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**For a Generation  
of Peaceful  
Development**

**President Nixon's  
Message to the Congress**

**BEST AVAILABLE COPY**

## TO THE CONGRESS OF THE UNITED STATES:

On September 15, 1970 I proposed a major transformation in the foreign assistance program of the United States. My purpose was to renew and revitalize the commitment of this Nation to support the security and development objectives of the lower income countries, and thereby to promote some of the most fundamental objectives of U.S. foreign policy.

Today, I report to you on the progress of the last seven months in effecting that transformation and ask the Congress to join me in taking the next creative step in our new approach—the reform of the United States bilateral assistance program.

To achieve such reform, I am transmitting two bills—the proposed International Security Assistance Act and International Development and Humanitarian Assistance Act—and announcing a number of actions which I intend to take administratively. Taken together, they would:

—Distinguish clearly between our security, development and humanitarian assistance programs and create separate organizational structures for each. This would enable us to define our own objectives more clearly, fix responsibility for each program, and assess the progress of each in meeting its particular objectives.

—Combine our various security assistance efforts (except for those in Southeast Asia which are now funded in the Defense budget) into one coherent program, under the policy direction of the Department of State. This would enable security assistance to play more effectively its critical role in supporting the Nixon Doctrine and overall U.S. national security and foreign policy in the 1970s.

—Create a U.S. International Development Corporation and a U.S. International Development Institute to replace the Agency for International Development. They would enable us to reform our bilateral development assistance program to meet the changed conditions of the 1970s.

—Provide adequate funding for these new programs to support essential U.S. foreign policy objectives in the years ahead.

### THE IMPORTANCE OF FOREIGN ASSISTANCE

U.S. foreign assistance is central to U.S. foreign policy in the 1970s in three ways:

First, we must help to strengthen the defense capabilities and economies of our friends and allies. This is necessary so that we can reduce our direct involvement abroad, and so that together we can create a workable structure for world peace. This is an essential feature of the Nixon Doctrine.

Second, we must assist the lower income countries in their efforts to achieve economic and social development. Such development is the overriding objective of these countries themselves and essential to the peaceful world order which we seek. The prospects for a peaceful world will be greatly enhanced if the two-thirds of humanity who live in these countries see hope for adequate food, shelter, education and employment in peaceful progress rather than in revolution.

Third, we must be able to provide prompt and effective assistance to countries struck by natural disaster or the human consequences of political upheaval. Our humanitarian concerns for mankind require that we be prepared to help in times of acute human distress.

### **The Need for Reform**

We cannot effectively pursue these objectives in the 1970s with programs devised for an earlier period. The world has changed dramatically. Our foreign assistance programs—like our overall foreign policy—must change to meet these new conditions.

In my September Message to the Congress I spelled out the major changes in the world which require new responses. Let me summarize them here:

—Today the lower income countries are increasingly able to shoulder the major responsibility for their own security and development and they clearly wish to do so. We share their belief that they must take the lead in charting their own security and development. Our new foreign assistance programs must therefore encourage the lower income countries to set their own priorities and develop their own programs, and enable us to respond as our talents and resources permit.

—Today the United States is but one of many industrialized nations which contribute to the security and development of the lower income countries. We used to furnish the bulk of international development assistance; we now provide less than half. The aid programs of other countries have grown because they

recognize that they too have a major stake in the orderly progress which foreign assistance promotes, and because their capabilities to provide such assistance have grown enormously since the earlier postwar period.

—Today the international institutions can effectively mesh the initiatives and efforts of the lower income countries and the aid efforts of all of the industrialized countries. We can thus place greater reliance on such institutions and encourage them to play an increasing leadership role in the world development process.

Our ideas on the reforms needed in the world of the 1970s have evolved significantly since I received the Report of my Task Force on International Development, chaired by Mr. Rudolph Peterson, and since my special message of last September, as the result of our own deliberations and our further consultations with the Congress, the business community and many other sectors of the American public, and our friends abroad. Before spelling out a new blueprint for our bilateral assistance program, however, I wish to report to you on the gratifying progress achieved since last September in reorienting our assistance policies.

