



foreign aid

FACTS and

FALLACIES

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FALLACIES**

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foreword

During the 13 years since foreign aid as we now know it was inaugurated under the Marshall plan, the aid program has been the object of considerable criticism.

Much of that criticism stems from a misunderstanding or misconception of the program, its purposes and objectives, and its role in protecting America's and the free world's security.

The purpose of this pamphlet is to present the facts about some of the major criticisms of foreign aid.

We Have Nothing To Show for the \$85 Billion We Have Given Away to Other Countries in Foreign Aid.

the charge

the facts

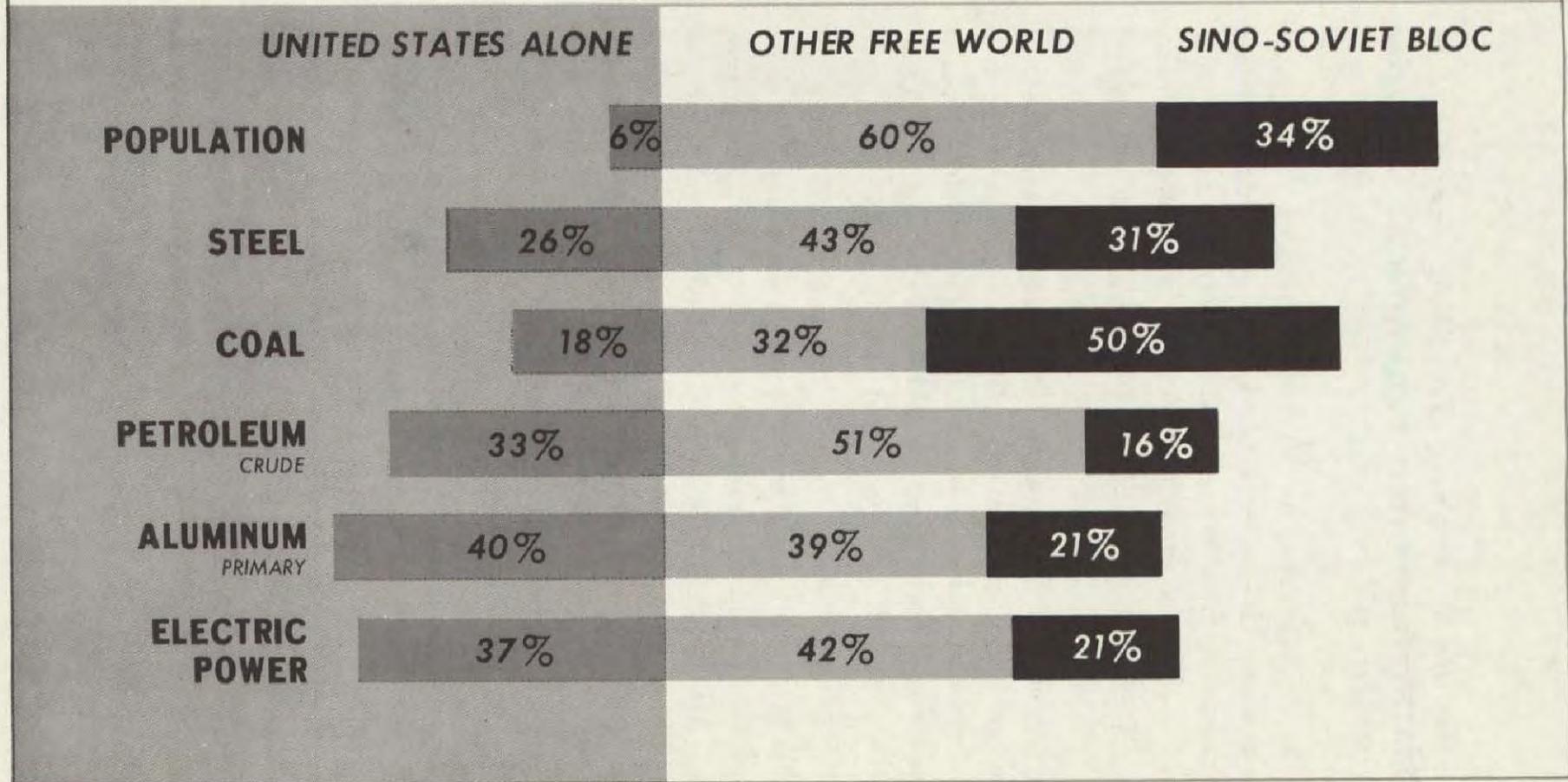
On the contrary, we have something of incalculable value to show. It can be summed up in one sentence: Not a single country which has received substantial U.S. assistance under the aid program as we now know it has gone Communist. In short, we have drawn and held a line around the free world.

Without our aid program, it is highly likely that all of Europe and a great many countries throughout the rest of the globe would now be in Communist hands. Result: the balance of world power would have shifted to the Communists. Instead, the free world clearly holds the balance of power.

To get a better picture of just what we have to show for our foreign aid program, compare it to our defense program. Ask yourself, "What do we have to show for the \$464 billions the Department of Defense has spent for military functions (excluding military assistance) since World War II?" The answer is: Our defense strength has deterred or prevented a global atomic war and Communist military takeover of free countries.

We have spent about \$464 billion on our own defense—5½ times as much as we have spent on foreign aid. Billions of dollars went into weapons and equipment which were the finest available at the time but which are obsolete and, basically, useless to us now. But does anyone question that

WHERE THE BALANCE OF WORLD RESOURCES LIES



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what we have to show for our \$464 billion in defense spending—namely, no war and no successful Communist aggression—is worth what we've spent?

In just the same way, what we have to show for our \$85 billion in foreign aid expenditures—the preservation of the free world from Communist economic takeover—is fully worth what we've spent, especially when you consider that during World War II we spent *in one year alone* for the Army and the Navy as much as we have spent in 16 years of foreign aid.

But the preservation of freedom is not all we have to show for our foreign aid expenditures. We have tangible progress to show as well:

- A massive free-world military strength.
- Greater food production in the underdeveloped countries to meet their own needs.
- Significant steps toward eradication of mass crippling and killing diseases such as malaria and smallpox.
- Some reduction in the great educational needs of the underdeveloped world.
- Improvements in such things as transportation and communications in the underdeveloped areas.

All of these are spelled out in more detail in the supplement to this pamphlet. (See page 48.)

No one should underestimate an intangible but vital thing we have to show: 15 years of priceless experience in the agonizingly difficult and complex task of introducing the modern world and its capacity for progress to the less developed areas of the world. It is this very experience that has permitted the fashioning of a fresh new approach to foreign aid—one that gives promise of far greater accomplishments in the decade ahead than were true in the decade past.

the charge

the facts

*Foreign Aid Hurts Our Domestic Economy
by Building Up Foreign Competitors, Thus Costing
Americans Their Jobs.*

Just the opposite is the case. Far from costing American jobs, the foreign aid program actually *makes* jobs for U.S. workers—in two respects:

First, most of the foreign aid funds are spent here in the United States to buy goods made by U.S. workers. About three-fourths of aid funds have been spent in the United States—it is expected to reach 80 percent soon—and a recent study showed that this is responsible for about 600,000 American jobs. (One industry that is specifically helped by the foreign aid program is the shipping industry because of the requirement that at least 50 percent of the aid shipments be made in American ships.)

Second, by promoting the prosperity of countries abroad, the aid program results in an enormous expansion of U.S. export markets, thus creating more job opportunities for American workers.

An example of this is the huge expansion in U.S. exports to the European countries aided by the Marshall plan. In 1948 the volume of U.S. exports to those countries (exclusive of government-financed exports) was \$1,678 million. In 1960 the comparable figure was \$8,855 million—more than a 500 percent increase.

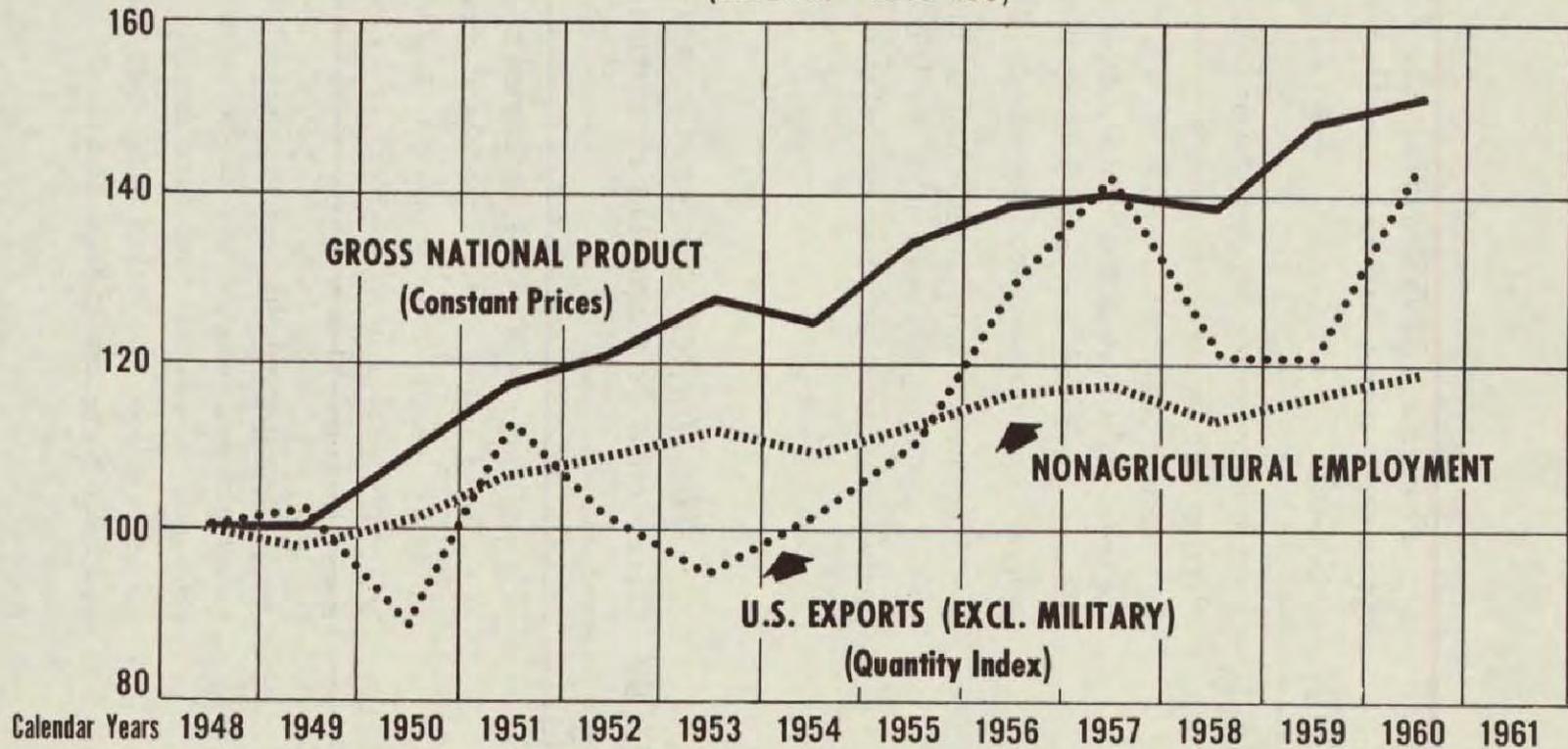
Clearly, a prosperous, well-developed country makes the best customer for American exports. For example, the per capita exports to developed countries in 1959 were \$22.80, compared with \$4.79 to less developed countries.

