicago rail transit cars, or a new locomotive plant in Boise. By 1991, these new projects, with their expensive startup costs, had dissolved any profits earned from all other projects. *Forbes Magazine* reported that Agee used prior experience as chief financial officer at another Boise company to create a false sense of improvement for M-K. "Bill Agee's bookkeeping skills come in handy. Going all the way back to his days at Boise Cascade, he knew a lot about how to put the best possible face on earnings. It was no surprise, then, that most of Morrison-Knudsen's 1991 earnings came from financial transactions rather than from core business."²²¹ Agee's spin on company earnings did little to actually turn the company around from the looming default just on the horizon.

²²⁰ John Tucker. "MK Timeline." *Idaho Statesman*. July 8, 2000.

²²¹ Stern and Abelson, *Forbes*, 91.



Picture 7: *Forbes Magazine* calls out the Agee's lifestyle and lack of confidence by employees. June 8, 1992. Used with permission.

By 1994 the M-K board of directors had a bleak outlook for the future of the company. Under Agee's direction M-K continued to lose money.²²² M-K workers felt their leader was wasting time and money without the gravitas previous presidents possessed. At a board meeting on Thursday, February 9, 1995, the board members laid out evidence in the form of documents that "show a pattern of misuse of corporate property by Agee."²²³ After that meeting, one or more employees risked their jobs and stole those documents and leaked them to multiple national media outlets. Stories ran on the Agee family's use of a corporate jet (a Falcon 500, \$9.5 million) to shuttle guests and items from their Pebble Beach mansion to Boise, while being served meals on Waterford Crystal.²²⁴ The local newspaper, the *Idaho Statesman*, posted many, if not all, the evidence of the Agee's rich lifestyle to its readers. The news was not well received by Boiseans, who were used to their modest business leaders like Harry Morrison.²²⁵ The board fired Agee shortly after the February 9th meeting, leaving him with a substantial pension. The firing did little to help the failing company, and many portions of the company were sold off. Five years later, the company was sold to Washington Inc., a rival engineering and construction management company.

²²² Julie Bailey. "Agee leaving struggling MK." *Idaho Statesman*. February 2, 1995. 1A.

²²³ Jim Hopkins. "'Palace revolt' at MK sank Agee." *Idaho Statesman*. February 12, 1995. 1A.

²²⁴ Bailey and Hopkins. "For Agees, it was nothing but the best." *Idaho Statesman*, February 18, 1995. 2A

²²⁵ Tim Woodward. "No one cheered when Mr. Morrison left." *Idaho Statesman*. February 5, 1995.

End of an Era

The last few years of M-K operations were so difficult for most employees, few wanted to remember them. Since most pensions shifted to a stock-dependent system, thousands of employees lost a substantial portion of their life savings as M-K stock fell to fractions of its peak value. International ventures and modernizing third world nations was a distant memory obscured by a bitter loss for most who were involved. To shake off the reputation it earned during the Agee days, M-K announced it was changing its name to Washington Group International Incorporated. The news was not well received in Boise. The Governor of Idaho, Dirk Kempthorne, said the M-K name “brought a great deal of pride to Idaho and Idahoans... I compliment Dennis Washington and his team because theirs is a true success story. We welcome the change, but it’s with nostalgia that we do so.” Former Governor Robert Smylie simply said, “I wish they hadn’t done it.” One former M-K worker, Lilly Collias, said she recognized that companies changed names all the time in that era, “But just imagine the value of the name and reputation and history they’re wiping out with that one stroke.”²²⁶ The name Morrison-Knudsen had faded into the past — no longer an agent in the international modernization policy of the United States.

For over fifty years the Boise community, including the *Idaho Statesman* newspaper, celebrated M-K’s success as a thriving Boise company. When the company lost hundreds of millions of dollars in the 1990s, many employees and the Boise community in general stopped talking about the company. Hundreds of employees in

²²⁶ Tim Woodward. “MK name emblematic of Idaho history, pride.” *Idaho Statesman*. July 8, 2000.