## PROGRESS TOWARD REFORM

*First*, the Congress in December passed supplemental assistance legislation for FY 1971 which represented a major step in implementing the security assistance component of the Nixon Doctrine. This legislation authorized additional funds for military assistance and supporting economic assistance for countries in which the U.S. has major interests and which have convincingly demonstrated the will and ability to help themselves—including Israel and Jordan in the Middle East and Cambodia, Vietnam and Korea in East Asia.

Such support is necessary to carry out one of the central thrusts of the Nixon Doctrine—moving us from bearing the major responsibility for the defense of our friends and allies to helping them achieve an increasing capability to maintain their own defense. This increase in security assistance enables us to continue to reduce our direct presence abroad, and helps to reduce the likelihood of direct U.S. military involvement in the future.

*Second*, the international development institutions have continued their progress toward leadership in the international development process. For example:

—*The World Bank* continues to increase the size and improve the effectiveness of its operations. It also has decided to broaden the scope of its lending beyond the traditional financing of projects to the provision of funds to support overall development programs in appropriate circumstances, and it is developing an improved internal evaluation and audit system.

—*The United Nations Development Program* has initiated a reorganization to improve its administration. In time this will enable it to assume a leading role in coordinating the international technical assistance effort.

—*The World Health Organization* has effectively guided and coordinated the worldwide effort to cope with the present cholera epidemic in Africa.

*Third*, the industrialized countries have now agreed on comparable systems of tariff preferences for imports from the lower income countries. The preferences plan is a major step in the crucial international effort to expand the export earnings of these countries, and hence to reduce their reliance on external aid. The European Community has indicated that it plans to put its tariff preferences into effect on July 1, and Japan has announced that it will do so before October 1.

*Fourth*, there has been satisfying progress toward achieving the untying of bilateral development loans on a fully reciprocal basis. This action will enhance the value of economic assistance to recipient countries, and eliminate the political frictions which tied aid now causes. Virtually all of the industrialized countries have agreed to the principle of untying. Details of a system offering suppliers of all participating countries a fair and equitable basis for competition are now being worked out in the Organization for Economic Cooperation and Development.

*Fifth*, I have established a Council on International Economic Policy, which I chair, to coordinate all aspects of U.S. foreign economic policy, including development assistance. It will provide top-level focus for our policies in this area, and accord them the high priority which they require in our foreign policy for the 1970s.

I am heartened by this progress, but much more remains to be done:

—I again urge the Congress to vote the additional funds which I have requested for the Inter-American Development Bank and the Asian Development Bank.

—We will shortly transmit legislation to authorize the U.S. contribution to the doubling of the resources of the International Development Association, the soft-loan affiliate of the World Bank, which stands at the center of the network of international financial institutions, and I urge the Congress to approve it.

—We are working with others to help establish a soft-loan window for the African Development Bank.

—We will shortly transmit legislation to authorize U.S. participation in the system of generalized tariff preferences for developing countries, and I urge Congress to approve it.

### THE NEW U.S. BILATERAL ASSISTANCE PROGRAM

The next major step is the reform of the U.S. bilateral assistance program, incorporated in the proposed International Security Assistance Act and International Development and Humanitarian Assistance Act.

Our new bilateral assistance program must achieve several objectives. It must:

—Clearly identify our distinct aid objectives: security assistance, development assistance and humanitarian assistance.

—Be truly responsive to the initiatives of the lower income countries themselves and encourage them to play the central role in solving their own security and development problems. In the area of development assistance, this means working within a framework set by the international institutions to the maximum extent possible.

—Be concentrated in countries of special interest to the United States, and in projects and programs in which the United States has a special ability to be of help.

—Recognize the improved economic capacity of many of the lower income countries in establishing the terms of our assistance.

—Assure improved management.

—Reduce substantially the number of U.S. Government officials operating our assistance program overseas.

Let me now spell out the details of our new approach, based on these principles.