If the per capita exports to the less developed areas had been even *half* what they were to the developed coun-

FOREIGN AID HAS NOT PREVENTED CONTINUED GROWTH

How the U. S. economy has grown since the Marshall Plan

(INDEXES —1948=100)



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tries, U.S. exports to those areas in 1959 would have been \$15.4 billion, nearly 2½ times what they actually were (\$6.4 billion).

Foreign Aid Is Hurting the U.S. Balance of Payments and Causing an Outflow of Dollars and Gold.

the charge

the facts

On the contrary, foreign economic aid has only a minor effect on our balance-of-payments position because most of the economic assistance dollars (it will soon be 80 percent) are spent right here in the United States. The commodities that are purchased here and shipped abroad under the aid program have no adverse effect on our balance of payments.

Moreover, approximately half of the aid dollars spent abroad are promptly respent in the United States, and this further diminishes any adverse balance of payments.

The United States Cannot "Afford" To Carry on a Foreign Aid Program.

the charge

the facts

Our military and economic assistance programs in the year ending June 30, 1961, amounted to less than 1 percent of the total output of U.S. goods and services. This is considerably less than the proportion of output we were able to "afford" in fiscal years 1949 to 1953, when appropriations aid averaged over 2 percent of the U.S. output.

It is expected that for the current fiscal year the proposed aid will be generally in the same proportion to total output as it was last year, and Secretary of the Treasury Douglas Dillon, who served in the Eisenhower administration as Under Secretary of State and is now the official in charge

of safeguarding the Nation's solvency, terms this "a figure that is certainly well within the capacity of our domestic economy, now and in the years ahead." And President Eisenhower declared:

We could be the wealthiest and the most mighty nation and still lose the battle of the world if we do not help our world neighbors protect their freedom and advance their social and economic progress. It is not the goal of the American people that the United States should be the richest nation in the graveyard of history.

History has shown that we can afford to spend whatever is necessary to protect the security of the United States. For example, during World War II we were able to afford to spend \$80 billion for defense in one year alone—in 1945. That is, we spent about as much in 1 year to protect our security in the war as we have spent in 16 years for foreign aid. And the aid program is just as vital to protecting the boundaries of freedom and the security of the United States as our defense expenditures.

NOTE: The \$4.8 billion proposed for all foreign aid programs this year is less than two-thirds of what Americans spend on tobacco every year and about half of America's expenditure for liquor.

Foreign Aid Doesn't Win Friends for the United States. Despite Our Aid, Countries "Go Communist," Turn Neutral, or Remain Shaky and Unstable.

In the first place, not a single country to which we have given substantial amounts of assistance under the aid program as we now know it has "gone Communist." In fact, foreign aid has been a key factor in helping free people in many countries resist the blandishments and takeover efforts

the charge

the facts



of the Communists—in countries such as Greece, Turkey, Korea, Viet-Nam, and others.

From that point of view, the aid program has been immensely successful—and even if an aided country did “go Communist,” this would not erase the dramatic accomplishments of the program in all the rest of the countries and would not justify weakening the aid effort.

In the second place, the purpose of U.S. aid is not to “win friends” for the United States. It is to give recipient countries an opportunity to couple progress with *freedom* rather than totalitarianism—to give them a continuingly free choice as to the course they should follow. Judged from this standpoint, also, the program has been highly successful.

We would be deluding ourselves if we thought our aid could “buy” friendship for the United States. Unlike the Soviets, we are dealing with sovereign countries, not satellites. We cannot dictate their attitudes to them, even if we wished, which we do not. Friendship and loyalty are not for sale or purchase. They must be earned.

As to aided nations that still show signs of shakiness, instability has indeed been characteristic of some countries receiving our aid. This is understandable, for our aid goes primarily to countries in the process of rapid growth and change, a process often made more turbulent by Communist pressures. As new nations mature, they develop new ideas and cast aside old concepts, make mistakes and correct them, and gradually grow to become responsible members of the world community of nations. Older nations which have achieved political maturity and economic stability know that the process is a long one and view with patience the growth of the world's developing areas.

the charge

the facts

Foreign Aid Creates Budget Deficits for the United States, Adds to the National Debt, and Is Inflationary.

It is impossible to single out any one Federal program as being the cause of any Federal deficits or any increase in the national debt. Some might say that, were there no foreign aid, there would be no budget deficit. But the same could be said about the farm program or the highway program or the housing program—or about defense expenditures.

One could argue, for example, that if we eliminated, say, the supersonic bomber program, or the Polaris submarine program, or the intercontinental ballistic missile program, we would have no budget deficit. But even though the elimination of these vital defense programs could result in a balanced budget, this does not mean that it would be wise to cut them out of the budget—because these programs are vital to the Nation's security.

The same considerations apply to the foreign aid program, since it is just as vital to America's security and that of the free world. A chain is said to be as strong as its weakest link, and economic assistance is just as important a link in the chain of free-world strength as our own defense expenditures. When confronted with superior military strength, the Communists traditionally shift their attack to the economic field, seeking to exploit poverty, ignorance, and discontent. We might easily build up a successful defense against overt Communist military aggression yet lose the free world piece by piece because we spent too little on economic assistance programs, which can convince the peoples of underdeveloped countries that freedom and progress can go together.

NOTE: While the national debt is at record heights and is a serious factor to be kept in mind, the truth is that the debt is actually declining in proportion to our total national wealth.

Foreign Aid Is a Gigantic Giveaway of U.S. Dollars.

the charge

the facts

Foreign aid is no giveaway. It is an investment in our Nation's security, world stability, and a chance for less developed nations of the world to couple progress with freedom rather than totalitarianism.

It has paid off. Not one single country to whom the United States has given substantial amounts of assistance under the aid program as we now know it has "gone Communist."

Moreover, the U.S. foreign aid program is not a matter of handing out large sums of dollars overseas. In fact, most of the foreign aid money (it will soon be 80 percent) is spent right here in the United States to buy goods, services, and equipment. These purchases of American-made goods, of course, mean more jobs for U.S. workers.

Far from furnishing dollars directly to recipient countries, then, most U.S. aid is in the form of technical advice, training, equipment, food, surplus commodities, and the like.

Rather than being a massive "giveaway," most aid programs are a cooperative venture with the recipient country, with the latter often contributing more to an aid project than we do. Examples:

- In the community development project in the Philippines, the Philippine Government put in twice as much money as did the United States.
- In a program to train Mexican highway-building personnel, Mexico invested about three times the U.S. contribution.
- Ghana's contribution to its land reclamation program was more than 5½ times that of the United States.

In addition, numerous foreign aid projects—such as

the building of houses, schools, fishing boats, or irrigation facilities—are self-help projects in which the people themselves participate. Those who benefit from the projects contribute their labor while receiving financial assistance, materials, and technical advice through the aid program.

Instead of Combating Communism, U.S. Foreign Aid Supports It, as in Our Aid to Poland, Yugoslavia, and Other Communist Countries.

the charge

the facts

First, there are no “other Communist countries” to which the United States gives aid. Contrary to frequent public allegations, the only U.S. aid to Communist countries (leaving aside, of course, immediate postwar and emergency or famine relief aid) is to Yugoslavia and Poland. In both these cases U.S. interests are also served.

In the case of Yugoslavia, for example, while it is a Communist country, it is not a part of the Soviet bloc and is independent of Soviet control. Since establishing its independence from Soviet control, many of the harsher aspects of the Communist system have been ameliorated, and a political and economic ideology has developed which differs markedly from that of the Soviet Union and the bloc. Yugoslavia’s position of independence from the bloc has permitted increased political, economic, and cultural exchange with the free world and has denied to the Soviet Union an important strategic area in southeastern Europe. Yugoslavia’s determination to resist Soviet domination and to keep its independence is of direct significance to the United States and the free world, and U.S. aid serves to strengthen the basis of the independent Yugoslav position.

As for Poland, since the summer of 1957 the U.S. Gov-



A woman from the Soviet Zone of Germany who has crossed into West Berlin to obtain food parcels made available in part by the United States under an emergency food distribution program in July 1953 at the time of the East German anti-Communist riots.

ernment has entered into a number of agreements with Poland providing principally for the sale to Poland of surplus agricultural commodities under Public Law 480. These commodities are sold for Polish currency but with the provision that the Polish Government will eventually repurchase, for dollars, the Polish currency which proves to be in excess of U.S. Government needs. These agreements have brought significant benefits to the Polish people. Shipments of substantial quantities of cereals and raw cotton have contributed generally to their material well-being. Shipments of other items, such as dried milk, citrus fruit, pharmaceuticals, medical equipment, and food-processing machinery, have contributed directly to an improvement in diet and medical care. Almost \$2 million in credits has been used for the purchase of poliomyelitis vaccine which, together with privately donated American supplies, has served to immunize about 3 million Polish children.

