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A NEW APPROACH TO FOREIGN AID

Mr. President:

It is the time of another foreign aid bill. Those of us who have been in Congress long enough have seen more than a decade of continuous organized programs of assistance. We have lived with four principal postwar aid agencies in succession—the ECA, the MFA, the FOA, and, now, the ICA. We have witnessed the annual level of appropriations go up and we have witnessed it come down. We have watched the emphasis in these programs shift from economic aid during the days of the Marshall Plan, to military aid in subsequent years. If my perceptions are accurate, we are now at the beginning of a shift back to an era of economic emphasis.

We have also observed a change in the principal focus of these programs, from Western Europe to the Far East and then the Middle East. Again, if my perceptions are accurate, the focus may now be shifting towards Africa and Latin America.

It is common practice to say that we have put 60 or 70 billion dollars into foreign aid since the close of World War II. I have used a round figure of that kind myself at times. In all honesty, however, I have used it as have others, as the roughest of measures. The fact is that the figure tells us very little, because it is a composite figure. Unless it is recognized as such, it is misleading.
The 70 billion dollars includes appropriations for many disparate undertakings. It includes outright grants and gifts as well as loans on which we fully expect repayment with a good rate of interest. The latter is aid in about the same sense that a banker aids a farmer when he takes a mortgage on his farm. Some might call it, not so much aid, as just plain business. Whatever it is called, it is obvious that bonafide repayable loans to other nations have nothing in common with setting up a temporary soup kitchen for flood victims, or maintaining hundreds of thousands of Middle Eastern refugees for years. Yet, expenditures for all of these purposes are included in the figure of 60 or 70 billion dollars for aid.

Similarly, we list indiscriminately as foreign aid, the cost of a squadron of fighter planes given to an unsteady government somewhere and the cost of assigning a public health expert to a nation with a malaria problem. The effect of these actions on us and on others may be as different as night and day. The only thing they may really have in common is that both cost us something.

Having lumped these and a dozen other dissimilar undertakings together as the foreign aid program, we try to measure total effect in terms of success or failure. It can not be done. It is like counting eggs and weighing sugar, adding them together, and stating the results in quarts.
The simple fact is that some parts of foreign aid in certain circumstances, has been beneficial to this nation and helpful to other nations. The same parts in different circumstances, or other parts in the same circumstances have not been helpful to others and have not been beneficial to us. But we shall never really know which is which and what is what so long as all the parts are hopelessly intermingled as is now the case.

For the total national effort which we label the foreign aid program, or, more euphemistically, the mutual security program, all that we can say is that we go on, year after year, doing a number of things abroad which we think have some connection, at least, with maintaining a decent image of the United States in the world, with safeguarding the nation’s security and with advancing its interests. I use the phrase, we think, because the only certainty in this entire business is that what we are doing requires money, billions of dollars. Specifically, for the next fiscal year, the Administration asks $3.9 billion.

Barring the unusual, I suspect that we shall act in this matter as we have acted in the past. We shall assume that the Administration has asked for too much money, as experience indicates that it invariably does. Therefore, we shall cut the amount requested, perhaps more deeply this year than in past years. The Administration will protest the size of the cut, however large or small it may be. One or the other House may be persuaded by the protest and we shall restore
a part of it. That is the pattern. That is what has been done year after year.

Will the Senate really know whether the final amount appropriated is too much or too little or just right? Will the House? Indeed, will the Administration know? The fact is that no one will know because we do not have specific objectives, specific yardsticks against which to measure cost in any rational fashion. We have only generalizations. The program is supposed to "stop communism." Where? How? When? The program is supposed to prime underdeveloped nations to the point of economic self-propulsion. Which nations? What point? The program is to promote goodwill and cooperation. The kind manifested in the Formosan riots? Or the kind demonstrated in the attacks on the Vice-President in Latin America?

Perhaps I have overdrawn the picture but the childish exaggeration of the capabilities of aid programs by the Executive Branch invites this over-drawing, this caricature. I have no doubt, as I have already said that foreign aid has done some good. Similarly, I have no doubt that it has done some harm. Whatever its impact, the fact is that there is hardly a Member of this body who is satisfied with this program as it now operates. Contrast the present general doubt and dissatisfaction with the broad acceptance and approval of the Marshall Plan a few years ago and the Point Four program of technical aid.
Despite the doubt and dissatisfaction, we shall probably go along with foreign aid for another year. We shall do so because we are not prepared to dispute as non-essential what the President has labeled as essential to the nation.

But in all seriousness, Mr. President, I must ask how much longer can we go on this way? The uneasiness with the foreign aid program which is evident in Congress is not a whim out of the blue. It is not political. It is not inexplicable. It is a reflection of a current of sentiment that is beginning to run very strongly through the nation. The uneasiness is not over the concept of helping others. Nor do I believe that it represents a retreat from international realities and responsibilities. The uneasiness is over the way the concept of helping others and fulfilling our international responsibilities is being translated into action. It is an uneasiness over the administrative decadence with which foreign aid is now surrounded.