Boise lost their retirement savings, the city lost a key company, and there was little left to report but failure. When the author of this thesis moved to Boise in 2002, he could sense the bitterness still present in M-K's demise. But ten years later, the attitude had slowly shifted, the pain of 1996 subsided, and the community wanted to commemorate the history of M-K success. Retirees donated their papers and memorabilia to local institutions, agreed to oral histories, and actively searched for the physical remains of the company. Today the documents are ripe for picking, and historians can now study an important element of 20th century American economic development.

At the same time, around the year 2000, the threats of communism were mostly gone in the United States. Thirteen years later, there is even less hope of understanding the environment in which Morrison-Knudsen operated for so many years. It is important to remember the Cold War struggle when reviewing the international work of Morrison-Knudsen. From 1946 to the 1980s, M-K closely followed national concerns and shaped its business model to facilitate big jobs for the Cold War. Only in that context can we understand why Americans were concerned with irrigation in the Helmand Valley. Conversely, we can only fully understand the scope and outcome of such American projects if we study the people and companies that actually were there.

CHAPTER FIVE: CONCLUSION

When American foreign policy and Morrison-Knudsen company history are viewed side-by-side, the deep-seeded complications of the American international assistance projects emerge. It becomes clear that when the U.S. dealt with poorer nations, it was equally concerned with international poverty and making allies. In a similar fashion, the M-K mission carried two objectives simultaneously: to aid in the modernization of the developing world and to earn a profit completing that mission. There are positive ramifications of this relationship and there are negative ones. When the political climate shifted, so did M-K's prioritization of international modernization.

By understanding the rise and fall of M-K, we can begin to delve into the bigger questions of America's role in the global community during the 20th century. There remain difficult questions about the impact the U.S. had on foreign countries during the Cold War. These questions carry with them heavy moral ramifications when considering the effects of so much capital spent on infrastructure projects for countries that may or may not have wanted the projects to begin with. While an assessment of the impact of these projects might never be objectively measured, it is important to know the significance of Morrison-Knudsen and its involvement.

To Harry Morrison, the idea of building a modern world was not merely an opportunity to make a profit, it was an opportunity to shape the world in the image of the United States. Morrison saw the success in the Western United States and he knew first-

hand how to turn a sagebrush desert into a cultivable landscape. Not only did M-K executives see the Western United States as a model for development, but they also, at least to a degree, believed in the threat of communism. Under Truman's Point Four program, these two ideas coalesced into an international development program that M-K took full advantage of. Both of these beliefs might have been shared by a host of Americans during the Cold War, but Harry Morrison was one of only a handful of individuals that had a multi-million dollar company that could actually fulfill the goals of United States foreign policy.

It turned out M-K was a perfect match for the U.S. international modernization program of the 1950s. Construction projects flourished throughout the world. It is important to note that it was partially because of M-K that the U.S. was able to achieve some of its containment strategy during the Cold War. But while M-K was ready to modernize the world, it and the M-K shareholders were not interested in building things for free. Here we find another difficulty in the Cold War international modernization program: unlike the military arm of the Cold War, the civilian counterpart needed to make a profit from the venture. Morrison-Knudsen wanted payment to build infrastructure, and they were usually paid whether or not the infrastructure assisted in the goals set by U.S. foreign policy. Granted, M-K probably would not be invited back if their projects did not succeed, however the U.S could not risk losing another country to Soviet influence in the Middle East or to Communist China in Southeast Asia, so inertia partially kept the projects rolling for M-K

This process of construction to make allies through modernization was not exactly a replica of the American West projects of a generation earlier. The canal and

hydropower projects of the American West were similar to international Cold War modernization that they were both supported by U.S. federal loans, but they were different in many other ways. In the American West, there was a balance between farmers demanding infrastructure and U.S. domestic policy supporting federal projects to build infrastructure. In Afghanistan in the 1950s, for example, the entire process was much more of a top-down approach. The central Afghan monarchy and U.S. its backers foisted infrastructure upon farmers and tribal groups, which in some cases did not even know the projects were coming. Issues like this are only partially answered by researching Morrison-Knudsen Afghanistan, however it is important to remember M-K was right in the middle of this Cold War project.