The U.S. Government, taking account of the situation in Poland, believes that it should give tangible evidence of its continuing interest in the welfare of the Polish people and, by seeking to develop the traditionally close ties between the peoples of both countries, increase understanding in Poland of the United States and its policies.

*President Kennedy Is Seeking To Reduce
Congressional Control Over Foreign Aid by His
"Back-Door Spending" Proposal.*

the charge

the facts

This charge stems from a misunderstanding of President Kennedy's proposal for a long-range financing of the development lending segment of the new aid program, over which Congress will retain full control.

Under this proposal the new aid agency would be au-

thorized by action of the Congress to borrow from the Treasury the funds needed for development loans. This borrowing would be limited by annual ceilings to be fixed by law—up to a total of \$7.3 billion over the next 5 years.

This borrowing authority proposal, far from being new and far from being “back-door spending,” is a long-established means by which Congress has frequently authorized the financing of Federal lending operations. More than 20 lending programs are already financed in this way. These include such familiar and successful activities as the Reconstruction Finance Corporation, various housing programs, the Export-Import Bank, and other programs involving both foreign and domestic loans.

Under President Kennedy’s proposed new aid plan, the development lending portion of the program, which would be financed by borrowing authority, would not go through the ordinary annual appropriations process but would nevertheless be subject to the full scrutiny and control of Congress by means of a number of specific congressional checks:

1. The borrowing authority would be limited by annual ceilings.
2. The lending program would be limited by specific criteria approved by Congress and contained in the new aid law.
3. The proposed aid law requires the submission to Congress, four times a year, of full reports on just what has been done and what is planned in the use of the borrowing authority.
4. An annual presentation of the development lending program will be made to the authorizing committees of the Congress in connection with the annual request for authorization of grant funds.
5. On the basis of the quarterly reports and the annual reviews, Congress could at any time revoke the borrowing

authority or amend it in any way it saw fit, if it disapproved of the manner in which the authority was being used.

6. In addition, the appropriations committees would have an opportunity each year to review the development lending program in two respects: first, through a business-type budget required by law to be submitted to the Bureau of the Budget, and to Congress through its appropriations committees, describing the lending operation, past, present, and prospective; second, in connection with their consideration of the requests for funds for grant aid, which will continue to be subject to annual appropriations.

7. Congress can, if it is wholly dissatisfied with the operations of the program, deny the necessary administrative funds to the new aid agency, thus effectively terminating the program or any part of it with which it may be dissatisfied.

This borrowing authority form of financing is even more necessary for the new development lending activity than it is for the more than 20 established activities for which Congress has granted borrowing authority in the past. This is so because the heart of the new aid program will be to work out with developing nations long-term plans under which they will commit their own resources and undertake such essential measures as tax reform and land resettlement programs. To do these things, they will in many cases need assurances of help from us over a period of several years. The authority the President has asked is needed to give our Government the assurance of future funds to enable it to make these long-term commitments and, in turn, secure greater self-help and internal reform measures from the recipient countries.

The United States Is Carrying the Foreign Aid Burden Alone. While Our European Allies Reduce Their Taxes, U.S. Taxes Remain High.

the charge

the facts

First of all, our European allies are rapidly increasing their aid activities. For example, between 1956 and 1959 the volume of their aid to the less developed countries increased 77 percent—from \$900 million to \$1.6 billion. Overall, in the years 1956 to 1959 they gave a total of \$5.1 billion in bilateral aid to the less developed areas of the world.

These figures do not include the private lending that came from these countries—\$1.6 billion of the \$2.8 billion of free-world private lending in 1959 came from them—nor the contributions they make through international agencies and other multilateral programs—60 percent of the free world's multilateral aid came from them.

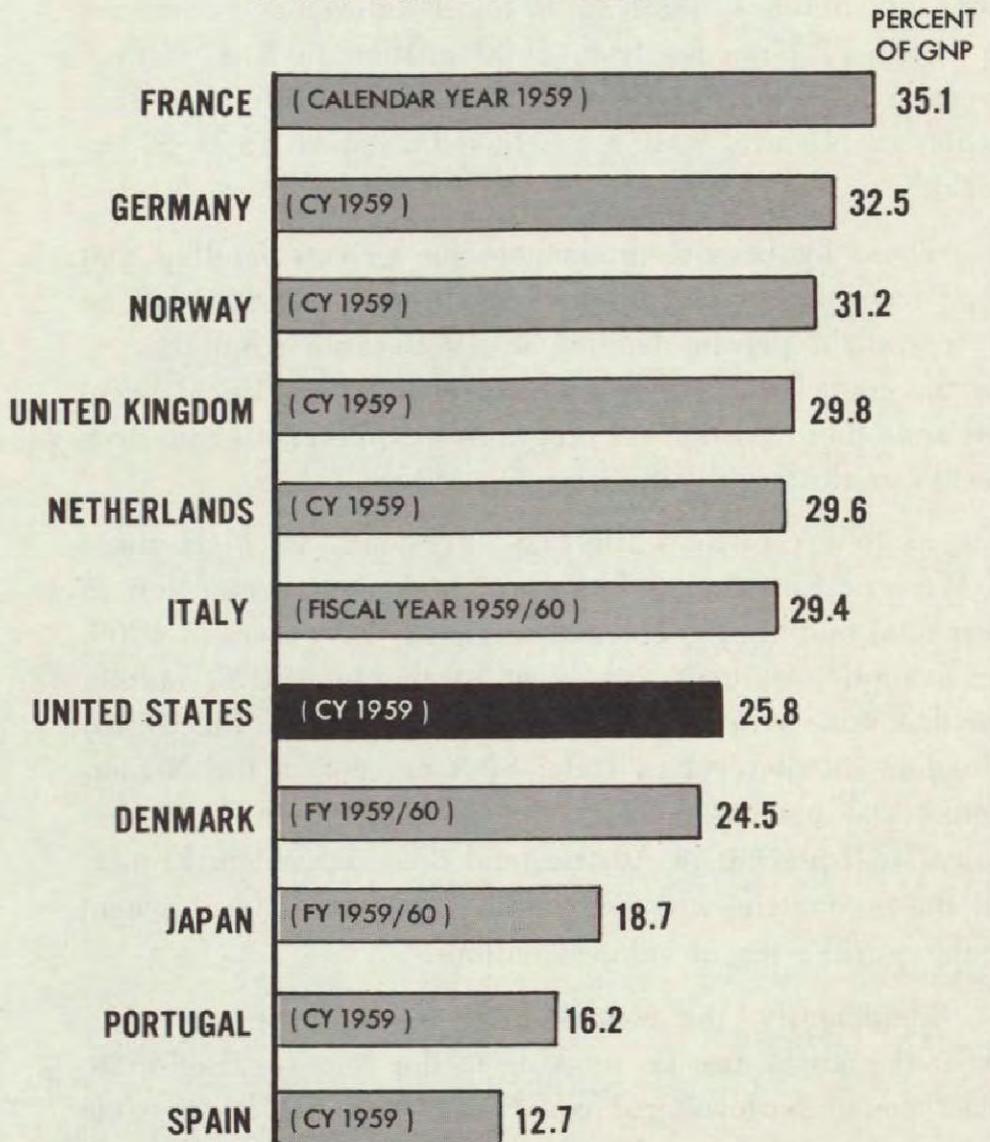
As to tax rates, while U.S. taxes may be high, those of Western European nations are higher in proportion to their total output of goods and services. U.S. taxes in 1960, for example, were 26.2 percent of the total U.S. output. For that same year, the ratio was 29.7 percent in the United Kingdom, 30 percent in Italy, 30.3 percent in the Netherlands, 30.7 percent in Norway, 32.6 percent in West Germany, 32.8 percent in Austria, and 35.4 percent in France. All those countries are contributing aid to the development of the world's less developed nations.

Incidentally, the contributions these European industrialized nations are now making to the free-world effort to assist the underdeveloped countries would not be possible had it not been for our Marshall plan aid, which so successfully restored their economies that they are no longer receiving any U.S. economic aid.

The aid efforts of the other "have" nations should increase even further in the future, for they have joined to-

TAX BURDENS

Total Taxes as percent of
Gross National Product*



*Total taxes of all levels of government—central, state, and local
(including social security).

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gether in an Organization for Economic Cooperation and Development (OECD), one of whose purposes is to coordinate their aid and increase its amount.

Foreign Aid Programs Benefit the Wealthy People in Other Countries But Do Not Reach Those Who Really Need Help.

the charge

the facts

Most U.S. foreign aid programs directly benefit the needy people of foreign countries. Examples of programs of direct benefit to the people of the recipient countries are as follows:

Nepal. 35,000 people in 800 villages were taught to read and write during the 1956-60 period, 810 new primary schools were started, and 54 new health centers were established and 40 old-style dispensaries modernized.

Guatemala. In the past 5 years about 22,000 Guatemalans became property owners through land distribution programs. Among them were 4,000 families who were settled on 50-acre farms as part of a rural development program which included the building of houses, latrines, wells, schools, health centers, and roads.

Lebanon. More than 9,000 Lebanese attended English language classes conducted in their own communities. About 3,000 Lebanese participated in adult education classes held in 32 localities.

El Salvador. About 100,000 people in 168 villages were provided with safe drinking water supplies. Approximately fifty-one 4-H Clubs were organized for more than 1,100 Salvadoran youngsters.

Sudan. The number of students receiving technical education in public schools was increased from 1,000 in 1956-57 to 2,500 in 1959-60.

Libya. About 50 schools were equipped with library facilities.

Burma. About 350,000 Burmese who fled from rural areas during Communist guerrilla fighting were resettled.