I may be wrong, Mr. President, but I am persuaded that time is running out on foreign aid. We shall either begin to come to grips with the problems of this program during this session or the next session may well see a tide of public reaction so strong that it will swamp the entire undertaking. It may well inundate both the good and the bad in foreign aid, the essential and the non-essential.

Mr. President, the Congress has tried to do in recent years what the Administration has been superficial and/or negligent in doing. It has studied foreign aid in detail in Committees. It has paid heed to the helpful observations of the Comptroller General on waste and inefficiency in administration. It has uncovered some evidences of corruption and signs of mismanagement which border on the scandalous.
A couple of years ago, a Special Committee of the Committee on Foreign Relations made a painstaking study of almost every aspect of foreign aid. The Committee tried to set the program on the right track with a series of integrated, far-reaching recommendations for its reorganization. What happened? With much praise for the work of the Committee, the Administration proceeded to pick and choose from among the recommendations. The net result was to leave the program little improved.

As another example of the superficiality of the Administration in dealing with the problems of the aid-program, I point to the fact that, for years, I have been trying to bring about the abolition of a separate agency for the administration of aid-program. I have been trying to integrate the functions of the aid-agency into the Department of State and the Department of Defense. Twice Congress has voted to bring about this change and twice the Administration has circumvented the Congressional intent. We voted to abolish M.S.A. and to put its functions and personnel into the State Department. The Administration countered by replacing M.S.A. with F.O.A. We voted to abolish F.O.A. and put its functions into the State Department. The Administration countered by replacing F.O.A. with I.C.A.
And there we are, today, Mr. President, with an I.C.A. having one foot in the Department of State and one foot out, in what is called a "semi-autonomous" status. It is independent but it is not independent and the employees of this agency are left hanging in between.
These examples make it clear, Mr. President that by the very nature of our system, Congress alone is not able to bring about necessary reforms in the aid-program and its administration. Congress alone is not able to perform the careful surgery on the aid-program which will excise the non-essential and leave the essential. The job is not going to be done without an energetic Administration, willing to cooperate with Congress in doing it.

Because the job that needs doing has not been done, the pressure is rising in this body to reach for a meat-axe instead of a scalpel in dealing with foreign-aid appropriations. I can understand and sympathize with the temptation. Unfortunately, the damage which can be done by the cleaver of legislative correction, can be as great as the failure of the Administration to act to eliminate the shortcomings in the program.

Before the step is irrevocably taken, before the axe is unsheathed, it may be well to try once again to move the Administration to act, as it should, long ago, have acted on its own initiative. It may be well to try once again to make changes which will enable us to begin to discard the undesirable while retaining the desirable in this program, to try once again to end the administrative rot.

I propose, Mr. President, to introduce, once again, amendments in Committee and, if necessary, on the floor of the Senate which will
abolish the I.C.A. as a semi-autonomous agency. These amendments will place aid-program personnel and funds fully and completely within the Department of State, in order that duplicative, unnecessary services may be terminated, in order that essential I.C.A. personnel will have an adequate status and reasonable security in their work. At the same time, these amendments will put the military aspects of foreign aid in the Department of Defense except that firm control over all aid policy, by control over funds, shall be vested in the Secretary of State. This reform which Congress has been trying to bring about for years is a prerequisite to a sane and adequate aid-program. It is a prerequisite to an end of the present tendencies to extend aid by force of habit. It is a prerequisite to an end of the costly bureaucratic obsession to expand the aid-program into whatever nation will have it, whether it is needed or not, whether it is desirable or not. That, Mr. President, is the first step to a better aid-program.

It is not the only one we need to take if we would preserve what is worthwhile in this program. We shall have to go further. I intend to offer other amendments which will take us further. What I have in mind is quite complex. I ask, therefore, for the indulgence of the Senate while I lay the background for these other proposed amendments.
As the Members know, part of the present aid-program takes the form of the Point Four program, which operates in many Nations. Point Four, as the Senate knows, is the advisory assistance that we give to improve their technologies, their educational systems, their public health methods and so forth. It is similar to the work that missionaries and private foundations have done for generations. The money expended in any single country under Point Four is relatively small as amounts go in the total aid-program. The whole amount that is asked for Point Four is 211 million out of the $3.9 billion. I can assure the Senate that, generally speaking, the results obtained relative to cost, in terms of general good will and other more tangible benefits are very great. I have no doubt, Mr. President, that improvements can be made in the Point Four Program, but compared with the reforms that are desperately needed elsewhere in the aid-program, these improvements are relatively minor and can be left to a later time. Let me stress, then that the amendments which I propose to offer will in no way affect the Point IV technical assistance aspects of foreign aid. That essentially goodwill undertaking will continue to operate as it is operating, as far as these amendments are concerned.
Nor will the amendments which I propose to offer affect the Development Loan Fund. I supported the creation of that Fund and I shall continue to support it so long as its operations are kept, as they are now, on a loan basis with reasonable expectation of reciprocal benefit. The amendments which I shall introduce will not have an adverse
effect on the Fund. If anything they will act, indirectly, to strengthen it.

