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The Origins of the Agency for International Development:
Foreign Assistance Reorganization in 1961

Seán P. Duffy
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Summary

The reorganization of the foreign assistance program(s) that occurred in 1961 was the result of an increasing dissatisfaction with the existing structures of foreign assistance as they had evolved from Marshall Plan days. The reorganization, and the foundation of the Agency for International Development most closely resembled a bureaucratic re-shuffling and a re-commitment to development purposes.

The existing foreign assistance programs (The International Cooperation Administration, the Development Loan Fund, the Agricultural Surplus programs (PL 480) run out of the Department of Agriculture, and the "soft loans" administered through the EXIM Bank) had in 1960 seen a gradual erosion of support both in Congress and among the american populace. To heighten the growing dissatisfaction with foreign assistance, the widespread negative attention *The Ugly American* brought to U.S. assistance to the developing world prompted political attention in both Congress and the Eisenhower administration. During the Presidential campaign of 1960, foreign assistance became a campaign issue and was fully incorporated into the political environment.

Once the Kennedy administration came to power, some sort of reorganization of, or re-commitment to, foreign assistance was a top priority. It was thought that in order to renew support for foreign assistance at existing or higher levels, and to achieve a new mandate for assistance to developing countries, the entire program had to be "new" -- both to address the widely-known shortcomings of the previous assistance structure, and to garner the renewed support of all the special interests involved in the entire assistance program.

The new directions most emphatically stressed were a dedication to development as a long-term effort requiring country-by-country planning, and a commitment of resources on a multi-year, programmed basis. The focus of development at the time was to help achieve economic growth and democratic, political stability in the Third World to combat both the perceived spread of ideological threats such as communism and the threat of instability arising from poverty and reality - expectations gaps. The economic development theory of W.W. Rostow, which posited "stages of economic development," most notably a "takeoff into growth" stage, provided the premise for much of development planning in the new agency.

In the final analysis, A.I.D. and the Foreign Assistance Act of 1961 achieved its greatest success in addressing the organizational problems perceived in the existing Foreign Assistance program. A.I.D. set up organizational structures which have helped the goals of country-by-country planning and longevity in development programming over the last thirty years. Perhaps the greatest success of A.I.D. has been its flexibility and longevity -- especially in comparison to its many predecessor organizations, which generally lasted only 3-4 years.

Brief Chronology

1953 Foreign Operations Administration replaces Mutual Security Administration and Technical Cooperation Administration

1954 Mutual Security Act passed -- revised and consolidated all previous acts. It was the first single piece of legislation to underlay the entire foreign assistance program

1955 International Cooperation Administration replaces the Foreign Operations Administration. The ICA was less powerful from the beginning than the FOA, and became even weaker in practice. It was placed under the State Department and had no authority over Military Assistance; Agricultural Surpluses were controlled only in part; it lost most of its lending activities; multilateral assistance grew, eclipsing in part U.S. bilateral assistance. Administrative complexities developed due in part to the personalities involved.

1957 Two studies sponsored by the Foreign Relations Committee of the US Senate which deal with the foreign assistance program: "Administrative Aspects of the U.S. Foreign Assistance Programs," (Brookings) and "Agricultural Surplus Disposal & Foreign Aid," (National Planning Association).

1959 Draper Committee Report, "Economic Assistance Programs and Activities" recommends: a unified economic aid/ technical assistance agency outside the Department of State; long-range planning on a country basis; more decentralization to the field; and foreign policy direction and coordination of military, economic, and agricultural activities by the State Department.

Stanford Research Institute suggest the foundation of an Office of Research and Development for Underdeveloped Areas.

Dean Harlan Cleveland of the Maxwell Graduate School of Syracuse University, future Assistant Secretary of State under Kennedy, writes "Operational Aspects of U.S. Foreign Policy," which suggests strengthening the role of Ambassadors and including the ICA in the Foreign Service.

1960 Senate Foreign Relations Committee sponsors another Brookings Report entitled "The Formulation and Administration of U.S. Foreign Policy," which recommends a foreign assistance department with Cabinet status.

Foreign Assistance becomes a campaign issue in the Kennedy - Nixon presidential race.

Mutual Security Act of 1960, Senator Fulbright includes section 604, calling for investigation and findings on the existing structure of foreign assistance, and asks the President to look into the idea of a Point IV Youth Corps.

Act of Bogota enacted; becomes the basis for the Alliance for Progress and also highlights the concept of Self-help in development assistance.

After the 1960 election

Bureau of Budget produces report known as the "604 Study," which partially answers the requirements of the MSA 1960 in that it provided a detailed description of the existing foreign aid programs, and suggested three sets of three alternative organizational arrangements.

Ford Foundation paper, "A Suggested Regional Approach to the Administration of U.S. Assistance to Underdeveloped Countries," suggests: the consolidation of foreign aid agencies within the State Department with an Undersecretary responsible for the program; the decentralization of foreign assistance to regional units and field missions to adapt aid to distinctive needs, country by country.

"Orbit Paper" produced within the ICA recommends an independent department with cabinet status and the consolidation of the Development Loan Fund, the EXIM Bank, and the ICA, along with more authority over PL480 programs. It calls for a single, strong, field organization, and planning done on a regional (as apposed to functional or procedural) basis.

1961 January 30. State of the Union Address, JFK, calls for the establishment of a new, more effective program with: greater flexibility for short-run emergencies; more commitment to long-term development; new attention to education at all levels; a greater emphasis on recipient nations' role through public administration,

taxes, and social justice; and orderly planning for national & regional development.

March 4. Ball task force for the reorganization of foreign assistance delivers "Growth for Freedom" Memorandum to the President entitled "Plans for the Reorganization of Foreign Assistance, the Decade of Development." Memo outlines the deficiencies of the foreign aid programs and conceptual requirements for a new program.

March 22. Foreign Aid Message sent to Congress from President Kennedy

May 26. Bill, "Act for International Development," introduced in Senate by Senator Fulbright as S1983; accompanied by Presidential Message. At last minute Economic Aid program and Military Aid program, after being kept conceptually separate throughout the planning stages, were recombined in the same bill, at Senator Fulbright's recommendation. It was stated (by Fulbright) that the realists in the Congress would not support idealistic programs that were not plainly in the interest of National Security. The Military component was thus deemed necessary to the passage of the Economic Assistance program.

September 4, Act for International Development passed by Congress.

November 3, President Kennedy establishes the Agency for International Development as the executor of U.S. foreign assistance programs.

Summary -- Issues Surrounding the Creation of A.I.D.

- Whether foreign assistance should be planned on a **Regional or Functional Basis**
- **Integration or separation** of the various assistance programs (ICA, DLF, PL480, EXIM Bank, Peace Corps)
- Whether assistance should be based primarily on **Loans or Grants**, and what the **loan authority** should look like.
- Whether foreign assistance should be given a **Cabinet or sub-cabinet level position**, and whether the Department of State should play a coordinating role
- Whether development assistance should be **separate from military assistance and political requirements**

Summary -- Key problems seen with the existing structure in 1961

- o Diffusion of Responsibilities
- o Legislative Patchwork
- o Ineffective Policy Control
- o Short-term financing only available (does not facilitate long-term development goals)
- o Administrative Barnacles
- o Loss of Public Support
- o Lowered Morale within the foreign assistance programs
- o Confusion Abroad
- o Inadequate Concepts of Aid

Summary -- Conceptual requirements of a new program

- o Aid tailored to **different stages of development** (Rostow)
- o More flexibility for **short term emergency assistance**
- o More commitment to **long term development**, and the long term authorization of funds such programs would need
- o Attention to **development at all levels** (health, education, political, etc.)
- o Greater emphasis on the **recipient's role** (public administration, taxes, social justice, **self - help attitude**)
- o Orderly planning for **national/ regional development;** coordinated/ planned programs in recipient country
- o Aid **not based on recipients' support for U.S. policy**
- o Aid **agencies to be consolidated** (except military assistance)
- o All assistance to be subject to **foreign policy direction/ control of the Secretary of State**
- o **Both regional and functional offices** necessary (relationship vague)

Summary -- Personalities involved

John F. Kennedy -- Senator, Presidential Candidate, President of U.S. Made reorganization and new commitment a priority

W.W. Rostow -- Professor at M.I.T., Development Scholar, Author of *Stages of Economic Growth*, Kennedy Advisor

George W. Ball -- Early Kennedy supporter, headed "Task force on Foreign Economic Policy", appointed Undersecretary of State for Economic Affairs, directed Task force on reorganization of foreign assistance

John O. Bell -- Eisenhower Administration, led assessment of Mutual Security Program with Jacob Kaplan, produced "Kaplan Report," entitled "A New Legislative Structure for Foreign Aid"

Senator Fulbright -- Ranking Democrat in Senate Foreign Relations Committee, introduced "Act for International Development"

Henry R. Labouisse -- Director of International Cooperation Administration for Kennedy, largely overshadowed in the restructuring by Ball

Dean Rusk -- Secretary of State under Kennedy. With Undersecretary **Chester Bowles** conducted a review of Foreign Aid

Sargent Shriver -- Set up the Peace Corps, acted as its first Administrator

George Gant -- Ford Foundation, brought into Kennedy Administration to Chair the Organization and Administration Group, the group responsible for laying out the new structure (organization, administration, and personnel) for the foreign assistance program

Outcome of Reorganization: The foundation of A.I.D.

The Act for International Development was passed by Congress on September 4, 1961; the President signed the Act on September 5th. On November 3, President Kennedy signed the executive order establishing the Agency for International Development, which immediately took over from the International Cooperation Administration the task of administering the U.S. foreign assistance programs. Fowler Hamilton was appointed as A.I.D.'s first Administrator; he took his primary goal to be the establishment of an agency founded on good, strong, organizational principles that would stand the test of time.

One of the first programs undertaken by the fledgling A.I.D. was the Alliance for Progress. Conceptually set up in the fall of 1960 by the Act of Bogota, and confirmed by the Charter of Punta del Este (Uruguay) in early 1961, the Alliance was a hemisphere-wide commitment of funds and effort to the development of the nations of the Americas. The Alliance became the basis for A.I.D.'s programs in Latin America throughout the 1960's.