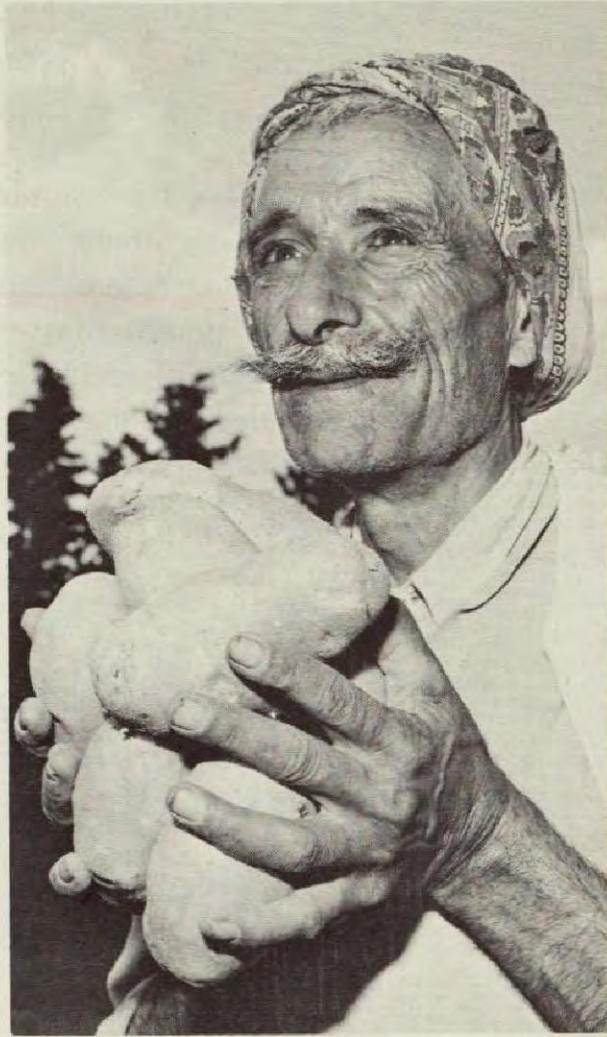
Greece. Following World War II and postwar Communist guerrilla activities, Greek farms were reequipped with 126,000 plows, 285,000 plowshares, 37,000 steel harrows, 835,000 small tools, 448,000 sickles, 235 poultry brooders, 960,000 pruning shears, 256 incubators, 500 cream separators, and 11,000 four-wheeled carts.

Peru. Agricultural extension service and education were extended to 45 percent of Peru's farming area.

Bolivia. About 85 percent of the population was vaccinated against smallpox. An agricultural credit program was organized which has extended at least 9,000 loans.

Morocco. About 5,000 single one-story housing units and about 8,000 small apartments were completed. An additional 4,256 low-cost housing units were begun.

Donations of emergency relief supplies are made to help our friends abroad when disaster strikes. In fiscal year 1960 we provided food for victims of natural disasters in 11 countries. For example, we fed refugees in Hong Kong and the Middle East. We helped typhoon victims in the Ryukyu Islands and Japan and earthquake victims in Chile and Morocco. In addition, we supply food for charitable institutions and school lunch programs.



the charge

Despite U.S. Assistance, Most Aided Countries Have Failed To Make Any Significant Economic Progress.

the facts

On the contrary, significant progress has been made in many of the countries receiving U.S. aid. The figures in the chart on the opposite page give the facts on economic developments during the past 5 years in various countries that have received U.S. aid. While it should not be concluded that the progress indicated here is solely attributable to U.S. assistance, such aid doubtless was an important contributing factor.

the charge

Foreign Aid Supports Dictatorships and Totalitarian Regimes, and Enables Them To Stay in Power.

the facts

The purpose of foreign aid is not to "support" any one kind of government but to work with various governments in affairs of mutual interest.

The governments of some of the countries with which the United States cooperates are monarchies; some are dictatorships and others have representative forms of government. We judge the granting of our aid by whether it promotes U.S. security (for example, by obtaining or assuring for us the right to use a vital military base or installation) rather than by the form of government of the particular recipient country.

This determination is subjected to continuing review. If it is found that our aid is being used to promote totalitarian methods or procedures or if it is found that aid to an unrepresentative government is no longer in the U.S. interest, then we cut it off—as we did in the case of all aid to the

PERCENTAGE OF CHANGE

1955-60

(All figures are plus except where indicated as minus)

Country	GNP current prices	GNP 1959 prices	GNP per capita (1959 prices)	Agricultural production (Index, 1952- 54 = 100)	Industrial production	Electric power (KWH)
Israel	106.8	60.6	32.8	78.0	^a 60.0	90.4
India	†41.8	†19.6	†8.5	11.0	^b 38.8	87.5
Pakistan	†41.3	†15.9	3.4	17.5	^b 61.1	^c 162.3
Iran	78.5	29.0	14.4	3.5	^d 506.1	† ^c 34.9
Turkey	105.6	21.0	6.3	19.2	^e †33.3	69.7
Greece	45.9	28.6	23.8	^f 23.0	^b †38.5	77.4
Philippines	†40.0	†26.5	†7.7	†27.0	^b †25.5	101.5
South Korea	†118.9	†25.9	†12.7	†13.3	^g 95.3	93.2
South Viet-Nam	(*)	(*)	(*)	^f †108.0		43.8
Taiwan	†112.5	†37.2	†16.7	†28.7	^h 65.8	84.3
Spain	†59.5	†9.3	†5.4	ⁱ 8.0	^b 39.5	47.1
Tunisia	(*)	^j -1.4	^j -5.1	^k 30.7	^d 5.5	24.5
United States	26.6	^l 11.9	^l 2.8	^m 14.2	ⁿ 12.5	33.5

† Preliminary or estimated 1960 figure

* Not available

^a Index, 1955 = 100

^b Index, 1953 = 100

^c 1955-59 figures

^d Cement (metric tons)

^e Manufacturing

^f 1952-54 average

^g Index, 1958 = 100

^h Index, 1954 = 100

ⁱ Index, 1952 = 100

^j 1956-60 figures

^k Average for crop years 1955-56, 1956-57, 1959-60, and 1960-61

^l Constant 1960 prices

^m Index, 1947-49 = 100

ⁿ Index, 1957 = 100

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Trujillo regime in the Dominican Republic, and all aid to the Castro regime in Cuba. Of course the United States is constantly endeavoring to convince officials of nonrepresentative governments that they should hold elections and institute democratic reforms.

It should not be forgotten that frequently U.S. aid is the only means by which the people of totalitarian countries may receive certain social or economic benefits.

the charge

Foreign Aid Is Wasteful and Extravagant.

the facts

While no large undertaking—public or private—is wholly efficient and waste free, the record of the foreign aid program—especially considering the magnitude of the undertaking and the difficulties under which it has had to operate—is remarkably good.

For example, in a period of slightly over a year there were some 100,000 procurement transactions. During that period there were only 150 complaints which concerned charges against American or foreign firms and related to contract specifications, overpricing, and similar matters; and 60 percent of those proved upon investigation to have been proper transactions. This means that out of 100,000 transactions only 60, or roughly six-hundredths of 1 percent, were the objects of legitimate complaints—and in those cases steps were taken to recover the money.

Of course all those responsible for administering the aid program make every effort to plan the program intelligently and operate it as efficiently as possible. But certain things must be taken into account:

1. The efficiency with which the program is administered depends to some extent—in some cases to a large ex-

tent—on the performance of local citizens or officials, over whom we may have little or no control.

2. We are dealing in many cases with uneducated people in backward lands, where language barriers are difficult, where the number of well-trained government officials is often limited, where deeply engrained traditions and customs do not correspond to our own way of doing things, and where change comes only with time and patience.

3. In many fields—and in many countries—foreign aid is relatively new. There is no long backlog of experience on which to draw.

4. In a great many countries where we give aid, basic skills and institutions we take for granted are wholly lacking.

No one contends that the task of assisting such countries and such people is easy. It is not. It is one of the most complex and difficult tasks America has ever undertaken. But the fact that a task is difficult has never stopped America in the past; nor should it now, especially when the task is so vital to America's security and that of the whole free world.

Foreign Aid Has Created a Gigantic Bureaucracy of Incompetent, Corrupt American Officials Who Live "High on the Hog" Overseas.

the charge

This charge must be answered in three parts:

the facts

First, as to the size of the aid agency: there is a total of 12,856 employees whose salaries are paid for by ICA funds.

There are 6,478 Americans employed by ICA—2,012 are in Washington and 4,466 are overseas. Foreign nationals employed by ICA in missions overseas number 4,600.



The wife of an American aid official, one of many volunteer relief workers, distributes food to river-boat dwellers after floods in East Pakistan.

HL

In addition, there are 1,778 persons employed by U.S. contractors who are paid from ICA program funds.

Second, as to the alleged corruption among American aid officials: during a recent period of roughly 1 year, during which billions in aid were given to scores of countries, some 300 complaints of alleged wrongdoing were investigated by a special investigating office reporting directly to the Under Secretary of State. Of these only 39 were cases of alleged fraud, bribery, embezzlement, or malfeasance in office. Of the 39 only 1 led to a conviction; the other 38 were cleared after thorough investigation. Thus out of many thousands of aid employees, only one instance of wrongdoing was proved in a year's time.

Third, as to American aid officials living "high on the hog" overseas: the vast majority of these officials are stationed not in the major capitals of the world but in the less developed countries, where living conditions are comparatively primitive and very unlike those to which most Americans have become accustomed.