## SECURITY ASSISTANCE

I have repeatedly stressed the essential role played by our military and related forms of assistance in supporting the foreign policy of the United States and our own security interests. The primary purposes of this assistance have been, and will continue to be, the preservation of peace through the deterrence of war, and the support of efforts by allied and friendly countries to move toward self-sustaining economic growth and social progress. To abandon our responsibilities would risk magnifying the world's instability in the short run and impairing its peaceful development for the longer run, and therefore increase the threat to our own security both now and in the future.

The new course on which we are set, however, encourages others to take on greater responsibilities themselves. Our new security assistance program will seek to strengthen local defense capabilities by providing that mix of military and supporting economic assistance which is needed to permit friendly foreign countries to assume additional defense burdens themselves without causing them undue political or economic costs. If we are to move toward reducing our own physical presence, the effectiveness of our security assistance program will become of ever more crucial importance.

In Asia, this new strategy has already encouraged the nations of the area to assume greater responsibility for their own defense and provided a basis for a major reduction in our military presence. The funds which have been provided to assist the Government of South Vietnam have been essential to the progress of Vietnamization, and helped insure continued U.S. troop withdrawals. We have helped Cambodia to mobilize its manpower and other resources in defense of its independence and neutrality. We are providing Korea with equipment to improve and modernize its defenses and we are withdrawing some of our own troops.

Our friends and allies know that it is no longer possible nor desirable for the United States to bear the principal burden of their defense. A clear lesson of the 1960s is that deterrence against local aggression, or against subversion supported from outside a country's borders, cannot be achieved without a strong contribution by the threatened country itself. We can meet our security assistance objectives effectively only if we link our efforts closely with those of our friends and thereby build the foundations for peace in partnership with them.

To help do so, and also in recognition of the improved economic capability of many of the countries receiving security assistance, I

propose today significant changes in our authorities to provide military assistance to our friends and allies.

Our military assistance programs have suffered from undesirable rigidity. The only choice has been between grant assistance and sales on hard credit terms. Many of those nations that need our assistance are unable to meet the hard credit terms—so grant assistance has been the only course open for us to help meet their essential security needs. But as the lower income nations begin to develop an ability to shoulder the costs of their defense, we need to be able to assist them in doing so even though they cannot immediately assume the entire burden. Sales on concessional credit terms would permit earlier participation by some recipient countries in the financing of their essential defense needs and would thus engage their own assessment of priorities for the allocation of their resources at an earlier stage of development than is now possible.

To fill the existing gap between grant assistance and sales on relatively firm commercial terms, the International Security Assistance Act that I propose today includes authorization to finance sales of military equipment on concessional terms. Grant assistance will remain necessary for some nations whose financial resources are simply not adequate to meet their defense needs. But our objective is to move countries, as quickly as possible within the context of international security requirements and their own economic capabilities, along the spectrum from grants to concessional sales to the harder terms we have required for sales under the present act and finally to outright cash arrangements. We will also stress the transition from Government sales to those made directly by private industry to the extent feasible. By making these changes we would help countries move from dependence on the United States to independence in the creation and financing of their own security programs. We would not intend to provide concessional credits to countries able to meet the terms of the present program.

I am also asking, under the new act, greater flexibility to transfer funds among the various security assistance programs. Such flexibility is particularly important, for example, in this period of transition in Southeast Asia, where our troop withdrawals are freeing up substantial amounts of military equipment formerly used by our troops. I am asking that the ceiling on the amount of surplus equipment which can be granted to our friends and allies be increased; this will save us money as well as permit us to better help those of our friends who need it. In the long run, sound management of security assistance demands that there be enough flexibility to transfer funds among various programs in order to insure that

the proper mix is used to meet our specific objectives in each instance.

For these international security assistance programs, I request authorization of \$1,993 million for FY 1972: \$778 million for supporting economic assistance, \$705 million for grant military assistance, and \$510 million for military credit sales.

These security assistance programs are at the core of our relations with certain key friendly countries. They critically affect our ability to meet our bilateral and collective security commitments. They are central to the achievement of major objectives of U.S. national security and foreign policy.

