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TERMINATION OF LSA PROGRAM

Remarks of Senator Mike Mansfield

Our foreign policy since 1945 has involved assistance to other nations on a scale greater than ever before in peacetime. This aid has thus far not been a waste but a sound investment in the security and well-being of the American people. It has brought results which, under the circumstances, could not have been produced by any other means.

Our foreign aid program has prevented mass starvation and chaos in many parts of the world. It was the salvation of Greece and Turkey from Communist envelopment. It was a key factor in the dramatic economic recovery of Western Europe and in the revival of European hope and confidence in democracy. It has served to intensify defense efforts throughout the free world.

The foreign aid programs of the United States have meant a great deal to other countries. And they have meant much to us. At a time when many free nations were reduced to a state of helplessness, these programs stood as an almost solitary bulwark against the flood of aggressive communism. In so doing they preserved a great area of the world for freedom. They also contributed to the security of the United States and reduced the possibilities that we should expend resources many times greater than the cost of foreign aid in a third World War.

I have consistently favored the use of a prudent part of our resources for these purposes. In recent months, however, it has become increasingly apparent that foreign aid has reached the point of diminishing returns. Last year for the first time Europe's overall industrial production did not rise above the previous years. More and more we see signs that our aid is creating resentment rather than friendship and division rather

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than unity. For the sake of our foreign policy objectives, then, as well as for reasons of economy, we should begin to wind up foreign aid as quickly as possible.

Section 605(c) and Sec. 530(a) of this bill is a step in the wrong direction in that it extends the Mutual Security Program until 1956. Sec. 530(a)(2) states further that: "funds appropriated under the authority of this Act shall, if obligated before such date, remain available for expenditure for three years following such date, and shall be available during such period for obligation".

The original Mutual Security Act of 1951 named June 30, 1954, as the termination date. The present Administration, however, requested that the authority for the program be extended until June 30, 1958. As it comes to the floor this two-year extension until 1956 is a seemingly harmless compromise. In effect, however, it may jeopardize the achievements which have already been made and prolong at the expense of the American people a program which should be allowed to die.

I believe that by announcing an extension of the Mutual Security Program for a substantial period as is done in Section 605(c) and 530(a), we will build up a state of mind, both here and abroad, which will prevent foreign aid from being discontinued when it could and should be. Needless to say, this would be unfair to the American people who pay for these programs. It would also be a confession that the United States and our allies are failing in the fundamental task of finding normal, permanent means of maintaining economic and military strength throughout the free world.

For several years a stated objective of our aid has been "to further encourage the economic unification and the political federation of Europe". Substantial progress toward European unification has been made. Nevertheless, the hesitation of the members of the European Defense Community to ratify the treaty establishing a European army indicates that the nations of Europe have not yet become convinced that European unification is necessary to the security and economic health of that continent. Announcing an extension of the Mutual Security Program will not provide additional impetus to unification or self-reliance. Instead, it will allow the Europeans and other nations to relax their own efforts with confidence that the United States can be counted on to prevent any unfortunate consequences.

Moreover, this 1956 date will create a pressure on us to continue that aid no matter what the rapidly moving events of the world may bring. We would, in effect, morally commit ourselves not to consider a complete stoppage of aid until 1959 -- the liquidation date. Commencing in 1954 that is, the expiration year provided in the present law, a thorough examination of the necessity for foreign aid should be conducted every year. We should not be hampered by the continuing commitment which this date implies.

It is a mistake to ignore the fact that one-way assistance over too long a period tends to separate rather than bring together the giver and the receiver. Despite outward expressions of gratitude from the recipients and professions of magnanimity from us, there is bound to be an underlying note of resentment--on our part for having to give away our resources seemingly without end and on theirs for having no alternative to continued dependence on us except to turn eastward to trade and tyranny.

Throughout Europe last fall I could sense a healthy and encouraging impatience with continued dependence on assistance from the United States. We should take advantage of this attitude to replace costly aid with a program which will benefit, not drain, our own economy. We must solve together with the Europeans this question of imbalance of trade if for no other reason than that the security of the free world requires unity more than anything else, and continued one-way assistance tends to divide rather than to unify.

As long as the Mutual Security Program continues, we will not come to grips with the real problem which is to find a solution that is mutual in reality, not just in name. We should devote as much time and effort to developing such a solution as we devoted to working out the Marshall Plan. It is self-defeating to perpetuate a temporary remedy because it seems easier than finding a permanent cure. It is an inexcusable charge upon the American people to give away their resources one day longer than the security and interests of the United States require.