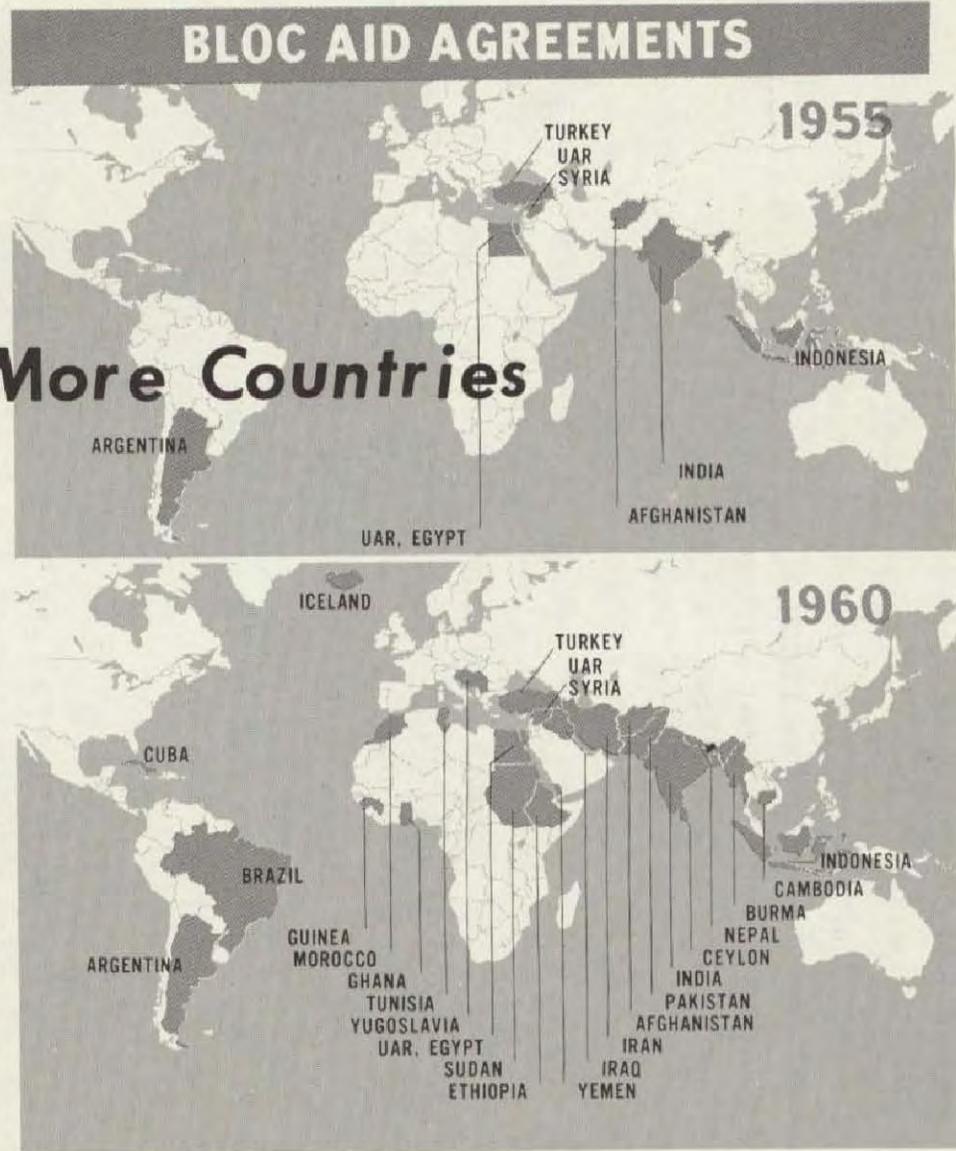
The following are excerpts from "post reports" (which describe living conditions at various U.S. posts as a guidance for employees going overseas) for some of the places in which U.S. aid officials are stationed:

Vientiane, Laos: "The rainy season is muddy, the dry season dusty. Throughout the year, insects of all kinds abound. . . . Fresh milk is never available. Dairy items such as fresh butter and cheese are expensive on the local market since they are imported. . . . Water must be filtered and boiled for drinking. Raw fruits and vegetables must be treated or peeled before consumption."

La Paz, Bolivia: "General sanitation procedures in Bolivia are extremely poor, and constant precaution is necessary to maintain maximum health. Sewage disposal is inefficient and inadequate, which increases the incidence of intestinal disorders."

Sino-Soviet Bloc Aid is on the Increase

More Aid....To More Countries



22

Bamako, Mali: "Tap water must be filtered and boiled before drinking. Both the sewage pipes and water mains run side by side, with many breaks in both sets of pipes. . . . There is no inspection of meat or other food and therefore the utmost precaution must be exercised in their purchase and preparation. It is dangerous to eat raw vegetables and unpeeled fruit. . . . Practically every disease known to man is found in Bamako. Medical facilities are inadequate."

Not all overseas aid posts are like these. But virtually all of them lack a large number of the conveniences and comforts which most Americans, whatever their incomes, take for granted.

The Soviet Union Is Not Handing Out Large Sums of Foreign Aid to the Less Developed Countries. Why Should the United States?

the charge

the facts

Perhaps the greatest single testimonial to the effectiveness of U.S. foreign aid is the degree and intensity with which the Soviet Union has, especially in recent years, imitated us.

Russia was late in entering the foreign aid field, doing little prior to 1955. Since then, however, the volume and scope of Soviet aid have been rapidly intensified.

For example, Sino-Soviet-bloc-aid commitments amounted to only \$11 million in 1954, totaled \$1.5 billion in 1960. Bloc aid was extended to only 8 countries in 1955; in 1960 to 26 countries. These amounts were for economic and technical assistance and did not include military aid or aid to other Communist countries.

Foreign aid is only one of the many tools the Communists use to increase their influence in the underdeveloped nations. The recent intensified drive by the Communist bloc



View of entrance of hospital built with Soviet aid at Phnom Penh, Cambodia.

26

to influence those countries is also illustrated by the fact that bloc technicians in less developed countries increased sharply from 1,400 in 1956 to 7,880 in 1960. Study opportunities for free-world students in bloc countries increased similarly, from 433 students in 1957-58 to 3,727 students in 1960-61. Trade with the less developed countries, where the U.S.S.R. is attempting to extend its influence, also rose by 92 percent from 1955 to 1959. In the past 5 years Communist-bloc resident diplomatic missions in less developed countries increased from 23 to 44, resident trade missions rose from 18 to 31, cultural delegations from bloc countries grew from 19 to 38, trade agreements increased from 87 to 180, and propaganda broadcasts were expanded from 637 to 1,716 hours per week.

Congress Lacks Control Over the Foreign Aid Program and Can Never Get the Real Facts About What Goes on.

the charge

the facts

Congress has available to it—and takes full advantage of—a wide range of means of carefully and continuously scrutinizing and reviewing every detail of the foreign aid program. Examples:

- Congress annually authorizes and appropriates funds for the program in accordance with laws which clearly spell out conditions of granting aid.
- If the President desires to alter in a significant way the detailed programs submitted to Congress with the request for appropriations, he must advise Congress of every such substantial change.
- In addition, Congress and the General Accounting Office, which is an arm of Congress, continually review the operations of the foreign aid program.

- Congress receives detailed reports about the foreign aid program, which are required by law.
- Congress very thoroughly scrutinizes the foreign aid program each year in hearings by the Foreign Affairs, Foreign Relations, and Appropriations Committees. At those hearings every minute detail of the proposed program is spelled out. The Senate and House Appropriations Committees question many witnesses on every aspect of the program. In 1960 about 7,062 pages of testimony concerning foreign aid were published by the House Foreign Affairs Committee, the House Appropriations Committee, the Senate Foreign Relations Committee, and the Senate Appropriations Committee.

How Do You Explain the Reverses the Free World Has Suffered in Cuba and Laos Despite American Aid to Those Countries?

the charge

the facts

When the Castro-led movement originated, it appeared in the guise of a genuine revolutionary movement which promised to correct the abuses of the Batista regime. However, that movement and many of Castro's original followers were soon betrayed by their leaders into the hands of communism. Cuba was temporarily lost to the free world when its long-overdue social and economic revolution was taken over by this Communist-oriented group.

As the U.S. Government said in an official statement on Cuba:

The people of Cuba remain our brothers. We acknowledge past omissions and errors in our relationship to them. The United States, along with the other nations of the hemisphere, expresses a profound determination to assure future democratic governments in Cuba full and positive support in their efforts to help the Cuban people achieve freedom, democracy, and social justice.

In the case of Laos, President Kennedy pointed out on March 23, 1961, that considerable real progress toward unity and genuine independence had been made by Laos since its emergence as a new state. This progress could have been made only with an extensive aid program, since Laos was subject to constant Communist efforts to take over the country. Communist efforts were greatly increased in the fall of 1960 with, as the President put it, "the clear object of destroying by military action the agreed neutrality of Laos." This overt use of military force by the Communists not only produced a setback for U.S.-supported economic and social progress in Laos but constituted a grave threat to the peace of all Southeast Asia.

The United States has, in fact, invested heavily in preserving the peace of the entire region of Southeast Asia, and despite recent events in Laos none of the countries we aided has yet been taken behind the Bamboo Curtain.

The Foreign Aid Program Spends Money for Reclamation Projects and Roads for Foreign Countries When There Is So Much That Needs To Be Done Here at Home. Why Don't We Take Care of Our Own Needs First?

Compared with what is being spent here at home for such things as highways and reclamation projects, the amounts being spent abroad are infinitesimal and would add almost nothing to our domestic programs if the spending were shifted to the United States.

For example, from fiscal year 1948 through fiscal year 1960 about \$12.7 billion was expended for federally aided highways in the United States. During that same period

the charge

the facts



about \$253.9 million—one-fiftieth as much—was obligated for U.S. foreign aid highway programs overseas.

From fiscal year 1948 through 1960 about \$9.8 billion was expended for reclamation in the United States, while \$20.3 million—two-tenths of 1 percent of U.S. reclamation expenditures—was obligated for overseas reclamation projects (irrigation, reclamation, flood control, and power) in the same period.

the charge

Foreign Aid Promotes Socialism.

the facts

The United States does not dictate the form of economic policy to be followed by countries receiving our aid, nor do we want to. Traditions and attitudes toward private enterprise differ in other nations, and it would be an affront to their sovereignty to demand that they adopt our economic system as a condition for receiving aid.