Morrison-Knudsen used the U.S. international development program to win contracts across the globe and built a modern world. Morrison positioned his company during the Cold War to sell modernization to foreign nations — on behalf of the United States. In this setting, during the 1950s and early 1960s, M-K's mission and capabilities were in harmony with U.S. foreign policy and the nation took notice. Magazines raved that Morrison did more than any other person to change the face of the earth – it was arguably the peak of performance for Morrison-Knudsen. Even though the company generated more revenue later on, it never reached the fame and recognition it had while working on projects like the Helmand Valley project in Afghanistan.

This period in M-K history is truly unique in that it was in the right position at the right time. First, Cold War foreign policy demanded both military and civilian construction all around the world and M-K had the wherewithal to bid and win those contracts. Second, the pro-American foreign governments in countries like Algeria, Iran,

Iraq, Afghanistan, and Pakistan had enough support from the U.S. and other western countries to consistently pay M-K to complete modernization projects. This was important because in later years, when some of these nations revolted against those same pro-American governments, M-K was often booted out of those countries without payment. M-K quickly grew weary of that pattern and moved away from foreign work in revolution-prone regions. Finally, the M-K mission of global modernization was generally accepted by the U.S. population in the 1950s, as evident in the positive national press and absence of criticism that arose in later decades.

Morrison-Knudsen's status as the deliverer of the modern world was tied to U.S. foreign policy, which faced difficulties during and after the Vietnam War. When the U.S. escalated the war in Vietnam, M-K had an opportunity to once again follow foreign policy to stay in business. Constructing military infrastructure was a core of the institutional memory of the company, but there needed to be a bigger purpose than just winning that conflict; civil engineers tend to think in longer terms than that. The civilian construction project morphed into another modernization project that would one day bring Saigon into the global community. But once again, local conflict and environmental strains impeded success for M-K and its governmental clients.

The conclusion of the Vietnam War was just one of many factors that forced M-K away from its mission of global modernization. Rising fuel prices drove up overhead, as did 1970s environmental and safety regulations. M-K saw new competition from growing nations like Brazil, which had their own heavy construction companies. M-K also expressed concerns over the business practices of other countries like Germany and Italy, which assumed the risk of their countries' companies working internationally. These

countries would cover any losses a construction company might accumulate in order to secure foreign business, and increase the demand for manufactured goods like German or Italian tractors and cranes.

All of these issues not only forced M-K to change directions, they also simply made it a more difficult environment for the company to operate. Nevertheless, M-K executives had to once again find a new direction for the company. They had difficulty matching the company's mission to any one national necessity — instead M-K diversified and tried to cover many domestic issues. William McMurren thought this was the best way to keep M-K competitive, and considering the size of the company at the time, it probably was close to the truth. Whether or not M-K's diversification was a good move for the company's longevity, the fact remains the company faced inconsistent years after its golden era as the world's construction company.

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APPENDIX

Charts and Tables relating to the history of Morrison-Knudsen Co.

Table 1: Morrison-Knudsen Executives

Presidents	
Morris H. Knudsen	1923 – 1939
Harry W. Morrison	1939 – 1960
J.B. Bonny	1960 – 1970
B.L. Perkins	1970 – 1972
William H. McMurren	1972 – 1985
W.J. Deasy	1985 – 1988
William Agee	1988 – 1995

Table 2: Net foreign loans and other credits, by country – Period July 1, 1940–June 30, 1958. – Utilization, repayments, and totals outstanding on June 30, 1958.
Source: U.S. Foreign Aid. Its Purpose, Scope, Administration, and Related Information. 1959, 1969 reprint (New York: Greenwood Press Publishers) 116.