I therefore intend to direct by administrative action a reorganization of our security assistance program to meet more effectively the objectives of the Nixon Doctrine. Various components of security assistance—military assistance, military credit sales, grants of excess military stocks, supporting economic assistance, and the public safety program—have been fragmented in different pieces of legislation and managed through a series of different administrative arrangements. My proposals would bring these programs under one legislative act to assure that each is viewed as part of a coherent overall program. Military assistance for Vietnam, Laos and Thailand will continue to be funded in the Defense budget because these country programs are subject to the uncertainties of active hostilities and are intimately linked to the logistical support systems of our own forces in Southeast Asia.

To assure effective policy control and management of this new security assistance effort, I would direct that a Coordinator for Security Assistance be established at a high level in the Department of State. I would also direct that the supporting economic assistance program be administered by the Department of State. The Department of Defense will continue to have primary responsibility for administering our military assistance and sales programs, and for relating these programs to overall U.S. national defense planning.

These new arrangements would be a significant step in the direction of improving the management of our security assistance program. They would therefore represent a significant step toward achieving greater accountability to the Congress and the public as well.

This new security assistance program would, I am confident, serve our national interest in the 1970s in a number of important ways. It would:

- enable us to meet U.S. commitments more effectively and at lower cost;
- strengthen the self-defense capabilities of nations to whose security the U.S. is committed by treaty, by special political ties, or by essential U.S. interests;
- help reduce the need for, and likelihood of, U.S. military involvement overseas;
- foster increased local initiative and self-sufficiency;
- promote constructive political relations with foreign governments;
- support U.N. peacekeeping operations;
- reduce potential frictions by lowering the U.S. profile abroad.

I am also requesting in the International Security Assistance Act authority for \$100 million for the President's Foreign Assistance Contingency Fund for FY 1972. This would permit the administration, with due notification to the Congress, to meet worldwide contingencies—in the security, development and humanitarian areas—in ways compatible with our national interests. It is particularly important to have available uncommitted funds which can be used on short notice, when sudden crises in the international community require us to act promptly and decisively.

## DEVELOPMENT ASSISTANCE

The United States continues to have special national interests in particular lower income countries. We continue to have special capabilities in particular functional areas. We continue to need an effective bilateral development assistance program.

In order to advance such a program, I therefore propose legislation which would authorize the creation of two new development assistance institutions. Together with the two created by the last Congress, they would replace the Agency for International Development and enable us to develop a new approach based on the principles outlined above.

The two I now propose to create are:

- An International Development Corporation (IDC) to provide loans to finance development projects and programs in the lower income countries.

—An International Development Institute (IDI) to seek research breakthroughs on the key problems of development and to administer our technical assistance programs.

These would join two created by the last Congress:

—The Overseas Private Investment Corporation (OPIC) to promote the role of private investment in the development process.

—The Inter-American Social Development Institute (ISDI) to provide special attention to the social development needs of Latin America.

### **The U.S. International Development Corporation**

The new IDC would administer our bilateral lending program. The authorities which I seek for it, and the operating style which I would direct it to pursue would mark a major change in the U.S. approach to development assistance.

The IDC would make loans in response to initiatives from the lower income countries, rather than develop projects or programs on its own. It would have flexibility to tailor its loan terms to the needs of particular lower income countries, requiring harder terms from the more advanced and extending easier terms to the less advanced. Today's program has limited flexibility in this regard. Its lending volume to any particular country would be based on demonstrated self-help performance, and the quality of the projects and programs which that country presented to it. It would not seek to determine annual country lending levels in advance as is done at present.

The IDC would operate to the maximum extent feasible within a framework set by the international financial institutions. It would look to them to provide evaluations of the overall development prospects of particular countries, which would be a major consideration in its decisions to lend, rather than itself carrying out the extensive "country programming" which is now done. Within that context it would participate in non-project lending and international efforts to alleviate the debt burdens of particular lower income countries. It would participate for the United States in the international consortia and consultative groups, managed in most cases by the international financial institutions, through which the bulk of our bilateral assistance will flow.

