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deposited in the Age of Reptiles may be seen in the exposed strata. In 1957, the year before construction of that visitor center, the number of visitors to Dinosaur National Monument was 66,000. By 1959, it had increased to 112,000. Now it is over 200,000 annually.

The National Park Service has estimated that, by the time Agate is fully developed, in about 5 years, the number of visitors will be at least 120,000, and possibly 200,000 or more.

The National Park Service plans a development program estimated to cost \$1,902,000 during the first 5 years, probably 90 percent which can be spent locally on labor and supplies and materials. When fully staffed and developed at the end of 5 years, the operating program for management and protection and maintenance of the area will require about \$185,000 a year.

The committee unanimously approves the proposal.

Mr. HRUSKA. Mr. President, the action of the Senate in taking up and acting upon this bill, S. 1481, to establish the Agate Fossil Beds National Monument, is most gratifying.

The purpose of the bill is to preserve and provide for the orderly development by the National Park Service of the paleontological deposits located at Agate Springs in western Nebraska. The site has been described as the most remarkable deposit of mammalian remains of the Tertiary age that have ever been found. They are unique and irreplaceable, and therefore must be protected.

We of Nebraska are particularly proud of the manner in which these fossil remains have been protected and developed to date. By an extraordinarily fortunate accident of history the deposits were first discovered by one who had the imagination and understanding to see the tremendous importance of preserving them and investigating their scientific significance in an orderly way.

They were discovered in the 1870's by Capt. James H. Cook, Indian scout and frontiersman, and later author of "Fifty Years on the Old Frontier." Captain Cook recognized the potential importance of the deposits and brought them to the attention of geologists and paleontologists, and later acquired title of the property on which they were located. Under his ownership and that of his son, Dr. Harold Cook, a noted paleontologist himself, the deposits were carefully protected against destruction or misuse, but were made freely available to scientific expeditions interested in their systematic exploration.

Dr. Harold Cook died 2 years ago and a danger now exists that, unless timely action is taken to provide for their systematic care, these irreplaceable deposits may be destroyed or dissipated. Furthermore, it is intended by the Park Service to develop the quarries on the spot in a manner to permit students, tourists, and others to view the deposits in the condition in which they are found in the ground.

Aside from its scientific importance, this monument is of especial significance as part of a developing network of tourist facilities in a four-State area comprising Nebraska, South Dakota, Wyoming, and Colorado. The National Park Service has announced that its devel-

opment program for the monument is to cost slightly less than \$2 million. The Park Service has also projected that, by the time Agate is fully developed in about 5 years, the number of visitors annually will amount to between 120,000 and 200,000. It seems certain that this volume of tourist traffic will bring into the area well over \$500,000 per year from outside.

Mr. MANSFIELD. Mr. President, that concludes the call of the calendar at this time.

Mr. President, with the same proviso, that the senior Senator from Oregon [Mr. MORSE] not lose his right to the floor, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AUTHORIZATION FOR COMMITTEE MEETING DURING SENATE SESSION

Upon request of Mr. MANSFIELD, and by unanimous consent, the Committee on Appropriations was authorized to meet during the sessions of the Senate for the week beginning August 3, 1964.

#### ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum under the conditions previously stated.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MORSE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 11380) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MORSE. Mr. President, as the CONGRESSIONAL RECORD will show, I announced on Saturday, following the speech of the able chairman of the Senate Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], that I would answer his speech today. First, I wish to make the following brief comment as to what my position will be on procedural questions during the course of the debate of foreign aid.

It is my hope, and it will be my intention, to cooperate in fulfilling that hope, that the Senate will dispose of the foreign aid bill by the end of this week—sooner, if possible. I have already notified the majority leader that I am delighted to cooperate in as many night sessions as he cares to hold for as long as

he cares to hold them. This year, as last year, however, I shall insist that the foreign aid bill be debated under the rules of the Senate without any agreements to limit time or to fix a time certain to vote. I have also made clear to the majority leader that I hope that those of us in opposition to the bill will receive the cooperation of the majority in our requests for yeas-and-nays votes on amendments that we think ought to be made a matter of rollcall record.

The time schedule of the Senate is well known. The record on foreign aid in the past several years, both pro and con, has been made over and over again in the Senate. By and large most Senators probably know now how they are going to vote on the major issues connected with the bill, irrespective of what is said during the course of the debate. But that does not in any way diminish the trust that each Senator owes to the country and to his own constituents to make the record. I am hopeful—and my cloakroom discussions with some of my colleagues seem to justify that hope—that in respect to some of the amendments that some of us will offer during this week on the bill, all minds have not been made up, and that there are still Senators who will study the record.

A good many Senators are absent today because of a very sad journey that the funeral group is making to California to pay respects to our beloved Clair Engle. I wish the RECORD to show that I would have taken that trip, but I agreed to remain in Washington today to make the first speech in opposition to the foreign aid bill so that the final vote on the bill could be advanced by that much time. But bearing out what I have said—that minds are pretty well made up—one need only to look at the attendance in the Senate at the present moment to know whereof I speak.

Absentees will graciously say that they will carefully read the RECORD—and I hope they will. Nevertheless, it is some indication, I suppose, that a majority of Senators would welcome voting tomorrow without any debate at all. Yet those of us in opposition to the bill intend to make a record this week that the proponents of the bill will have to live with, and for which the proponents of the bill will have to answer to their own constituency, not only this year, but also in the years immediately ahead.

Mr. President, we have heard it said over and over again that major reforms in the foreign aid program ought to be adopted. Last year, the Foreign Relations Committee, in its report to the Senate, said it thought the reforms ought to be adopted the following year. That year has passed. The reforms have not been adopted.

In the debate last year it was argued over and over again, "Pass this bill and we will adopt reforms in the coming year." As of the moment I speak, the policy of foreign aid is about the same as was the policy of foreign aid a year ago.

Ten days ago a very high official of the State Department said to me:

We have analyzed your minority views, and we find them very disturbing, because

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we recognize that so much of what you said is correct. We want you to know, Senator, that between now and next year the criticisms that you have brought out in those minority views—and there are many of them that are unanswerable, in our opinion—will be answered by changes in policy that will be adopted.

To that high official of the State Department I said:

I have heard the same thing over and over again for the last 10 years, and you have not adopted reforms. What makes you think I should place confidence in your statement?

Mr. President, that is a sad statement to have to make, but the record is undeniable. Year after year the State Department, the Pentagon, and the AID officials have been brought up to a consideration of needed reforms only to urge upon the Congress that it pass the bill and let them work on reforms in the ensuing year. I mean not to be unkind, but I speak out of long experience with the executive branch of the Government. In my judgment, no reforms in foreign aid will be adopted, to any substantial degree, except when adopted by the Congress.

If Congress is looking for conversion among State Department, Pentagon, and foreign aid officials with respect to foreign aid and is expecting to have that conversion result in the necessary reforms essential to eliminating great abuses in foreign aid, the Members of Congress who so think are engaging, in my opinion, in wishful thinking. Neither the State Department, the Pentagon, nor the AID officials will carry out reforms on their own volition. Such reforms will be adopted only if Congress adopts them.

I shall make the record of the reasons for my opposition to the foreign aid program, because the people of this country are entitled to have that record made.

As I have said so many times, I would vote for more foreign aid than any administration in recent years has recommended. It is difficult for people to understand that one can oppose a specific foreign aid bill, as I have opposed the foreign aid bills of the past 10 years, including this year, and still be for foreign aid. But my own amendments have shown the kind of foreign aid I would support. I would vote for more than \$3,500 million of foreign aid, if it were a foreign aid program that protected the American taxpayers. It would be a foreign aid program that strengthened the American image abroad. It would not be a foreign aid program which the Comptroller General of the United States, in report after report, has pointed out results in shocking inefficiency, the waste of hundreds of millions of dollars, and much corruption in many countries of the world, particularly the underdeveloped areas.

In a broad brush stroke or two, let me say that I am a loan advocate in foreign aid. I am a project-to-project man in foreign aid. I would lend more money for needed economic projects around the world than would this administration, or the previous administration, or the administration previous to that one, has

been willing to recommend. But they would be loan programs, not grant programs.

They would not be deceptive loans, as are so many of the so-called loans today. The word "loan" should always be put in quotation marks when used by the AID officials downtown. So much of the loan program in this bill spells the word "deception," for they are not loans at all. The so-called loans are made at a cost of three-quarters of 1 percent, with a 10-year grace period, and then they are to be paid, not in American dollars, but in the soft currencies of the countries concerned. To use the word "loan" in that connection is a deception of the American taxpayer. This Senator will not be a party to that deception. The American people are entitled to receive from their Government protection of their money.

The "loan" program we have today is not only a grant program, but it is a give-away program, based upon deceit.

That abuse in the foreign aid program must be eliminated before the Senator from Oregon will vote for foreign aid. I will vote for a foreign aid program involving more money than this bill calls for, or that the predecessor bill called for, or that the various Eisenhower bills called for, but it must be a program of loans based upon sound economic development projects that will do something to better the economic standard of living of the people of the underdeveloped areas that live within the shadows of their economic environments. They must not be so-called loans to governments.

Read what the Comptroller General of the United States has said. He is our watchdog. He is an agent of the Congress of the United States. His spot-check survey of foreign aid in recent years has brought out the facts. Before the debate is over this year I shall again pile on my desk the reports of the Comptroller General, some of which are marked "Secret." I have yet to read a single report of the Comptroller General that really is "secret." Every report of the Comptroller General that I have read contains material that should be made available to the taxpayers of the United States. If the taxpayers of the United States could read the shocking reports of the Comptroller General of the United States, they would demand a housecleaning in foreign aid, and quickly.

Mr. President, I am against so-called "loans" to governments, for too much of that money lines the pockets of corrupt politicians abroad. We ought to put our money in dams, in refineries, in industrial plants, in roads, in irrigation-reclamation projects. We ought to put our money in economic projects which a study shows will do something about the deplorable condition of the standard of living of people living in those sad areas of the world. Until we do it, all the money we pour down the ratholes of those countries will not save them from communism, but make Communists.

The State Department, the AID officials, and the Pentagon do not like to hear it said, but it is true. A great deal

of our foreign aid program has played into the hands of communism abroad, because the people in those areas of the world know that so little of it trickles down to the benefit of most of the people, and too much of it is absorbed by politicians who function as sponges, soaking up millions of dollars of American taxpayer money which have come to comprise the phony "loans" and grants, by the millions, of American taxpayer money.

I am also a line-of-credit man. I am not in favor of turning a great deal of money over to any group. To use a hypothetical instance, speaking as chairman of the Subcommittee on Latin American Affairs, I would vote much more money by way of development loans to Latin America, related to specific projects, than the bill calls for, or any administration has recommended, if the governments of Latin America showed they are ready to use it effectively.

However, I would insist that the money be loaned under a hard money policy, with an interest rate charged that will pay for the use of the money, which at the present time, according to the latest Treasury reports, would be in the neighborhood of 3 percent, not three-quarters of 1 percent. The money would be drawn upon as the dam went up segment by segment, or the refinery went up part by part, or the irrigation-reclamation projects proceeded segment by segment. What is wrong with that? That is a pretty good way to build in the United States. What is wrong with building that way in other countries, when we are using taxpayer dollars?

Whenever any of us wish to build a reclamation project in our State, or build a great dam in our State, or put up any other public works, what do we have to show? We must show a benefit-to-cost ratio favorable to the project. We should. That is not a requirement in foreign aid.

We get a great deal of lipservice from the AID officials. However, Congress has not written that check into foreign aid. I believe that there should be a congressional check on the expenditure of taxpayer dollars on individual projects, one by one. We require that kind of check in the United States.

It will be said that that would be offensive to the country in which the money would be used. My answer is that it is our money. If a country does not want the money under such reasonable checks, it does not have to ask for it. Senators will note that I said "ask for it." The history of foreign aid is that we often ram a great deal of foreign aid down the gullets of many countries which do not ask for it. That has given rise to many abuses.

I shall offer my amendment again, as I did last year, to bring to an end completely all foreign aid at the end of fiscal 1966. Last year I offered it to apply at the end of 1965.

Let us start all over. That is the way to bring about a foreign aid program free from abuses. Let us start all over. Let us limit foreign aid to a maximum of 50 countries. We will have a hard time

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finding 50 countries in the world with which we can justify entering into foreign aid agreements. Let us limit it to 50 countries on their application. I say, on their application, Mr. President. Let us do that, instead of urging them to take the largess of the taxpayers of the United States, as is still being done to a great extent. Let them come forward and apply. Let them apply for projects which they think they can justify. Let them agree to meet conditions that sound administration of a foreign aid program dictates.

What is wrong with that?

I am still waiting to hear from the State Department, the AID officials, and the White House as to what is wrong with that philosophy.

Do they have good projects? If they do not have good projects that are self-liquidating—I am talking now about the loan projects—why should I vote to waste American taxpayer money on projects that are unsound? If they have projects that will pay out, and are unwilling to borrow money, they should not be allowed to get it.

Later in the week, I shall speak about another abuse. It refers to our pouring out millions of American taxpayer dollars at three-quarters of 1 percent interest, and a great deal of it in the form of out-and-out grants. Much of that money has been used by those governments to pay back some of our alleged allies, and some who are not allies even with the "alleged" as a prefix, with whom they have entered into loan arrangements at 5 percent and 6 percent interest. In that way the American taxpayer assumes the obligation.

No jury would approve of such a practice. I am making a plea in my speeches this week that the Members of the Senate at least carry out their duties as legislative jurors. If they carry out their duties as legislative jurors, they cannot underwrite the present loan program.

Many Americans like to stick their heads in the sand and engage in the psychologically comforting experience of wishfully thinking that it could not be that bad.

To the American people I address this question: "When are you going to get busy and make it perfectly clear to your Government that government by secrecy must end?" I say to the American people: "You will not remain free indefinitely if you permit administration after administration to deny you the facts, for you are entitled to know about the expenditure of your money under the label 'Secret.'"

I repeat what I have said so many times in my 20 years in the Senate; 85 percent of the material marked "Secret" that has come before the Committee on Foreign Relations and that came before the Committee on Armed Services when I was a member of that committee never should have been marked that way in the first place. It is marked "Secret" primarily to keep the American people uninformed. But in a democracy, there is no substitute for a full public disclosure of the public's business. One of the great reforms needed in the field of for-

ign aid is to lift the curtain of secrecy that veils it and to give the American people the facts.

I wish now to say a word about my position with regard to grants. It is a position I have taken for some time. I shall vote for grants. I shall not vote for grants in the amounts that the administrations, present and past, have sought and succeeded in getting. There are a good many nonloan programs that are as much needed abroad as are the loan programs. I shall vote for grant money for health programs, food programs, programs for the alleviation of starvation, programs for the meeting of disasters, and baby care programs. It has always been interesting to me to observe how the foreign aid advocates use those causes as a justification for carrying along other grants that cannot be justified to the tune of hundreds of millions of dollars.

Last year I stated in the debate that since 1946 the American people have contributed a little more than \$100 billion in foreign aid. The latest figures I have received show that the amount is greater than \$104 billion. That is a huge amount of money. I do not see how anyone can argue that on the basis of policies that continue to permeate the foreign aid bill, we will not weaken the economy of the country. The economy of the country is the greatest defense weapon we have.

The arguments I have made thus far in my speech are merely a recapitulation of the major arguments I made last year. I merely add the statement that there has been no change, in my judgment, in foreign aid policy that would not justify my making the same argument, point by point, that I made last year in opposition to foreign aid as it is now devised and administered. Therefore, I incorporate by reference the major arguments I made last year.

I turn now to my arguments and objections concerning the bill that is presented to the Senate this year.

## PRESENTATION OF 1964 PROGRAM

This program is presented to Congress year after year under false pretenses. Economic development remains a secondary purpose, and not the primary purpose of foreign aid.

Every public presentation of foreign aid calls it an investment in the economic future of the struggling and impoverished nations. But that is not the purpose for which we spend most of the money. Until we do, foreign aid is not promoting the real interests of the American people.

The chairman of the Committee on Foreign Relations told the Senate on Saturday:

All that is markedly new about this year's foreign aid bill is the amounts proposed to be authorized, which are greatly reduced below the levels of previous years.

What a sad commentary on the extensive recommendations by the majority of the committee last year for a revised and revamped foreign aid program. Senator Fulbright is quite right. There is nothing new about the program this year except the amounts, but I am ashamed that

the Foreign Relations Committee would accept such a situation after the report it published last year calling for extensive changes. The Committee on Foreign Relations voted for the bill. Where are those changes?

The fact that the committee year in and year out gives nothing but lip service to reform in foreign aid is exactly why there never is anything markedly new in what the administration sends up. Aid administrators have learned that the committees having jurisdiction over the program are paper tigers, and that the committees are content to confine their misgivings to print, without doing anything about them.