Yet, the extension of a one-sided Mutual Security Program for an indefinite period seems to be the intent of the present Administration. Not only does Section 530(a) of this bill suggest that this is so but the Executive Branch is being reorganized along lines which imply an indefinite continuation of foreign aid. Reorganization Plan No. 7 would vest responsibility for the administration of all non-military foreign aid and the coordination of all aid programs in an independent Foreign Operations Administration. I have no objection to consolidation and coordination of these programs. But why an independent agency? A new and separate agency would hardly be

necessary if the Administration contemplated bringing an end to most aid programs in the near future. Military assistance, which accounts for the bulk of our funds, is administered by the Defense Department, and technical assistance is a comparatively small operation. Therefore, the only logical conclusion is that the principal task of this proposed new agency, the Foreign Operations Administration, will be to administer out and out economic aid. Would the replacement of the Mutual Security Agency by an agency with a new name be necessary if we planned to cut economic aid drastically next year? Certainly any minor residual activity in this field could be transferred to the Department of State.

I do not mean to suggest that the President's Reorganization Plan No. 7 is completely lacking in useful features. There is no doubt that some kind of reorganization of the administration of the foreign aid programs is necessary even for the next year. There are at present conflicting lines of authority and duplication and overlapping of effort. There are superfluous Ambassadors and Ministers in many capitals. For instance, in Paris last year there were three Americans with the rank of Ambassador and three with the rank of Minister; in the NATO countries there were 19 MSA officials with the rank of either Ambassador or Minister.

The office of the Special Representative in Europe, as I pointed out in a report last year, has grown so large and unwieldy that European statesmen are left with a sense of bafflement and frustration in their attempts to determine with whom they can deal on matters affecting their relations with the United States.

The consolidation called for by Reorganization Plan No. 7 could put an end to this situation and could reduce somewhat the multitudes of Americans working for the government abroad. Excessive U. S. Government personnel abroad has been noted by almost every American going to Europe to study our aid programs. Some of these employees have too few productive tasks and are occupied with make-work functions. I believe that in addition to cost, excess American personnel abroad constitute a major irritant because of the seeming luxury and ease of their lives as compared with that of the average Europeans.

Although the Reorganization Plan corrects some of these obvious flaws, the situation would be further improved if the Foreign Operations Administration was placed in the Department of State rather than established on an independent basis. I recommended last year that "all agencies engaged in foreign aid programs should be abolished as quickly as possible and their duties centralized under the State Department".

A similar recommendation was made by a group of 54 outstanding business men who were appointed by Mr. Stassen to study the effectiveness of the Mutual Security Program. These 54 business leaders stated in their extremely perceptive report:

Regardless of the original necessity of establishing separate organizations, we believe that activities having to do with our foreign relationships are a responsibility of the Department of State and should now be operated by it.

. . .

If the Department of State has not in the past been equipped with either the proper personnel or the recognized capacity to carry on these functions, we believe that the time has come now for it to assume its proper responsibilities. Basic political

decisions require a knowledge of economics, finance and military, together with organizational correlation adequate to carry them out effectively. These functions should be as closely coordinated as possible.

There is no way to achieve a unified and integrated foreign policy unless the responsibility for administering vital non-military operations in other countries is placed in the State Department. Location of these programs within the Department would have the additional advantage of eliminating the costly administrative superstructure of an independent agency. Finally, it would keep foreign assistance in its proper perspective. Individual programs could easily be terminated at the proper time without serious administrative dislocation. Economic aid would not tend to be perpetuated by an agency seeking to prolong its own independent powers and existence.

The European Recovery Program was assigned to an independent agency largely because it was developed during the 80th Congress when the Administration and the Congress were under the control of different parties. That situation has changed and, as we well know, the Republican Party now controls both the Executive and Legislative branches of the Government.

President Eisenhower has said that the "historic responsibility" of the Department of State rested in "the development and control of foreign policy and all relations with foreign governments". How can the Department possibly fulfill this responsibility adequately when foreign operations are administered by other agencies?

Why does the Secretary of State wish to shirk responsibilities which properly belong in his Department?

The Secretary of State should have policy-making and operational control of all foreign relations. He should stop dreaming of a pure policy-making organization untouched by the mechanics of operation. How is this country to speak with one voice and to act with a single purpose unless the Department of State has full control over all non-military governmental operations in foreign countries?

The President's Reorganization Plan No. 7, without modification which will tie the foreign operations agency into the Department of State and Section 530(a) of this bill to continue the authority for the Mutual Security Program for two more years, have this in common. Both seem to be predicated on the idea of never-ending foreign aid on a large scale. When 1956 arrives we shall probably be asked for another extension. The new agency will perpetuate foreign aid, and foreign aid will prolong the life of the new agency. I believe that unless we act to eliminate this date - 1956 - now, there is very little chance that we will witness the end of foreign aid in the foreseeable future.

It may be argued that this extension to 1956 does not bind us to any future commitment. One fact is that if it remains in the law, assistance will be expected in Europe for two additional years. Once this expectation has been built up we will be in an unsatisfactory and immoral position if we discontinue or even threaten to discontinue it. If we do extend it after we have built up this expectation, we will add to the resentment which is already growing. Finally this stretching out of the aid program for two years will hinder us and our allies from getting down immediately to the urgent task of finding methods of building up free world strength on the bases of genuine mutual benefit and effort rather than with reluctant magnanimity on one side and smoldering resentment on the other.