In Asia, A.I.D.'s first emphases were on countering the spread of asian communism, particularly the influence of the

People's Republic of China. This quickly ballooned into a large program based on counter-insurgency and democratic and economic development in Viet Nam, which lasted until 1975. In Africa, A.I.D focussed on such initiatives as the education of the leadership class of the several newly independent countries of that region and other economic and social imperatives of nation building.

Attachments

"The Act For International Development: President Kennedy Submits to Congress a Program for the Decade of Development," *ICA Digest*, May 26, 1961, pp. 1-5.

"Congressional Presentation: Hearings Begin on the Act for International Development," *ICA Digest*, June 9, 1961, pp. 1-3.

"Friends, Foes of Foreign Aid Join Issue: Clash on Capitol Hill," *ICA Digest*, July 7, 1961, pp. 1-4.

"A New Program with New Concepts," *The Act for International Development: A Program for the Decade of Development*, June 1961, (FY62 CP), p. III.

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Kennedy, John F. "Inaugural Address," January 20, 1961.

Kennedy, John F. "State of the Union Address," January 30, 1961, excerpted.

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Kennedy, John F. Foreign aid message to Congress, March 22, 1961.

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"Fowler Hamilton: Administrator of AID -- A Fundamental Requirement for the New Agency is Effective Organization," *ICA Digest*, October 13, 1961, pp. 1-2.

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"Trend of Appropriations," *Congressional Presentation, FY 1963*, Vol. I, p. 9.

"Summary of Programs by Area, Country and Function," *Congressional Presentation, FY 1963*, Vol. I, pp. 3-7.

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ICA Digest May 26, 1961

THE ACT FOR INTERNATIONAL DEVELOPMENT

President Kennedy Submits to Congress
a Program for the Decade of Development

"For we are launching a Decade of Development on which will depend, substantially, the kind of world in which we and our children shall live."

President Kennedy's Special Message
on Foreign Aid, March 22, 1961

PRESIDENT KENNEDY on May 26 submitted for consideration by the Congress the Act for International Development proposing a new foreign aid program which would carry out the principal recommendations presented in the President's Message to Congress of March 22, 1961.

The Act for International Development -- companion to the International Peace and Security Act which presents the military assistance program -- is the work of the Task Force on Foreign Economic Assistance established by the President on March 30 to work out the program, legislation and organization best adapted to the new aid concept. The President appointed Mr. Henry R. Labouisse as Director of the Task Force. /See DIGEST March 31, 1961, Page 1/

A Single Agency -- The Act for International Development proposes that the responsibility and authority for the formulation and execution of the foreign development aid programs be assigned to a single agency -- the Agency for International Development established within the Department of State. The new Agency, AID, will combine under the direction of a single Administrator of Under Secretary rank the present Washington and field operations of ICA and DLF.

Proposed FY 1962 Program -- The Act for International Development calls for a total program of $2,921 million in FY 1962. Of this amount, $2,591 million is to be derived from new appropriations with loan repayments of $287 million and prior year unsubobligated balances of $43 million constituting the $330 million difference. Of the FY 62 requested funds, $900 million is to be used for long-term public debt transactions, and the remaining $1,691 million is requested to fund the other purposes of the Act.

The Tools for Action -- The Act is predicated on the premise that authority to make firm long-term commitments is of paramount

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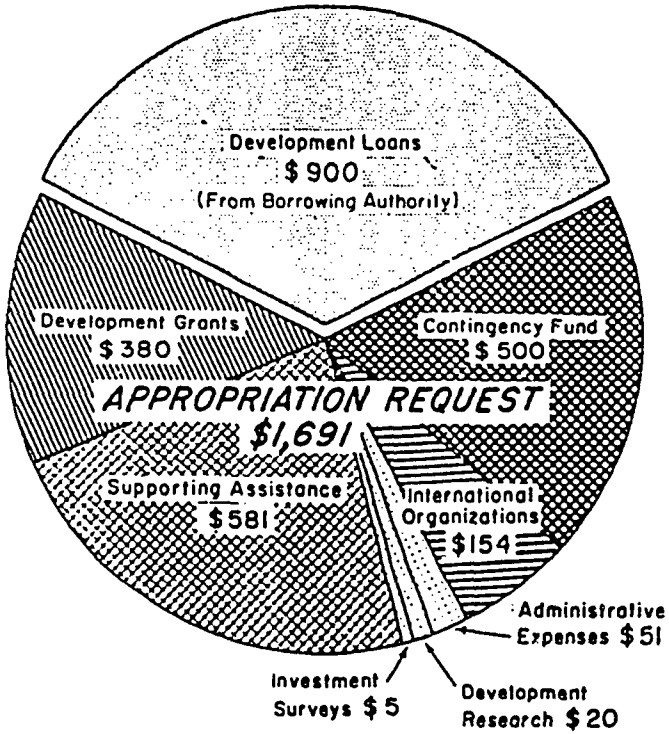
FY 1962 REQUEST AND PROGRAM

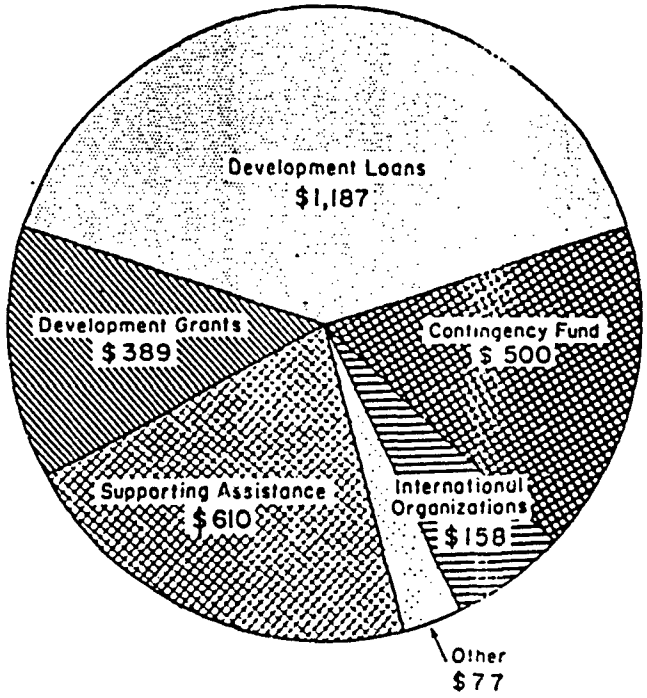
FY 1962 REQUEST*



Total $2,591 million

* Excludes Peace Corps, Refugee and Migration Programs, and State Administrative Expenses

FY 1962 PROGRAM†



Total $2,921 million†

† Difference between FY 1962 Request and FY 1962 Program:

Loan Repayments	$ 287 million
Unobligated Balances Carried Forward	43 million
Total	$ 330 million

NOTE: An additional $1.6 billion in borrowing authority is requested for each of the four succeeding fiscal years for Development Loans.

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importance and that real progress in economic development cannot be achieved by annual short-term dispensations of aid and uncertainty as to future intentions. The Act proposes that to make economic investments more effective, the terms and conditions of the investment should be related to the establishment of sound long-term development plans and the achievement of specific targets.

The new approach to economic assistance calls for the coordinated use of a variety of complementary tools, identified on the basis of four primary objectives:

(1) Supporting Assistance - The support of relatively urgent requirements, provided largely on a grant basis, is proposed for those situations in which development lending is inappropriate, and where other forms of aid are insufficient. Supporting Assistance will total $581 million.

(2) Development Loans, Development Grants, and Development Research - The Act for International Development requests a long-term lending program over the next five years of $8.8 billion total. Of this amount, $900 million would be financed from the Treasury in FY 62, and $1.6 billion would be furnished for each of the next four years. In addition, $300 million is to be available for lending in each of the five years from the proceeds of loans previously funded from past Mutual Security Programs.

Countries in the earlier stages of growth will primarily be the recipients of development grants which will total $380 million of new authority and $9 million of unused authority from the current year. Of this total amount for development grants, $259 million will be required to cover continuing costs of projects initiated in FY 62, $5 million will be required to cover utilization costs of excess property, and the remaining $125 million will be used to finance new programs.

In addition to development loans and development grants, an appropriation of $20 million is being requested to begin a program of development research.

(3) Contributions to International Organizations - A total of $153.5 million is being requested for US contributions to thirteen assistance programs of multilateral organizations. All of these programs are presently being carried forward. They include ten programs within the framework of the UN system, the OAS Technical Cooperation

Program, the NATO Science Program, and the Indus Basin Project /See DIGEST, Jan. 27, 1961, Page 15/.

(4) Contingency Fund - The Contingency Fund is a special account to meet urgent requirements which can be expected to arise during the course of the fiscal year, but which cannot be provided for in other categories because the nature and the magnitude of the needs cannot be predicted. The amount requested is $500 million.

The New Organization -- It is proposed that the internal organization of AID be geographically focused to give operational meaning to the country plan concept. Thus, the line authority will run from the Administrator to the Assistant Administrators heading four regional bureaus and, through the Ambassadors, to the chiefs of AID missions overseas. The four regional bureaus will be equipped to carry out four specific functions. They will be charged with the responsibility for:

a) Formulating the pattern of the US assistance program in the particular region.

b) Directing and implementing approved projects and programs in their region.

c) Providing expert advice on individual country and regional development, and

d) Providing the necessary administrative and support services that are not centralized in the headquarters service and support staffs.

The new agency will develop the full potential of the use of agricultural commodities as an instrument of development assistance. The Department of Agriculture will continue its active role in respect to commodity availability, the disposal of surplus stocks, international marketing, and the relationship of domestic agricultural production to world food needs. The Director of the Food for Peace program, Mr. George McGovern, will continue to advise the President in the formulation of policies for the constructive use of US agricultural abundance as well as to assist in the overall coordination of the program.

The Peace Corps will continue as an agency within the Department of State, and its Director will have the rank of Assistant Secretary of State. The Secretary of State will establish arrangements to assure that Peace Corps activities are consistent and compatible

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with the country development assistance plans. These arrangements will assure that the Peace Corps activities and AID programs are brought into close relation and at the same time preserve the separate identity and the unique role and mission of the Peace Corps.

In appraising the new program, President Kennedy in his March 22 Message to the Congress noted, "The levels on which this new program is based are the minimum resulting from a hard reappraisal of each type of assistance and the needs of the less-developed world. They demonstrate both to the less-developed nations and to the other industrialized nations that this country will meet its fair share of effort necessary to accomplish the desired objective, and their effort must be greater as well. To provide less would be wasteful, perhaps more wasteful than to provide more."