The IDC would concentrate its activities in countries and regions where the U.S. has a major foreign policy interest in long-term

development. For example, it would establish guidelines to assure that an equitable share of its resources is provided to the countries of the Western Hemisphere. But precisely because our interest is in the long-term development of these nations, the IDC would use its funds to pursue such interests rather than to seek merely short-term political gains.

The IDC would provide loans on the basis of both sound business standards and the pursuit of sound development purposes. The terms of its loans would be determined in large part by the financial situation of the borrowing country, rather than on the standard terms now offered to all borrowers. It would avoid loans to countries where the analysis of international financial institutions, and its own views, suggest an inadequate policy framework in which the loans could effectively promote development. The IDC would not be solely a lender of last resort as AID is required to be today, often financing the riskiest projects and programs.

The Corporation would work with and through the private sector to the maximum extent possible. It would give high priority to projects and programs which promote private initiative in the lower income countries, and to this end would seek to increase U.S. lending to local development banks and other financial intermediaries. I recommend that it also have authority to lend directly to private entities in the lower income countries.

The IDC would be governed by a Board of Directors consisting of outstanding private citizens as well as government officials, thus bringing the private sector directly into its decision-making process.

With this clear identification of specific instruments and programs with the specific objectives they are designed to achieve, we should not need to tie the hands of our managers—of the Corporation or any of our other new institutions—with the kinds of foreign policy and administrative restrictions which apply to the present program. Administrators should be held accountable for achieving program objectives. This is a central requirement of the businesslike approach which the new structure is designed to foster.

To insure the necessary continuity and stability of operations to permit this businesslike approach, and building on the initiative of the Congress in 1969 to provide a 2-year authorization for foreign assistance, I request that the Corporation be given a 3-year authorization. I recommend an authorization of \$1.5 billion of directly appropriated funds. I propose also that the IDC be provided with authority to borrow, in the private capital market or from the

U.S. Treasury, up to a total of \$1 billion during its initial 3-year period. This would help channel private capital more directly into the development process and bring private sector judgments directly to bear on the performance of the IDC. I recommend that it be authorized to use repayments of capital and interest on past U.S. development loans, which are now running at about \$250 million annually.

A Corporation based on these principles would enable us to reduce substantially the number of U.S. government personnel involved in development lending overseas. By responding primarily to initiatives from the lower income countries, we would reduce the need for Americans to chart foreign programs and priorities. By relying increasingly on the international institutions for information and analytical work, we would reduce our own requirement for staff in both Washington and the field. By reducing the statutory restrictions on the program, we would be able to concentrate available staff on effective program management.

I am confident that a U.S. International Development Corporation based on these principles would regenerate our development lending program. It would provide major support to the development objectives of the lower income countries. It would enable us to play our full role effectively among the industrialized countries in promoting the development process. It would thereby provide major support for important U.S. national objectives in the 1970s.

### **The U.S. International Development Institute**

The new IDI would administer a reformed bilateral technical assistance program and enable us to focus U.S. scientific, technological and managerial know-how on the problems of development.

The Institute would engage in four major types of activities:

—It would apply U.S. *research* competence in the physical and social sciences to the critical problems of development, and help raise the research competence of the lower income countries themselves.

—It would help *build institutions* in the lower income countries to improve their own research capabilities and to carry out a full range of developmental functions on a self-sustaining basis. I would expect it to place particular emphasis on strengthening agricultural and educational institutions.

—It would help *train* manpower in the lower income countries to enable them to carry out new activities on their own.

—It would help lower income countries, particularly the least developed among them, to finance *advisers* on development problems.

Like the Corporation, the Institute would finance projects in response to proposals made by the lower income countries themselves. It would not budget funds in advance by country, since it could not know in advance how many acceptable projects would be proposed by each. It would look to these countries to select candidates to be trained under its program. Its research activities would be located in the lower income countries, rather than in the United States, to the greatest extent feasible. With its stress on institution building, it would seek to ensure that each program could be carried on after U.S. assistance is ended.