However, a basic premise of our foreign economic policy is the conviction that Government action, essential as it is, cannot substitute for the vitality and initiative of private investment. It is private investment which provides, along with capital, the managerial and technical talents so essential to growth. A major goal, therefore, of our economic assistance program has been to help create situations in which private enterprise can grow and flourish in the less developed areas of the free world.

The program has helped establish development banks and industrial development centers abroad which serve as a source of industrial lending. Examples include an Industry Institute set up in Lebanon, a Mining Bank aided in Peru, a Productivity Center established in Greece, and a bank set up in Tunisia with a special revolving loan fund.

India is another example of a country which has done much in recent years to encourage both private enterprise within the country and private investment from abroad. A number of U.S. firms have gone into partnership with Indian capital to carry out sizable industrial ventures. Thus, although the Indian Government sometimes says its objective is the achievement of a "socialistic pattern of society," today the overwhelming part of Indian commerce and industry is in private hands.

In 1961 there has been increased emphasis on aiding local and foreign private investors in foreign countries. For fiscal year 1962 the Act for International Development proposes new and effective tools to provide for the full contribution of U.S. private enterprise to the development task abroad. Thus, by working together, the U.S. Government and U.S. private enterprise are significantly advancing the cause of free enterprise around the world.

Our European Allies Are Not Carrying Their Share of the Free-World Defense Burden, and Our Military Aid to Them Should Be Stopped.

the charge

Our European allies are carrying a considerable share of the free-world defense burden and in recent years have increased that share.

the facts

From 1950 to 1960 other NATO nations contributed a total of \$123.2 billion to free-world defense, while U.S. aid to NATO in that same period was \$15.3 billion.

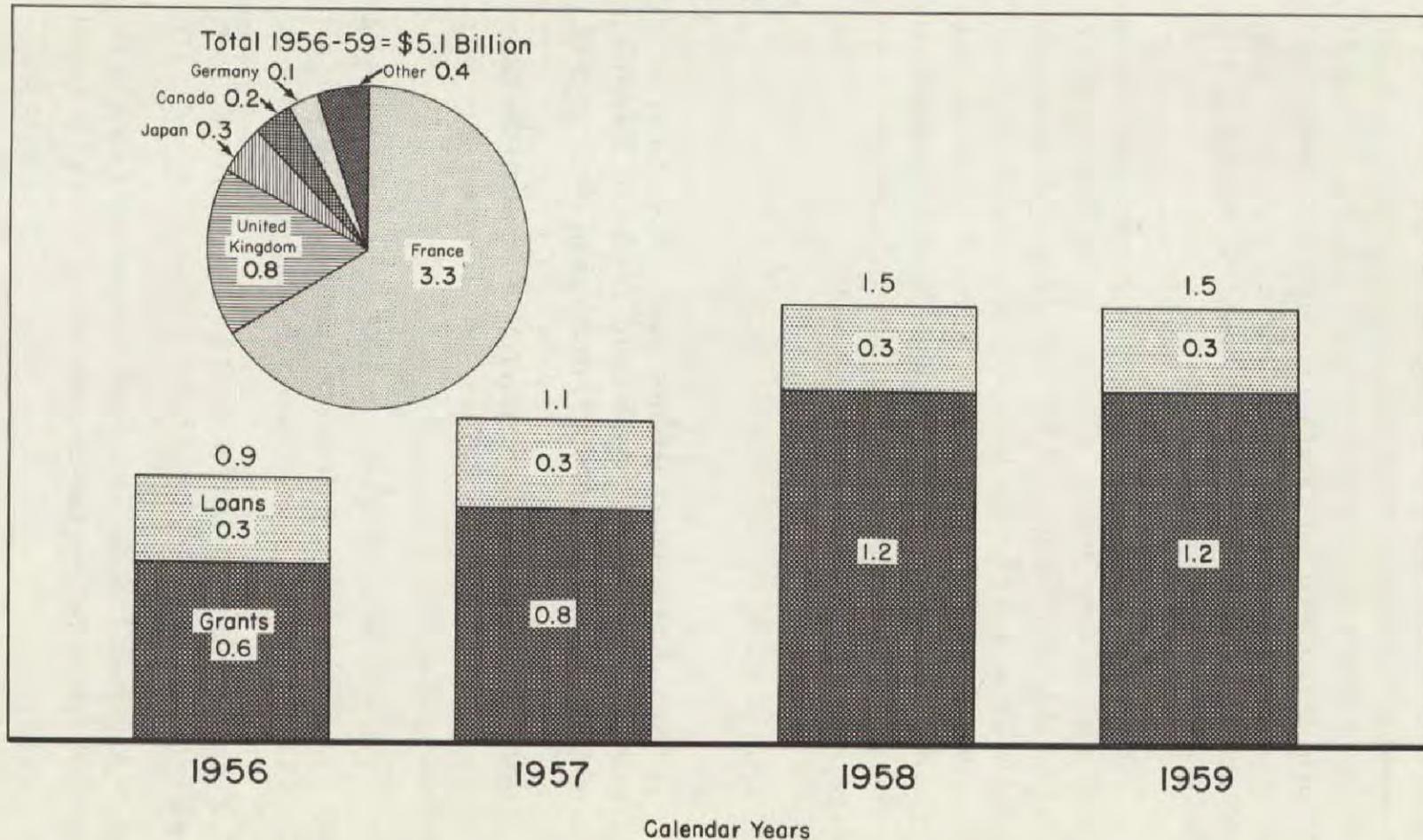
In 1960 the NATO allies spent \$14.4 billion on defense, while the United States contributed \$758 million to NATO.

At present U.S. forces represent only about a sixth of the ground forces, half of the aircraft, and a third of the total

OTHER FREE WORLD BILATERAL ASSISTANCE TO UNDERDEVELOPED COUNTRIES*

1956-1959

(Billions of Dollars)



* Excludes loans under 5 years, consolidated credits of whatever term and contributions to International Organizations, IBRD, UNTA, etc.

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naval forces of our collective security system. Although the gross national products (total output of goods and services) of our European allies are considerably smaller than ours, those nations devote nearly the same proportion of their total output to defense as we do. (Bear in mind, in considering the figures below, that a gift of 10 percent of income—\$100—by Family A with an income of \$1,000 involves a far greater sacrifice than a gift of \$1,000—also 10 percent of income—by Family B with a \$10,000 income, since Family B has \$9,000 to live on after making the gift, while Family A has only \$900. Similarly, for countries with total outputs of about one-tenth that of the United States, a defense outlay of a given percentage of total output involves a far greater sacrifice on their part.

The United States, for instance, in 1960 spent 9.3 percent of a \$503.2 billion Gross National Product (GNP) on defense. The United Kingdom spent 7 percent of its \$69.1 billion GNP; France, 6.8 percent of a \$56.3 billion GNP; and West Germany, 4.3 percent of its \$65.6 billion GNP on defense. Greece, with a relatively small GNP of \$3.1 billion, spent 5 percent on defense, and Turkey with a \$4.8 billion GNP spent 5.6 percent.

By aiding our allies, who maintain their own sizable defense establishments and grant us access to bases within their territory, the United States can defend much greater areas of the free world than otherwise would be possible. Furthermore, these bases make it possible for us to deploy our troops rapidly in the event of an emergency.

Still another advantage of aiding our allies is that it costs much less to maintain a foreign soldier than an American soldier. For instance, in 1960 it cost the United States \$3,950 to provide one U.S. soldier with his pay, subsistence, housing, and clothing. (Additional money is involved if the soldier is transported to U.S. bases overseas.) However, it costs only \$163 to maintain a Chinese soldier, \$233 for a



Ceylonese workmen glaze fish at Mutwal Fisheries Harbor as part of a large fisheries development program undertaken with Canadian aid.

Philippine students learn British techniques of pest and plant control.



Korean, \$400 for a Thai, \$932 for a Vietnamese, \$389 to maintain a Turkish soldier and \$376 for a Greek. In other words, for an investment of \$10,000 the United States could maintain under arms either 21½ Americans, 61 Chinese, 43 Koreans, 25 Thai, 11 Vietnamese, 26 Turks, or 27 Greeks.

Moreover it must be remembered that these soldiers are defending their own homeland on the front lines of the free world.

Military Aid to the Less Developed Countries Promotes an International Arms Race.

the charge

This is an argument frequently heard from Communist propagandists. An arms race is certainly not the intent of U.S. military assistance. On the contrary, the military assistance law specifically provides that our aid be “made available solely to maintain the internal security and legitimate self-defense of the recipient nation” either unilaterally or through collective defense arrangements, and the President must, under the law, satisfy himself that our aid “will not be used to undertake any act of aggression against any nation.” Similar restrictions are contained in the proposed new aid bill.

the facts

Moreover, whenever the United States has had any indication that its military aid might be used for purposes other than those agreed, it has not hesitated to warn the countries involved against such action.

In view of these clear legal restrictions and prohibitions surrounding U.S. military aid, the United States cannot and should not be held responsible for any arms buildup by other nations. Our military assistance is largely necessitated by Communist subversive tactics, as described by President Kennedy after his talks in Vienna with Mr. Khrushchev:



Troops of a Near Eastern country equipped with U.S. materiel are ready to defend their nation from Communist aggression.

40

In the 1940's and early fifties, the great danger was from Communist armies marching across free borders, which we saw in Korea. Our nuclear monopoly helped to prevent this in other areas. Now we face a new and different threat. We no longer have a nuclear monopoly. Their missiles, they believe, will hold off our missiles, and their troops can match our troops should we intervene in these so-called "wars of liberation." Thus, the local conflict they support can turn in their favor through guerrillas or insurgents or subversion. A small group of disciplined Communists could exploit discontent and misery in a country where the average income may be \$60 or \$70 a year and seize control, therefore, of an entire country, without Communist troops ever crossing any international frontier.