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ICA Digest June 9, 61

CONGRESSIONAL PRESENTATION

Hearings Begin on the Act for International Development

ON FRIDAY, MAY 26, President Kennedy forwarded to the Speaker of the House of Representatives and to the President of the Senate the draft bill, Act for International Development, for consideration by the Congress. On May 31, before his departure for Europe, Secretary of State Dean Rusk spoke at the opening session of the Foreign Relations Committee hearings on President Kennedy's request for $2,921 million in economic aid and $1,885 million in military aid for FY 1962. /See DIGEST May 26, 1961, Page 1/

"If we are to achieve our major. . .objectives of giving effective help to nations willing and anxious to undertake long-term development," Mr. Rusk asserted, "it is essential that we be able to do so on a long-term basis and in amounts which are adequate to the ends in view. We must attempt to forestall crisis, not simply live from crisis to crisis. The heart of the new program, therefore, is the President's request for authority to make long-term commitments for development." The Secretary further observed that the present system of depending on annual Congressional appropriations for economic development projects in the developing nations is "hazardous and uneven." While critics of the proposal to use $8.8 million for foreign aid loans over the next five years have already referred to this as "Back Door" spending, editorial comment of the nation's newspapers thus far has been generally favorable.

The New York Times of June 1 noted that, "President Kennedy has accented the long-term nature of American aid and has made it an essential component of his new request to Congress. Many of the difficulties that have plagued our efforts in this field in the past have arisen precisely because the year-to-year basis on which the program has been run has made it almost impossible to work out long-term plans for the development of under-developed countries. The need for the revised foreign aid program President Kennedy has outlined is great; and Congress should act swiftly and favorably upon the President's request."

The Baltimore Evening Sun of June 8, in an editorial on the need for aid, observed, "Mr. Kennedy is asking a greater outlay--a total of about $5,000,000,000 in the fiscal year 1962 and congressional commitment to a long term program as opposed to one on an annual basis. While there may be reservations on the proposal for drawing

on the Treasury for certain purposes instead of depending upon congressional appropriation, there should be no balking in principle at the heavier burden or the long range commitment.

"Both should be authorized even though there can be no assurance that the program will generate political support. The purpose is not to create allies but to overcome poverty and famine so as to prevent the discontents on which communism feeds. The purpose, in the President's words, is 'to help these countries build their societies until they are so strong and broadly based that only an outside invasion could topple them.' "

On June 5, Mr. Henry R. Labouisse, Chairman of the President's Task Force on Foreign Economic Assistance and Director of ICA, appeared before the Senate Foreign Relations Committee. Mr. Labouisse was preceded by Mr. C. Douglas Dillon, the Secretary of the Treasury, who estimated that 80% of the economic assistance under the program will be spent for US goods and services, and the program therefore would not have an adverse impact on the US balance of payments position. Mr. Labouisse observed that in the FY 62 presentation a change in orientation away from grant type assistance and toward long range development loan financing was already evident. "For FY 1962," Mr. Labouisse said, "better than 40% of the funds requested would be made available on a loan basis for development as against about 30% for FY 1961. Further, there is a reduction of more than $200 million in the amounts requested for the categories of aid now known as "defense support" and "special assistance," which in the new program are combined under one heading termed "supporting assistance."

Mr. Labouisse then went on to stress other features of the new program including the country approach, self-help measures, help from the other industrialized countries, the improved US AID Administration, and an explanation of the proposed categories of aid and their costs. Mr. Labouisse remarked that FY 1962 will inevitiably be a year of testing and experimentation, a year in which we will need to continue to take a hard look at what we are doing, cut back on certain existing programs and change the emphasis of others.

On the afternoon of June 5, Undersecretary Ball spoke before the Senate Committee. Mr. Ball addressed himself primarily to the relationship of the foreign aid program to our total foreign economic policy. After commenting on the rising population growth of the less developed world and the increasing ratio of the population of the less developed world to total world population, Mr. Ball went on to compare

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Communist bloc aid with that of the West. Mr Ball pointed out that the acknowledgment of a common responsibility by the advanced countries has been greatly furthered within the last few months through the work of the Development Assistance Group. He concluded his remarks by noting, "Today. . . .the United States is not alone in offering help to the less developed countries. . . . Working together we should greatly improve the chances of the world for peace and freedom. The program before this Committee today is in our view of the greatest urgency and importance."

Hearings before the Senate Foreign Relations Committee continued all during the week of June 5-9 with public witnesses scheduled to appear the week of June 12. On June 7, Secretary Rusk appeared before the House Foreign Affairs Committee to speak on the Military Assistance Program. He was followed on June 9 by Defense Secretary Robert S. McNamara and General Lyman L. Lemnitzer, Chairman of the Joint Chiefs of Staff. Hearings by the House Committee are scheduled all through the week of June 12-16.

As President Kennedy noted in his report to the nation following his recent visit to Europe, "It was fitting that Congress opened its hearings on our new foreign military and economic aid programs in Washington at the very time that Mr. Khrushchev's words in Vienna were demonstrating as nothing else could the need for that very program."

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ICA Digest July 1 61

FRIENDS, FOES OF FOREIGN AID JOIN ISSUE

Clash on Capitol Hill

PRESIDENT KENNEDY'S new concept of foreign aid has introduced novel aspects into the traditional struggle for Congressional approval of the foreign aid program. The traditional arguments of thrift, economy and ingratitude have been revitalized, and it was inevitable that the five year plan of Congressional authorization for five year borrowing from the Treasury would attract a substantial amount of criticism through the charge of "back-door spending," despite Secretary Rusk's insistence that "self-help must be our principal 'string' /attached to US aid/ and an insistent one," and that continued progress in any less developed country will not be assured until that country accepts and fulfills its own responsibilities to help itself.

Testifying for the US Chamber of Commerce, Forest D. Murden appeared before the Senate Foreign Relations Committee to endorse the principle of foreign aid as a "vital instrument of US foreign policy" but at the same time, attacked the proposed Treasury borrowing and recommended a cut in the program of more than $1.1 Billion. In addition, Walter Harnischefeger, National Chairman of the Citizens Foreign Aid Committee, urged that the authorization be held to "less than $1 Billion." He argued that because of the adverse balance of payments and the flight of gold, "we are in no position to continue our give-away policies."

Supporting the President's proposal, Walter Reuther, President of the AFL-CIO's Industrial Union Department, urged in a letter to Senator Fulbright that Congress approve the long-term foreign aid. Others, including the General Board of the Christian Social Concerns of the Methodist Church, have also given their support to the Kennedy program. A board member of the Church told the Committee, "if the American people are given the facts, they will not object to our sharing less than $1.00 out of each $100 with the less fortunate people of the world."

Others, while supporting the Administration, have recommended complementary approaches. Former Representative Jerry Voorhis, Executive Director of the Cooperative League of the USA, recommended that a major share of economic aid be diverted to the development of cooperatives in the less developed nations to help meet more directly the needs of the masses.

The Need for Urgency -- Generally, opponents of the bill charge that it bypasses Congressional authority, while its defenders maintain that both houses will retain the right to review and even to interdict a project or program through safeguards already established within the body of the legislation. With the deepening of the Berlin crisis, however, Administration spokesmen feel that the need for the program has introduced an atmosphere of urgency.

Rep. Richard Bolling of Missouri, noted:

"Unless President Kennedy succeeds, with the help of the leadership of Congress and bipartisan support in and out of Congress, in getting through the Congress his new approach to foreign aid, I am convinced that we will lose the cold war.

"The Kennedy program in this field is a must. The sacrificies it entails in taxes and efforts by the American people are essential to our survival.

"What happens in Congress in the remaining weeks of this session on foreign aid will be the real test not only of Congress, but of the country in this year 1961."

Letter of Protest -- Anticipating the urgency of the President's new plea for passage, 83 members of the House signed a letter of protest to the Chairman of the House Foreign Affairs Committee protesting the five year appropriations. Noting that 30 of the signers had voted for foreign aid in previous years, and 34 had voted against it, the letter stated that "many of us will vote against any legislation which provides for financing outside of the regular appropriation process."

As the Senate Foreign Relations Committee polished the final draft of the bill, Senator William J. Fulbright disclosed that the more controversial aspects of the bill had split the Committee almost exactly The Chairman of the Foreign Relations Committee has taken unusual precautions to guard against crippling amendments to the administration program. On June 26, the Committee met for the first ime to start drafting or marking up the final shape of the $4.8 Billion aid issue. Usually at the mark-up stage, the Committee has finished taking testimony from Administration officials, and proviso by proviso each section is voted upon or modified by the Committee. However, this year Senator Fulbright is holding off the critical decisions on the amounts and kinds of foreign aid spending. The Committee will debate the most sensitive issues as they are reached in the draft bill, but postpone the actual

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vote on them. Before a final, conclusive vote is taken, Dean Rusk will again appear before the Committee to try to answer final complaints and clear away opposition. In other words, the Secretary of State is being held in reserve. for the crucial moment.

Alternative Proposals -- For these and other reasons, Mr. Fulbright has postponed a vote in the committee on an alternative measure, bipartisanly supported in the Committee, to have Congress declare an intent to carry through a development loan program for three or five years, but require the President to request annual Congressional authorization.

Senator Fulbright said of this alternative plan, that the biggest test would come on this issue. "It sure will be a close vote." He anticipated the vote would be taken when all of the members were present during the week of July 17 (Congress is due back in session July 9, after an unofficial but prolonged Fourth of July recess).

President To Make TV Appeal -- Meanwhile, President Kennedy has insisted that the five-year approach is the "very heart" of the program, and without such assurance the less developed countries will be unwilling to undertake the social and economic reforms necessary for progress and stability. The President is expected to go before the television cameras in late July to make a nationwide appeal for support of the foreign aid program when it comes up for Congressional debate. Opposition to Treasury borrowing is so strong that some political leaders are persuaded that a strong public appeal from the President may mean the difference between approval or defeat of the provision.