I have long since come to the conclusion that only the Senate and the House of Representatives acting as a whole can make worthwhile changes in foreign aid. We have already made some.

Senator Fulbright also bemoans what he regards as an undue examination of foreign aid by Congress relative to space and military programs. But our failures in those areas do not mean that we should fail, too, to give foreign aid the careful examination it needs. In all three areas, the responsible committees are too often the representatives of administration programs, rather than their critics and reformers.

If Congress ever is to give the study it should to international and foreign policy appropriations, it is going to have to start with foreign aid. I remind the committee chairman that a good third of this program—right off the top—is for exclusively military purposes. When are we, in the committee and in the Senate, going to delve into the purposes and administration of the military aid program? When are we going to give it the kind of examination the chairman thinks should be given to the space program and to Defense Department appropriations?

He knows that year after year the Foreign Relations Committee accepts in almost dead silence whatever the Defense Department tells it about military aid. We shove the critical reports of the Comptroller General under the table when the Secretary and Assistant Secretaries of Defense testify because we do not want to embarrass them with challenges to their decisions, even when the challenges come from the Comptroller General, and not even from ourselves.

We have yet so much as to question the basis of foreign aid, which is that military solutions are possible for economic problems. The chairman has questioned that assumption in the abstract, but I say it is time we questioned it in its specific, and the place to start is with the foreign aid program. I continue to hope that someday he will join me in this endeavor.

A good deal more of the foreign aid program is for political purposes. Again, I do not believe that political solutions—and they are closely tied to military objectives—are any answer for economic problems.

The United States has little or no control over the military forces of the nations receiving our military aid, and

it has little control over the political objectives to which other countries may put our aid. If we really believe that it is in economic development abroad that the interests of the United States really lie, then why are we so fearful, so timid, so reluctant to reexamine foreign aid and devote the bulk of it to economic development?

#### COMPARISONS WITH OTHERS

Much is made each year of the percentage of gross national product that other free and Communist nations spend on aid to less developed countries, relative to the United States.

This was one of the favorite arguments of the chairman of the committee in the committee sessions. It should be analyzed, because it is a propaganda argument which is being used to pull the wool over the eyes of millions of American taxpayers.

I have come to the conclusion that the percentage of gross national product is used because it is the only way that the foreign aid programs of other nations can be made to appear even reasonably close to that of the United States.

The Foreign Relations Committee went into this matter in our hearings. AID Administrator Bell furnished for the printed hearing record a lengthy memorandum concerning the aid programs of other nations.

I particularly invite attention to the table on page 335 of the hearings. It shows the 1962 bilateral aid commitments of all developed countries of the free world, and the percentage of such bilateral aid of the gross national product of each. It indicates that only France, with 1.6 percent and Portugal, with 2.21 percent, extended a larger percentage of their gross national products in aid to less developed countries than did the United States. Moreover, in the case of Portugal, this aid went to possessions in Africa which, according to Portuguese officials, are part of Portugal and by their sights should not be counted as foreign aid at all. In the case of France, a very large bulk of French aid still goes to former French colonies in Africa. As Mr. Bell stated, it takes the form of budget support to the new governments of these former colonies. In 1962, 86 percent of French bilateral aid was for these grants.

There is a "gimmick" even in this, because France is one of the worst offenders in the world in discriminating against the legitimate trade interests of the United States. The countries to which France is granting aid are still considered by her to be a part of its economic empire. Furthermore, she still exerts great influence upon them in regard to their trade practices.

I am not opposed to what France and these other countries are doing. But they are doing it to maintain the direct commercial and political ties with these countries or possessions that were built up over decades of colonialism.

It is a rather weak reed which the AID people in the State Department lean on to cite examples of Portuguese and French aid, in order to bring up the

average for all countries extending development assistance.

Interestingly enough, France and Portugal have been recipients of substantial aid from the United States since 1946.

The same table on page 335 indicates that in 1962 the United States committed 0.84 percent of its gross national product to bilateral aid to less developed countries, Germany 0.50 percent, Great Britain 0.70 percent, Japan 0.51 percent, Belgium 0.55 percent, and the others on down to 0.01 percent by Denmark.

The table for 1963 shows the commitments by these countries, but not as a percentage of gross national product for 1963. However, in several cases, the commitments are down from 1962. This is true of France, Great Britain, Portugal, and the Netherlands. The commitment by Norway is the same and that of Japan is up only to \$268 million from \$265 million the year before. Canada, Denmark, Belgium, Germany, and Italy increased their commitments. But all free world aid other than U.S. aid was up, in 1963, only \$263 million above the commitment for 1962. And in 1962, their aid as a percentage of their gross national products totaled 0.60 percent, as compared to 0.84 percent for the United States.

When we take into account the even more tremendous difference between the American effort for national defense and the defense effort of these same countries—and the U.S. effort was exactly double that of our industrially developed allies—it is evident that they will let Uncle Sam carry the international burden as long as we continue appropriating the money.

On that point, let me stress that our AID program does not begin to cover our foreign assistance program, because the AID program does not begin to cover the expenditures of our own forces abroad. Consider military aid. The military aid program that we make available—I do not care what part of the world is touched—does not include the expenses of maintaining our own military forces in that area, under whose canopy of defense all those areas live and have their security.

Later in my speech, I shall have something to say about my criticisms of military aid, but I wish to drive this point home now.

The expenditure for aid to South Vietnam now is somewhere between \$1½ million and \$2 million a day. It will go up and up in skyrocketing fashion if we continue our aggressive policies in southeast Asia, and continue to provoke attacks upon us in southeast Asia on a unilateral military basis.

But even as of now, our military aid program does not take into account the millions of dollars which are being spent on our own military operations in the area. When all is said and done, it is those operations which provide security and protection to the nations of southeast Asia. They all live under the canopy of American military might. It is our air armada, our 7th Fleet, and our thousands of boys who are distributed in that

area of the world, that provide them with their defenses.

If we got into a war with Russia tomorrow, in many instances their own military programs would be of no value to us whatsoever. They would become liabilities. We should not be using them, because we all know the kind of war that would be. That is one of the reasons—as I shall show later in this speech—why I shall be offering amendments on this question, in the course of the debate, to cut drastically American military aid because, by and large, it is a shocking waste of American taxpayers' dollars. That military aid does not strengthen one iota the defense of this Republic. The security of this Republic is dependent, after all, on the nuclear might of the United States, upon our air and naval armada.

Another table prepared by Mr. Bell shows the actual disbursements for bilateral and multilateral aid in 1962. Since the table did not show this total as a percentage of each country's gross national product, I asked the aid agency to calculate that percentage for me, and have added it to the table III which appears below.

It is this figure which shows the proportion of their gross national product that developed free world countries spent on aid to less developed countries in 1962, in both bilateral and multilateral aid programs. For France, the percentage was 1.39, for Germany 0.50, for Great Britain 0.53, for Japan 0.32, for Belgium 0.76, for Portugal 1.36. For the United States the percentage was 0.65 and for all other development assistance countries it averaged 0.58.

Aid commitments to the less-developed countries from development assistance countries other than the United States have risen only \$300 million from 1961 to 1963. Their grants as a percent of their total dropped from 55 to 48 percent, while ours dropped only from 66 to 60 percent.

If there are those who can find comfort in these figures, they are easily comforted.

Mr. President, I ask unanimous consent to have the AID memorandum printed at this point in the RECORD.

There being no objection, the AID memorandum was ordered to be printed in the RECORD, as follows:

#### TOTAL FREE WORLD AID

A decade ago the United States was the only important source of aid to the developing countries. Today 17 free world countries other than the United States—many of them former recipients of U.S. economic aid—conduct substantial assistance programs. Eleven of them—Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, and the United Kingdom—are members of the DAC. They account for some 95 percent of the bilateral aid from all 17 countries. The other 5 percent comes from six nonmembers of the DAC: Australia, Austria, Kuwait, New Zealand, Sweden, and Switzerland.

International agencies such as the World Bank, the International Development Association, the European Development Fund, and the Inter-American Development Bank are also channeling large amounts of capital and technical assistance to the developing

world. Ten years ago the World Bank was the only multilateral source of capital for this purpose.

There has been a significant growth in the programs of these aid donors. The total volume of free world aid commitments to the less-developed countries increased from \$6.5 billion in 1960 to \$8.4 billion in 1962 (the last year for which complete commitment figures are available). This represented an increase in commitments from all three major aid sources: the United States, other donor countries, and international organizations.

Commitments from sources other than the United States increased at the greatest rate. Whereas U.S. bilateral commitments went up 20 percent between 1960 and 1962, commitments from multilateral agencies and other donors rose 64 percent and 34 percent, respectively. As a consequence, the U.S. share of the total aid bill declined. By 1960 some 40 percent—or \$2.6 billion—of aid commitments came either from multilateral agencies or from free world bilateral sources other than the United States. By 1962 this had risen to 44 percent, or \$3.7 billion.

It should be noted that some of the aid funds committed by the multilateral agencies are supplied by the United States. Those agencies finance their aid activities partly with Government funds and partly with funds derived from earnings, repayments, and private capital. In 1962, for example, the international agencies received a total of \$665 million in Government grants and subscription payments from the DAC countries. The U.S. share of this was 42 percent and the other DAC countries provided 58 percent. Therefore, it is clearly in our interest to have these multilateral agencies increase their aid programs so long as every dollar from the United States is matched by a significantly larger contribution from others.

In addition to support from U.S. and other DAC government subscriptions, the multilateral agencies also receive contributions from non-DAC governments, and obtain a substantial share of their financing from repayments and from private capital markets. In 1962, for example, \$307 million—more than half the World Bank's total financing that year—came from the sale of loans to the private sector.

One result of the growing volume of aid is that the United States is now bearing a smaller share of the aid burden. Another is that greatly increased resources are available to the developing countries, thereby quickening their prospects for growth and stability. Moreover, we are witnessing the emergence of more donor countries. Israel, the Republic of China on Taiwan, and Mexico now provide technical assistance to nations less developed than themselves. We hope this list will continue to grow as more countries approach economic self-reliance.

#### ARE OTHERS DOING ENOUGH?

The mere fact that other countries are contributing more aid each year does not answer the question of whether they are doing enough.

This is not an easy question to answer. There is no internationally agreed standard for evaluating aid performance, and there is even disagreement over what should be counted as aid. The attached table I shows some indications of aid performance for 1962.

This year's report by the President's Council of Economic Advisers suggested several

<sup>1</sup> The three main types of economic aid included in the U.S. aid figures used in this statement are: (1) Economic aid under the Foreign Assistance Act, (2) loans made by the Export-Import Bank to less-developed countries for terms of more than 5 years, and (3) provision of U.S. surplus agricultural commodities under Public Law 480.

measures of the ability and the interest of donors to sustain aid programs: their gross national product, the size of their defense burden, and their dependence on trade with the less-developed countries. These indicators produce this comparison for calendar year 1962:

"The 1962 bilateral aid commitments of the other DAC countries combined amounted to six-tenths of 1 percent of their GNP compared with slightly more than eight-tenths of 1 percent for the United States that year. France and Portugal committed a considerably larger share of GNP than did the United States: 1.26 percent for France, and more than 2 percent for Portugal. The average for the other DAC countries excluding France and Portugal was only four-and-one-half-tenths of 1 percent.

"The per capita GNP of the other DAC countries, however, is far smaller than ours. In 1962 per capita GNP averaged \$1,135 for other DAC countries. This is only about 40 percent of the \$2,974 per capita GNP for the United States that year.

"Other DAC countries are not spending as much for defense as the United States. Their defense expenditures in 1962 averaged 4.7 percent of GNP, compared to 9.4 percent for the United States.

"Other DAC countries have a greater relative stake in trade with the developing countries than we do. That is, a larger percentage of their GNP—7.5 percent on the average—depends on trade with the developing countries as compared with 2.4 percent for the United States. Despite this, they finance a smaller share of their trade with aid commitments than we do. Their aid financed 17.6 percent of their 1962 exports to developing countries, whereas in the same year nearly 65 percent of U.S. exports to developing countries were financed by aid. Only France, with 37.1 percent and Portugal, with 45.8 percent, approached the U.S. performance."

Weighed together, these comparisons suggest that DAC countries other than France and Portugal could reasonably be expected to increase their aid commitments. Some are doing so. Canada intends to raise its aid expenditures 50 percent in 1964, over a level already raised in 1963. Denmark and Norway say their target is an eventual aid level of 1 percent of GNP. The United Kingdom and Japan have announced their intention to increase the size of their assistance programs. But some others—notably Germany, which we believe could well afford it—show no signs of doing so.

#### TERMS OF AID

We are concerned not only with the volume of aid from other donors but with the financial terms on which it is given. The attached table II shows the terms of bilateral aid from 1961 to 1963.

In the aggregate the record of the other DAC countries on grant aid is good. In 1962 the 11 DAC aid givers provided 56 percent of their total bilateral aid, or more than \$1.3 billion per year, on a grant basis. The comparable U.S. figure for the same year was 65 percent, or \$3 billion. However, if \$1.7 million of Public Law 480 is excluded, 46 percent of our 1962 aid was on a grant basis.

Two-thirds of the grants of the other DAC countries in 1962 financed capital projects and commodity imports. The remaining one-third financed technical assistance.

"Some 26,000 students and trainees from less-developed countries were supported by the other DAC countries that year, compared to 10,388 financed by the United States.

"A total of 75,000 operational and advisory personnel financed by other DAC countries were helping to fill the human resources gap in less-developed countries that year, compared to about 8,500 from the United States."

The loan programs of the other DAC countries are all conducted on less favorable terms than ours. But the last few years

have seen marked changes for the better, and we anticipate further liberalization in the future. Take maturities, for example:

"In 1962, U.S. loans to less-developed countries carried an average maturity of 29.9 years.

"No German loans carried more than 5 years' maturity in 1959. By 1961 new German commitments averaged 14.5 years. By 1962 they averaged 17 years. Preliminary figures show the average climbed to 20.2 years in 1963.

"Britain announced a new policy last fall of offering loans up to 30 years' maturity.

"Canada has announced its intention to supplement its existing grant and hard loan programs with a new soft loan program on terms approximating those of the International Development Association: 50 years' maturity, three-fourths of 1 percent interest and 10 years' grace.

"In 1962 Italy made no loans for more than a 12-year repayment period. Since then, however, Italy has made one large loan with an 18-year maturity and another of 25 years' maturity."

Interest rates on the aid loans of other DAC countries have been high—often, in our judgment, much too high for those of the developing countries with serious balance-of-payments problems. In both 1961 and 1962 they averaged 5.1 percent as against 2.6 percent in 1962 for the United States. Our average will rise in the future because of the higher minimum interest rates on AID loans required by the Foreign Assistance Act of 1963. The interest rates of other aid givers, however, are coming down. For example:

"A new British policy provides for a waiver of interest payments for up to 7 years. This lowers the 6-percent-interest rate on a long-term loan to an effective rate of about 3 percent. Britain has already granted such a waiver for loans to India, Pakistan, and Turkey totaling \$115 million.

"Although the average German rate is 4.2 percent, Germany has been making an increasing number of low-interest loans. Last year, for example, Germany made a loan of \$13.2 million to Togo at 2-percent interest with a 30-year maturity.

"As I have already noted, Canada will begin lending on IDA terms—three-fourths of 1 percent interest, 50 years' maturity, and 10 years' grace."

The present softening of aid terms can be traced in large part to a policy agreement reached by the DAC in April 1963. All the DAC members agreed that loan terms should be consistent with the debt-servicing capacity of the recipient countries, that terms should be more nearly comparable among donors, and that these aims should be met by liberalizing the terms of the harder lenders.

#### GEOGRAPHIC DISTRIBUTION OF AID

A decade ago, the little aid provided by donors other than the United States took the form of assistance from European countries to their colonies. In 1962, about one-fourth of the aid of the other DAC countries went to dependent areas. Today, with only a handful of colonies remaining in the free world, indications are that this proportion has declined to about 10 percent.

Much French, British, Belgian, Dutch, and Italian aid does go to former colonies that are now independent states. The United States has a direct stake in the continuation of this support. It is very much in our interest—our political interest, our budgetary interest, and our balance-of-payments interest—to have Britain carry on sizable aid programs in Kenya and Uganda, to have France do so in French-speaking Africa, and to have Belgium do so in Rwanda and Burundi. Some two-thirds of all development assistance in Africa is now provided by the Western European nations.

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European donors are, however, giving more and more aid outside their former colonial dependencies. Both Britain and France have stated their intention of doing so as a matter of policy. France, for example, has made sizable commitments (including soft loans) to Mexico and Greece while Britain is enlarging its technical assistance program in Latin America.