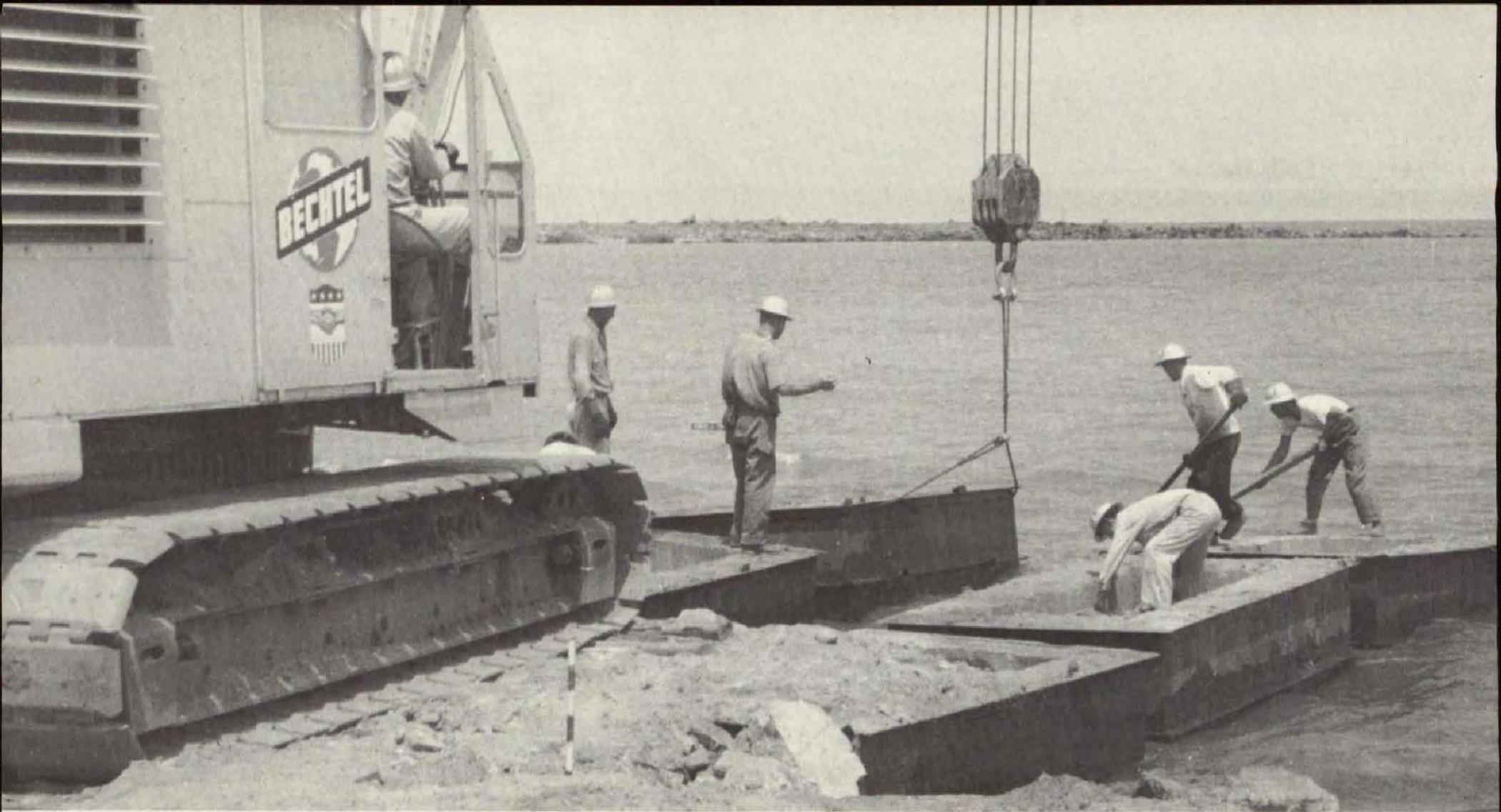
The aim of U.S. military aid is to maintain internal and regional stability and peace. A nation cannot achieve maximum development in an atmosphere of unrest, and chaos. It must not only be secure from external attack; it must also maintain internal law and order. Yet many nations, especially those which are newly independent, are threatened by internal subversive movements which continue to cause turmoil in efforts to subvert legally chosen governments.

Governmental Red Tape and the Opposition of Bureaucrats to Private Industry Prevent U.S. Business From Participating in the Foreign Aid Program.

This is in no way true. Many incentives are provided to encourage participation of U.S. private industry. According to ICA regulations most purchases for the foreign aid program must be made from American firms. Even where bidding is on a worldwide basis, the specifications for goods must be so written that U.S. firms can bid. Furthermore, foreign aid legislation provides that ICA shall maintain an Office of Small Business specifically to help U.S. firms to participate in the aid programs. It provides them, for in-

the charge

the facts



Work proceeds on the water intake installation for a 25,000 kw. thermal powerplant at Samchok, Korea, designed, engineered, and constructed for the Republic of Korea by an American company.

27

stance, with information about the kind, value, and destination of goods to be procured with ICA financing. In addition, the Development Loan Fund announced in October 1959 that henceforth it would place primary emphasis on financing goods and services of U.S. origin.

American firms have benefited significantly from these provisions. For instance, DLF credits spent in the United States are widely distributed throughout the national economy. A U.S. supplier which received a \$1.7 million order for DLF-financed diesel locomotives spent more than half the sum for goods supplied by more than 1,250 production suppliers whose plants are located in 32 States. Eighteen U.S. suppliers who received contracts totaling about \$4.5 million of DLF funds for a fertilizer-plant project spent more than \$1 million of this amount in orders to at least 615 other U.S. supply firms.

ICA procurement, too, has a positive effect on the U.S. economy. From 1954 through June 1960 American firms received \$3,750,210,782 for commodities and freight financed by ICA. The following table shows the impact of the ICA program purchases on our States. (It should be recognized that the supplier locations shown in this table do not necessarily indicate the geographic impact of mutual security expenditures in the United States. As with private export trade in general, a large part of ICA-financed exports are made by merchant exporters, and these exporters tend to locate in port cities. For this reason large amounts of financing are shown for port cities such as New York or Philadelphia. These exporters are, of course, generally selling commodities produced in inland cities and towns. In a compilation of this nature it is not feasible to trace the products sold by merchant exporters to their points of origin. In some instances the merchant exporter is the foreign sales unit of a firm whose plants are scattered throughout the country.)

FOREIGN AID SPENDING IN THE U.S.

State	Expenditures	
	July '59-June '60	Total Jan. '54-June '60
Alabama.....	\$53,887	\$11,193,161
Arizona.....	1,857	4,172,806
Arkansas.....	—	1,637,752
California.....	15,707,500	228,679,437
Colorado.....	26,849	1,284,414
Connecticut.....	3,917,958	28,266,167
Delaware.....	55,505	6,420,044
District of Columbia.....	77,172	1,368,466
Florida.....	3,681	3,929,527
Georgia.....	69,516	2,688,015
Hawaii.....	—	10,038
Idaho.....	—	202,206
Illinois.....	7,132,763	98,363,319
Indiana.....	1,101,289	11,559,696
Iowa.....	7,696	8,158,779
Kansas.....	11,194	667,584
Kentucky.....	1,315,088	9,594,422
Louisiana.....	53,314	92,511,182
Maine.....	1,060	1,060
Maryland.....	482,415	5,907,658
Massachusetts.....	1,233,515	16,749,394
Michigan.....	1,482,343	20,044,067
Minnesota.....	434,046	9,285,949
Mississippi.....	75,811	5,343,967
Missouri.....	128,587	13,116,439
Nebraska.....	—	981,710
New Hampshire.....	3,812	184,294
New Jersey.....	3,720,361	44,852,475
New Mexico.....	—	1,333,668
New York.....	197,590,751	2,130,015,149
North Carolina.....	8,865	6,573,746
Ohio.....	6,242,916	69,541,942
Oklahoma.....	1,619,997	11,461,733
Oregon.....	3,010,330	72,212,554
Pennsylvania.....	15,164,871	129,326,312

FOREIGN AID SPENDING IN THE U.S.
(Continued)

State	Expenditures	
	July '59-June '60	Total Jan. '54-June '60
Rhode Island	\$28,784	\$2,733,102
South Carolina.....	177,984	956,619
Tennessee.....	7,575,631	187,887,918
Texas.....	36,655,131	450,875,686
Utah.....	117,041	310,172
Vermont.....	—	826,840
Virginia.....	11,551,520	22,883,304
Washington.....	1,261,559	13,034,021
West Virginia.....	267,124	3,079,608
Wisconsin.....	696,498	19,984,380
Grand total all States.	319,066,221	3,750,210,782

ICA also has an Office of Private Enterprise. This office has three major jobs: (1) to make sure that any operation overseas which can be handled by U.S. enterprise is in fact handled by it, (2) to make surveys of overseas investment opportunities, and (3) to sell insurance on new investments in underdeveloped countries.

To do the latter is the job of the ICA Investment Guaranty Program. It provides assurance that the profits from private investments abroad will continue to be convertible into dollars. It insures against loss of all or part of the investment due to expropriation or confiscation by the local government, and loss due to damage or destruction of physical property by reason of war. Under the aid program proposed for 1962, protection of U.S. private investment would be considerably extended.

the charge

We Don't Keep a Close Enough Check on Our Foreign Aid Program, and the Public Has No Way of Knowing Where the Money Goes.

the facts

On the contrary, every cent of foreign aid money can be and is accounted for. The United States has instituted numerous techniques to supervise and control the money and personnel engaged in its foreign aid program. Examples:

- The U.S. General Accounting Office conducts periodic and continuing independent reviews of all aspects of the program—domestic and foreign.
- The Development Loan Fund, the Department of Defense, and the International Cooperation Administration each have their own audit system.
- ICA, charged with administering the foreign aid program, has an especially comprehensive audit program. Its overseas staffs audit and certify vouchers against ICA funds, for both programs and administration. They even conduct audits and reviews of the procedures and controls of the participating foreign countries, including on-site examinations of U.S.-financed contracts.
- Use made of U.S. counterpart funds and the receipt, distribution, and utilization of U.S.-financed commodities are audited, too.
- ICA's Washington staff also audits and certifies vouchers relating to the foreign aid program and its administration.
- In addition, the ICA Washington staff conducts independent audits of books and records of the U.S. contractors who carry out portions of our foreign aid program.
- Additional examinations and analyses are made of the procurement methods used by foreign countries which import U.S.-financed commodities.