Citizens AID Committee Formed -- In addition, to assure the success of his program, President Kennedy has inaugurated a national campaign to secure popular support. The support will come from the Citizens' Committee for International Development headed by Warren Lee Pierson, Board Chairman of Trans World Airlines. The Committee also includes: Thomas J. Watson, Jr., President of IBM, Mrs. Eugenie Anderson, former US Ambassador to Denmark, William S. Paley, Board Chairman of the Columbia Broadcasting System, Charles P. Taft, Cincinnati attorney and Civic leader, and Malcolm S. Forbes, Editor of Forbes Magazine of Business.

As the struggle for Congressional and national support seesaws back and forth, prominent news analysts and editors have taken up the support of the legislation. Roscoe Drummond, writing for the NY Herald Tribune of July 10 in a spirited defense of the AID concluded:

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"When the economic aid program is advocated as vital to the national interest by President Kennedy, President Eisenhower, and President Truman, and by every presidential nominee since the start of the Cold War. . . Congress ought to ponder very hard before striking it down. Approval was never more urgent than now."

Enthusiastically endorsing passage of the bill, a New York Times editorial of July noted:

As is inevitable in so vast an undertaking, there have been waste and mistakes. But much of any present waste is due primarily to Congressional insistence on annual appropriations that hamstring all long-range planning. No business could be run on that basis. That is why President Kennedy today, as President Eisenhower yesterday, asks for a revolving development loan fund calling for $7.3 billion over the next five years to extend low-interest but repayable loans for long-term projects. If that be "back-door borrowing" Congress has already authorized it for a score of agencies; and Congress' present delay is the best argument for it in foreign aid.

In greeting the Citizens' Committee for International Development, President Kennedy on July 10 perhaps made the strongest appeal yet when he said to the members:

"It is not an easy matter for our people to again support this kind of assistance abroad, but I want to make it very clear that it is assistance to the United States itself. We cannot live in an isolated world. And I would much rather give our assistance in this way--and a large part of it consists of food, defense support as well as long-term economic loans--I would much rather have us do it this way than to have to send American boys to have to do it."

* * * * *

Foreign Aid Message from Pres. JF Kennedy

SENATE

WEDNESDAY, MARCH 22, 1961

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

Archbishop Vasili, of the Byelorussian Autocephalic Orthodox Church, Brooklyn, N.Y., offered the following prayer:

In the name of the Father, and the Son, and the Holy Ghost. The most high and eternal God.

This prayer we make to Thee on this anniversary of the declaration of independence of Byelorussia, whose freedom was suppressed with brute, godless force, whose millions of martyrs before Thy throne cry to Thee: Exercise Thy justice, restore our freedom and the freedom of all oppressed peoples.

In this solemn hour we beseech Thee, our God and Father, be gracious unto us, for Thou art great and doest wondrous things. Thou art our God alone, full of grace and truth, glory an i majesty.

Merciful God, Thou hast blessed the people of this country, for Thou loveth righteousness, and hateth wickedness. Thou hast preached freedom on this earth, and made it the foundation of life for men. Bless the leaders and lawgivers of this country, strengthen their hearts with Thy grace, as they strive for Thy truth and freedom everywhere, for all suffering and oppressed peoples.

We humbly bow our heads before Thee, our God and Saviour, and faithfully implore Thee: Accept this, our prayer; bless the United States of America and Byelorussia.

May Thy glorious name, our God and Redeemer, reign and shine in our hearts and be blessed now and forever. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, March 21, 1961, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on March 21, 1961, the President had approved and signed the act (S. 451) to authorize the distribution of copies of the CONGRESSIONAL RECORD to former Members of Congress requesting such copies.

FOREIGN AID—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 117)

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States on foreign aid. The Chair is informed that the message has been read in the House, and, without objection, it will be printed in the RECORD at this point and referred to the Committee on Foreign Relations.

The message was referred to the Committee on Foreign Relations, as follows:

To the Congress of the United States:

This Nation must begin any discussion of foreign aid in 1961 with the recognition of three facts:

1. Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the sixties.

2. The economic collapse of those free but less-developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity and offensive to our conscience.

3. There exists, in the 1960's, a historic opportunity for a major economic assistance effort by the free industrialized nations to move more than half the people of the less-developed nations into self-sustained economic growth, while the rest move substantially closer to the day when they, too, will no longer have to depend on outside assistance.

I

Foreign aid: America's unprecedented response to world challenges has not been the work of one party or one administration. It has moved forward under the leadership of two great Presidents—Harry Truman and Dwight Eisenhower—and drawn its support from forward-looking members of both political parties in the Congress and throughout the Nation.

Our first major foreign aid effort was an emergency program of relief—of food and clothing and shelter—to areas devastated by World War II. Next we embarked on the Marshall plan—a towering and successful program to rebuild the economies of Western Europe and prevent a Communist takeover. This was followed by point 4—an effort to make scientific and technological advances available to the people of developing nations. And recently the concept of development assistance, coupled with the OECD, has opened the door to a united free world effort to assist the economic and social development of the less-developed areas of the world.

To achieve this new goal we will need to renew the spirit of common effort which lay behind our past efforts—we must also revise our foreign aid organization, and our basic concepts of operation to meet the new problems which now confront us.

For no objective supporter of foreign aid can be satisfied with the existing program—actually a multiplicity of programs. Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies. The program is based on a series of legislative measures and administrative procedures conceived at different times and for different purposes, many of them now obsolete, inconsistent and unduly rigid and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad.

The program requires a highly professional skilled service, attracting substantial numbers of high caliber men and women capable of sensitive dealing with other governments, and with a deep understanding of the process of economic development. However, uncertainty and declining public prestige have all contributed to a fall in the morale and efficiency of those employees in the field who are repeatedly frustrated by the delays and confusions caused by overlapping agency jurisdictions and unclear objectives. Only the persistent efforts of those dedicated and hard-working public servants who have kept the program going, managed to bring some success to our efforts overseas.

In addition, uneven and undependable short-term financing has weakened the incentive for the long-term planning and self-help by the recipient nations which are essential to serious economic development. The lack of stability and continuity in the program—the necessity to accommodate all planning to a yearly deadline—when combined with a confusing multiplicity of American aid agencies within a single nation abroad—have reduced the effectiveness of our own assistance and made more difficult the task of setting realistic targets and sound standards. Piecemeal projects, hastily designed to match the rhythm of the fiscal year are no substitute for orderly long-term planning. The ability to make long-range commitments has enabled the Soviet Union to use its aid program to make developing nations economically dependent on Russian support—thus advancing the aims of world communism.

Although our aid programs have helped to avoid economic chaos and collapse, and assisted many nations to maintain their independence and freedom—nevertheless it is a fact that many of the nations we are helping are not much nearer sustained economic growth than they were when our aid operation began. Money spent to meet crisis situations or short-term political objectives while helping to maintain national integrity and independence has rarely moved the recipient nation toward greater economic stability.

II

In the face of these weaknesses and inadequacies—and with the beginning of a new decade of new problems—it is proper that we draw back and ask with candor a fundamental question: Is a foreign aid program really necessary? Why should we not lay down this burden which our Nation has now carried for some 15 years?

The answer is that there is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the interdependent community of free nations—our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from abroad that once helped us develop our own economy—and our political obligations as the single largest counter to the adversaries of freedom.

To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the Nation's interest and the cause of political freedom require it.

We live at a very special moment in history. The whole southern half of the world—Latin America, Africa, the Middle East, and Asia—are caught up in the adventures of asserting their independence and modernizing their old ways of life. These new nations need aid in loans and technical assistance just as we in the northern half of the world drew successively on one another's capital and know-how as we moved into industrialization and regular growth.

But in our time these new nations need help for a special reason. Without exception they are under Communist pressure. In many cases, that pressure is direct and military. In others, it takes the form of intense subversive activity designed to break down and supersede the new—and often frail—modern institutions they have thus far built.

But the fundamental task of our foreign aid program in the 1960's is not negatively to fight communism: Its fundamental task is to help make a historical demonstration that in the 20th century, as in the 19th—in the southern half of the globe as in the north—economic growth and political democracy can develop hand in hand.

In short we have not only obligations to fulfill, we have great opportunities to realize. We are, I am convinced, on the threshold of a truly united and major effort by the free industrialized nations to assist the less-developed nations on a long-term basis. Many of these less-developed nations are on the threshold of achieving sufficient economic, social and political strength and self-sustained growth to stand permanently on their own feet. The 1960's can be—and must be—the crucial "decade of development"—the period when many less-developed nations make the transition into self-sustained growth—the period in which an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. This goal is in our grasp if, and only if, the other industrialized nations now join us in developing with the recipients a set of commonly agreed criteria, a set of long-range goals, and a common undertaking to meet those goals, in which each nation's contribution is related to the contributions of others and to the precise needs of each less-developed nation. Our job, in its largest sense, is to create a new partnership between the northern and southern halves of the world, to which all free nations can contribute, in which each free nation must assume a responsibility proportional to its means.

We must unite the free industrialized nations in a common effort to help those nations within reach of stable growth get underway. And the foundation for this unity has already been laid by the creation of the OECD under the leadership of President Eisenhower. Such a unified effort will help launch the economies of the newly developing countries "into orbit"—bringing them to a stage of self-sustained growth where extraordinary outside assistance is not required. If this can be done—and I have every reason to hope it can be done—then this decade will be a significant one indeed in the history of freemen.

But our success in achieving these goals, in creating an environment in which the energies of struggling peoples can be devoted to constructive purposes in the world community—and our success in enlisting a greater common effort toward this end on the part of other industrialized nations—depends to a large extent upon the scope and continuity of our own efforts. If we encourage recipient countries to dramatize a series of short-term crises as a basis for our aid—instead of depending on a plan for long-term goals—then we will dissipate our funds, our good will and our leadership. Nor will we be any nearer to either our security goals or to the end of the foreign aid burden.

In short, this Congress at this session must make possible a dramatic turning point in the troubled history of foreign aid to the underdeveloped world. We must say to the less-developed nations, if they are willing to undertake necessary internal reform and self-help—and to the other industrialized nations, if they are willing to undertake a much greater effort on a much broader scale—that we then intend during this coming decade of development to achieve a decisive turnaround in the fate of the less developed world, looking toward the ultimate day when all nations can be self-reliant and when foreign aid will no longer be needed.