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TABLE VIII.—Net foreign loans and other credits, by country—Period July 1, 1940–June 30, 1958—Utilizations, repayments, and totals outstanding on June 30, 1958

[In thousands of dollars]

Country	Net authorizations	Utilizations	Repayments	Outstanding on June 30, 1958
Total	20,481,987	17,789,305	5,595,364	12,179,482
New credits.....	18,225,132	15,532,450	6,442,945	10,075,264
Prior grants converted into credits.....	2,256,854	2,256,854	152,410	2,104,218
American Republics*	3,103,080	2,228,701	1,072,827	1,151,353
Argentina.....	284,365	131,225	47,756	83,409
Bolivia*.....	47,042	47,042	10,947	34,173
Brazil*.....	1,174,787	839,460	304,661	444,769
Chile.....	262,213	183,901	99,774	99,127
Colombia*.....	250,858	164,500	69,076	95,395
Costa Rica.....	23,799	18,000	3,801	14,199
Cuba.....	98,600	84,412	60,657	23,754
Dominican Republic.....	3,284	41,980	3,284	28,538
Ecuador*.....	60,285	41,980	13,438	14,199
El Salvador.....	1,542	2,547	1,517	26
Guatemala.....	2,599	2,547	858	1,689
Haiti.....	37,891	35,837	7,985	27,853
Honduras.....	12,321	2,588	1,148	1,442
Mexico*.....	435,451	321,528	171,813	147,157
Nicaragua.....	7,333	5,525	3,079	446
Panama.....	21,357	7,407	5,788	1,621
Paraguay.....	18,570	15,343	6,189	9,153
Peru.....	178,087	116,450	10,384	106,085
Uruguay*.....	19,338	19,338	12,122	6,598
Venezuela*.....	28,662	24,565	20,725	2,568
Unspecified.....	104,696	152,228	129,829	22,400
Afghanistan	51,684	44,425	---	44,425
Australia	22,559	22,559	16,335	6,225
Austria	107,419	52,598	33,174	19,424
Bahrain	17,048	17,048	---	---
Belgium-Luxembourg and Congo	239,522	239,522	108,917	130,606
Belgium.....	234,972	234,972	107,230	127,742
Luxembourg.....	3,000	3,000	136	2,864
Belgian Congo.....	1,550	1,550	---	---
Burma	57,343	5,324	3,457	1,867
Canada	196,070	196,070	196,036	34
Ceylon	4,100	1,423	---	1,423
China--Taiwan	407,858	400,051	196,218	203,831
Czechoslovakia	30,377	30,377	25,507	4,870
Denmark	56,748	56,709	11,114	45,595
Ethiopia--Eritrea	32,457	13,857	4,682	9,174
Ethiopia.....	32,407	13,807	4,682	9,124
Eritrea.....	50	50	---	50
Finland	166,313	166,314	67,054	99,259
French Union*	2,530,043	2,480,868	863,241	1,613,688
France*.....	2,523,405	2,474,231	861,873	1,610,922
Algeria*.....	680	680	204	396
French Equatorial Africa*.....	4,457	4,457	1,010	2,369
New Caledonia*.....	1,501	1,501	154	---
Germany	1,355,706	1,348,387	241,499	1,106,888
Greece*	187,799	167,012	55,354	110,149
Hungary	15,917	15,917	4,655	11,262
Iceland	22,592	13,184	1,142	12,042
India*	974,906	438,093	134,008	263,341
Indonesia	199,551	174,512	29,461	145,051
Iran	153,835	114,471	10,838	103,634
Iraq	1,380	1,222	1,008	213
Ireland	128,200	128,200	1,643	126,557
Israel	274,483	226,861	83,537	193,324
Italy	587,325	519,780	255,712	264,068
Japan	1,012,724	916,426	710,556	205,870
Korea	24,928	24,928	3,978	20,960
Latvia	11	11	---	---
Lebanon	1,550	1,550	1,550	---
Liberia	44,773	33,773	6,965	28,508
Libya	3,500	157	---	157
Morocco*	38,369	37,028	16,755	19,769
Netherlands	472,172	472,172	227,764	244,410

See footnotes at end of table, p. 117.