Three of the major DAC donors—Germany, Canada, and Japan—have no colonial connections. Germany has a worldwide program. In the last 3 years, Germany made loan pledges to 65 less-developed countries and provided technical assistance to 70. Canada's assistance ranges through the Commonwealth countries and Latin America. Japan aids much of Asia and Latin America. The broadening of aid relations is exemplified by the aid expenditures of DAC countries other than the United States in Latin America. In 1960 these totaled less than \$50 million. In 1962 they reached \$110 million.

One factor that has helped draw European aid into new fields has been the formation of aid consortia. Belgium, Italy, France, Germany, and the Netherlands, for example, are members of the consortium for Pakistan, along with Canada, Japan, the United Kingdom, and the United States. These same countries plus Austria are also members of the aid consortium for India. The same countries minus Japan but including Sweden and Luxembourg are in the Turkish consortium. The attached table III shows DAC aid disbursed through multilateral and consortia type arrangements in 1962.

## SINO-SOVIET AID TO LESS DEVELOPED COUNTRIES

Total extensions of long-term economic development credits by the Sino-Soviet bloc amounted to more than \$4.9 billion by the end of fiscal year 1963. Of this amount, the U.S.S.R. contributed \$3.4 billion, Communist countries of Eastern Europe contributed \$1.1 billion, and Communist China \$0.4 billion.

Since the beginning of calendar 1964, bloc countries have extended new economic aid totaling more than \$800 million. Major recipients include United Arab Republic, India, and several African countries. A significant proportion of this aid was from Communist China.

About 5 percent of bloc aid is extended in the form of grants. Bloc credits are generally repayable in local currency, with grace periods on principal extending 1 year beyond completion of projects. Interest rates are generally 2.5 percent repayable in 12 years. Some credits (particularly Chinese Communist credits) are extended interest free for up to 50 years.

The following table shows commitments and expenditures for 1961-63.

## Sino-Soviet aid to less developed countries (excluded Cuba)

	[In millions]			
	1961	1962	1963	1964 (January to June)
Commitments.....	\$1,000	\$325	\$310	\$800+
Expenditures.....	275	390	475	-----

## Soviet aid

Total extensions of long-term economic development credits by the Soviet bloc amounted to an estimated \$4.5 billion by the end of 1963, of which the U.S.S.R. contributed \$3.4 billion and the Communist countries of Eastern Europe about \$1.1 billion. Most of this aid has been extended for specific projects. The largest amounts have gone to Asia and the Middle East.

Drawings on Soviet bloc aid are almost one-third of the credits extended, amounting to about \$1.2 billion from the U.S.S.R. (about one-third of its extensions), and more than \$300 million from the Communist countries of Eastern Europe (nearly 30 percent of their extensions). Drawings on Soviet bloc aid amounted to almost \$450 million in 1963.

Extensions of long-term economic developmental credits by the bloc during 1963 amounted to more than \$220 million, most of which was extended by the U.S.S.R. The major commitments were by the U.S.S.R., \$100 million to Algeria and \$39 million to Iran.

There are about 12,000 economic technicians from the Soviet bloc in the less-developed countries, of which more than 8,800 were from the U.S.S.R. and more than 2,600 from Eastern Europe. Most of these technicians were assisting on Soviet-bloc aid projects.

The attached table IV shows Soviet bloc aid to underdeveloped free world countries from 1954 to 1963.

## Chinese Communist aid

Total extensions of long-term economic development credits by Communist China amounted to \$446 million by the end of 1963. The largest amounts of this aid have gone to countries in southeast Asia and west Africa. Prior to 1962 a number of Chinese Communist aid extensions were grants, but more recently Chinese economic aid has consisted primarily of credits.

Drawings on Chinese aid amounted to about one-fourth of commitments by the end of 1963; i.e., a little more than \$100 million. Many recipients of Chinese aid have received few or no deliveries on their credit or grants.

Extensions of long-term economic developmental credits by the Chinese Communists during 1963 amounted to about \$89 million, all of which went to African countries.

In the latter half of 1963 there were an estimated 470 economic technicians from Communist China in the less-developed countries, of which a handful were in Yemen and the rest were in Africa and in Asia. Many of these technicians were assisting on Chinese aid projects in either a technical or manual capacity.

The attached table V shows Chinese Communist aid to underdeveloped free world countries from 1954 to 1963.

TABLE I.—1962 bilateral aid commitments<sup>1</sup> and various measures of donor capacity and interest

	Bilateral aid commitments	Bilateral aid commitments as percent of GNP <sup>2</sup>	GNP per capita	Defense expenditures as percent of GNP	Bilateral commitments as percent of exports to LDC's	Bilateral commitments as percent of total trade with LDC's	Total LDC trade as percent of donor GNP		Bilateral aid commitments	Bilateral aid commitments as percent of GNP <sup>2</sup>	GNP per capita	Defense expenditures as percent of GNP	Bilateral commitments as percent of exports to LDC's	Bilateral commitments as percent of total trade with LDC's	Total LDC trade as percent of donor GNP
	Millions								Millions						
Belgium <sup>3</sup> .....	\$70	0.55	\$1,381	3.3	12.8	5.5	10.0	Portugal.....	\$60	2.21	\$294	7.4	45.8	20.3	10.9
Canada.....	58	.16	2,009	4.5	13.3	5.2	3.0	United Kingdom....	556	.70	1,482	6.4	16.2	7.2	9.7
Denmark <sup>4</sup> .....	1	.01	1,559	3.1	.6	.3	4.1	Total, other							
France <sup>5</sup> .....	901	1.26	1,524	6.1	37.1	17.6	7.2	DAC.....	2,445	.60	1,135	4.7	17.6	8.1	7.5
Germany.....	428	.50	1,558	5.1	16.8	7.8	6.4	United States.....	4,656	.84	2,974	9.4	64.9	35.1	2.4
Italy.....	60	.15	788	3.5	5.6	2.3	6.7	Total, DAC.....	7,101	.74	1,766	7.4	33.8	16.3	4.5
Japan.....	265	.51	547	1.1	11.4	6.0	8.6								
Netherlands.....	42	.32	1,105	4.6	6.0	2.5	12.8								
Norway.....	4	.08	1,423	3.7	3.4	1.3	6.0								

<sup>1</sup> Grants and loans over 5 years.<sup>2</sup> GNP at current market prices.<sup>3</sup> Bilateral gross expenditure figures.<sup>4</sup> 1961 figure.<sup>5</sup> Grant component is expenditure figure.

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TABLE II(a).—1961 bilateral aid commitments: Grants, loans, and average loan terms

[Dollars in millions]

Country	Total bilateral aid commitments	Grants	Grants as percent of total	Loans over 5 years	Average maturity <sup>1</sup>	Average interest <sup>1</sup>	Country	Total bilateral aid commitments	Grants	Grants as percent of total	Loans over 5 years	Average maturity <sup>1</sup>	Average interest <sup>1</sup>
Belgium <sup>2</sup>	\$71	\$71	100				Norway	\$1	\$1	100			
Canada	96	56	58	40	10.7	6.0	Portugal	58	3	5	55	22.9	4.6
Denmark	1	1	100				United Kingdom	402	150	37			6.0
France <sup>3</sup>	977	787	81	190	23.9	3.3	Total, other DAC	2,419	1,338	55	1,081	17.8	5.1
Germany	401	125	31	276	14.5	4.7	United States	4,418	4,290	66	1,508	21.6	4.1
Italy	64	29	45	35	7.5	4.5	Total, DAC	6,837	4,248	62	2,589	19.9	4.5
Japan	308	81	26	227	12.2	6.4							
Netherlands	40	34	85	6	26.0	2.4							

<sup>1</sup> Data available lacks some precision or consistency; these average terms should be regarded as rough orders of magnitude.

<sup>2</sup> Expenditures.

<sup>3</sup> Grants are expenditures; loans are commitments.

<sup>4</sup> Includes country use portion of sales under Public Law 480, title I and commodity grants under Public Law 480, titles II and III.

<sup>5</sup> Includes Foreign Assistance Act, Export-Import Bank, and Public Law 480, title IV commodity loans.

TABLE II(b).—1962 bilateral aid commitments: Grants, loans, and average loan terms

[Dollars in millions]

Country	Total bilateral aid commitments	Grants	Grants as percent of total	Loans over 5 years	Average maturity <sup>1</sup>	Average interest <sup>1</sup>	Country	Total bilateral aid commitments	Grants	Grants as percent of total	Loans over 5 years	Average maturity <sup>1</sup>	Average interest <sup>1</sup>
Belgium <sup>2</sup>	\$70	\$66	94	4	7.5	5.5	Norway	\$4	\$4	100			
Canada	58	44	76	14	14.0	6.0	Portugal	60	3	5	57	22.4	4.6
Denmark	1	71	100				United Kingdom	556	158	28	398	26.3	5.6
France <sup>3</sup>	901	772	86	129	23.3	4.4	Total, other DAC	2,445	1,336	55	1,109	19.8	5.1
Germany	428	154	36	274	17.0	4.2	United States	4,656	4,025	65	1,631	29.9	2.6
Italy	60	19	32	41	9.8	4.9	Total, DAC	7,101	4,361	61	2,740	25.8	3.6
Japan	265	104	39	161	8.1	6.1							
Netherlands	42	11	26	31	20.0	5.0							

<sup>1</sup> Data available lacks precision or consistency; these average terms should be regarded as rough orders of magnitude.

<sup>2</sup> Expenditures; interest rate is assumption.

<sup>3</sup> Grants are expenditures; loans are commitments.

<sup>4</sup> Includes country use portion of sales under Public Law 480, title I, and commodity grants under Public Law 480, titles II and III.

<sup>5</sup> Includes Foreign Assistance Act, Export-Import Bank, and Public Law 480, title IV commodity loans.

TABLE II(c).—1963 bilateral aid commitments: Grants, loans, and average loan terms

[Dollars in millions]<sup>1</sup>

Country	Total bilateral aid commitments	Grants	Grants as percent of total	Loans over 5 years	Average maturity <sup>1</sup>	Average interest <sup>1</sup>	Country	Total bilateral aid commitments	Grants	Grants as percent of total	Loans over 5 years	Average maturity <sup>1</sup>	Average interest <sup>1</sup>
Belgium	\$83	\$76	92	7	( <sup>2</sup> )	( <sup>2</sup> )	Norway	\$4	\$3	75	1	( <sup>2</sup> )	( <sup>2</sup> )
Canada	125	44	35	82	( <sup>2</sup> )	( <sup>2</sup> )	Portugal	54	9	17	45	( <sup>2</sup> )	( <sup>2</sup> )
Denmark	7	5	71	2	( <sup>2</sup> )	( <sup>2</sup> )	United Kingdom	458	219	48	239	( <sup>2</sup> )	( <sup>2</sup> )
France <sup>3</sup>	877	697	80	180	( <sup>2</sup> )	( <sup>2</sup> )	Total, other DAC	2,708	1,311	48	1,399	( <sup>2</sup> )	( <sup>2</sup> )
Germany	665	155	23	510	( <sup>2</sup> )	( <sup>2</sup> )	United States	4,056	2,457	60	1,599	( <sup>2</sup> )	( <sup>2</sup> )
Italy	128	14	11	114	( <sup>2</sup> )	( <sup>2</sup> )	Total, DAC	6,764	3,768	55	2,988	( <sup>2</sup> )	( <sup>2</sup> )
Japan	268	80	30	188	( <sup>2</sup> )	( <sup>2</sup> )							
Netherlands	39	9	23	31	( <sup>2</sup> )	( <sup>2</sup> )							

<sup>1</sup> Preliminary DAC figures.

<sup>2</sup> Precise data on interest rates and maturities not yet available for 1963.

TABLE III.—1962 DAC multilateral aid and bilateral aid subject to coordination, and percentages, total official aid

[Dollars in millions]

	(1) Total net official aid disbursements	(2) Total multilateral aid contributions		(3) Total net bilateral aid subject to coordination <sup>1</sup>		(4) Total net multilateral aid and bilateral aid subject to coordination (2+3)		(5) Percent col. (1) is of gross national product
		Amount	Percent of net official aid	Amount	Percent of net official aid	Amount	Percent of net official aid	
Belgium	\$96.9	\$28.3	29.2	\$65.31	67.4	\$93.61	96.6	0.76
Canada	50.3	12.8	25.4	25.44	50.6	38.24	76.0	.13
Denmark	8.5	7.8	91.8			7.80	91.8	.11
France <sup>2</sup>	995.9	116.7	11.7	19.90	2.0	136.60	13.7	.39
Germany	426.9	102.3	24.0	144.06	33.7	246.36	57.7	.50
Italy	66.4	31.5	47.4	19.90	30.0	51.40	77.4	.17
Japan	165.1	7.1	4.3	120.56	73.0	127.66	77.3	.32
Netherlands	85.7	43.7	51.0	.94		42.76	49.9	.66
Norway	1.4	.2	14.3	.40	28.6	.60	42.9	.04
Portugal	37.3	.1	.3			.10	.3	1.36
United Kingdom	416.7	39.5	9.5	192.63	46.2	232.13	55.7	.53
Total, other DAC	2,351.0	390.0	16.6	578.26	25.0	977.26	41.6	.58
United States	3,606.0	278.0	7.7	2,138.00	59.3	2,416.00	67.0	.65
Total, DAC	5,957.0	668.0	11.2	2,725.26	45.7	3,393.26	57.0	.62

<sup>1</sup> Disbursements of members of IBRD consortia for India and Pakistan, OECD consortia for Greece and Turkey, IBRD consultative groups for Colombia, Nigeria, and Tunisia, OECD/DAC coordinating groups for Thailand, Indonesia, East Africa (Kenya, Tanganyika, Uganda), and the Congo (Léopoldville), and DAC meetings on

South Vietnam, Philippines, South Korea, China (Taiwan), Argentina, Brazil, and Chile.

<sup>2</sup> French bilateral aid to coordinated efforts includes Laos and Cambodia, and estimate for Tunisia.

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TABLE IV.—Estimated Soviet bloc credits and grants to the less-developed countries of the free world, 1954-63

[Million U.S. dollars]	
Area and country:	Total
Total.....	4,453
Latin America.....	287
Argentina.....	104
Brazil.....	183
Middle East.....	1,237
Cyprus.....	1
Iran.....	45
Iraq.....	218
Syria.....	193
Turkey.....	17
Egypt.....	736
Yemen.....	27
Africa.....	718
Algeria.....	108
Ethiopia.....	114
Ghana.....	171
Guinea.....	97
Mali.....	78
Morocco.....	17
Somali Republic.....	63
Sudan.....	22
Tunisia.....	48
Asia.....	2,207
Afghanistan.....	507
Burma.....	15
Cambodia.....	26
Ceylon.....	40
India.....	982
Indonesia.....	594
Nepal.....	10
Pakistan.....	33
Europe.....	4
Iceland.....	4

TABLE V.—Estimated economic credits and grants extended by Communist China to non-Communist less-developed countries, 1954-63

[Millions U.S. dollars]	
Area and country:	Amount
Total.....	446
Latin America.....	0
Middle East.....	37
Syria.....	16
United Arab Republic.....	5
Yemen.....	16
Africa.....	138
Algeria.....	50
Ghana.....	20
Guinea.....	25
Mali.....	20
Somali Republic.....	23
Asia.....	271
Burma.....	84
Cambodia.....	50
Ceylon.....	36
Indonesia.....	57
Nepal.....	44

COMPARISONS DO NOT TELL WHETHER U.S. AID IS SOUND

Mr. MORSE. Comparisons with other nations, free or Communist, do not tell us anything about whether the U.S. aid program is sound. If every other nation in the world is hellbent for bankruptcy, that would not be a reason for the United States to get there first. No doubt there are many nations that spend a big-

ger share of their gross national product on liquor, cigarettes, and gambling than we do, but that does not mean that we must embark on a national effort to outdo them.

France, which is the favorite example in this comparison, is not only spending a higher percentage of her gross national product on foreign aid than we are, but she is spending a higher percentage on development of her nuclear weapons systems. Surely this does not mean we must increase our outlay there, too. Yet that is the implication of the comparison.

The only important question for us is whether the money the United States does spend on aid is effective and worthwhile in promoting the economic betterment which we advertise as its purpose. I do not think it is, or at least not enough of it is to justify the sum requested for the fiscal year 1965.

## FOREIGN AID AS A SLUSH FUND

Many advocates of aid think they are being sophisticated in recommending foreign aid as a slush fund to buy off other countries. They often say that every great nation has had to do the same thing, and that the United States should now undertake to carry the same burden, with the understanding that it is a waste of money and is spent only to prevent unfavorable things from happening.

Our experience shows that countries do not remain bought off. Pakistan did not remain bought off. Pakistan is entering into agreements with Red China. The Foreign Minister of Pakistan stood up in the Washington, D.C., Press Club not so many weeks ago and blatantly pointed out that they have no intention of being of any assistance to us in South Vietnam. Yet we poured millions and millions of dollars of aid into Pakistan. To build up what? To build up her military forces for a potential war with India over Kashmir. We poured many millions of dollars into India, for the same purpose.