However, this will not be an easy task. The magnitude of the problems is staggering. In Latin America, for example, population growth is already threatening to outpace economic growth—and in some parts of the continent living standards are actually declinging. In 1945 the population of our 20 sister American Republics was 145 million. It is now greater than that of the United States, and by the year 2000, less than 40 years away, Latin American population will be 592 million, compared with 312 million for the United States. Latin America will have to double its real income in the next 30 years simply to maintain already low standards of living. And the problems are no less serious or demanding in the other developing areas of the world. Thus to bring real economic progress to Latin America and to the rest of the less-developed world will require a sustained and united effort on the part of the Latin American Republics, the United States, and our free world allies.

This will require leadership by this country in this year. And it will require a fresh approach—a more logical, efficient and successful long-term plan—for American foreign aid. I strongly recommend to the Congress the enactment of such a plan, as contained in a measure to be sent shortly to the Congress and described below.

III

If our foreign aid funds are to be prudently and effectively used, we need a whole new set of basic concepts and principles:

1. Unified administration and operation: A single agency in Washington and the field, equipped with a flexible set of tools, in place of several competing and confusing aid units.

2. Country plans: A carefully thought through program tailored to meet the needs and the resource potential of each individual country, instead of a series of individual, unrelated projects. Frequently, in the past, our development goals and projects have not been undertaken as integral steps in a long-range economic development program.

3. Long-term planning and financing: The only way to make meaningful and economical commitments.

4. Special emphasis on development loans repayable in dollars, more conducive to businesslike relations and mutual respect than sustaining grants or loans repaid in local currencies, although some instances of the latter are unavoidable.

5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

6. Multilateral approach: A program and level of commitments designed to encourage and complement an increased effort by other industrialized nations.

7. A new agency with new personnel, drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the Nation.

8. Separation from military assistance: Our program of aid to social and economic development must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs.

IV

I propose that our separate and often confusing aid programs be integrated into a single administration embracing the present Washington and field operations of—

A. The International Cooperation Administration (ICA) and all its technical assistance (point 4) and other programs.

B. The Development Loan Fund (DLF).

C. The food-for-peace program (Public Law 480) in its relations with other countries, while also recognizing its essential role in our farm economy.

D. The local currency lending activities of the Export-Import Bank.

E. The Peace Corps, recognizing its distinctive contribution beyond the area of economic development.

F. The donation of nonagricultural surpluses from other national stockpiles of excess commodities or equipment.

"The Act for Internat'l. Dev't: A Program for the Decade of Development," June 1961
(FY'62 CP)

A NEW PROGRAM WITH NEW CONCEPTS

- **A Unified Administration**
  - Tying together existing aid units
  - Centralizing programming
  - Clarifying responsibility
  - Attracting professional personnel of high quality

- **With a Flexible Set of Tools**
  - LONG-TERM LOANS repayable in dollars
  - SUPPORTING ASSISTANCE for strategic purposes
  - DEVELOPMENT GRANTS chiefly for education and human resources
  - FOOD FOR PEACE
  - PEOPLE: Administrators, advisors, Peace Corps

- **And Long Term Availability**
  - Through 5-year borrowing authority for loans
  - Grants available beyond end of fiscal year
  - Recognizing that the next few years can be critical for the Free World

- **To Stimulate and Respond to Sound Country Programs**
  - By nations willing to budget their resources for growth and to take necessary measures of social, fiscal, and governmental reform.

- **Using Systematic Research**
  - To improve the effectiveness of our assistance efforts

- **Drawing on the Financial and Management Assets of Private Enterprise, through**
  - Broader guaranties and
  - Investment surveys

- **Mobilizing Free World Aid Sources**
  - Coordinating multilateral programs
  - Increasing amounts of aid
  - Lengthening commitments

G. All other related staff and program services now provided by the Department of State as well as ICA.

The fieldwork in all these operations will be under the direction of a single mission chief in each country reporting to the American Ambassador. This is intended to remove the difficulty which the aided countries and our own field personnel sometimes encounter in finding the proper channel of decisionmaking. Similarly, central direction and final responsibility in Washington will be fixed in an administrator of a single agency—reporting directly to the Secretary of State and the President—working through Washington directors for each major geographical area, and through the directors of the constituent resource units whose functions are drawn together in each national plan; a development lending organization, food for peace, the Peace Corps, and a unit for technical and other assistance stressing education and human resources—initiating a program of research, development and scientific evaluation to increase the effectiveness of our aid effort; and in addition, the Secretary of State will coordinate with economic aid the military assistance program administered by the Department of Defense, the related operations of the Export-Import Bank, and the role of the United States in the Inter-American Fund for Social Progress and activities of international organizations.

Under the jurisdiction of both the Secretary of State in Washington and the Ambassadors in the field, foreign aid can more effectively play its part as an effective instrument of our overall efforts for world peace and security. The concentration of responsibilities and increased status will both require and attract high-caliber personnel. Programs such as the Peace Corps and food for peace, far from being submerged, will be used more effectively and their distinctive identity and appeal preserved—and food for peace will continue to be based on availabilities determined by the Department of Agriculture.

But I am not proposing merely a reshuffling and relabeling of old agencies and their personnel, without regard to their competence. I am recommending the replacement of these agencies with a new one—a fresh start under new leadership.

V

But new organization is not enough. We need a new working concept.

At the center of the new effort must be national development programs. It is essential that the developing nations set for themselves sensible targets; that these targets be based on balanced programs for their own economic, educational, and social growth—programs which use their own resources to the maximum. If planning assistance is required, our own aid organization will be prepared to respond to requests for such assistance, along with the International Bank for Reconstruction and Development and other international and private institutions. Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help, and internal reform—including land reform, tax reform, and improved education and social justice—which its own development requires and which would increase its capacity to absorb external capital productively.

These national development programs—and the kind of assistance the free world provides—must be tailored to the recipients' current stage of development and their foreseeable potential. A large infusion of development capital cannot now be absorbed by many nations newly emerging from a wholly underdeveloped condition. Their primary need at first will be the development of human resources, education, technical assistance and the groundwork of basic facilities and institutions necessary for further growth. Other countries may possess the necessary human and material resources to move toward status as developing nations, but they need transitional assistance from the outside to enable them to mobilize those resources and move into the more advanced stage of development where loans can put them on their feet. Still others already have the capacity to absorb and effectively utilize substantial investment capital.

Finally, it will be necessary, for the time being, to provide grant assistance to those nations that are hard pressed by external or internal pressure, so that they can meet those pressures and maintain their independence. In such cases it will be our objective to help them, as soon as circumstances permit, make the transition from instability and stagnation to growth; shifting our assistance as rapidly as possible from a grant to a development loan basis. For our new program should not be based merely on reaction to Communist threats or short-term crises. We have a positive interest in helping less-developed nations provide decent living standards for their people and achieve sufficient strength, self-respect and independence to become self-reliant members of the community of nations. And thus our aid should be conditioned on the recipients' ability and willingness to take the steps necessary to reach that goal.

To meet the varied needs of many nations, the new aid administration will have a flexible set of tools, coordinated and shaped to fit each national development program: the grant or sale—for either local currency or dollars with special repayment terms—of surplus foods, equipment and other items; technical assistance; skilled manpower from the Peace Corps; development grants; transitional, sustaining or emergency grants; development loans repayable in local currency; and development loans repayable in dollars, with special terms of repayment that will meet the needs of the recipient country. These tools will be coordinated with the activities of the Export-Import Bank, and with loan and investment guarantees to private enterprise.

The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest, repayable in dollars, and designed to promote growth in those less-developed nations which have a real chance for ultimate self-reliance but which lack the ability to service loans from normal lending institutions. The terms of repayment will vary from as long as 50 years for those countries just starting on the road to development, to a much shorter period of time for those countries that are nearing the stage of self-sufficient growth.

Such long-term loans are preferable to outright grants, or "soft loans" repayable in local currencies that are of little benefit to the American taxpayer. The emphasis on low or interest-free loans is not designed to undercut other institutions. The objective is to rely on flexibility in the repayment period and the requirement of ultimate dollar repayment for insuring strict accountancy while meeting individual needs in an area not met by suppliers of capital on normal terms.

Lending on these terms is not normal banking practice. We are banking on the emergence over coming years and decades of a group of independent, growing, self-reliant nations.

VI

A program based on long-range plans instead of short-run crises cannot be financed on a short-term basis. Long-term authorization, planning and financing are the key to the continuity and efficiency of the entire program. If we are unwilling to make such a long-term commitment, we cannot expect any increased response from other potential donors or any realistic planning from the recipient nations.

I recommend, therefore, an authorization for the new aid agency of not less than 5 years, with borrowing authority also for 5 years to commit and make dollar repayable loans within the limits spelled out below. No other step would be such a clear signal of our intentions to all the world. No other step would do more to eliminate the restrictions and confusions which have rendered the current foreign aid program so often ineffective. No other step would do more to help obtain the service of top-flight personnel. And in no other way can we encourage the less-developed nations to make a sustained national effort over a long-term period.

For, if we are to have a program designed to brighten the future, that program must have a future. Experience has shown that long-range needs cannot be met evenly and economically by a series of 1-year programs. Close consultation and cooperation with the Congress and its committees will still be essential, including an annual review of the program.

And we will still need annual appropriations of those amounts needed to meet requirements for which dollar repayable loans would be unsuitable. These appropriations should be available until spent in order to avoid any wasteful rush to obligate funds at the end of a fiscal year.

The new continuity and flexibility this kind of long-term authority will bring cannot help but result in more productive criteria, a greater effort on the part

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of the developing nations, greater contributions from our more prosperous allies, more solid results and real long-run economy to the taxpayers. The new emphasis on long-term plans and realistic targets will give both the Congress and the Executive a better basis for evaluating the validity of our expenditures and progress.

VII

A long-term program and borrowing authority, even though limited, will enable us to demonstrate the seriousness of our intentions to other potential donors and to the less-developed world. Over the next 5 years, the economic program here proposed, together with an expanded food-for-peace program as recommended in my agricultural message, and project loans by the Export-Import Bank, will constitute direct U.S. economic assistance activity of considerable magnitude.

It will, however, take time to institute the new concepts and practices which are proposed. Thus, during this initial year, while we will need to make the necessary long-term commitments for development lending, it is unnecessary to ask the Congress for any additional funds for this year's program.