Table 2: (cont.) Net foreign loans and other credits, by country – Period July 1, 1940-June 30, 1958. – Utilization, repayments, and totals outstanding on June 30, 1958. Source: *U.S. Foreign Aid. Its Purpose, Scope, Administration, and Related Information*. 1959, 1969 reprint (New York: Greenwood Press Publishers) 116.

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TABLE VIII.—*Net foreign loans and other credits, by country—Period July 1, 1940–June 30, 1958—Utilizations, repayments, and totals outstanding on June 30, 1958—Continued*

[In thousands of dollars]

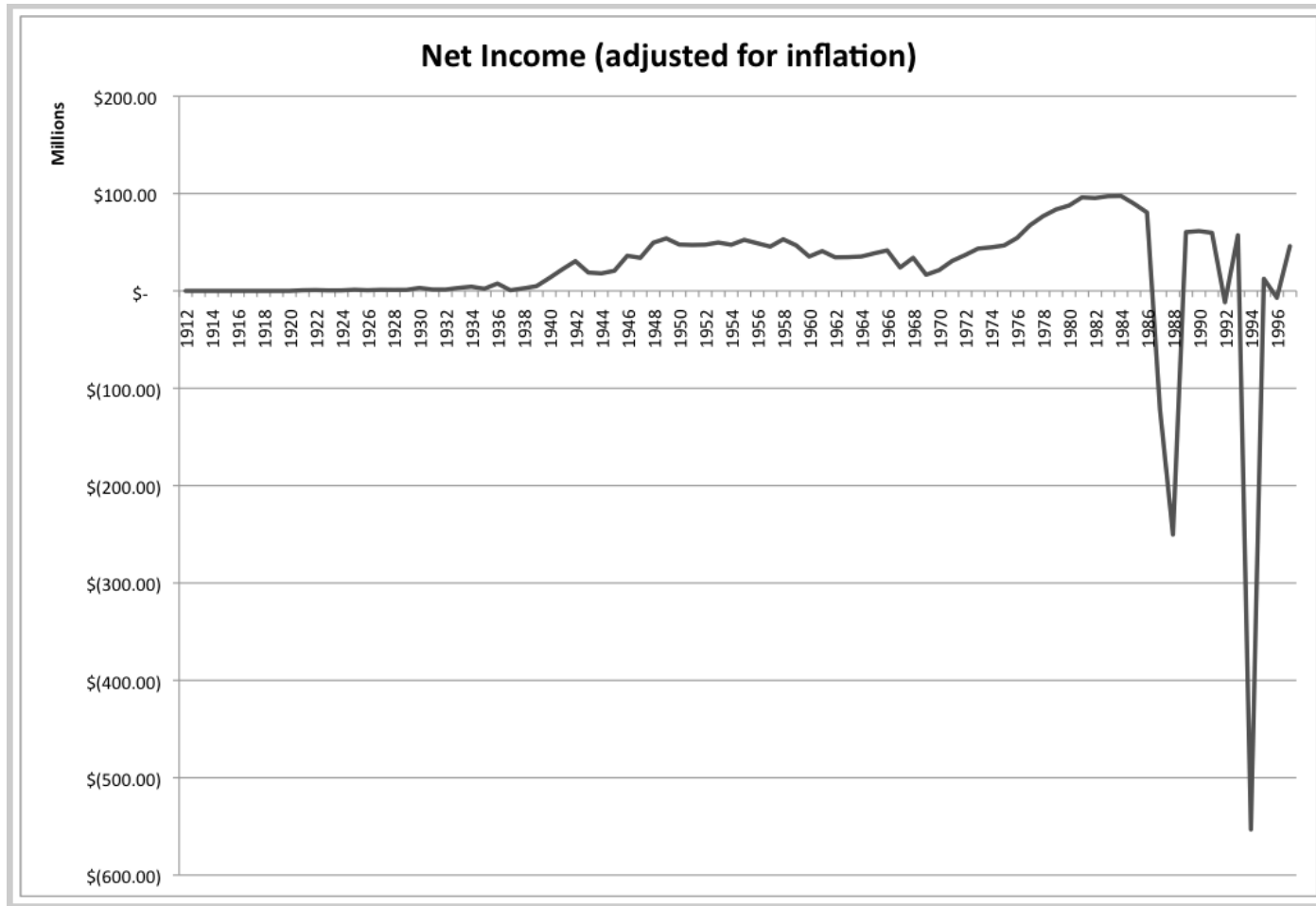
Country	Net authorizations	Utilizations	Repayments	Outstanding on June 30, 1958
New Zealand.....	17, 566	17, 459	6, 139	12, 320
Norway*.....	140, 835	140, 835	70, 218	70, 529
Pakistan.....	166, 320	80, 171	25, 101	93, 084
Philippines.....	182, 654	164, 852	75, 574	89, 278
Poland.....	136, 268	101, 098	27, 268	73, 610
Portugal and possession*.....	58, 512	58, 494	6, 988	51, 475
Portugal.....	58, 317	58, 317	6, 925	51, 393
Angola*.....	195	177	64	82
Rhodesia and Nyasaland.....	60, 686	60, 686	15, 363	45, 323
Saudi Arabia.....	31, 826	31, 826	13, 491	18, 334
Spain.....	305, 148	142, 583	43, 960	98, 624
Sweden.....	28, 311	28, 311	9, 736	18, 575
Thailand.....	36, 505	21, 298	6, 812	14, 486
Trust Territory of Pacific Islands.....	517	517	230	287
Tunisia.....	3, 500	1, 894	-----	1, 894
Turkey*.....	205, 300	203, 960	41, 865	162, 051