The sad, shocking danger is that if Pakistan and India go to war over Kashmir, they will fight it almost entirely with American military equipment. Does that make friends for us in the world? It makes Communists.

Mr. President, it is just such unsound policy on foreign aid that is strengthening the drive for communism. I want to see it stopped. Our foreign aid program has been a colossal failure as a check upon communism; and I care not what part of the world we name.

Our own defense posture has held Russia in check—not the defense posture of Turkey, Greece, Pakistan, India, or any of the other countries whose military power we have developed. What I have said about Pakistan and India is equally applicable to Turkey and Greece. They would be worthless to us in the event of a war with Russia. Yet, there is a danger in the Mediterranean that Greece and Turkey might get into a war with each other—totally equipped on each side with American military equipment. Reconcile that with morality. It cannot be done. We cannot eliminate moral principles from American foreign aid

policy. Much of it cannot be squared with principles of morality.

Several things are wrong with the view of using foreign aid as a slush fund. First of all, it assumes that money (or military equipment) buys more than it does. To holders of this view, the giving of money is synonymous with the influencing of the recipient; but more often than not, recipients, in the manner of Sukarno, take the money and then do as they intended to anyway.

I wonder what America's foreign aid policy would be in Indonesia if there were not in the neighborhood of \$2 billion worth of oil investments there. I wonder if the explorations for oil in South Vietnam and the planned building of an oil refinery in South Vietnam by an American oil company might have some indirect influence upon foreign aid in South Vietnam.

The best way to make perfectly clear that it does not have any influence is to ask the United Nations to replace the United States in South Vietnam. I shall have more to say about that later this week.

Mr. President, the slush fund to Sukarno did not hold him in line. Slush funds by way of foreign aid have not kept the recipient countries in line. The principle upon which such an approach is based is not sound.

Second, handing out money and weapons with the idea that they will promote political stability, or keep friendly governments in power, or prop up a bloated military establishment in a foreign country are all efforts to impose a political order from the top down. The underlying causes of unrest or susceptibility to communism are ignored, and sometimes worsened.

These uses of foreign aid are justified with such phrases as "forward defense against communism," "vital to the interests of the United States," and "of strategic importance to the United States," concepts that now embrace virtually the entire globe.

It is semantic "hokum." The Department of State and the AID officials in the Pentagon have been trying to feed the American people semantic "hokum." But they are getting ready to regurgitate. They will not swallow it any longer.

Most of the countries receiving huge and largely unconditional aid on the ground that they border the Communist bloc are already protected by mutual defense treaties with us, and by our retaliatory capacity.

The real justification for "forward defense" aid is not that the recipient can use it against communism, because a nonindustrial country that cannot support a peacetime army cannot sustain a war effort against Russia or China. Once Europe and Japan were rebuilt and rearmed, military aid ceased to have much practical value for indigenous forces. What "forward defense" aid does buy is entree for American military and intelligence agencies close to Communist borders. For these privileges, we have paid since World War II a dozen times more than we need to have paid.

I shall say something about Turkey later. Turkey is one of the horrible ex-



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amples. Turkey could not begin to support its military establishment with its economy. Turkey is not protected by its military establishment. Turkey is protected by the striking power of the United States. We have been pouring hundreds of millions of dollars into Turkey for the operation of government industry. Plant after plant in Turkey is government-owned. The evidence is perfectly clear—and the Comptroller General's report makes it clear too—that the government plants are used for the employment of a large percentage of the people over and above the need of the employer to operate an efficient plant.

It is a sort of government dole, handed out with American taxpayer dollars. It is a make-work program. Yet when we try to obtain needed assistance in our own country for some of our depressed areas, we see the trouble that we encounter. But not in Turkey. In my judgment, much of the economic aid, as well as much of the military aid to Turkey, is a shocking waste of the American taxpayers' dollars. I do not believe we ought to be supporting with an AID program these government-commercial monopolies in Turkey.

Many will say: "Anything that helps us against Russia and China is worth while." But our failure to insist on sound economic standards even for this aid has not helped us. It only means that we are still vulnerable to eviction from these countries without, in the meantime, having improved their economic prospects.

ECONOMIC FREEDOM SHOULD BE BASIC PURPOSE OF AID

In the long run, climates and attitudes sympathetic to the United States and compatible with American objectives will have to be created by the creation first of economic freedom in these countries. And economic freedom can only be advanced through the developmental part of the AID program.

But, sad to say, of the economic section of the program, not more than half is devoted to bona fide economic development. Supporting assistance, the contingency fund, and nonproject loans from the development loan fund are but political props and pay-offs to foreign governments. They do not develop; they merely patch over and perpetuate the lack of development.

Even the technical assistance program is being used for transportation and communication projects against the day when they may be of use to American forces, and to train small-time police states in emerging countries.

The words "economic freedom of choice," without which the security of this country will never be strengthened in this world, are being relegated to whatever is left over in the foreign aid pot. Education, sanitation, vocational training, capital projects, agricultural extension—the activities that our officials trot out to gain support for aid among the unknowing American people—these constitute at most only about 40 percent of the \$3.5 billion being requested.

Cutting the \$1 billion-plus military aid

expenditure in half and applying the unproductive economic aid to genuine economic development projects would do more to strengthen the longrun security of the United States than any other changes that could be made in the foreign aid program.

NO EVIDENCE OF CHANGE IN CURRENT PROGRAM

Since January, Congress and the American people have been told again and again that this year the program is being tightened, curtailed, and improved. But there is no hint in any of the material presented to the committee of where these changes are taking place. All that Congress is given in the annual presentation is a look at on-going programs, started in the current fiscal year or before.

Contrary to past efforts and directives from Congress, requested funds for supporting assistance have been increased over last year, even without the additional request for Vietnam. This grant economic aid has been a target for congressional criticism since adoption of the Mansfield amendment in 1959, calling for its eventual termination. The aid request for this category is a backward step from the Mansfield reform.

Unspecified loans called program loans abounded in fiscal 1964, and they apparently are to be used just as freely in fiscal 1965. Project loans finance the importing of commodities for specific projects whose soundness can be verified by AID officials; but program loans go to balance accounts and finance imports in general. In many countries these include imports that contribute nothing to local improvement and development. They only create a debt obligation to the United States whose chances of repayment are slim.

I warn the American people that, in my judgment, a large bulk—probably the larger bulk—of the 40-year loans at three-fourths of 1 percent interest, 10-year grace period in which no payments will be made, and then payment in soft currency, will never be repaid at all. It would be more direct and honest to designate them as outright grants.

Mr. President, they are not psychologically beneficial, either, because—and this is particularly true in Latin America—many of the people recognize the deception of this approach. We ought not to present that image of the United States to the world. We ought to make either loans or grants. We ought not to pretend that we are making a loan when we give the money on the basis of interest of three-fourths of 1 percent, with a 10-year grace period for no payment, and 40 to 50 years in which to repay, and then in many instances in soft currency. We would win more respect for ourselves if we did not engage in such deceitful semantics.

Moratoriums on debt obligations due us from Turkey and Brazil, and the prospect of renegotiation of Argentina's obligations, call for a much tighter control by Congress over this type of loan. In the case of Brazil and Turkey, we are making them new soft loans even as we give them moratoriums on repayment of old ones.

These loans, as with aid in general, are touted as creating a future market for American goods. Tommyrot. This theory is based on the advertising gimmick of giving away free samples. But their cost is absorbed by the American taxpayer, not the manufacturer. Yet testimony to this committee—not from administration sources but from U.S. commercial sources—brought out that in Colombia and Chile, U.S. exports declined as these countries received our goods under program loans and diverted the foreign exchange saving into new purchases from the European exporters, not U.S. exporters. Worst of all, the chances that the taxpayers will ever recover any of this subsidy to American business are not good.

It is no wonder that committees of U.S. businessmen are becoming the major tub thumpers for foreign aid.

So far as Latin America is concerned, the indications are that the aid standards are being loosened, not tightened. A \$50 million loan for no particular development purpose, but just to balance international payments, has been extended to Brazil. This is despite the suspension of loans, pending fulfillment of certain economic conditions by the Brazilian Government. There is as yet no more or better economic performance to justify a loan than there had been under the previous government. But once a new junta takes over in Latin America, we rush to curry favor with it, and in Brazil it is costing us already \$50 million.

In fact, the U.S. aid program in four other junta-ruled countries of Latin America where constitutional governments were pushed out, has been resumed. These are the Dominican Republic, Guatemala, Ecuador, and Honduras. This is a full turnback to the evil days of the 1950's when the United States gained a record level of ill will and ill repute among the people of Latin America who had to live under the brutal heel of U.S.-supported tyrants. The Alliance for Progress was supposed to have changed all that by financing economic reform within a framework of political freedom and democratic institutions. But today we are merely handing out more money for the same old purposes as before.

Having ignored ourselves the political conditions for aid under the Alliance, our partners feel free to ignore the self-help conditions as well. Why should they not when they get this money anyway?

Later I shall discuss the President's contingency fund. Why in the world we should go along with the proposal to give him \$150 million, to spend at his own discretion, I am at a loss to understand, particularly when we take note of how contingency funds have been spent in recent years. "Slugs" have been spent to help governments balance their budgets, to help them with payments, to help them pay debts. That is a misuse of the President's contingency fund. I protested it last year. I shall protest it this year.

The purpose of a President's contingency fund is to give a President of the United States overnight funds. That is all. It takes 20 minutes to get from the

White House to Congress for the President to come before the Congress in an emergency. Any time the President has an emergency to lay before the Congress, he can get the funds, if he shows there is an emergency.

It goes back to the point I made earlier about the danger of Government by secrecy. No President—I do not care who he is—should be allowed to have \$150 million to play with any way he wants to play with it in America's foreign affairs. It is a dangerous power. It is an unchecked power. It is in violation of the theory of our form of government. No President should be given an unchecked power. Fifty million dollars is ample for any overnight need of any President of the United States.

I say respectfully, but the record speaks for itself, that Presidential contingency funds have been abused in the past several years, in my judgment, and that abuse should be stopped.

#### FUNDS SHOULD NOT GO ABOVE FISCAL 1964

As reported by the Committee on Foreign Relations, the bill increases the program for fiscal year 1965 over the program for fiscal 1964. This has been done despite the overwhelming evidence that the American people are demanding long overdue reductions in the foreign aid burden, that the impact of the aid program is woefully smaller than its size, that U.S. Government funds are increasingly needed at home, and that our so-called allies are permitted to shirk their responsibilities because of our often reckless generosity.

Undoubtedly the administration sincerely believes its appropriation request for \$3,516,700,000 to be a barebones budget. However, the determining factor in shaping this request had to be the judgment of the Agency for International Development. And our past experience has made it painfully clear that—at a minimum—there is nothing sacrosanct about the AID judgment. The Congress, on the other hand, is not—or should not be—content merely to accept the arguments of stanch advocates, but takes into account a range of other sources of information. Foremost among the latter are the reports by the Comptroller General of the United States, which time after time have severely criticized in detail the planning, the programing, and the implementation of the aid program. On the basis of such information, as well as a full study of the AID presentation material, I can only conclude that there is a great deal of fat clinging to the barebones.

The appropriation last year, for fiscal 1964, was an even \$3 billion—a cut of almost \$2 billion from the original budget request. Judging by the cries of anguish and forecasts of catastrophe which rose from Foggy Bottom during that trimming process, one might have envisioned the United States and the rest of the free world sliding irretrievably toward disaster. Yet a year later the Republic still stands, and no one is able to point to any foreign policy reverse attributable to a lack of aid funds. Indeed, our setbacks appear to have come in the Mediterranean and in southeast Asia, areas

into which the United States has poured money most lavishly.

During this year's hearings and committee discussions no evidence was presented to justify an authorization for fiscal year 1965 of almost \$467 million more than the \$3 billion appropriated for fiscal 1964. It might be noted in this connection that a great deal of attention and lipservice was given last year to the so-called Clay Committee report. While I disagreed strongly with that report's inflated financial recommendations, it did contain the extremely valid proposition that there should be a gradual but steady reduction in the size of the aid program annually in the future. Our experience last year with a program scaled to \$3 billion in new funds certainly suggests that a cut even below that level could be safely made this year.

Because of a carryover from prior year appropriations, the final figure for the fiscal 1964 program was almost \$3.4 billion, rather than \$3 billion. The carryover this year supposedly is only to be about \$53 million. If true, and if the \$3 billion level of new money were maintained, the end result would be a reduction of about \$344 million under last year's figures. The word "supposedly" must be emphasized. For the administrators of the AID program are highly accomplished producers of rabbits from their hats, and there is good reason to believe that other funds may in time be brought out of hiding. Indeed, when such a wonderland category as "deobligations of prior year obligations" is counted, the understandably confused American man-in-the-street finds that the foreign aid program which he thought was \$3 billion last year turned out to be in excess of \$3.6 billion. The conclusion that \$3 billion in new money would not represent any real reduction from last year is shared by many Members of the House, who wrote in the minority views in the House Appropriations Committee report:

Further, it is impossible for the Appropriations Committee to ascertain with any degree of accuracy the amount of unobligated funds which are left at the end of the fiscal year. It has been stated that these figures for any fiscal year are not available until October of the following year.

#### FOREIGN ASSISTANCE ACT ONLY A PART OF TOTAL FOREIGN AID

This leads to another major objection to the character of the foreign aid program as it now stands. It is only the beginning figure for what we spend overseas on an annual basis. Many Members of the Congress, much less the American public, have only the haziest idea of how money is involved in our contributions to a large number of international financial and developmental organizations, and in our shipments of agricultural surpluses.

Moreover, executive branch requests for the same general purpose in successive years have a tendency to disappear from one bill or category and turn up in another. For example, \$135 million for Latin American development—through the Inter-American Bank's social progress trust fund—contained in the 1964 foreign aid appropriation bill does not recur this year. At first blush this might

appear as a reduction in our total aid. But no, the administration has just submitted a separate new request for \$750 million over a 3-year period for the same purpose with a slight change in terminology. There is no corresponding cut in this bill. Under these circumstances it is extraordinarily difficult to perceive the overall total of United States foreign aid, and to make intelligent judgments about the validity of its components, such as those contained in this bill.

#### EXCESSIVE NUMBER OF COUNTRIES CONTINUE TO RECEIVE BILATERAL AID

This confusion carries over into the question of how many countries are feeding at the American trough. If only aid under the Foreign Assistance Act is counted, then some 83 countries are scheduled to receive assistance in fiscal year 1965. But the total rises to over 90 countries and territories when all forms of assistance are counted. And indeed they should be counted. The administration can scarcely claim it is extending little aid to Nasser's Egypt, for instance, when Public Law 480 supplies are flooding that country.

Now it appears that the number of countries getting help under the Foreign Assistance Act has fallen by something like the figure of 10. It is noteworthy that there is no commensurate cut in the administration request for new funds. On the contrary, the AID officials point with pride to the growing concentration of effort in fewer "key" countries. By that standard, no matter how many nonessential applicants are cut off the AID payroll, the level of foreign assistance requests is likely to remain unchanged.

Anyone reading the majority committee report, supported by the majority of members who voted for this bill, will be struck by the absence of persuasive answers to the outstanding questions which have always surrounded the foreign aid program. It is said that it is unrealistic to expect agreement on the purposes and aims of the foreign aid program. This at least is refreshing candor, although there is little novelty in the observation. My own experience with AID officials has always been that when I make a valid criticism of an economic project, they say the objective in that case is not economic but political—and vice versa in other cases. In numerous instances those officials have accepted the validity of my criticisms "in principle" but have cited so-called special circumstances which prevent them from taking corrective action. It is no wonder that we have difficulty in justifying foreign aid expenditures to our constituents.

The committee report states that the total of U.S. bilateral aid is declining. Yet, as substantiation, it merely cites the difference between last year's administration request and the one this year. The fact is there is no hard evidence to cite which would back up that statement in terms of last year and this.

The majority report then goes on to note that "aid has been terminated in 17 countries." But it ignores the fact that some of these countries were cut

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off several years ago, and have been trotted out each year since as happy examples. In any event, as stated above, a reduction in recipients means little without a consequent reduction in expenditures.

A table is inserted in the report which supposedly "should provide some reassurance" that our development loans will be repaid. The only conclusion I draw from that table is that the World Bank—whose record is not at issue—has done extremely well with its hard loans on stringent criteria. I join Senators MUNDT and LAUSCHE in their objections to the easy terms of most of our loans.

I call this an obvious fallacy in the misleading statement of the AID administration and I issue the challenge: "Do you want to adopt the World Bank procedures and policies for your loans? If you do, I am all for you."

But to cite the World Bank, which issues hard loans, which charges interest rates that ought to be charged, as an example or as an argument in support of the fallacious contention that AID loans will be repaid is pure deception.