Consequently, while the funds requested by my predecessor will be sharply shifted in terms of their use and purpose, I am asking the Congress for a total foreign aid budget of new obligational authority no greater than that requested in the rockbottom budget previously submitted ($4 billion) despite the fact that the number of new nations needing assistance is constantly increasing; and, though increasing such authority for nonmilitary aid while reducing military assistance, this budget provides for a level of actual expenditures on nonmilitary aid no greater than reflected in the previous budget—$1.9 billion. These figures do not, of course, reflect Public Law 480 operations.

In deciding on this program, I have also carefully considered its impact on our balance of payments. We are now putting maximum emphasis, in both our development lending and grant aid programs, on the procurement of goods and services of U.S. origin. As I pointed out in my message on the balance of payments, under present procedures not more than 20 percent of foreign economic aid expenditures will affect our balance of payments. This means that approximately $2 billion out of the requested $2.4 billion in economic aid will be spent directly for goods and services benefiting the American economy.

This is important. For not only do we have the highest gross national product, both total and per capita, of any country in the world, thus making clear both our obligations and our capacity to do our full part, but we are currently underutilizing our great economic capacity because of economic recession and slack. Less than 80 percent of our industrial capacity is now in use, and nearly 7 percent of our labor force is unemployed. Under these circumstances cutbacks in the foreign aid program would be felt not only in loss of economic progress and hope abroad but in loss of markets and income for business, labor, and agriculture at home.

In short, this program will not in whole or in part unbalance the previous budget in any fashion. Its impact on our balance of payments will be marginal. And its benefits for our domestic economy should not be overlooked.

The $4 billion previously requested for fiscal year 1962 will be reallocated under this new program as follows:

Military assistance will be reduced from the $1.8 billion requested to $1.6 billion, as discussed below.

Economic assistance, with a much greater portion going to development loans, a small increase in development grants, and a reduction in sustaining grants, will total $2.4 billion.

Of this, $1.5 billion will be contained in the usual annual appropriation of new obligational authority to finance the part of the program that is not suitable for dollar development loans: Grants for education, social progress and institutional development, the Peace Corps, and sustaining aid; $900 million will be available for long-term low or interest-free development loans to be repaid in dollars, financed through an authorization of public debt borrowing authority which would also provide no more than $1.6 billion for each of the succeeding 4 years. Also to be made available for such loans under the new system of full coordination will be the unappropriated dollar funds now coming in in repayment of the principal and interest on certain previous loans to foreign governments—United Kingdom, ECA, GARIOA, and others—but not the Export-Import Bank.

VIII

The economic programs I am recommending in this message cannot succeed without peace and order. A vital element toward such stability is assurance of military strength sufficient to protect the integrity of these emerging nations while they are advancing to higher and more adequate levels of social and economic well-being.

I shall therefore request the Congress to provide at this time $1.6 billion for provision of military assistance. This figure is the amount required to meet the U.S. share in maintaining forces that already exist, and to honor firm existing commitments for the future.

I am frank to say that we cannot now say with precision whether this amount will meet the minimum level of military aid which our basic security policy might demand this year. The emergence of new crises or new conflicts may require us to make an even greater effort.

However, while I have mentioned in this message the amount to be allocated to military assistance, those funds, while coordinated with the policies of the new Agency, will not be administered by it and should not be included in its appropriation. In order to make clear the peaceful and positive purposes of this program, to emphasize the new importance this administration places on economic and social development quite apart from security interests, and to make clear the relation between the military assistance program and those interests, I shall propose a separate authorization for military assistance with appropriations as part of the Defense budget. Moreover, to the extent that world security conditions permit, military assistance will in the future more heavily emphasize the internal security, civil works and economic growth of the nations thus aided. By this shift in emphasis, we mean no lessening of our determination to oppose local aggression wherever it may occur. We have demonstrated our will and ability to protect free world nations—if they so desire—from the type of external threat with which many of them are still confronted. We will not fall short on this.

IX

The levels on which this new program is based are the minimum resulting from a hard reappraisal of each type of assistance and the needs of the less-developed world. They demonstrate both to the less-developed nations and to the other industrialized nations that this country will meet its fair share of effort necessary to accomplish the desired objective, and their effort must be greater as well. These are the rockbottom minimum of funds necessary to do the job. To provide less would be wasteful, perhaps more wasteful, than to provide more. Certainly it would be wasteful to the security interest of the free world.

But I am hopeful that the Congress will not provide less. Assistance to our fellow nations is a responsibility which has been willingly assumed and fashioned by two great Presidents in the past, one from each party—and it has been supported by the leaders of both parties in both Houses who recognized the importance of our obligations.

I believe the program which I have outlined is both a reasonable and sensible method of meeting those obligations as economically and effectively as possible. I strongly urge its enactment by the Congress, in full awareness of the many eyes upon us—the eyes of other industrialized nations, awaiting our leadership for a stronger united effort—the eyes of our adversaries, awaiting the weakening of our resolve in this new area of international struggle—the eyes of the poorer peoples of the world, looking for hope and help, and needing an incentive to set realistic long-range goals—and, finally, the eyes of the American people, who are fully aware of their obligations to the sick, the poor and the hungry, wherever they may live. Thus, without regard to party lines, we shall take this step not as Republicans or as Democrats but as leaders of the free world. It will both befit and benefit us to take this step boldly. For we are launching a decade of development on which will depend, substantially, the kind of world in which we and our children shall live.

JOHN F. KENNEDY.

THE WHITE HOUSE, *March 22, 1961.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, informed the Senate that, pursuant to the provisions of section 1, Public Law 86-719, the Speaker had appointed, on the part of the House, the

For all America—its President, and its people—the coming years will be a time of decision. We must decide whether we have reached our limit—whether our greatness is past—whether we can go no further—or whether, in the words of Thomas Wolfe, "the true discovery of America is before us—the true fulfillment of our mighty and immortal land is yet to come."

United States Senate
Washington, D.C., June 14, 1960

State of the Union Address
30 Jan, 1961

The Response to Multiple Crises

I speak today in an hour of national peril and national opportunity. Before my term has ended, we shall have to test anew whether a nation organized and governed such as ours can endure. The outcome is by no means certain. The answers are by no means clear. All of us together—this administration, this Congress, this nation—must forge those answers.

To state the facts frankly is not to despair the future nor indict the past. The prudent heir takes careful inventory of his legacies, and gives a faithful accounting to those whom he owes an obligation of trust. And, while the occasion does not call for another recital of our blessings and assets, we do have no greater asset than the willingness of a free and determined people, through its elected officials, to face all problems frankly and meet all dangers free from panic or fear. . . .

No man entering upon this office, regardless of his party, regardless of his previous service in Washington, could fail to be staggered upon learning—even in this brief ten-day period—the harsh enormity of the trials through which we must pass in the next four years. Each day the crises multiply. Each day their solution grows more difficult. Each day we draw nearer the hour of maximum danger, as weapons spread and hostile forces grow stronger. I feel I must inform the Congress that our analyses over the last ten days make it clear that—in each of the princi-

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pal areas of crisis—the tide of events has been running out and time has not been our friend.

In Asia, the relentless pressures of the Chinese Communists menace the security of the entire area—from the borders of India and South Vietnam to the jungles of Laos, struggling to protect its newly won independence. We seek in Laos what we seek in all Asia, and, indeed, in all of the world—freedom for the people and independence for the government. And this nation shall persevere in our pursuit of these objectives.

In Africa, the Congo has been brutally torn by civil strife, political unrest, and public disorder. We shall continue to support the heroic efforts of the United Nations to restore peace and order—efforts which are now endangered by mounting tensions, unsolved problems, and decreasing support from many member states.

In Latin America, Communist agents seeking to exploit that region's peaceful revolution of hope have established a base on Cuba, only ninety miles from our shores. Our objection with Cuba is not over the people's drive for a better life. Our objection is to their domination by foreign and domestic tyrannies. Cuban social and economic reform should be encouraged. Questions of economic and trade policy can always be negotiated. But Communist domination in this hemisphere can never be negotiated.

We are pledged to work with our sister republics to free the Americas of all such foreign domination and all tyranny, working toward the goal of a free hemisphere of free governments, extending from Cape Horn to the Arctic Circle.

In Europe, our alliances are unfulfilled and in some disarray. The unity of NATO has been weakened by economic rivalry and partially eroded by national interest. It has not yet fully mobilized its resources nor fully achieved a common outlook. Yet no Atlantic power can meet on its own the mutual problems now facing us in defense, foreign aid, monetary reserves, and a host of other areas; and our close ties with those whose hopes and interests we share are among this nation's most powerful assets.

Our greatest challenge is still the world that lies beyond the Cold War—but the first great obstacle is still our relations with the Soviet Union and Communist China. We must never be lulled into believing that either power has yielded its ambitions for world domination—ambitions which they forcefully restated only a short time ago. On the contrary, our task is to convince them that aggression and subversion will

not be profitable routes to pursue these ends. Open and peaceful competition—for prestige, for markets, for scientific achievement, even for men's minds—is something else again. For if freedom and communism were to compete for man's allegiance in a world at peace, I would look to the future with ever increasing confidence.

No man entering upon this office, regardless of his party, regardless of his previous service in Washington, could fail to be staggered upon learning—even in this brief ten-day period—the harsh enormity of the trials through which we must pass in the next four years.

To meet this array of challenges—to fulfill the role we cannot avoid on the world scene—we must reexamine and revise our whole arsenal of tools: military, economic, and political.

One must not overshadow the other. On the presidential coat of arms, the American eagle holds in his right talon the olive branch, while in his left he holds a bundle of arrows. We intend to give equal attention to both.

First, we must strengthen our military tools. We are moving into a period of uncertain risk and great commitment in which both the military and diplomatic possibilities require a Free World force so powerful as to make any aggression clearly futile. Yet in the past, lack of a consistent, coherent military strategy, the absence of basic assumptions about our national requirements, and the faulty estimates and duplication arising from interservice rivalries have all made it difficult to assess accurately how adequate—or inadequate—our defenses really are.

I have, therefore, instructed the Secretary of Defense to reappraise our entire defense strategy—our ability to fulfill our commitments—the effectiveness, vulnerability, and dispersal of our strategic bases, forces, and warning systems—the efficiency and economy of our operation and

organization—the elimination of obsolete bases and installations—and the adequacy, modernization, and mobility of our present conventional and nuclear forces and weapons systems in the light of present and future dangers. I have asked for preliminary conclusions by the end of February—and I then shall recommend whatever legislative, budgetary, or executive action is needed in the light of these conclusions.