Union of South Africa*.....	150, 316	150, 316	37, 234	112, 949
U.S.S.R.....	222, 495	222, 495	-----	222, 495
United Arab Republic.....	25, 566	25, 566	18, 040	7, 526
United Kingdom and dependencies*.....	5, 741, 316	5, 491, 316	822, 491	4, 668, 394
United Kingdom.....	5, 716, 709	5, 466, 709	809, 688	4, 657, 021
British East Africa.....	2, 394	2, 394	426	1, 968
British Gulana.....	128	128	-----	128
British Honduras*.....	482	482	51	-----
Nigeria.....	674	674	674	-----
West Indies Federation.....	20, 930	20, 930	11, 652	9, 278
Vietnam.....	53, 300	35, 196	-----	35, 196
Yugoslavia*.....	227, 700	55, 900	11, 889	43, 763
International Organizations:				
European Coal and Steel Community.....	100, 000	100, 000	2, 900	97, 100
United Nations Headquarters loan.....	65, 000	65, 000	11, 000	54, 000

NOTES

1. Apparent discrepancies are due to rounding of totals.
2. Asterisks denote those countries where some principal has been charged off as uncollectible. For period July 1, 1940-June 30, 1958, this total amounted to \$14,458,000 out of total utilizations of \$17,302,055,000 or less than 1/10 of 1 percent.
3. On June 30, 1958, the total unutilized from the net authorizations amounted to \$2,692,682,000 or the difference between net authorizations and utilizations. This total represents lines of credit still available till such time as the time limit expires or the authorizations are terminated.