Mr. President, I resent such an insult to my intelligence. But that is what we are up against when we deal with the AID administration. The AID administration ought to be swept clean. We ought to bring an end to the whole program and start all over again on the basis of conditions that Congress lays down, instead of always passing the buck to the executive branch of the Government to determine the conditions.

Finally, the majority report meets the criticism that our industrialized friends are failing to take a fair share of the foreign aid burden by stating:

This is a complicated question, for which there is no categorical answer.

It is about time that the majority of the Committee on Foreign Relations set about trying to find some of the answers, instead of passing the buck to the State Department, the AID officials, and the Pentagon. Read the report of the Committee on Foreign Relations of a year ago and compare it with the report of the Committee on Foreign Relations this year. It is almost unthinkable and unbelievable that it was written by the same members of the committee, but it was.

A year ago, the majority of the Committee on Foreign Relations tried to sell us an unsound report with the pleading, the rationalization, and the semantics in that report of a warning to the State Department and the AID officials, "If you do not do something in the intervening year, you will be in trouble; something will have to be done on the Hill."

What has been done? Let the chairman of the Committee on Foreign Relations take the floor of the Senate and give us a bill of particulars as to what has been done to carry out his report of a year ago. I charge now, as I charged a year ago, that what the committee did then, as it is doing now, was to pass the buck back to the administration.

When we raise the objections that I raise, we are told, "These are complicated

questions, for which there is no categorical answer." The American people are entitled to have some answers. It is about time the majority of the Committee on Foreign Relations started to supply the answers instead of writing the kind of report we have received again this year. Again, the statistical information contained in the report simply does not support an optimistic conclusion.

In the following sections I set forth my own specific conclusions and recommendations for cutbacks in funds, which latter are summarized at the end in tabular form.

## DEVELOPMENT LOANS

Congress should reduce funds for development loans so long as these loans continue to be made for general purposes and not for specific projects. The House Foreign Affairs Committee report, in both its majority and minority views, was critical of the large sums in program loans during fiscal 1964. Yet Congress must be aware by now that mere criticism in a committee report makes no impact whatsoever on the foreign aid program.

I repeat what I said earlier this afternoon; Do not provide blanket funds; do not provide blanket authority in dealing with development loans. If money is wanted for development loans, the applicants should be required to submit specific projects to the committees and to Congress for specific approval, just as every Senator who seeks a project for his own State must submit a specific program showing that a cost-benefit-ratio formula is being met.

We cannot clean up foreign aid if we leave the policy decisions to Foggy Bottom. We will not clean up foreign aid until Congress does the job which is clearly its job as the caretaker of the public pursestrings, and passes its valued judgments upon specific requests for specific loans for specific projects.

I agree with the House committee. Congress must be aware by now that it will have to insist upon specific projects if foreign aid is ever to be cleaned up.

Said the majority report:

Nevertheless, the committee believes that countries which progress to the point where they qualify for large development loans should be encouraged to assume increasing responsibility for financing their imports, except imports related to projects for which loans are made. There is danger that dependence on the United States for such financing could result in levels of consumption higher than the recipient could normally sustain and could encourage unsound financial and monetary practices.

The minority report of the House committee showed program loans in fiscal 1964 as follows:

	Million
Tanganyika.....	\$1
Tunisia.....	10
India.....	275
Pakistan.....	100
Turkey.....	70
Chile.....	40
Colombia.....	15

This makes a total of \$511 million. Since then, Brazil has received a \$50 million program loan.

This means that about a third of all development loan funds available for fiscal 1964 have already been lent for general purposes unrelated to any specific development project.

Turkey again ranks as the No. 1 failure of the foreign aid program and among the No. 1 recipients of program loans. She is receiving over \$100 million in economic aid this fiscal year, and considerably more in fiscal 1965, most of it in "program" loans.

Both the Organization for European Cooperation and Development and the General Accounting Office of the United States have found Turkey's economic development to have stagnated despite the huge American aid program these since 1947. The OECD report of 1963 was prepared for a consortium of Western European countries that were supposed to join the United States in financing Turkey's development. AID presentations always refer to this consortium but do not mention that its total pledges amount to less than the American aid alone, and that the European members are not coming through on their pledges because Turkey has not carried out the reforms required.

Let us not forget the lesson of that precedent. If we follow the policy we have been following toward Turkey, we shall be confronted with the argument from many another country, "Well, you let Turkey do it; why not us?"

Either we shall operate the foreign aid program on a sound procedural basis, with fair conditions imposed and enforced, or we shall run into the kind of wasteful expenditure of taxpayers' money that has occurred in Turkey.

Mr. President, our aid program to Turkey, in my judgment, has involved the waste of many millions of taxpayers' dollars. We should stop it. Senators should not get the idea that they are supporting democracy in Turkey because there is no democracy in Turkey.

Although the United States has put \$1,670 million into Turkey's economy since 1947—let me repeat: the American taxpayers, through their Government, have poured into Turkey's economy since 1947, \$1,670 million—and given her combined military and economic aid of over \$4 billion, that country's economic condition is worsening. The population increase has almost entirely wiped out the increase in the gross national product.

If anyone wishes an example of the failure of the representation about foreign aid, while it is supposedly accomplishing so much, take a look at Turkey. Since 1947, we have poured more than \$4 billion into Turkey, and yet there is no democracy there. There is no strong private economy in Turkey. It is, by and large, a state monopoly economy. We are maintaining a military establishment there which Turkey could not possibly maintain.

It would be much better for us to follow the kind of aid program which I announced at the beginning of my speech I would gladly support, dealing with loans and hard money loans to specific economic projects, which will do something for the people of Turkey and

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help their standard of living, then to engage in the kind of wasteful programs we have been engaging in there.

If there is any question about my position, read the reports of the Comptroller General. Senators can read them. So can the public read this one. I do not see how anyone can read the Comptroller General's reports on Turkey and go along with this bill.

Reform of the grossly wasteful state enterprises, and tax reform are the most urgent. The U.S. General Accounting Office reported a few weeks ago:

In the absence of a development plan and adequate information about the economy's resources and needs, the commodity import program (which has been the largest segment of United States economic dollar aid to Turkey) was an integrated part of the financing of Turkey's overall import programs and as such was not geared to specific long-range objectives. Moreover, substantial amounts of local currency generated under the commodity import program were allocated for the general support of investment budgets of state economic enterprises (those owned by the Turkish Government). Because neither the Turkish Government nor the mission exercised adequate control over commodity imports and the operations and investment programs of state enterprises, aid funds frequently were used to nonessential or low-priority purposes. State enterprises also received U.S. dollar aid to finance the foreign exchange cost of facilities which had been poorly utilized or not utilized at all. Assistance was freely provided some state enterprises notwithstanding their inefficient operations and uneconomical practices.

In a supplement to our prior report on the Turkey program, we pointed out that accomplishments in Turkey's economic development and support of the country's defense efforts had been accompanied by serious economic problems with consequent increases in the amount of aid required from the United States. The average level of U.S. aid for the 5 fiscal years (1958-62) covered by our recent examination increased significantly over the level for the preceding periods. Moreover, U.S. officials estimate that during the 5-year period which began March 1, 1963, Turkey will need more aid than heretofore from both the United States and others and that Turkey will not reach self-sustaining growth before 1975. Steps taken since the military coup of May 1960 offer promise that sound and necessary economic control measures may be forthcoming, but much remains to be done. As can be seen from the above there is a need for more effective action to improve operations and increase earnings of state economic enterprises and for more productive utilization of resources available to Turkey.

Some Senator speaking on the floor of the Senate in 1975, if we go through with this prognosis, will be saying, in my judgment, just about what the senior Senator from Oregon is saying today. The Turkish system will not bring about resulting economic freedom. I shall not vote to waste American taxpayers' dollars in that way. I shall not vote to sink American taxpayers' dollars in such bottomless pits as Turkey.

A continuation of a wasteful foreign aid program to Turkey cannot be justified. I shall not vote for a foreign aid bill that includes it.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. I listened to the reading of the report concerning aid that

has been given to Turkey. I believe it is stated in the report that there was waste and inefficiency in the governmental enterprises.

Mr. MORSE. It was shocking. Read the report of the Comptroller General on that point.

Mr. LAUSCHE. Does the senior Senator from Oregon object to the granting of aid to Turkey because of the governmental operations as distinguished from private operations, or is it on that ground and additional grounds?

Mr. MORSE. Oh, it is based on many additional grounds. I am not taking the position that we should not aid a country that may decide that it wants to conduct on a governmental, monopolistic basis, certain operations that are vested with the public interest. I do not like them. It happens to be their right. But I shall not vote the taxpayers' money to support grossly inefficient and wasteful industries, be they public or private. And I shall not vote the taxpayers' money to support state monopolies in the fields of what ought to be private enterprise.

Mr. LAUSCHE. I thank the Senator.

Mr. MORSE. I suppose I am odd about my position in regard to the use of aid. I have said over and over again that we must look at it from the standpoint of our self-interest. We must look at it from the standpoint of whether or not we can really try to export economic freedom.

The Senator has heard me say time and time again that there is no hope for political freedom anywhere in the world, in any country that we are trying to help, unless we first prepare the seedbeds of economic freedom. We cannot export political freedom. We have tried to do it. It has been a colossal mistake and failure for years. But we can export the institutions of economic freedom, and the interesting lesson of history is that we cannot cite in the history of mankind a people who were economically free who were not also politically free. We cannot cite that any people who were politically free lived under the kind of economic totalitarianism under which the Turks live.

Mr. LAUSCHE. Mr. President, do I correctly understand that the senior Senator from Oregon does not believe that the AID program should be discontinued, but does believe that it has been administered in many instances on policies that were wrong, and also administratively inefficient?

Mr. MORSE. Early this afternoon, I stated I would vote more money than this bill calls for if the AID program were reformed. It makes a great deal of difference to me whether they are asking for hundreds of millions of dollars for so-called loans which are deceptive. As I have stated over and over again, as an experienced teacher, I know the value of repetition in the learning process. I shall repeat, repeat, and repeat until the American people begin to understand what it is that we are driving at when we oppose the AID program.

I stated earlier this afternoon that I am against loans of three-fourths of 1 percent interest, 10 years' grace, 40 to 50 years to repay, and repayable in soft currency. That is plain deception.

The American people are fed semantic "hokum." But I would vote more money for hard loans and for loans that go to projects that we have checked. I am not going to leave it to the AID officials to take a total sum of money and spend it in their wisdom for a project.

It is time to put a control on that kind of program—the same kind of control that the Senator from Ohio [Mr. LAUSCHE], and the senior Senator from Oregon have to measure up to, and rightly so, when we seek to obtain loans or development grants for projects in our State.

Mr. LAUSCHE. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. LAUSCHE. I heard the Senator say that we have made loans most inadvisedly in areas where they would not be of any help to us. My philosophy has been that we cannot discontinue the AID program.

However, we can reform the policies under which the program has been administered. From my own standpoint, I have always felt that we never ought to deal with any country that wishes to auction off its fidelity to the highest bidder. There have been too many instances in which countries have said, "You will have to pay us more than Red Russia. Unless you do, we shall go to Red Russia."

To those nations I would say, "Go." They will come back quickly, and with the knowledge that what we do is intended sincerely to be of help and not to be a militaristic exploitation such as Red Russia is practicing upon them.

Mr. MORSE. The Senator from Ohio knows that in the Foreign Relations Committee, on which he and I have had the privilege of serving, I have supported him on that stand. When he has said "Go," I have added the phrase, "And Godspeed."

Mr. LAUSCHE. The Senator is correct. Too frequently we give aid to our enemies. We are giving aid to countries whose leaders have publicly declared their affection and support for Red Russia.

Mr. MORSE. Pakistan.

Mr. LAUSCHE. Zanzibar.

Mr. MORSE. Sukarno.

Mr. LAUSCHE. Sukarno; Bella in Algeria and Jagan in British New Guinea.

Mr. MORSE. And Nasser.

Mr. LAUSCHE. I do not believe that we are serving the interest of our country by giving aid to those who love our enemies and frequently reveal their distrust and hatred for us.

Mr. MORSE. What they love about us is our dollars.

Mr. LAUSCHE. Frequently we hear them say, when they are supposedly speaking without being heard and observed, "Beware of the capitalists of the West." They do not mention the United States, but that is the term of opprobrium that they apply to us, indicating their affection for our enemy and not for our country.

Mr. MORSE. I thank the Senator.

Mr. LAUSCHE. I thank the Senator from Oregon very much for yielding to me.

Mr. MORSE. Continuing the discussion of the Comptroller General's report on Turkey, we read that the Turkish Government operates about half of the country's industrial production, including enterprises in the fields of manufacturing, mining, trading, banking, transportation, and public utilities. They have steadily lost money due to "poor organization, inefficient operations, and poor pricing policies."

The report states:

Despite these basic management deficiencies, the United States continued to provide substantial sums of direct and indirect dollar aid and counterpart and U.S.-owned local currency to some state enterprises. This aid has contributed little toward improving operations of the enterprises, relieving their drain on the Turkish economy, and thereby reducing the need for outside aid.

Turkey's failure to correct the worst of these conditions has led the consortium to curtail its scheduled aid. But instead of doing the same, the AID presentation indicates that the United States is going to increase its aid substantially over last year.

The others who belong to the consortium have become so fed up with Turkey's failure to deliver that they have announced they will reduce their assistance, but not the United States. We are going to increase ours. When is this mulcting of the American taxpayer going to stop? I say to the American taxpayers, "It will stop when you, the taxpayers, begin to recognize that your most important business happens to be your own government. When you begin to exercise your responsibility of citizen-statesmanship, the politicians will stop it, and not until then."

That is why this Senator, difficult as it has been over the years to face the kind of opposition that following this minority role imposes upon him, has been willing to stand up and challenge administration after administration. To date no administration has been able to answer the facts that we have presented in opposition to the shocking, wasteful and inefficient foreign aid program that has come to characterize our whole foreign aid process.

#### DEBT DEFAULT BY TURKEY

Mr. President, the GAO report also found that Turkey was by 1957 in arrears on three loans, with the arrearages amounting to \$6.4 million. In May 1959, AID deferred for periods ranging from 28 to 31 years all principal and interest payments originally due between 1956 and 1965.

When they did it, they did it with American taxpayer dollars. I do not intend to continue to vest that kind of bureaucratic power in a group of little bureaucrats down in Foggy Bottom.

The Government of Turkey is to make the three interest and principal payments due between 1966 and the original maturity dates pursuant to the original repayment schedule, and make the deferred payments after the original maturity dates. But interest will not be charged on the principal and interest payments that were deferred, which represents another grant of \$31 million to Turkey.

The dreary details of American aid for importation of station wagons, for a meatpacking plant that is virtually unused, for modernization of the state-owned bituminous coal industry that continues to sink deeper into indebtedness, and for grain storage silos whose peak loads averaged less than 40 percent of capacity are included in this GAO report. It should be read by every citizen who still believes that the foreign aid program is designed to help the world's unfortunate.

Much of it helps the politicians, the in-crowd, the tyrants, the dictators that control these countries. It lines their pockets, and a little gets down to the mass of the people.

The report states:

The Agency (AID) advised us that it had encouraged Turkey to adopt necessary reform measures for management of its fiscal and economic affairs. However, although actions taken by the Government of Turkey were not satisfactory, the Agency decided to not insist on a greater measure of cooperation because of foreign policy considerations.

How do Senators like it? They know what he has said is true. AID gave the Turkish Government a slap on the wrist and said, "Now, you must do better. You ought to adopt some reforms." But when the reforms were not adopted, AID continued to pour the taxpayers' money in for what it considered to be foreign policy considerations.

What foreign policy considerations? There are no foreign policy considerations that can justify this kind of waste. It is Turkey that is dependent upon the United States, not the United States that is dependent upon Turkey. If war broke out between Russia and Turkey, we all know that our mutual security obligations would move this country in, and we know what kind of war it would be. It would be a nuclear war, and quickly. Turkey should be required to come in as an applicant for aid willing to meet reasonable conditions we impose for the granting of aid. I propose to give the Senate an opportunity, before the week is over, to vote on just such an amendment.

Primary in these considerations are the extensive intelligence and military installations operated in Turkey by thousands of American personnel. They largely explain why protests about Turkey's stagnating economy and misuse of aid funds are brushed aside with references to Turkey's being "vital to American security."

Our aid to Pakistan is in very much the same category, and we seem to be heading in the same direction with India. The "forward defense" policy of aid is not one of promoting economic freedom of choice at all.

What is happening now in Laos and Vietnam is typical of what would happen in each of these peripheral countries should it come under any pressure from within or without. The American aid that we send them now would be only a drop in the bucket of what it would take to prop them up under conditions of war or near war.

Program loans to these countries are

little better than outright grants and should be stopped.