In the meantime, I have asked the Defense Secretary to initiate immediately three new steps most clearly needed now:

(a) I have directed prompt attention to increase our airlift capacity . . .

(b) I have directed prompt action to step up our Polaris submarine program . . .

(c) I have directed prompt action to accelerate our entire missile program . . .

Secondly, we must improve our economic tools. Our role is essential and unavoidable in the construction of a sound and expanding economy for the entire non-Communist world, helping other nations build the strength to meet their own problems, to satisfy their own aspirations —to surmount their own dangers. The problems in achieving this goal are towering and unprecedented—the response must be towering and unprecedented as well, much as Lend-Lease and the Marshall Plan were in earlier years, which brought such fruitful results.

I intend to ask the Congress for authority to establish a new and more effective program for assisting the economic, educational, and social development of other countries and continents. That program must stimulate and take more effectively into account the contributions of our allies, and provide central policy direction for all our own programs that now so often overlap, conflict, or diffuse our energies and resources. Such a program, compared to past programs, will require

—more flexibility for short-run emergencies

—more commitment to long-term development

—new attention to education at all levels

—greater emphasis on the recipient nations' role, their effort, their purpose, with greater social justice for their people, broader distribution and participation by their people, and more efficient public administration and more efficient tax systems of their own; and

—orderly planning for national and regional development instead of a piecemeal approach. . . .

To our sister republics to the south, we have pledged a new alliance for progress—*alianza para el progreso.* Our goal is a free and prosperous

Latin America, realizing for all its states and all its citizens a degree of economic and social progress that matches their historic contributions of culture, intellect, and liberty.

This administration is expanding its Food for Peace program in every possible way. The product of our abundance must be used more effectively to relieve hunger and help economic growth in all corners of the globe.

An even more valuable national asset is our reservoir of dedicated men and women—not only on our college campuses but in every age group—who have indicated their desire to contribute their skills, their efforts, and a part of their lives to the fight for world order. We can mobilize this talent through the formation of a National Peace Corps, enlisting the services of all those with the desire and capacity to help foreign lands meet their urgent needs for trained personnel.

Finally, while our attention is centered on the development of the non-Communist world, we must never forget our hopes for the ultimate freedom and welfare of the Eastern European peoples. In order to be prepared to help reestablish historic ties of friendship, I am asking the Congress for increased discretion to use economic tools in this area whenever this is found to be clearly in the national interest.

Third, we must sharpen our political and diplomatic tools—the means of cooperation and agreement on which an enforceable world order must ultimately rest.

I have already taken steps to coordinate and expand our disarmament effort—to increase our programs of research and study—and to make arms control a central goal of our national policy under my direction. The deadly arms race, and the huge resources it absorbs, have too long overshadowed all else we must do. We must prevent that arms race from spreading to new nations, to new nuclear powers, and to the reaches of outer space. We must make certain that our negotiators are better informed and better prepared—to formulate workable proposals of our own and to make sound judgments about the proposals of others.

Our problems are critical. The tide is unfavorable. The news will be worse before it is better. And while hoping and working for the best, we should prepare ourselves now for the worst.

We cannot escape our dangers—neither must we let them drive us into panic or narrow isolation. In many areas of the world where the balance of power already rests with our adversaries, the forces of freedom are sharply divided. It is one of the ironies of our time that the techniques of a harsh and repressive system should be able to instill

discipline and ardor in its servants—while the blessings of liberty have too often stood for privilege, materialism, and a life of ease.

But I have a different view of liberty.

Life in 1961 will not be easy. Wishing it, predicting it, even asking for it, will not make it so. There will be further setbacks before the tide is turned. But turn it we must. The hopes of all mankind rest upon us—not simply upon those of us in this chamber, but upon the peasant in Laos, the fisherman in Nigeria, the exile from Cuba, the spirit that moves every man and nation who shares our hopes for freedom and the future. And in the final analysis, they rest most of all upon the pride and perseverance of our fellow citizens of the great Republic.

In the words of a great President, whose birthday we honor today, closing his final State of the Union message sixteen years ago, "We pray that we may be worthy of the unlimited opportunities that God has given us."

State of the Union Address
The Capitol, Washington, D.C.
January 30, 1961

June 14, 1960 Statement from Sen. JF Kennedy

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

Mr. KENNEDY. Mr. President, May 17, 1960, marked the end of an era—an era of illusion, the illusion that personal good will is a substitute for hard, carefully prepared bargaining on concrete issues, the illusion that good intentions and pious principles are a substitute for strong creative leadership.

For on May 17, 1960, the long-awaited, highly publicized summit conference collapsed. That collapse was the direct result of Soviet determination to destroy the talks. The insults and distortions of Mr. Khrushchev and the violence of his attacks shocked all Americans, and united the country in admiration for the dignity and self-control of President Eisenhower. Regardless of party, all of us deeply resented Russian abuse of this Nation and its President, and all of us shared a common disappointment at the failure of the conference. Nevertheless, it is imperative that we, as a nation, rise above our resentment and frustration to a critical reexamination of the events at Paris and their meaning for America.

I do not now intend to rehash the sorry story of the U-2 incident. The Senate Foreign Relations Committee has raised, in a constructive manner, the questions which must be raised, if we are to profit from that unfortunate experience. Nor do I wish to exaggerate the long-range importance of the U-2 incident or the Khrushchev attacks in Paris.

For the harsh facts of the matter are that the effort to eliminate world tensions and end the cold war through a summit meeting—necessary as such an effort was to demonstrate America's willingness to seek peaceful solutions—was doomed to failure long before the U-2 ever fell on Soviet soil. This effort was doomed to failure because we have failed for the past 8 years to build the positions of long-term strength essential to successful negotiation. It was doomed because we were unprepared with new policies or new programs for the settlement of outstanding substantive issues. It was doomed because the Soviet Union knew it had more to gain from the increasing deterioration of America's world position than from any concessions that might be made in Paris. Only Mr. Khrushchev's intransigence and violent temper saved the United States from an embarrassing exposure of our inability to make the summit meaningful.

Trunkloads of papers, I am told, were sent to Paris, but no new plans or positions were included. Our unwillingness to go to the summit had changed, but the steady decrease in our relative strength had not changed. Our allies and our own people had been misled into believing that there was some point to holding a summit conference, that we were prepared to say more than what changes in the status quo we would not accept, that by a miracle of personal charm and public relations the Russians could be cajoled into yielding some of their hard-won positions of strength, that we had some conception of alternative settlements that were both acceptable to us and possibly acceptable to the Soviets.

But the truth of the matter is that we were not prepared for any such negotiations and that there was no real success which the summit could have achieved, for words and discussions are not a substitute for strength—they are an instrument for the translation of strength into survival and peace.

We are, in short, in a sense, fortunate that the violent manner in which the Soviets carried out their determination to wreck the summit made it clear to the world that the blame for the collapse of the conference rests on Mr. Khrushchev. And we shall also be fortunate if the violence of the Paris encounters shocks American leaders and the American people into a renewed awareness of the perils we face, the sacrifices we must make, and the urgency of our need for leadership.

This is the real issue of American foreign policy today, not the ill-considered timing of the U-2 or the inconsistent statements of our Government. The real issue—and the real lesson of Paris—is the lack of long-range preparation, the lack of policy planning, the lack of a coherent and purposeful national strategy backed by strength.

This is an issue worthy of a great debate, a debate by the American people through the media of their political parties—and that debate must not be stifled or degraded by empty appeals to national unity, false cries of appeasement, or deceptive slogans about "standing up to Khrushchev." For the issue is not who can best "stand up to Khrushchev" or who can best swap threats and insults. The real issue is who can stand up and summon America's vast resources to the defense of freedom against the most dangerous enemy it has ever faced.

If the 1960 campaign should degenerate into a contest of who can talk toughest to Khrushchev, or which party is the "party of war" or the "party of appeasement," or which candidate can tell the American voters what they want to hear, rather than what they need to hear, or who is soft on communism, or who can be hardest on foreign aid, then, in my opinion, it makes very little difference who the winners are in July and in November, the American people and the whole free world will be the losers.

For the next President of the United States, whoever he may be, will find he has considerably more to do than "stand up to Khrushchev," balance the budget, and mouth popular slogans, if he is to restore our Nation's relative strength and leadership. For he will find himself with far-flung commitments without the strength to meet them or to back them up. He will inherit policies formed largely as reactions to Soviet action, their limits set by budgeteers without regard to world conditions or America's needs, their effectiveness often undercut by overlapping or competing agencies. He will inherit membership in alliances of uncertain stability and in international organizations of obsolete structure. He will inherit programs which have been frequently administered by shortsighted, unsympathetic men opposed to the very programs they are administering, awaiting their own return to private industry, and so lacking in compassion for our domestic needs as to be incapable of compassion for the desperate needs of the world's peoples. He will face a world of revolution and turmoil armed with policies which seek only to freeze the status quo and turn back the inevitable tides of change.

To be sure, we have, in 1960, most of the formal tools of foreign policy: We have a Defense Establishment, a foreign-aid program, a Western alliance, a Disarmament Committee, an information service, an intelligence operation, and a National Security Council. But, except for the brilliant legislative inquiry being conducted by the subcommittee of the Senator from Washington [Mr. JACKSON] we have failed to appraise and reevaluate these tools in the light of our changing world position. We have failed to adapt these tools to the formulation of a long-range, coordinated strategy to meet the determined Soviet program for world domination—a program which skillfully blends the weapons of military might, political subversion, economic penetration, and ideological conquest. We are forced to rely upon piecemeal programs, obsolete policies, and meaningless slogans. We have no fresh ideas with which to break the stalemate in Germany, the stalemate over arms control, the stalemate in Berlin, and all the rest. We have as our grand strategy only the arms race and the cold war.

Our conferees have consistently gone to the international bargaining table ill staffed, ill prepared, and ill advised. Coordinated efforts—with all agencies and all allies—have faltered without strong direction from the top; and strong direction from the top has often faltered because the President was not kept fully informed. The fact of the matter is that long-range problems in foreign affairs cannot be faced effectively by a party which is unwilling to face long-range problems at home. The destinies of a fast-changing world cannot be shaped effectively by a party traditionally opposed to change and progress. Coherent direction and purpose for the free world cannot be provided effectively by a party which does not provide them for our own people.