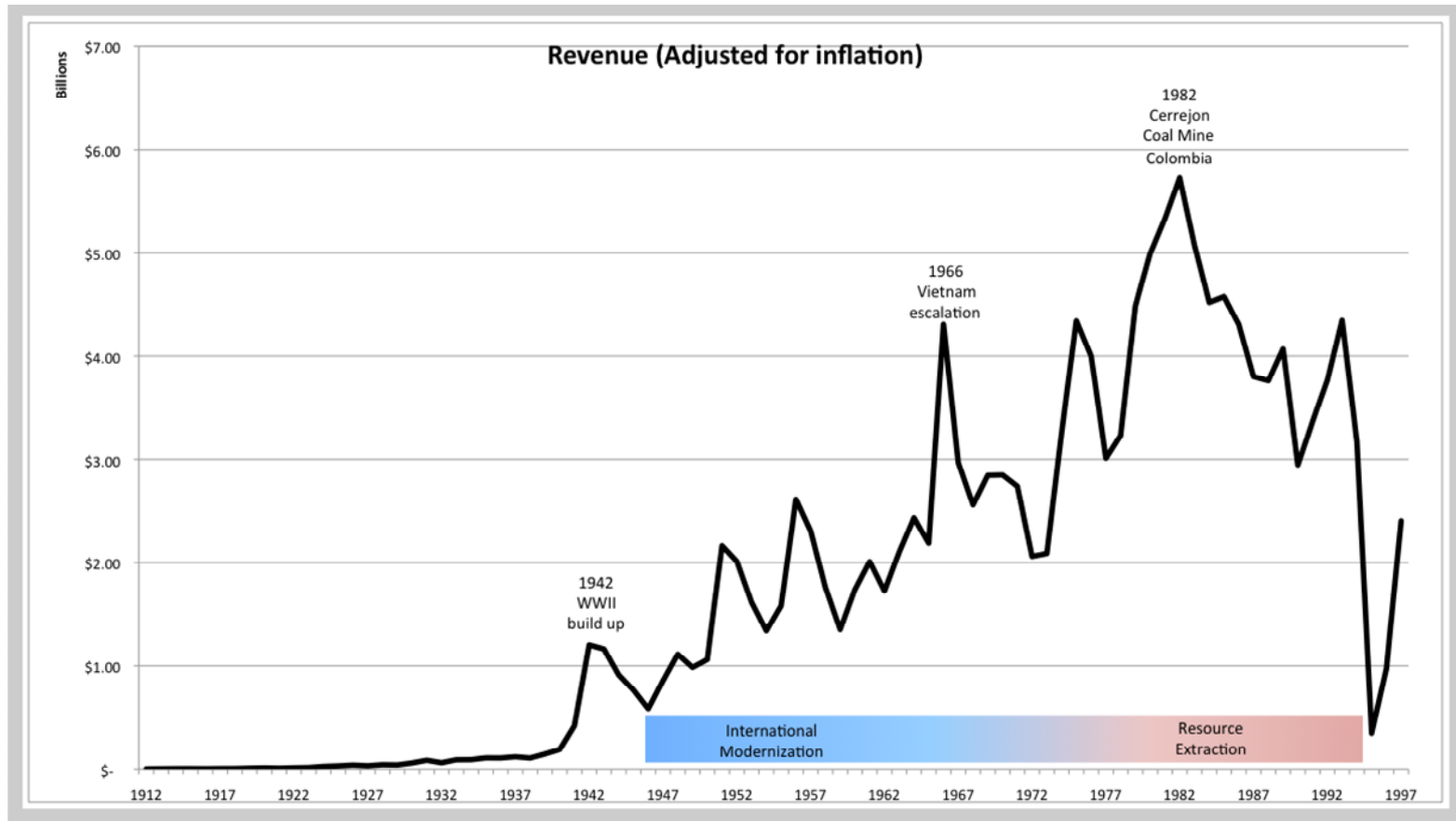


Chart 1: M-K Net Income Adjusted for inflation²²⁷



²²⁷ Data from M-K Annual Reports, graphic created by Jim Duran, 2012.

Chart 2: M-K Revenue Adjusted for inflation²²⁸



²²⁸ Data from M-K Annual Reports, graphic created by Jim Duran, 2012.