#### TECHNICAL COOPERATION

For many years, this descendant of the point 4 program has been an almost untouchable segment of the foreign aid program. But a close examination of its current projects, and those in the comparable category in the Alliance for Progress, indicates that technical cooperation is moving far away from the original point 4. Today, a major function of technical cooperation is the training of local police forces in internal security matters. These programs are zealously pursued by American authorities even in countries like Panama and Indonesia, where their uses are more likely to be anti-American or anti-British instead of anti-Communist.

In short, these programs are being conducted in the countries where we have little or no control over the purposes to which they will be put. They include the recent military junta-ruled countries of the Dominican Republic, Honduras, Ecuador, and Guatemala. Just what we think we can teach the Dominican national police that they did not learn for themselves in Trujillo's day is hard to guess. But we are trying.

We are undertaking similar endeavors in Somalia, Chad, Tunisia, the Central African Republic, Dahomey, the Ivory Coast, the Malagasy Republic, Niger, Upper Volta, the Congo, and Ethiopia in Africa. The programs are equally widespread throughout Latin America and Asia.

In few of these countries is there the institutional framework that would make them a wise undertaking. All we are doing for most of them is making their police states a little more efficient—maybe. But we have not the slightest idea to what use this efficiency will be put, and whether it will advance any interest of the United States.

In many ways, this kind of technical assistance is the most dangerous aid program ever undertaken by the United States. Any reduction Congress makes in it will be a step in the right direction.

The aid presentation for technical assistance gives no real reason for the \$9 million increase it plans over fiscal 1964. AID declares that it is moving the capital projects that have been under technical cooperation into the development loan category. But if so, what does it plan to do with the money saved, plus the increase over last year? Research is the only explanation for this in the presentation.

If one ever had a semantic gimmick, if one ever had an escape hatch, if one ever saw a bureaucratic exit sign, it is the word "research." Whenever we go after them and ask them what they are going to do with the money they save, they say they are going to research something. When we cross-examine them as to what the research is to be, they hedge. It is difficult to get anything from them. They do not want to give up the money. They do not want to save money. They want to use it to build another wing in their bureaucratic building.

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We shall never accomplish foreign aid reforms until the Congress does it. Based upon years of experience, I can say there is no such intention on their part. There is no basis for any assumption that we can rely upon the State Department or the AID officials or the Pentagon to save any money or to reform the waste and efficiency that characterize and honeycomb the foreign aid program.

Many of the other projects undertaken in the name of technical cooperation and assistance have a similar flavor of political and military intrigue. In the Near East and Asia, many of the transportation projects seem to be directed at military rather than commercial use. In Afghanistan, for example, we have a total program of \$10 million worth of continuing projects. One of them is to plan a highway to the Iranian border. Its justification is that it would give Afghanistan an outlet in the West. But we had already helped her build a highway to the Pakistani border for the same purpose; then there were troubles between Afghanistan and Pakistan, causing the border to be closed, off and on.

It seems a great hypocrisy to call this "technical cooperation," when it does not appear that Afghanistan is as much interested in having an outlet to the West as we are in insisting that she have one, no matter how much it costs the American taxpayers.

Cyprus is another question mark. Cyprus is down for many hundreds of thousands of continuing projects. What has happened to them during the civil war? No one will ever know from reading the presentation.

Turkey, of course, is the most shameful failure of all aid recipients, not only in the technical aid but in all categories of aid. In technical assistance, many of the programs we are maintaining in Turkey are designed to help Turkey run her state enterprises. Since it is these state enterprises that are largely responsible for the stagnation of her economy, and the responsibility for their continuation is a political rather than a technical problem, it is hard to see how the United States is helping to improve her economic situation by aiding in the perpetuation of these enterprises. Another way of putting it is that we are training Turks in socialism, and creating more bureaucrats who will have to be employed in these establishments already suffering from bloated payrolls.

As for Thailand, one cannot read the continuing projects there without concluding that they are laying the foundation for an American military operation in Thailand. The so-called transportation projects include a four-lane highway from the country's main international airport to Bangkok. From Bangkok, a two-lane highway is to continue to the northeast area where the border with Laos is threatened. Much the same picture is seen in the projects for aeronautical ground services which are "intended to make several airfields fit for military use, as well as civilian." It is hard to see where any civilian use in Thailand could justify "several" airfields of this nature.

In sum, showing people how to live

better is on its way to becoming only an adjunct to the technical cooperation program, as it is to the rest of foreign aid. It is the Peace Corps that is making the greatest contribution to this cause.

## AMERICAN SCHOOLS AND HOSPITALS ABROAD

In my opinion, the funds authorized for this activity rank high among the most worthwhile expenditures made in the name of foreign aid. Mr. President, I shall vote for more money, not less money, for that program. That program aids people. Indeed, I have made a matter of record my willingness to support a larger sum for these purposes than the administration requested.

A number of my committee colleagues and I expressed great interest during the hearings in providing assistance to Mexico City College now renamed the University of the Americas. This eminent institution certainly seems to qualify for help under the aid category of American-sponsored schools. Unfortunately, the university had not submitted its detailed application by the time of committee action on the bill. I believe it likely that the majority of members would have voted to increase the authorization for this section had they been in receipt of data from the university which seemed to require such action.

However, the committee was assured by the Administrator and other AID officials that the university's application, when forthcoming, would be reviewed most sympathetically. We were also assured that the funds requested for this general purpose would be sufficient to permit assistance to be granted to the University of the Americas in fiscal 1965. I take this occasion to express my intention of seeing to it that this project is not lost in the bureaucratic shuffle.

## THE ALLIANCE FOR PROGRESS

As chairman of the Subcommittee on American Republic Affairs, I yield to no one in my deep interest in the countries of Latin America and their progress with economic and social reforms in the context of democratic political institutions and practices. I would certainly subscribe to the words of the committee report:

Dramatic breakthroughs and economic takeoffs are unlikely in the absence of a basic social and political reorientation in most of Latin America.

But sadly inadequate emphasis has been given to the fact that U.S. policy, rather than American public money, is the instrument through which we can best help our Latin American friends to help themselves.

It is a truism that a change in the price of a basic Latin American export commodity, such as coffee, by a few pennies, or a reversal of capital flight from that area, would have many times the effect of all the financial aid which the United States could possibly make available. What is irreplaceable, on the other hand, is a U.S. policy which actively encourages democratic constitutional means of governing and of tackling the fearsome social and economic problems of the Latin American countries. Regretfully, one cannot avoid the conclusion that

such a policy still is not sufficiently in evidence in Latin America.

Time and again we have reacted to the military overthrow of a constitutional regime by temporarily withholding recognition and foreign aid funds, and then by granting them without any reliable assurances that the new rulers are moving to reestablish constitutional and popular government. It is not merely that such practices evoke justified criticism from all parties involved; they serve to undermine our entire overall policy toward Latin America. Until the United States unequivocally aligns itself with those democratic elements which are trying to bring about peaceful revolution in the social and economic spheres, the Alliance for Progress will be a pious exhortation rather than an instrument for dramatic change.

Our "aid as usual" policy toward the Dominican Republic, Guatemala, Honduras, and Ecuador is the greatest single threat today to the success of the Alliance.

At any time when the Dominican Republic, Guatemala, Honduras, and Ecuador wish to set up a constitutional system of government, at any time they wish to return to democratic processes, at any time they wish to announce specific election dates for the holding of democratic elections, the senior Senator from Oregon will start urging that we give some attention to development loans for those countries; but not until then.

Because it is clear that money alone is not the key to the Alliance for Progress, there is no reason why foreign aid requests for Latin America should not be scrutinized—and reduced when necessary—on the same basis as AID programs in other world areas. Last year's appropriations for the Alliance totaled \$455 million, but the administration has requested \$550 million under that heading for fiscal year 1965. Although the overall foreign aid appropriation should be gradually reduced each year, this should not involve a rigid approach which would inevitably cut each and every component of the act. Therefore, I am recommending \$465 million for the Alliance in the 1965 authorization, or an increase of \$10 million over last year. Of this total, \$80 million would be for grants—the same figure as in 1964—and \$385 million would be devoted to development lending.

I would be willing to add to this amount whatever millions of dollars Congress would be willing to strike from the military aid program to Latin America. A good many millions of dollars should be stricken from it. I would be willing to add to the development loan program the savings which Congress wishes to make on military aid payments or loans to Latin America.

My reasons for cutting \$5 million from the administration request for Alliance grants stem from a painstaking examination of the presentation material. On the basis of listing projects which seemed inadequately justified, unduly extended—often for 15 or 20 years—or otherwise of dubious value, I might have sought a precise cut of \$8,243,000 had I

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not again preferred to err on the side of caution.

I would return that cut on the basis of the submission on the part of the AID officials of the type of hard money loans that I referred to earlier in my speech, related to specific projects, to be drawn upon as the projects are built.

In two major countries we make technical assistance grants to encourage the production of export items which are surplus in the United States. In a number of cases there are projects which involve the United States in paying local expenses which could be met by the Latin American country concerned. In other cases the United States is making grants of both heavy and light equipment which properly should be purchased by the local government with the proceeds of a development loan. The ill-advisability of training and equipping of police forces in totalitarian states is discussed in the section on technical cooperation. It is for these reasons that it seems correct to hold grants at last year's level while providing \$10 million more for lending.

There should be no confusion about my position regarding technical assistance for Latin America and other regions of the world. So long as this cooperation is extended in terms of working with fellow human beings through education and training in productive activities, it is of supreme value and it is self-justifying. But this fine program must be kept separate from the provision of capital equipment, other material, and commodities. Development loans obviously are required in order to make such provision, but we must also make it as certain as possible that loans are confined to those purposes, and not devoted to budgetary and balance-of-payments support. The comments made elsewhere in these individual views concerning the Development Loan Fund are equally valid in the Latin American context.

One further point about the Alliance for Progress. There is no activity in Latin America which is more important in terms of reaching the people than the construction of decent, low-cost housing. Yet all indications are that there has been too little movement in this sphere, despite the special authority in the Foreign Assistance Act. I strongly urge far greater attention to this subject by AID officials on an immediate basis.

## SUPPORTING ASSISTANCE

It is inexcusable that the administration request for supporting assistance funds should be raised over the amount available last year, even before the special request for additional money for Vietnam was sent to Congress. The Mansfield amendment of 1959 called for an eventual phasing out of these financial grants. Yet \$335 million was initially requested, compared to \$330 million appropriated last year. On top of this, \$70 million more was later requested for Vietnam, bringing the total to \$405 million.

Congress has suffered in the past from the shifting by AID of supporting aid funds away from the purposes presented in the hearings into other uses. If past experience is any guide, it is more than likely that much of the supporting assist-

ance requested for Vietnam will be used elsewhere.

The \$30.3 million reduction in this category by the full Committee is not enough. Three countries in Latin America, for example, are scheduled to receive supporting assistance. One of them is Haiti. Although the program being supported is malaria eradication, our program is in addition to UNICEF and Pan American Health Organization programs in Haiti for the same purpose, to which we also contribute. The brutality of the Duvalier dictatorship in Haiti is not exceeded even in Castro's Cuba. There is no more reason for the United States to maintain a unilateral health program in Haiti than in Cuba, or for that matter, in Communist China.

Supporting assistance aid to Bolivia simply undercuts the requirements of the Alliance for Progress and underwrites the incredible mismanagement of the government-owned tin mines. As with Turkey, the excuse for this aid is the old reliable Communist bogeyman, and the result is the subsidizing by American taxpayers not only of Socialist enterprises but of outrageously inefficient Socialist enterprises. In the case of Bolivia, we have been supporting these tin mines with their grossly padded payrolls since 1954 and there is no end in sight so long as the word is out that there is more supporting assistance coming from the United States. Why should Bolivia change so long as she can scare money out of us?

Jordan and Yemen will account for another large chunk of supporting assistance. Despite the pretentious and glowing references to Jordan's "progressive" government in the presentation, there are no plans for loan aid to Jordan in this year's budget, and one of the three remaining capital projects under technical cooperation is also in Jordan. Nothing but grant money is planned for Jordan this year because with her present policies she is an economic impossibility. The presentation uses the phrase: "Eventual viability may be more securely rooted" in Jordan. That is the best outlook.

Much of Jordan's poor outlook is directly due to her expenditure of \$60 million for defense. Offense is probably the better word. Jordan's army is concerned with nothing in the world but Israel, and King Hussein has made it quite clear that he is ready to move against Israel if the Jordan River project goes through. If he does, it will be only because the United States has subsidized his military establishment since 1957 through supporting assistance grants.

Jordan is not of interest exclusively to the United States. If she needs subsidization to exist, in the same way the Congo does, she should become an international ward, supported by some kind of consortium. That might also reduce the military threat she poses to Israel. But so long as the United States furnishes her this wad of money as a military subsidy, this will never happen. The contributions to her budget from Britain are very small, compared to ours, and Jordan's other sources of aid are loans, not grants. At the rate we are going in Jor-

dan, it will be the American taxpayers who will repay these loans. The budget support to Jordan should be cut by several million this year, so a start can be made toward a longrun solution to Jordan's problems.

In Yemen, we are giving supporting assistance to a government that is little more than a creature of Nasser's, and that is still fighting against a royal government that is in turn backed by Britain.

Unilateral American aid to Yemen is in the same class with aid to Sukarno. Worse yet, a good half of it is for highway construction that is of far more military significance to Yemen now than commercial significance. This aid is nothing but an attempt at political intrigue. It should be stopped until the civil war there is over.

In the Far East, South Korea, Laos, Thailand, and South Vietnam are scheduled to receive large amounts of supporting assistance. Although much is claimed in the presentation for South Korea's economic prospects, no reason is given why supporting assistance to her is being increased over last year. It is all nonproject aid, and although the presentation indicates that it will be released only in increments as the South Korean Government makes good on its promises of economic reform, I see no reason why more should be provided than was provided last year.

Moreover, the only other non-American aid to Korea is taking the form of loans. As with Jordan, the United States will end up repaying these loans unless we develop a more effective program in Korea.

The optimistic note in the presentation book about Korea's future depends heavily upon its renewing aid and trade ties with Japan. The people of Korea, including the young people who rioted recently against this policy, should understand that the United States is not going to underwrite indefinitely their emotional aversion to Japan, however real it may be. We do underwrite it when we raise their budget support considerably over last year.

This large sum for Korea is also a result of the 600,000-man Korean Army we are supporting, in addition to the 50,000 American troops in Korea. This compares with figures I have seen that the North Korean Army is about 400,000. No good reason has ever been offered for maintaining this vast preponderance of military force in South Korea. The latter's army should be brought down at least to 500,000 and preferably to 400,000.

The levels of supporting assistance to Laos and South Vietnam are indicative of what we face in every other underdeveloped country where we are maintaining large military aid programs. The presentation books stress over and over again the meager economic resources of these countries and the high concentration of military activity. The result is that the United States finances a Western-style war effort, in feudal countries. It costs us a yearly average of about \$40 million in Laos, a country of 2.5 million people, exclusive of military aid. In South Vietnam, it has run about \$130 million for economic aid, with this year's

level much higher, in a country of 15 million. In both countries, much of this money goes for the enrichment of ruling classes and factions that we hire to fight communism.

Anyone who thinks the United States gains something by maintaining these indigenous armies in underdeveloped countries around the world should figure out first how much we would have to subsidize any one of them if it became involved in any kind of a war.

The figures for Korea, Laos, and Vietnam should be a lesson to us, because in addition to direct action by the U.S. Armed Forces, it would cost us billions of dollars to subsidize a war effort in such countries as Turkey, Greece, Iran, Taiwan, or any of the others whose military establishments are creatures of the United States.

#### CONTINGENCY FUND

Once again, the uses of the contingency fund were advertised as being for unforeseen emergencies. But one of the largest transfers out of contingency funds was \$50 million into development loans to make a "program loan" to Brazil. Other uses of the contingency fund have been \$38 million for Vietnam—in addition to its programmed funds and the special request of \$125 million—and a transfer of \$75 million into military assistance. All those obligations were entered into only in the 2 months before Congress acted on the foreign aid bill.

Use of the contingency fund for Brazil's balance-of-payments problem continues to typify the abuses of this fund. This is neither an unforeseen nor an emergency situation. The contingency fund only provides the loophole whereby Brazil evades the stipulations of the Alliance for Progress.

The use of the fund alone justifies a \$50 million cut.

#### MILITARY ASSISTANCE

There is no part of foreign aid on which the Congress has received a worse flimflam from the executive branch than on military assistance.

One of the major criticisms leveled by both the Clay Committee and the Senate Foreign Relations Committee last year was that we had too many token military aid programs that seemed to be designed merely to give the American military a presence in most countries outside the Communist bloc.

Figures prepared for the hearings at my request indicate that the total number of countries receiving military grant aid in fiscal 1965 will be 55, compared to 63 in fiscal 1964. However, the March 1964 publication from the Defense Department called "Military Assistance Facts" includes an estimate that 62 countries will receive grant military aid in fiscal 1965, and that 10 more countries will acquire American arms through direct or credit purchases.