- Finally, ICA uses the services of public accounting firms to conduct independent and professional examinations.

There are many reports to Congress and to the public which tell how foreign aid funds were spent. For instance, the following are some of the financial reports available to the public through the Government Printing Office:

The Development Loan Fund Annual Report

Report to Congress on the Mutual Security Program for the Fiscal Year 1960

U.S. Foreign Assistance and Assistance from International Organizations—Obligations and Other Commitments—July 1, 1945 through June 30, 1960

Counterpart Funds and ICA Foreign Currency Acts Data as of March 31, 1961

Payments to U.S. Firms for Commodities and Freight, Listed by State and City Location, Financed Under ICA Procurement Authorizations January 1954—June 1960

supplement

some results of the foreign aid program

The greatest benefit we have derived from our foreign aid is that it has helped contain Communist expansion and deter Communist aggression. Ever since 1941 the United States has used its great economic power to help maintain and widen the areas of national independence and political freedom in the world.

After World War II a near economic collapse in Europe, made more dangerous by Soviet Communist expansionism, threatened the fundamental purpose for which the war had been fought. Through the successful Greek-Turkish Aid Act and the Marshall plan the United States helped 17 free countries regain their stability.

There can be little doubt that without U.S. military aid and alliances during the postwar period, Italy and Greece would have fallen to communism. Russia would have controlled the Turkish Straits. And the Soviet Union would have converted Iran into a puppet state and taken over the Middle Eastern oil fields.

In 1950 the United States for the first time enunciated its intention to assist in the economic growth of the less developed countries throughout the free world. It did this by initiating the point 4 program, now incorporated in the new Act for International Development. In addition, during and after the Korean War the United States provided military aid to friendly nations directly threatened by Communist aggression and infiltration. Without U.S. military aid it is likely that all of Indochina (Laos, Cambodia, Viet-Nam) would have fallen to the Communists and that Taiwan (Nationalist China) also would have been gravely imperiled.

Since the mid-50's we have increased our economic and technical assistance to the less developed areas. In this way we have extended to the underdeveloped countries what Secretary of State Rusk calls the choice between the world of coercion and the world of freedom. It is likely that, if there had been no U.S. aid, communism would have had little difficulty in taking over India, Burma, Thailand, and much of Africa.

A prime factor in thwarting Communist designs is the free world's impressive armed forces, built up with the help of U.S. military aid. Welded together by alliances such as NATO, CENTO, SEATO, and ANZUS, these forces represent the free world's first line of defense.

The United States and those nations with which we have bilateral or multilateral mutual defense agreements have a total of 8,680,000 men in their armed forces, compared to about 9,300,000 in the Sino-Soviet bloc. Of the free world total, the European NATO powers have 3 million men under arms and the United States has 2.5 million. In the Far East, where the Republic of China and Korea are two significant bulwarks against Communist expansion, the allied forces total more than 1.5 million men.

We and our allies have about 29,000 aircraft in operational units and 3,700 major combatant vessels. About 40 percent of the aircraft and 60 percent of the total allied naval strength is supplied by our allies.

At the same time U.S. foreign aid has brought significant economic advances which have contributed to the ability of the less developed nations to stave off Communist expansion. Following are some examples of the marked improvement in the productive capacity of the world and the well-being of its people. These global economic and social gains have been achieved with the help of U.S. aid.

Food. Food production in most countries has increased

at least as fast as the population growth of 1 to 3 percent or more a year. More important, perhaps, is that in some countries the rate has been twice as great. For example, the annual food production increase was more than 5 percent in Japan and the Philippines, more than 3 percent in India and Thailand, slightly more than 1 percent in Pakistan, over 6 percent in Turkey, Greece about 5 percent, and Egypt just under 3 percent. In Latin America, Mexico is high with 7 percent, Brazil and Peru more than 4 percent, and Argentina and Colombia over 2 percent.

Health. During the last decade, smallpox has disappeared from many areas. Yellow fever, while always a threat, has been pushed back into the jungle. The world's focuses of cholera have contracted to two Asiatic nations. World tuberculosis mortality has declined year by year.

Malaria Eradication. In 1950 malaria was prevalent among about 1.2 billion people. By 1960 the disease had been completely eradicated in regions with a total of 258 million people and nearly eradicated in areas with 66 million people. An additional 505 million persons were actively protected by antimalaria operations.

Agriculture. About 18,000 rural youth clubs with 921,000 members have been organized in about 31 countries, as well as 2,800 home improvement clubs for 62,000 women members. More than 1 million agricultural and home improvement demonstrations were held for rural people in 13 countries. About 7 million sheep, goats, cattle, and other livestock have been immunized against disease. At least 20 million farmers were helped by credit loans; 23 countries established or improved agricultural credit systems. Approximately 17 million acres of land were improved and brought into production; 6 million additional acres of land were irrigated. Twenty-six million pounds of seed were distributed and used. About 11 million seedlings were grown and transplanted. About 3,144 seed varieties and strains

were shipped to 42 countries in 1959 alone. Approximately 14.7 million tree seedlings were produced in nine countries. At least 10,000 foreign agricultural specialists were trained.

Water Resources. About 351 pumps have been installed and 192 irrigation systems built or repaired. About 1,017 wells have been dug or repaired and 769 cisterns built and repaired. Sixty-one dams have been built and repaired, as well as 31 miles of canals. About 57 canals have been repaired; 16 streamflow stations have been established.

Education. Schools have been built and equipped, teachers trained, and technical advice provided in dozens of countries. Ethiopia has progressed from less than 500 qualified teachers, 72,000 students, and 718 makeshift classrooms to about 5,000 teachers, 210,000 students, and 4,000 classrooms. Jordan, which had no organized teacher training education programs before ICA assistance in 1952, now has preservice training facilities for about 500 and inservice training and summer school programs for about 200 to 2,500 teachers annually. Turkey under an ICA program every year teaches about 65,000 military recruits to read and write. From 1952 to 1959, about 2,156 elementary school classrooms and 192 secondary school classrooms were built for the 750,000 to 1 million Vietnamese children not attending school because of lack of facilities. In Cambodia about 6,000 teachers have received their only training in ICA-assisted summer schools. In Thailand 11,000 teachers in regional centers have been trained, 20,000 teachers have received inservice training, and countrywide conferences, workshops, and seminars have been held. ICA helped start land-grant colleges in 18 countries.

Communications. To increase and propagate the technical and other information required to support the economic development of countries, ICA has helped more than 40 countries to produce from 2,000 to 2,500 titles of booklets, pamphlets, posters, magazines, and other publica-

tions each year. The aggregate press run of these publications has totaled from 15 to 20 million copies and has reached from 200 to 250 million people a year. They have appeared in from 75 to 100 languages and have carried technical information in practically every subject matter afield. In addition, programs to produce informational films have been developed in 20 countries and from 75 to 100 educational and training films are produced each year.

In addition, ICA has carried on programs to develop effective labor administration, encourage the growth of free democratic labor unions, and increase the productivity of labor forces by developing skills. In fiscal 1959-60, ICA was carrying on labor programs in 29 countries. Public safety, too, is an activity receiving ICA support.

Transportation has been a major area of ICA activity, for a country must have a modern transportation system if it is to develop industrially. Similarly, effective public administration is essential, and ICA has done much to train foreign administrators in modern fiscal policy, good budgeting practices, personnel management, etc. In some countries, such as Korea, there has been a veritable surge for management training. Since 80 percent of the people of underdeveloped countries live in rural areas, a great deal of community development work has been aided by ICA. Through community development projects, such as improving schools, roads, water supplies, irrigation, etc., rural peoples can be brought into the mainstream of their country's development. Housing is still another area of ICA interest, and successful aided self-help housing programs are underway in many countries.

In the decade of development ahead, we shall continue to try to help the less developed nations meet their peoples' insistent demands for progress. By doing so we shall aid them in countering Communist exploitation of the peoples' demands and Communist desires to take over the underdeveloped areas of the world. Thus we shall be offering countries a choice between freedom and coercion.

ADDENDUMForeign Aid: Facts and Fallacies

The table below supplements the one on pp. 44 and 45, which shows ICA commodity procurement by State.
 ESTIMATED MILITARY ASSISTANCE PROCUREMENT IN THE U.S., BY STATE (July 1958 through June 1960)

Total \$2,373,000,000

Alabama	\$ 21,000,000	Montana	\$ 3,000,000
Alaska	18,000,000	Nebraska	15,000,000
Arizona	20,000,000	Nevada	2,000,000
Arkansas	2,000,000	New Hampshire	5,000,000
California	525,000,000	New Jersey	127,000,000
Colorado	22,000,000	New Mexico	15,000,000
Connecticut	27,000,000	New York	247,000,000
Delaware	7,000,000	North Carolina	58,000,000
District of Columbia	11,000,000	North Dakota	2,000,000
Florida	74,000,000	Ohio	85,000,000
Georgia	23,000,000	Oklahoma	15,000,000
Hawaii	30,000,000	Oregon	4,000,000
Idaho	7,000,000	Pennsylvania	95,000,000
Illinois	62,000,000	Rhode Island	2,000,000
Indiana	37,000,000	South Carolina	16,000,000
Iowa	17,000,000	South Dakota	7,000,000
Kansas	49,000,000	Tennessee	15,000,000
Kentucky	13,000,000	Texas	110,000,000
Louisiana	7,000,000	Utah	24,000,000
Maine	4,000,000	Vermont	3,000,000
Maryland	46,000,000	Virginia	33,000,000
Massachusetts	134,000,000	Washington	100,000,000
Michigan	132,000,000	West Virginia	1,000,000
Minnesota	31,000,000	Wisconsin	21,000,000
Mississippi	4,000,000	Wyoming	9,000,000
Missouri	36,000,000		