Most importantly, the Institute would seek to assure that all projects which it helps finance are considered essential by the lower income country itself. To do so, the Institute would require that the recipient country make a significant contribution to each as evidence that it attaches high priority to the project and is prepared to support it financially after U.S. assistance ends. We would finance a project for only a definite and limited period of time, and would want assurance that the host country would then carry it on. In the past, all too many technical assistance projects have been undertaken which were of more interest to Americans than to the recipient countries, and had little or no lasting impact. Our new program is designed to ensure that this does not happen in the future.

The international organizations are less advanced in research and technical assistance than in development lending. The Institute would thus be unable to function as fully within an international framework at this time as would the Corporation. However, it would work to help improve the capabilities of these organizations, especially the United Nations Development Program, and would seek to cooperate with them whenever possible. In fact, one of its objectives would be to help create an international framework for technical assistance comparable to the framework which has developed over the past decade for development lending.

By the very virtue of its separate existence, the Institute would be free to concentrate its efforts on the application of research and technology to the problems of development—a key feature of our new bilateral program which would distinguish it markedly from the present approach. The Institute would also concentrate its

resources on the few most critical problem areas of development. Such concentration is necessary if it is to achieve the "critical mass" necessary to make real breakthroughs where they are most needed, and to attract the top cadre of experts and managers who can achieve such breakthroughs.

The areas of concentration would evolve in response to the requests of the lower income countries and management's assessment of where we can contribute most. They would undoubtedly shift over time. Experience suggests that limiting population growth, increasing agricultural production and training manpower would be among the concentration areas at first. Unemployment and urbanization problems could be early additions to the list.

While the Institute would provide grant financing, it would vary the effective terms of its assistance by varying the shares of the total cost of particular projects that the recipient must finance itself—ranging from a small percentage in the least advanced countries to most of the cost in the most advanced. In addition, the Institute should have authority to provide advisers on a completely reimbursable basis to countries which no longer need concessional aid at all. At the other end of the development spectrum, the IDI would be conscious of the special problems of the least developed countries—most of which are in Africa—which will continue to need the more traditional types of technical assistance since they have traveled less distance along the road to economic self-sufficiency.

The Institute would be managed on a businesslike basis, and it would carry out its projects largely through the private sector. I propose that it be governed by a Board of Trustees including outstanding citizens from the private sector. It would stress evaluation of past projects to determine their payoff and to help guide future project development; there has been too little followup in these programs in the past. We would seek top flight technical managers, development specialists and scientists for the small staff of the Institute. This new approach would permit a major reduction in the number of U.S. government personnel operating abroad.

To achieve these goals, the IDI should have financial continuity. I therefore propose that the Congress authorize an appropriation of \$1,275 million for a 3-year period.

In short, the International Development Institute would provide a new dimension to our foreign assistance effort. It would enable

us to focus some of our finest national resources—our capabilities in management, research and technology—on the critical bottleneck problems of development. Its style of operation should enable us to forge a new and more mature partnership with the lower income countries, with the rest of the industrialized world, and with our own private sector. It holds promise of becoming one of the most significant additions to our national capability to engage meaningfully in the world of the 1970s.

### **Overseas Private Investment Corporation and Inter-American Social Development Institute**

The new International Development Corporation and International Development Institute would join two development assistance institutions already created by the Congress: The Overseas Private Investment Corporation and the Inter-American Social Development Institute.

OPIC is already at work promoting the role of private investment in the international development process. The record of economic development shows that successful growth is usually associated with a dynamic private sector, and we therefore look to private investment—primarily domestic but foreign as well—to play an increasing role in the development process. It must do so, since no government or public agency has the resources or technical skills which are necessary to meet the vast needs of the lower income countries.

OPIC's guarantees and insurance of U.S. private investment in lower income countries which seek such investment are already serving effectively the interests of both the U.S. investor and the host countries. Its early activities suggest that an independent corporation, directed by a joint public-private Board of Directors, can effectively manage a development assistance program; it thus augurs well for the structures which I propose today for the Development Corporation and Development Institute.