If there is in fact any reduction planned in the total number of countries receiving grant military aid next year, it does not show up in the request for \$1,055 million. There is no explanation of why we are sending the same total aid to fewer countries, if that is in fact what we are doing.

On March 6 of this year, the General Accounting Office issued another of its periodic reports that have consistently found extensive waste in military aid. This one reported that the Defense Department has continued to maintain large military aid staffs in the countries of Western Europe even though military aid to them is being phased out.

The report also stated that these military aid missions continue to prepare military aid plans even though no more grant aid is supposed to go to these countries.

To quote from the GAO report:

We found that in 1962, when the value of grant aid deliveries to eight of the countries covered by our review was \$190 million, the Military Assistance Advisory Groups in these countries were staffed in total with approximately 345 U.S. personnel or 56 percent of the level maintained to administer programs during the peak year of 1953, when the value of grant aid deliveries was \$2.3 billion. \* \* \*

The failure to eliminate or reduce the Military Assistance Advisory Groups' functions and to make appropriate reduction in the number of personnel assigned, as the military assistance programs were accomplished or reduced, has resulted in the unnecessary expenditure of millions of dollars overseas; the ineffective utilization of highly skilled, highly trained personnel; and the continued but unnecessary support overseas of the dependents of many Military Assistance Advisory Group personnel. \* \* \* The Department of Defense furnished us with comments in response to our findings and proposals for corrective action by letter dated July 25, 1963, classified secret. The Department of Defense has informed us that a worldwide review is now being made of the missions and functions of Military Assistance Advisory Groups to determine the feasibility of reducing U.S. representation abroad. We believe that immediate personnel reductions can be made by eliminating or reducing functions now being performed by these groups. We intend to make a followup review at a later date, and at that time we will examine into the adequacy of the Department of Defense's action to reduce or eliminate the staffs of the Military Assistance Advisory Groups in the countries involved. \* \* \*

Although virtually no additional grant aid is to be provided to the eight Western European countries, we were advised by the MAAG's that they are continuing to prepare military assistance plans. In France, the plans were being prepared in the same detail and on the same basis as though grant aid were to continue, whereas, in other countries the plans were being updated and revisions were being made as necessary.

Secretary McNamara, in his testimony to the Foreign Relations Committee, pointed out that only Denmark and Norway in Western Europe are receiving grant military aid in fiscal 1965, and that no new commitments are being made in Europe. Yet the military aid budget does not reflect any curtailment anywhere of small aid programs or of overseas missions.

A real deception of Congress took place in connection with Vietnam. The original 1965 budget reduced military aid to South Vietnam considerably below the level of fiscal 1964, and parcelled it out to other countries. Then the President sent a special message to Congress claiming that conditions in Vietnam were so critical that an additional \$55 million for military aid was needed to meet that emergency. The addition only brings

South Vietnam's military aid back to last year's level.

Those of us who have been through 15 years and more of that kind of shell game from various administrators can no longer take at face value anything about aid that is told us by either military or civilian officials. In the case of this "bare bones" request, the funds available for military aid this year include not only the \$1,055 million in new appropriations, but \$25 million which was unspent last year and for which reappropriation is requested, \$135 million which is expected to be recouped from cancellations, price changes, and various slippages, plus a continuing standby authority to use \$300 million in Defense Department stocks when the President finds it "vital to the security of the United States." In recent weeks, \$75 million in contingency funds has also been used for military assistance.

This means there is really available not \$1,055 million but \$1,515 million for military assistance, plus the contingency funds. It is why an eventual cut of \$500 million in military aid would be one of the soundest steps that could be taken toward a sound and useful long-range foreign aid program.

It is becoming clear from the testimony Congress receives year in and year out that the Pentagon has come to consider military aid a permanent program. Each year, the requests are justified with accounts of Greece or Pakistan or some other country using obsolete equipment that must be replaced by the United States to keep it current with Bulgaria in the case of Greece, and to keep current with India, in the case of Pakistan.

It is about time that the Pentagon were required to produce some long-range plans for what it expects of military aid in the future. We should find out whether these countries are going to have their obsolete equipment replaced by us forever, and by whose standards it is obsolete. For example, a perennial favorite is the claim that countries in the Far East need new jet planes. But the only conceivable enemy against which we are arming them is Communist China, whose jet aircraft from the Soviet Union was cut off several years ago and who does not produce its own jets. Published estimates put the Chinese jets at the period of about 1956.

There is no reason for upgrading the level of any military forces in the Far East above that of Communist China, whose air, naval, and mobile capability is very low.

Future Pentagon estimates for military aid should also include an estimate of how much it would cost the United States to finance a war effort in each country receiving military assistance. We are told, for example, that Taiwan no longer receives huge sums of economic aid, but she continues to receive large quantities of military aid. All this means is that Taiwan still cannot support a large peacetime military establishment. How much would it cost the United States to underwrite a war waged by Taiwan?

It continues to be my opinion that any military aid given to a country in peacetime is only a small fraction of what it would cost the United States to support



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that country in time of war, if indeed, we decided to support it at all. Such nations are not allies against communism; they are only dependencies. It is worst of all to continue giving large-scale, Western-style military aid to nations that have no prospect of being able to support a modern war out of their own economies in the foreseeable future.

It is not these indigenous forces that deter China or the Soviet Union; it is the likelihood of American response to an invasion of any one of them.

We are having a hard enough time trying to advise the South Vietnamese how to fight, after giving them the most modern equipment, without committing ourselves to the same undertaking with the several million foreign soldiers we keep under arms under the pretext that they are contributing to free world defenses.

The most astonishing testimony of all has been that this amount of the request is needed to upgrade the armed forces of Greece and Turkey. Why we should advertise that we want to do even more than we have in the past to prepare them to fight each other, I cannot imagine.

A 20-percent reduction in the military aid for both Greece and Turkey, and for Pakistan and India, would do more to end the quarrels over Cyprus and Kashmir than all the high level conferences held to date. The spectacle of stoking their war machines while we beg them to be peaceful is as much a reflection upon Congress as upon the executive branch.

CRITICAL REPORTS FROM GENERAL ACCOUNTING OFFICE CONTINUE

Reports by the U.S. Comptroller General criticizing the aid program in Turkey and the size of military aid missions in Western Europe have already been cited. But there are other reports, too. They continue year in and year out to cite examples of wasted money in the foreign aid program. These reports are in no sense a comprehensive review of aid; they are only reports of practices uncovered in spot checks.

On March 5, 1964, the Comptroller General summarized as follows a report on "Certain Economic Development Projects for Assistance to Central Treaty Organization":

Because the availability of local resources was not adequately explored, grant and loan funds aggregating more than \$8 million were used for purposes other than those for which they were initially obligated and for financing imports which were not needed or could be produced in the recipient country. Furthermore, the economic feasibility of the three projects for which the funds were obligated was dubious and, as conditions existed at the time of our review, there was no assurance that two of the three projects involved would ever be completed.

In light of the foregoing findings, we suggested certain basic policy guides for consideration by the Agency. The Agency expressed agreement with the principles of our proposals but claimed that the origin and objectives of the projects were primarily political and that its decisions and actions in the implementation of the projects were concerned principally with the achievement of political success.

The annual program presentations to the Congress on three of the projects did not fully disclose the unusual circumstances and the problems which have attended the proj-

ects. Moreover, the presentations were incomplete and inaccurate and indicated that the aid provided to these projects was more effective than was actually the case. We are repeating our recommendation made in previous similar instances, that the Agency make more informative, clear, and accurate disclosure of significant data in annual program presentations.

On March 12, 1964, a report was sent to Congress on "Unnecessary or Premature Procurement of Sidewinder Missile Training Systems and Their Delivery to Foreign Countries Under the Military Assistance Program." It said in part:

Tow target systems costing in excess of \$1 million, designed for training pilots in the use of Sidewinder missiles, were unnecessarily or prematurely delivered to 11 foreign countries because responsible Department of Defense agencies had not given consideration to the countries' inability or unwillingness to use the systems. Six countries were unwilling to use the tow target systems for reasons of safety and cost, and five countries did not have the equipment, missiles, or test programs to enable them to use the tow targets at the time of delivery. An additional \$240,000 had been expended by the Air Force for tow targets for which no firm requirement existed and which were never delivered under the military assistance program. These targets were still in storage at the time of our review.

In commenting on our findings and proposals, the Department of the Air Force advised us that action had already been taken or was underway to recover the excess equipment in six countries and that no immediate action was proposed in five countries because utilization had been planned.

With regard to the procurement of unneeded tow targets that were never delivered to recipient countries and are now in storage, inasmuch as the Department of the Air Force failed to comment on our finding, we are recommending that the Secretary of Defense require that an appropriate inquiry be made to determine the reasons for the overprocurement and which persons were responsible so that appropriate corrective and disciplinary measures may be taken.

Our reports on the military assistance program over the past 7 years have shown that a basic deficiency in the administration of the program has been the failure of the Department of Defense to limit material deliveries in accordance with the capability of the recipient countries to maintain and utilize equipment even though this is required by the Department's own regulations. Accordingly, we have recommended to the Secretary of Defense that these regulations be strengthened by requiring that future deliveries of major end items included in approved military assistance programs be made only upon a written certification by the Chief of the Military Assistance Advisory Group based on a specific determination that the recipient country has the necessary capability to effectively absorb, maintain, and utilize the item to be delivered.

The Department of Defense has disagreed with our recommendations and has maintained that, under current directives, the Military Assistance Advisory Group Chiefs have the continuing responsibility for screening undelivered military assistance program materiel and for taking timely cancellation or deferral action where delivery of materiel is not consistent with host country capability to absorb, maintain, and utilize the equipment. The Department of Defense maintained also that certification by the Military Assistance Advisory Group Chief would serve no significant useful purpose.

We believe that such a certification requirement would encourage a current reappraisal of the need for the equipment and

the country's capability to maintain and utilize it before it is delivered and would help to prevent future deliveries of military assistance program materiel in excess of the country's capability to effectively absorb, maintain, and utilize the items delivered. Military assistance program materiel has continued to be delivered for a number of years to countries which cannot effectively absorb, maintain, or utilize the equipment and has been the subject of numerous reports to the Congress and the Secretary of Defense, even though during that time the Military Assistance Advisory Groups have been charged with the responsibility of preventing this from occurring. We therefore believe that affirmative action by the Military Assistance Advisory Group Chief before delivery should be required.

In view of the position of the Department of Defense with respect to this matter, the Congress may wish to consider the enactment of legislation requiring additional safeguards before delivery of military assistance program materiel. We shall be pleased to assist in drafting such legislation if desired.

Certainly the inclusion of legislation along this line must be considered at the next drafting of foreign aid legislation.

On June 17, 1964, a report was received on "Ineffective Administration of U.S. Assistance to Children's Hospital in Poland." It said in summary:

Our examination into the U.S. assistance to a children's hospital in Poland, for which about \$2.2 million in dollars and the equivalent of \$8.3 million in U.S.-owned Polish currency has been appropriated, disclosed an almost complete lack of U.S. Government surveillance of project activities. Consequently, U.S. officials were not aware of certain unfavorable financial and operational factors attending this project.

We found that cost estimates submitted to the Agency for International Development did not include supporting details and that the Agency had not made a proper review and evaluation of the estimates. We found also that (1) the Agency disbursed more funds to the private sponsor of the hospital than were provided for in the original grant agreement, (2) the sponsor had incurred costs in excess of the maximum amount provided for in the original grant agreement and in excess of the erroneous amount disbursed by the Agency, and (3) the sponsor continued to incur costs even though all available funds were exhausted. We found further that the hospital may not be adequately staffed for effective operation at the time of its completion. We believe that this loose administration was caused in good part by a failure to define Agency responsibility.

The Agency made a commitment in August 1961 to finance the local currency costs of constructing the hospital on the condition that the sponsor would attempt to raise from private contributions in the United States the dollar funds required for certain material and equipment not available in Poland. The Agency made this commitment in the face of overwhelming evidence at the time that the sponsor would not be able to raise the dollar funds and that U.S. Government dollar financing would ultimately be necessary to complete the hospital. As far as we could determine, the Agency did not present this matter for the consideration of the Congress prior to making the commitment.

At the time of our review, construction was well underway with Polish currency made available by the Agency but the sponsor had raised only a fraction of the dollar requirement and reported that no prospect existed for raising the dollars. Consequently, in order to complete the hospital, the Agency requested \$2.2 million in dollars for the hospital in its fiscal year 1964 budget presentation to the Congress. The request was made,

notwithstanding the then existing prohibition against giving dollar aid to Communist countries. The funds were appropriated in the Foreign Aid and Related Agencies Appropriation Act, 1964, approved January 6, 1964.

In requesting funds for the hospital in its budget presentations to the Congress for fiscal years 1963 and 1964, the Agency did not disclose the unusual circumstances and problems which have attended this project, as described in our report, and furnished incomplete and inaccurate information regarding some of the financial and operational aspects of the project. Also, because the dollars were not available when needed, completion of the hospital will undoubtedly be delayed considerably beyond its scheduled date.

The comments of the Agency for International Development, concurred in by the Department of State, reflected general disagreement with our findings and conclusions. After an analysis of these comments and further review of files and records, however, we concluded that the Agency had presented no information which would cause a significant change in our basic report with respect to our presentation of the facts or the conclusions drawn.

We believe that, in addition to the corrective actions cited in the report, it is incumbent on the Agency for International Development to take steps to assure that arrangements have been worked out for adequate staffing of the hospital. Also, we are again recommending that future annual foreign aid budget presentations to the Congress describe projects and other significant activities in such clarity and specifics as will facilitate a full and correct understanding by the Congress of their scope, status, and administration.

On June 29, Congress received a report on "Deficiencies in Administration of the Earthquake Reconstruction and Rehabilitation Program for Chile." It said in summary:

On the basis of our review of projects financed under the reconstruction and rehabilitation program in Chile following the earthquakes in May 1960, we believe that serious problems were encountered because the Agency for International Development did not adhere to accepted standards of programming and project planning for the large

number of projects included in such a vast program.

For the most part, no meaningful review was made of the Government of Chile's plans, specifications, and cost estimates for the projects undertaken. The Agency did not adjust the size and makeup of its mission staff to meet the tremendous expansion of assistance to Chile under the earthquake program. Also, appropriate consideration was not given to the abilities of the various agencies of the Government of Chile to carry out their part of the program. As a result, serious cost overruns and delays occurred in many projects and a number of projects had not been completed, or in some cases had not been started, some 3 years after the earthquakes and substantially after their estimated completion dates.

For a substantial part of calendar year 1962, the maximum rate of exchange was not obtained for dollars disbursed under the earthquake reconstruction program. The resulting loss to the earthquake program was estimated to be in excess of 26 million Chilean escudos, the equivalent of \$13.8 million on a most conservative basis. As a practical matter, it can be said that earthquake reconstruction funds were used for a period of time to subsidize and help maintain the Chilean escudo at a rate that was known to be overvalued in relation to the dollar.

Despite the disbursement of large sums in calendar year 1961 and 1962 under this program, Chilean imports from the United States declined in those years, both in dollar value and in relation to total imports. Also, we noted that several earthquake reconstruction projects were adversely affected because of Chile's shortage of foreign exchange, despite the fact that \$120 million we being supplied under the earthquake program, and the amount of foreign exchange required for earthquake projects was relatively minor. We are recommending that, in future agreements providing dollar financing for projects or programs consisting principally of local currency costs, adequate provision be made requiring the utilization of the dollars so provided for any direct foreign exchange costs of the specific projects or programs being financed.

To the extent deemed appropriate, the comments of the Agency on our findings have been included in this report. The Agency's comments on the exchange rate matter, together with our evaluation of such

comments, are contained in a supplementary report which has been classified as "confidential."

In May, two more reports were received. They concerned waste in the military aid programs to Indonesia and Ethiopia, and both were marked "classified."

This year's reports on foreign aid are only typical of those Congress receives every year. The answer always comes back: "Some waste must be expected in a program of this size." But I do not know of any Federal program of any size where so much known waste of money continues with so little action being taken to stop it. So long as these critical reports on foreign aid come in from the General Accounting Office, I shall continue seeking to reduce and tighten the program.

#### CONCLUSION

On the basis of the foregoing discussion and other information which cannot be made public, I am recommending cuts totalling \$466,700,000 less than the figures approved by the Committee on Foreign Relations. This would bring the overall foreign aid authorization to the \$3 billion level of new money which was appropriated last year.

If this is a barebones request, then at least not a dollar should be asked for above what was asked for last year.