If the grave shortcomings in the aid program do not originate in Development Loan Fund anymore than they do in Point Four Technical Assistance activities, neither do they lie, in significant measure in the so-called contingency and miscellaneous aspects of the aid-program. Under these sections much discretion is given to the President and certain United Nations and other relatively minor programs are carried on. Although there is undoubtedly room for improvement in these aspects of the aid program, I am prepared to let them go for another time in order to get at the more serious difficulties. Those parts of the aid-program, therefore, are also left untouched by the amendments I intend to offer.

What will be affected, Mr. President, is the area which I believe contains the principal shortcomings, the costly shortcomings of this program. That is the area of heavy and continuing gifts and grants of military aid which this year total $1.6 billion out of the total of $3.9 billion requested. It is the area of continuing grants of so-called defense support which totals $835 million out of the $3.9 billion sought. It is the area of special assistance grants and, I emphasize the word, grants, not loans, of economic aid which total $272 million out of the $3.9 billion asked.

These are the areas of decay in foreign aid. These are the areas in which, over the years, a one-sided dependency has developed for which an end is not yet in sight. These are the areas in which the fissures of corruption have begun to appear. These are the areas of great waste and inefficiency. These are the areas of burgeoning hostility between the American people who must foot the bill and the peoples of the recipient nation who, sometimes, as distinct from their governments, see very little benefit from the hundreds of millions, the billions that have been poured into their lands.
This area--this area of grants and gifts--is responsible for 75% of the total amount we are asked to appropriate. It is by far the most important, the most expensive segment of the program. But can we now weigh the value of these particular programs as they may operate in a particular country? Can the people of the United States appraise these vast expenditures of their public funds? No, Mr. President, the bulk of the information that is needed for that purpose is classified. To be sure, Members of the Foreign Relations Committee will be told how much money is spent on military aid and defense support for a given country. But can they, in turn, tell the people of the United States how much will be spent in Pakistan, in Turkey, in Formosa, in Korea? No, Mr. President, they cannot tell them. The figures are classified.

The security classification of these figures is preposterous. It has little, if anything, to do with security. Many foreigners know what the figures are at least in part and many of the figures can be found if an effort is made to find them by a foreigner intent upon finding them because, not infrequently, they are published in newspapers.

I am completely unpersuaded by the arguments of the Executive Branch in justification of the secrecy classification which it places on the figures for military aid and defense support. That Branch claims, in effect, that it makes their job easier if the figures are kept secret. If they were public, the Executive Branch says that it would be pressured by competitive demands for increases in aid from various countries. I can only say that if that is the case, the proper remedy for the problem of the Executive Branch is not to put a secret label on these figures but to learn to say "no" to the competitive demands. The very argument the Branch uses throws considerable doubt on the validity of the relationship of the amounts expended for gifts or grants of military aid and defense support and the genuine purposes and needs of this type of aid.
I propose, therefore, Mr. President, to offer in Committee and on the floor, if necessary, an amendment which will make the figures on military aid and defense support as public as those on economic aid or technical assistance. The amendment will prohibit expenditures for such purposes in any country for which the figures are not made public.

I intend, Mr. President, to offer still one other amendment affecting directly grants for defense support, and grants for economic assistance and, indirectly, grants for military aid, in short, an amendment affecting the area of preponderant cost in the total foreign aid program.

This amendment will require, in the case of nations receiving grants of defense support or economic assistance that the Executive Branch work out in detail with the recipient nation, and submit in connection with next year's aid bill a detailed plan for the progressive reduction of these grants or gifts to zero for each such nation over a maximum three year period. This reduction can be brought about by cutting excess military forces and hence, the need for defense support, by a stepped up effort to increase the productivity of the recipient nations, by shifting from grants to loans, by working out a coordinated aid program with other nations able to help, or by other means. What will be required, however, is that at the end of three years, this type of give-away aid shall cease.

By next year, Mr. President, if this amendment is adopted, the people of the United States will know how much is going in grants to each country in which the aid-program operates. We shall know, moreover, the plan by which these grants are to be progressively reduced until at the end of three years, they will cease to be made.

I am confident that the people of the United States will accept the responsibilities which three year plans of this kind entail since we can
reasonably expect to see an end to the continuing dependency in a specific period of time. By the same token, I have little doubt that responsible leaders and the people of recipient countries will welcome this approach. They, no less than we, are anxious to end the state of one-sided dependency upon us in which they now find themselves. With a clear-cut goal, they will redouble their own efforts. With an end of the dependency in sight, moreover, there will be a decline in the hostility which frequently festers beneath the surface in countries where huge United States missions operate. With a deadline, those governments who have coasted along on the assumption of permanent United States subsidy may be spurred to act decisively on their internal inadequacies.

Mr. President, I believe the adoption of these amendments will point the way to an elimination of the shortcomings in foreign aid. I believe they will go far to end the frustrating aimlessness which now afflicts the program. I believe they will do much to redirect the aid-program in a sound and progressive direction. I believe they will meet the demand of the people of the United States for a thorough-going reform. I believe they will do about as much as Congress can do to preserve the usefulness in foreign aid while excising the useless, the wasteful and the damaging. The rest will be up to the Administration.