OPIC is operating within one of the most sensitive areas—private foreign investment—of the inherently sensitive overall relationship between aid donors and aid recipients. It is therefore essential that OPIC assist only sound projects which are responsive to the particular development needs to each country.

And it is clearly for each country to decide the conditions under which it will accept private foreign investment, just as it is for each investor to decide what conditions are adequate to attract his

investments. We as a Government ask only that the investments of our citizens be treated fairly and in accordance with international law. In nearly all cases they have been. However, unjust acts by a country toward an American firm cannot help but adversely affect our relationship with that country. As President, I must and will take such acts into account in determining our future assistance and overall policy toward such a country.

The Inter-American Social Development Institute has also begun to develop its programs, which seek to promote the social development of the Latin American and Caribbean people. Working mainly through private organizations and international institutions, it represents a new innovative channel in seeking to promote solutions to basic economic and social problems in these areas. I propose that it be renamed the Inter-American Foundation, to characterize more accurately its proposed style of operation.

### HUMANITARIAN ASSISTANCE

U.S. humanitarian assistance programs cover a wide spectrum of human needs: disaster relief and rehabilitation; famine; refugee and migration relief and assistance. They aim to help people around the world recover from unfortunate situations by which they have been victimized. In the past year alone, such help has been extended to refugees from civil war in Nigeria and Jordan, earthquake victims in Peru, flood victims in Romania and Tunisia, and cyclone victims in Pakistan.

These activities rely heavily for program implementation on private voluntary agencies. In the past year alone, U.S. voluntary agencies registered with the Advisory Committee on Voluntary Foreign Aid contributed \$370 million of their own resources in over 100 countries.

At present, humanitarian assistance programs are carried out through numerous offices in the U.S. Government. I propose to centralize the responsibility for coordinating all humanitarian assistance programs under a new Assistant Secretary of State. We would thereby assure a coherent effort to carry out this vital and literally life-saving aspect of our foreign assistance policy. This new approach would also improve our capability to respond quickly and effectively through better contingency planning, additional stockpiling and training, and the maintenance of closer and better coordinated relationships with the United Nations, other donor countries, and the private voluntary agencies.

## COORDINATION

I have outlined the overriding need to separate our overall foreign assistance program into its three component parts: security assistance, development assistance, and humanitarian assistance. I have indicated that we would pull together all parts of our security assistance and humanitarian assistance under central management, so that each can function effectively as a total program within the context of U.S. foreign policy. And I have also proposed the creation of two new institutions, to go along with the two created by the last Congress, to carry forward our development assistance program in the 1970s.

There is thus a need for new mechanisms to assure effective coordination of our new foreign assistance program.

First, there must be effective coordination among the several components of the new development assistance program. This would be done through my appointing a single Coordinator of Development Assistance, responsible directly to the President, as Chairman of the Boards of the IDC, IDI, and OPIC.

The Coordinator would also chair an executive coordinating committee composed of the chief executive officers of each of these institutions and ISDI. He would be available for congressional testimony on our overall bilateral development assistance policy and the operations of the several institutions. Both the Congress and I could look to him as the administration's chief spokesman on bilateral development assistance policy and programs.

Second, the Secretary of State will provide foreign policy guidance for all components of our new foreign assistance program. His representatives would be members of the boards of each of the development institutions, and he would have direct responsibility for both security and humanitarian assistance. In each country our Ambassador, as my personal representative, will of course be responsible for coordination of all of our assistance programs.

Third, foreign assistance issues which raise broader questions of foreign economic policy will be handled through my new Council on International Economic Policy.

Finally, coordination among the three major components of our assistance program, and between them and our overall national security policy, would be handled through the National Security Council. We will thus establish strong management, coordination, and policy guidance over all of our foreign assistance programs.

## CONCLUSION

This Nation can no more ignore poverty, hunger and disease in other nations of the world than a man can ignore the suffering of his neighbors. The great challenge to Americans of this decade, be they private citizens or national leaders, is to work to improve the quality of life of our fellow men at home and abroad.