Also, when we have received promises that we would move toward reducing, year by year, instead of increasing, we ought, at least, not to vote for more money than was made available last year. This is not a barebones program at all. The administration is asking for more money than it got last year. There is a great deal of fat hanging on the so-called skeleton of this year's program.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the table giving the statistical details of my proposal.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Appropriation, fiscal year 1964	Administration appropriation request, 1965	House appropriation bill	Senate Foreign Relations Committee	Reduction by Senate Committee from administration request	Recommended further cuts	Recommended Senate authorization
<b>Pt. I. Economic:</b>							
Ch. 2. Development assistance:							
Title I: Development loans.....	\$687,300,000	\$922,200,000	\$782,200,000	(1)	-----	\$140,000,000	\$782,200,000
Title II:							
Technical cooperation, development grants.....	155,000,000	224,600,000	204,600,000	\$215,000,000	\$9,600,000	-----	215,000,000
American schools and hospitals.....	19,000,000	18,000,000	18,000,000	18,000,000	-----	-----	18,000,000
Title IV: Surveys of investment opportunities.....	(1)	2,100,000	2,100,000	-2,000,000	100,000	-----	2,000,000
Title VI:							
Alliance for Progress loans.....	375,000,000	465,000,000	425,000,000	(1)	-----	80,000,000	385,000,000
Alliance for Progress grants.....	80,000,000	85,000,000	85,000,000	85,000,000	-----	5,000,000	80,000,000
Ch. 3. International organizations.....	116,000,000	134,400,000	134,272,400	134,400,000	-----	-----	134,400,000
Ch. 4. Supporting assistance.....	330,000,000	405,000,000	405,000,000	374,700,000	30,300,000	11,700,000	363,000,000
Ch. 5. Contingency fund.....	50,000,000	150,000,000	150,000,000	150,000,000	-----	50,000,000	100,000,000
<b>Pt. II. Military.....</b>	<b>1,000,000,000</b>	<b>1,055,000,000</b>	<b>1,055,000,000</b>	<b>1,045,000,000</b>	<b>10,000,000</b>	<b>180,000,000</b>	<b>865,000,000</b>
<b>Pt. III. Administrative expenses:</b>							
AID.....	50,000,000	52,500,000	52,500,000	52,500,000	-----	-----	52,500,000
State Department.....	2,700,000	2,900,000	2,900,000	(1)	-----	-----	2,900,000
<b>Pt. IV. Other laws: Latin American development.....</b>	<b>135,000,000</b>						
<b>Total.....</b>	<b>3,000,000,000</b>	<b>3,516,700,000</b>	<b>3,316,572,400</b>	<b>2,076,600,000</b>	<b>50,000,000</b>	<b>466,700,000</b>	<b>3,000,000,000</b>

<sup>1</sup> Previously authorized.

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Mr. MORSE. It will be noted that in virtually every category but military assistance my recommended figures exceed the amounts appropriated for fiscal year 1964. The fact of this excess should counter the tortuous argument of increases based on carryovers, deobligations, and so forth—an argument which plagues and distorts our debates on the subject of foreign aid each and every year.

Needless to say, I am convinced that any authorization for a foreign aid program of more than \$3 billion is not in the national interest, and is actually inimical to the individual American taxpayer.

The foregoing explains the conclusion I set forth in my individual views on the bill as it came from the Foreign Relations Committee—that it has become one of the most stagnant, unproductive, and misrepresented of all Federal activities. It is stagnant because its objectives are still tied largely to American strategic interests of the 1950's; it is unproductive because much of it goes for uses that neither build nor develop; and it is misrepresented because in spite of all the official handwringing pleas that we help the underprivileged and deprived people of the world, not more than 40 percent of it goes for that purpose. Little of it actually ends by helping them.

The basis of my approach to foreign aid is that it must serve the interests of the United States. I believe in "strings" on aid. Congress may spend public money only for the general welfare of the United States, not for the general welfare of any other people, no matter how deserving they may be.

My difference with much of the program is over what really does serve the interests of the United States. I do not believe that aid extended for military reasons, security reasons, or for reasons of political intrigue serves our long-run interests, and this is a long-run program. Foreign aid should be primarily developmental and for specific developmental projects, with the short-run considerations very secondary, instead of the other way around.

Unless and until it is put on that basis, foreign aid will remain a dole, and its recipients will be either dependencies of the United States—like Vietnam—or they will take our military aid and then use it for their own national purposes which may be quite contrary to our own.

There is no longer any expectation that the administration will revamp foreign aid toward these ends. It is therefore up to Congress to do it.

Mr. President, when I say that it is up to Congress to do it, I mean it is up to the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs to assume major responsibility in bringing about changed policies in foreign aid. The committee report of last year promised it; the committee report of this year did not fulfill that promise. We cannot square the report of the Committee on Foreign Relations this year with the promises of last year. The committee has given us more of the same. The majority has passed the buck again. It will be from

downtown, and not on Capitol Hill, that any reform will come, so far as this year's report is concerned; but we shall wait in vain if we wait for any reform in policy concerning foreign aid from anywhere downtown.

I said earlier in my speech that this is a legislative responsibility under our system of checks and balances. I do not like to stand on the floor of the Senate, year after year, and criticize the body of which I am a Member; but I have been doing so for several years, and I shall continue to do so until the Senate starts to assume its responsibility for a reform of foreign aid as a matter of policy. The Senate did start the job last year; but the Foreign Relations Committee has not advanced the work. It is up to the Senate itself to continue the job.

To the American people, I say: "You have a responsibility, as individual citizens, of making a study of exactly what the foreign aid policy of your Government is. I know that many of the facts will be kept from you under the secret label; but enough has already been made public by those of us who in the past several years have made the record each year as to the shortcomings of foreign policy. It is for you, the people, to start to demand of your officeholders that if they want your continued support, they had better get on the job in reforming foreign aid as a matter of policy.

Before the week is out, I shall offer some policy amendments, at least for educational purposes. Sooner or later—and I hope this might be the year—some of the policy changes will be demanded by Congress by writing them into the bill.

Mr. President, that is my case. This is my first speech this week on the subject. I am pleased to rest on that case.

If it meets with the approval of the majority leader, I shall suggest the absence of a quorum.

Mr. MANSFIELD. Mr. President, will the Senator withhold that request?

Mr. MORSE. I withhold the request.

Mr. MANSFIELD. Has the Senator yielded the floor?

Mr. MORSE. I yield the floor.

#### AID FOR DEPENDENT CHILDREN OF UNEMPLOYED PARENTS IN THE DISTRICT OF COLUMBIA

During the delivery of Mr. MORSE's speech,

Mr. RIBICOFF. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. Mr. President, I am glad to yield to the Senator from Connecticut [Mr. RIBICOFF], with the understanding that the interruption will appear elsewhere in the RECORD, and with the further understanding that it will not interfere with my rights to the floor.

The PRESIDING OFFICER (Mr. McINTYRE in the chair). Without objection, the Senator from Connecticut is recognized.

Mr. RIBICOFF. I thank the Senator from Oregon for yielding to me.

Mr. President, last Friday, the Senate decided by seven votes not to include the

District of Columbia in the national program of aid to families with dependent children of unemployed parents. While I am disappointed, I am not discouraged by this outcome. The prospects for eventual victory have improved since last year.

This year, unlike last year, the House of Representatives approved the program.

Further, I note that while the issue was lost by seven votes, nine Senators who voted in favor of the program last year were absent or otherwise not recorded this year.

So, I am convinced that the fight must continue. The plight of these needy children will not disappear. The issue of helping them will not go away. I can assure the Senate that so long as I have the privilege of serving in the Senate, the effort to help these children will be made.

During the debate, the distinguished Senator from West Virginia [Mr. BYRD], who opposed the program, listed 21 arguments against including the District in the unemployed parent program.

For the benefit of the conferees who still must consider this issue, and for all those who will have to consider it next year if it is not agreed to in conference, I have prepared an analysis of those 21 arguments and an answer to each.

I ask unanimous consent to have this analysis printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

Argument No. 1: "The House turned down the request in fiscal year 1963, so that it cannot be said, as was said a few moments ago by the distinguished Senator from New Hampshire—who is now in the chair as the Presiding Officer—that the program has been denied by the Senate Appropriations Subcommittee on the District of Columbia.

"That is only partly true. The House turned down the request in fiscal year 1963. The Senate turned down the request in fiscal year 1964. The request last year was never presented to the House. The House acted on the A budget. This item was not in the A budget. This item last year was in the B budget which came to the Senate and it was denied by the Senate when it rejected the Ribicoff amendment. Of course, the Senate Appropriations Committee and the subcommittee last year had, prior to the action taken by the Senate, denied the request.

"This year, the House included the item. But I say to the Senate that only 12 questions were asked in the House subcommittee.

"This is not intended as any reflection on the House subcommittee, but the record will show that no more than 12 questions were asked: whereas, in the Senate Appropriations Subcommittee this year, approximately 100 questions were asked concerning this one item alone, and last year approximately 225 questions were asked by the Senate subcommittee concerning this one item."

Answer No. 1: No matter what happened in fiscal year 1963, the undeniable fact remains that last year, and more importantly, this year, it is the action of the Senate that is keeping the District out of the AFDC-UP program. This year the House Appropriations Committee and the House of Representatives voted in favor of the program.

The number of questions asked in subcommittee is no measure of the need for a program. The Senate subcommittee did ask

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more questions about the program than the House subcommittee, but it also received more answers showing the need for the program.

Argument No. 2: "The program is not justified in the District of Columbia because the unemployment rate is low comparatively speaking."

Answer No. 2: The size of the unemployment rate has no bearing on the need for this program. It provides aid for needy children of unemployed parents. Their needs are just as severe, whether the total number of unemployed parents is large or small. West Virginia uses the program for 11,000 families. Oklahoma uses it even though only 25 families are eligible.

Argument No. 3: "The general level of prosperity is high."

Answer No. 3: The high level of prosperity means nothing to the hungry children of parents who cannot find a job. If prosperity is generally high, then surely those who benefit from it would not mind spending a little tax money to help those who do not.

Argument No. 4: "The Department of Welfare has been unable to prevent a firm projection of cost estimates for the future operation of the program."

Answer No. 4: Neither the District of Columbia Department of Welfare, nor its counterpart in West Virginia, has a crystal ball. Neither can predict how many parents will be unemployed in the years ahead. But we do know that the unemployed rate in the District has been fairly constant and we also know there is a present need that is not being met.

Argument No. 5: "The man-in-the-house rule would be nullified, and the Federal Government would close its eyes to the presence of the paramour in the home, and he could be included in the benefit plan."

Answer No. 5: This is simply not so. The man-in-the-house rule would not be nullified. It would be modified only to the extent that the presence of a man in the home would not render the family ineligible if that man was the father of one or more of the children. But the man-in-the-house rule would continue to apply to every man who was not a father of any of the children in the home. A paramour would certainly not be included in the benefit plan.

Argument No. 6: "The ADC caseload, which has been reduced roughly 30 percent over the last 2½ years, would be increased 27½ percent in the first full year of operation of the program. Our work in reducing the caseload over the past 2½ years would virtually go for naught."

Answer No. 6: The caseload would increase only if there are needy and hungry children of unemployed parents. There is no virtue in keeping a caseload figure low by excluding hungry and needy children.

Argument No. 7: "Additional positions would be needed and additional policing would be required."

Answer No. 7: The need for personnel to run the program is no more an obstacle in the District than it is in any other of the 18 States that have the program.

Argument No. 8: "Administrative burdens would be increased."

Answer No. 8: The administrative burdens are no more an obstacle in the District than they are in any other of the 18 States that have the program.

Argument No. 9: "Additional opportunities for cheating would be presented."

Answer No. 9: Because a very small number of people cheat is no reason to deny benefits to the vast majority who do not. This, too, is no more an obstacle in the District than in the 18 other States.

Argument No. 10: "It has not been shown that a feasible and practicable work program in the District of Columbia can be established. States which presently partici-

pate in the AFDC-UP program have vast opportunities for employment of AFDC-UP recipients and can loan them to municipalities and county courts, and use them to clean up after floods, fight forest fires, remove brush along the highways, and so forth."

Answer No. 10: There are plenty of useful work opportunities here in the District. Let us make our streets and parks as clean as any European capital before concluding there is no work to be done.

Argument No. 11: "Work training programs already exist in the District of Columbia. Another work training program is not needed."

Answer No. 11: If existing work training programs can be adapted for the unemployed parents who would be eligible under the AFDC-UP program, then nothing new would be set up. In any event, this is no reason to deny assistance to the needy.

Argument No. 12: "The program is costly both to local and Federal Government. The first full year's total cost of the program would exceed \$2,577,000. What the cost will be beyond that, nobody knows."

Answer No. 12: The cost to the community is far less than meeting the need in other ways. The AFDC-UP payment per child is less than the foster home payment and far less than the cost of maintaining the child in Junior Village.

Argument No. 13: "If the program is initiated it will never be terminated until the Federal law is repealed or permitted to be terminated without renewal. The peculiar circumstances which obtain in this city and in the Congress with regard to the city simply rule out a stoppage of the program if it is once started—barring, as I have said, the repeal of the Federal authorizing statute or failure to extend its life beyond 1967."

Answer No. 13: The program requires funds from Congress each year. Congress can change or end the program any year it wants to.

Argument No. 14: "The District has a difficult financial problem now, and the AFDC-UP program would merely compound the problem."

Answer No. 14: The funds for this program were included in the District budget submitted by the President. In any event, the District's financial problem is nothing compared to the welfare and potential crime problems caused by failing to provide basic sustenance for these families.

Argument No. 15: "The AFDC-UP program would siphon off much needed moneys from other worthwhile programs dealing with education, and so forth."

Answer No. 15: There is no fixed ceiling on what Congress spends for the District. There is no need to siphon this money off from any other program.

Argument No. 16: "It could amount to a back-door appropriation approach, in that certain positions could be created without prior authorization."

Answer No. 16: The Appropriations Subcommittee is fully capable of making sure that no unauthorized positions are created.

Argument No. 17: "This is an unemployment compensation matter, not a welfare matter. Extend the period for unemployment compensation coverage, if you wish, but let us not start a new welfare program of such dimensions."

Answer No. 17: This is a popular misconception to which there are several answers:

(a) Most of the families in need of the AFDC-UP program are ineligible for unemployment compensation. Some have never worked in covered employment. For others the only jobs they can find even on a sporadic basis are with employers who fail to make contributions to the unemployment compensation fund.

(b) The unemployment compensation program is designed to help those regularly em-

ployed during comparatively brief intervals between jobs. Regardless of their personal assets, they are entitled to the insurance benefits which they and their employers have purchased. The AFDC-UP program is for those who are hopelessly unemployed and have no assets to fall back on.

(c) An unemployment compensation program does not negate the need for AFDC-UP in the District any more than it does in the 18 other States that have the program.

Argument No. 18: "Recipients would receive more, ordinarily, under this program, than would those persons who draw unemployment compensation."

Answer No. 18: First, most AFDC-UP recipients are ineligible for unemployment compensation and so the argument is not true as to them. Secondly, the two kinds of payment serve an entirely different purpose. The unemployment compensation payment is a modest payment to tide a family over where the wage earner is temporarily unemployed. The AFDC-UP payment is for a family that has no other means of surviving.

Argument No. 19: "Only 19 States have elected to participate and continue to par-ticipate over a year ago. The State of Kentucky has nine counties operating under a pilot program. The State of Arizona originally participated in the plan but it was suspended over a year ago. The State of North Carolina, from which the fine lady commissioner of welfare, Dr. Ellen Winston, comes, participated for awhile, but the legislature refused to continue participation as far back as 2 years ago. If the program is so desirable, why do the other 31 States not participate?"

Answer No. 19: The main reason the other 31 States do not participate is that most of them can make some provision for the chronically unemployed under their general assistance programs. But here in the District if a man or a woman is technically "employable," the family is ineligible for any welfare aid including general assistance regardless of how long the person has in fact been without work.

Argument No. 20: "The incentive of recipients to find other work would be impaired."

Answer No. 20: This is not so. Those receiving AFDC-UP payments would be required to report for available training and to accept available work opportunities. If they failed to do so, they would be disqualified for assistance.

Argument No. 21: "The program will attract to the District of Columbia more of the same element which now constitutes a burden on the taxpayers, which is driving taxpayers out of the city into adjacent areas, which contributes to increasing crime costs, to increasing welfare and health costs, and to decreasing property values and lower tax potential."

Answer No. 21: None of the 18 States with the AFDC-UP program has experienced an influx of people. West Virginia in fact continues to lose population. And if likelihood of crime is the worry, the answer is certainly not to keep unemployed people ineligible from funds that can mean the difference between life and death.

Mr. MORSE. Mr. President, let me say to the Senator from Connecticut that I shall continue to support the position he has taken with regard to the desirability of including the District of Columbia in the aid-for-dependent-children program.

Mr. RIBICOFF. I do not believe that the District has a more worthy champion of these children than the Senator from Oregon [Mr. Morse], because of the position he has taken as a member of the District Committee and chairman of the