We have a unique and unprecedented opportunity. We do not have all the answers to the questions of poverty, nor adequate resources to meet the needs of all mankind. We do possess the greatest scientific and technological capacity, and the most prosperous and dynamic economy, of any nation in history. More importantly, we have, as a vital element of the American character, a humanitarian zeal to help improve the lives of our fellow men.

We are therefore a nation uniquely capable of assisting other peoples in preserving their security and promoting their development. By doing so, we accomplish three major objectives:

—We strengthen international cooperation for a peaceful world.

—We help to relieve the poverty and misery of others less fortunate than ourselves.

—We help to build firm foundations of friendship between this Nation and the peoples of other nations.

I have seen for myself just how important is our aid in helping nations preserve their independence, and in helping men achieve the dignity of productive labor instead of languishing on crowded streets. I have seen its importance to children whose chances for a rewarding life have been increased because they have adequate nutrition, schools and books. It is right that we, the richest nation in the world, should provide our share of such assistance.

And such help, in addition to being right for its own sake, also creates strong bonds.

I recognize that whenever an American firm is nationalized without prompt, fair, and effective compensation; whenever an anti-American demonstration takes place; or whenever a leader of a developing country criticizes the United States, many question the effectiveness of our aid.

But the headline reporting the occasional anti-American act overlooks the many countries which do thank us for providing them the means to preserve their own security; and it also overlooks the

countless number of villages where farmers do appreciate our helping provide the know-how and the tools necessary to grow larger crops, the school children who cherish the education our assistance makes possible, and the people everywhere who recognize our help in eliminating disease.

For these people, our aid is a source of encouragement. And they, not those who demonstrate or destroy, are the real revolutionaries—for they, in quietly attempting to preserve their independence and improve their lives, are bringing about a quiet revolution of peaceful change and progress. They are working hard to build the foundations for a better tomorrow and they recognize that we have helped provide them with the tools to do the job.

But while such appreciation is gratifying, foreign assistance has a more basic purpose. Foreign assistance is quite clearly in our interest as a nation. We are a people whose sons have died, and whose great statesmen have worked, to build a world order which insures peace and prosperity for ourselves and for other nations. We are aware that this world order cannot be sustained if our friends cannot defend themselves against aggression, and if two-thirds of the world's people see the richer third as indifferent to their needs and insensitive to their aspirations for a better life. To these people it is critical that this be a generation of peace, and our foreign policy is directed at helping to make it so; and for the impoverished it is equally important that it be a generation in which their aspirations for a better life, improved health conditions, and adequate food supply can be realized—a generation of development, a generation of hope.

Foreign policy is not a one-way street. It requires that other nations understand our problems and concerns, but it also requires that we understand theirs. We cannot ask the lower income countries of the world to cooperate with us to solve the problems which affect our vital interests unless we cooperate with them to help solve the problems critical to their vital interests—the problems affecting their security and development, and thus affecting the quality of life of their people.

The legislation I propose today, along with the corollary administrative actions which I will take, will permit this Nation to carry out the major reforms which are necessary to improve the effectiveness of our foreign assistance program and to fit it to our new approach.

I believe that this new approach is of major importance in promoting the national security and foreign policy interests of the

United States in this decade and beyond. I believe that it is sound, and will blend as effectively as possible our special strengths with those of other nations and institutions. It is an approach through which we can focus the energies and resources of this great Nation on the security and development problems of those peoples living in poorer nations who wish to improve their lives, but lack the resources and the expertise to do so. I believe that this program is worthy of your support.

I therefore reaffirm my commitment, and the commitment of this administration, to seek an effective U.S. foreign assistance program for the 1970s. It is our objective to work for peace, not only in our time but for future generations, and we can make no better investment toward that end than to participate fully in an international effort to build prosperity and hope for a better tomorrow among all nations. I urge the Congress to join with me in making the reforms I propose today so that together we can achieve these great goals.

*RICHARD M. NIXON*

THE WHITE HOUSE

April 21, 1971