As a substitute for policy, President Eisenhower has tried smiling at the Russians; our State Department has tried frowning at them; and Mr. NIXON has tried both. None have succeeded. For we cannot conceal or overcome our lack of purpose and our failure of planning, by talking tough; nor can we compensate for our weaknesses by talking smoothly and by assuming that the righteousness of our principles will ensure their victory. For just as we know that might never makes right, we must also remember that right, unfortunately, never makes might.

Thus, neither our smiles nor our frowns have ever altered Mr. Khrushchev's course, however he may alter his expression. His real goals have remained unmoved, his interests unchanged, his determination unending. And so long as Mr. Khrushchev is convinced that the balance of world power is shifting his way, no amount of either smiles or toughness, neither Camp David

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talks nor kitchen debates, can compel him to enter fruitful negotiations.

So let us abandon the useless discussion of who can best "stand up to Khrushchev," or whether a hard or soft line is preferable. Our task is to rebuild our strength and the strength of the free world—to prove to the Soviets that time and the course of history are not on their side, that the balance of world power is not shifting their way—and that, therefore, peaceful settlement is essential to mutual survival. Our task is to devise a national strategy—based not on the 11th-hour responses to Soviet created crises—but a comprehensive set of carefully prepared, long-term policies designed to increase the strength of the non-Communist world. Until this task is accomplished, there is no point in returning to the summit—for no President of the United States must ever again be put in the position of traveling across the seas, armed only with vague, speculative hopes, in order to provide an occasion for public humiliation. And unless this task is accomplished as we move into the most critical period since the founding of our Nation, our national security and our survival itself will be in peril.

The hour is late, but the agenda is long.

First. We must make invulnerable a nuclear retaliatory power second to none—by making possible now a stopgap air alert and base-dispersal program—and by stepping up our development and production of the ultimate missiles that can close the gap and will not be wiped out in a surprise attack—Polaris, Minuteman, and long-range air-to-ground missiles—meanwhile increasing our production of Atlas missiles, hardening our bases, and improving our continental defense and warning systems. As a power which will never strike first, we require a retaliatory capacity based on hidden, moving, or invulnerable weapons in such force as to deter any aggressor from threatening an attack which he knows could not destroy enough of our force to prevent his own destruction. And we must also critically reexamine the farflung oversea base structure on which much of our present retaliatory strength is based. We must contribute to the political and economic stability of the nations in which our vital bases are located—and develop alternative plans for positions which may become untenable.

Second. We must regain the ability to intervene effectively and swiftly in any limited war anywhere in the world, augmenting, modernizing, and providing increased mobility and versatility for the conventional forces and weapons of our Army and Marine Corps. So long as those forces lack the necessary airlift and sealift capacity and versatility of firepower, we cannot protect our commitments around the globe—resist nonnuclear aggressions or be certain of having enough time to decide on the use of our nuclear power.

Third. We must rebuild NATO into a viable and consolidated military force capable of deterring any kind of attack, unified in weaponry and responsibility. Aiming beyond a narrow military alliance united only by mutual fears, a return to mutual consultation and respect—and a determined American effort to create a free world economy—can help overcome schismatic economic rivalries between the Continent and Britain, and the Common Market and the Outer Seven, as well as other Western differences in military and political policy. We need a common effort to protect vital international reserves, to adopt more consistent tariff policies on both sides of the Atlantic, and—perhaps most important—to merge Western contributions to the underdeveloped areas.

Fourth. We must, in collaboration with Western Europe and Japan, greatly increase the flow of capital to the underdeveloped areas of Asia, Africa, the Middle East, and Latin America—frustrating the Communist hopes for chaos in those nations—enabling emerging nations to achieve economic as well as political independence and closing the dangerous gap that is now widening between our living standards and theirs. Above all, it is vital that we aid India to make a success of her new 5-year program—a success that will enable her to compete with Red China for economic leadership of all Asia. And we must undertake this effort in a spirit of generosity motivated by a desire to help our fellow citizens of the world, not as narrow bankers or self-seeking politicians. Our present foreign aid programs have neglected the great, visionary, partnership principles of the Marshall plan and point 4—they have been subordinated to narrow, expedient, and temporary ends. Money has been poured into military assistance programs, and in many cases has been wasted, at the expense of vitally necessary economic development. The next President will have to devise an entirely revamped foreign aid program which will make the long-term commitments essential to successful planning—a program whose administration will not be hampered by waste and mismanagement or by unsympathetic and unqualified administrators. And part of this program must be a new and expanded effort to use our food surpluses to feed the world's hungry, storing these surpluses in "food banks" abroad.

Fifth. We must reconstruct our relations with the Latin American democracies, bringing them into full Western partnership; working through a strengthened Organization of American States, increasing the flow of technical assistance, development capital, private investment, exchange students, and agricultural surpluses, perhaps through the large-scale "operation Pan-America," which has been proposed by the President of Brazil, and pursuing practical agreements for stabilizing commodity prices, trade routes, and currency convertibility. A return to the good neighbor policy is not enough. Dollar diplomacy is not enough. A patronizing attitude, taking for granted their dedication to an anti-Communist crusade, is not enough. We will need a whole new set of attitudes and emphasis to make the nations of Latin America full partners in the rapid development of the Western Hemisphere.

Sixth. We must formulate, with both imagination and restraint, a new approach to the Middle East—not pressing our case so hard that the Arabs feel their neutrality and nationalism are threatened, but accepting those forces and seeking to help channel them along constructive lines, while at the same time trying to hasten the inevitable Arab acceptance of the permanence of Israel. We must give our support to programs to help people instead of regimes—to work in terms of their problems, as well as ours, and seek permanent settlement among Arabs and Israelis based not on an armed truce but on mutual self-interest. Guns and anti-Communist pacts and propaganda and the traditional piecemeal approach to the Middle East are not enough—refugee resettlement and a regional resources development fund in full partnership with the Middle Eastern nations, are all parts of a long-range strategy which is both practical and in the best interests of all concerned.

Seventh. We must greatly increase our efforts to encourage the newly emerging nations of the vast continent of Africa.

And, as chairman of the Subcommittee on African Affairs of the Committee on Foreign Relations, let me remind the Senate that in a few years, the countries of Africa will control one-quarter of all the votes in the General Assembly of the United Nations. We must greatly increase our efforts to persuade them that they do not have to turn to Moscow for the guidance and friendship they so desperately need—to help them achieve the economic progress on which the welfare of their people and their ability to resist Communist subversion depends. We can no longer afford policies which refuse to accept the inevitable triumph of nationalism in Africa, the inevitable end of colonialism, and, fortunately, colonialism will end, not only in Africa, but, in the long run resistance to colonialism and the rise of nationalism will be the basic influence which will undermine the great Communist colonial empire. Nor can we afford policies which refuse to accept the unyielding determination of the new African states to lift their people from their age-old poverty and hunger and ignorance. The case history of the newly formed country of Guinea is a warning of what can happen to other countries of Africa if the United States remains indifferent to their pressing needs. We must answer the critical African need for educated men to build the factories, run the schools, and staff the governments, by sending a growing stream of technical experts and educators to Africa—and by bringing far greater numbers of African students—future African leaders—to our own universities for training.

Agricultural experts must be sent into areas where the land is unproductive and where modern methods of agriculture are unknown in order to raise subsistence levels of farming and insure adequate supplies of food—and while this is being done we must use our own food surpluses to prevent hunger. We must establish a multination economic development loan fund—a full working partnership between the nations of the

West and the nations of Africa—to provide the capital necessary to start African economic growth on its way.

And finally, if our policies toward Africa are to be effective, we must extend this aid in terms of America's desire to bring freedom and prosperity to Africa—not in terms of a narrow self-interest which seeks only to use African nations as pawns in the cold war.

Eighth. We must plan a long-range solution to the problems of Berlin. We must show no uncertainty over our determination to defend Berlin and meet our commitments—but we must realize that a solution to the problems of that beleagured city is only possible, in the long run, in the context of a solution of the problems of Germany and, indeed, the problems of all Europe. We must look forward to a free Berlin, in a united Germany in a Europe where tensions and armaments have been reduced—where perhaps the suggestions of General de Gaulle and Premier Adenauer requiring Soviet withdrawal behind the Urals can be accepted. Such a solution is far from a reality today—but both our good faith and our will to resist are dependent on our willingness to face the total problem of tension and conflict in this section of Europe. We must remain precise in our determination to meet our commitments until a change in Soviet policy permits a constructive solution. In the meantime, we should explore how the moral authority of the U.N. could be used to strengthen the security presently provided to the people of West Berlin.

Ninth. We must prepare and hold in readiness more flexible and realistic tools for use in Eastern Europe.

Such tools are contained in the legislation sponsored by the Senator from Vermont and myself which the Senate passed last summer, and which would provide the President with discretion to give economic aid to disaffected Iron Curtain countries. The policy of liberation, proudly proclaimed 8 years ago, has proved to be a snare and a delusion. The tragic uprising in East Germany, in Poland, and in Hungary demonstrated clearly that we had neither the intention or the capacity to liberate Eastern Europe and the false hopes raised by our promises were cruelly crushed. We must now begin to work slowly and carefully toward programs designed to encourage discontented Iron Curtain countries to permit the spread of what Thomas Jefferson called the disease of liberty—to nourish the seeds of liberty in any cracks appearing in the Iron Curtain by reducing economic and ideological dependence on Russia.

There are already opportunities in Poland for greater American initiative, aid, trade, tourism, information services, student and teacher exchanges, and the use of our capital and technology to advance the standard of living of the Polish people. Closer relationships can in time be offered in other so-called captive nations as well—showing a creative interest, not a closed mind, by the nation that represents their one great hope for freedom.

Why should we permit the Soviet Union to work, night and day, to subvert the determination of the people of Africa to remain free, while at the same time our policies make it impossible for us to carry out any effective relationships with the countries of Eastern Europe—the most vulnerable part of the Soviet Empire? To give Soviet Russia a free hand in her vulnerable areas, while Russia is permitted to move unhampered in Africa, Asia, and South America, both is shortsighted and unwise.

Tenth. We must reassess a China policy which has failed dismally to move toward its principal objective of weakening Communist rule in the mainland—a policy which has failed to prevent a steady growth in Communist strength—and a policy which offers no real solution to the problems of a militant China. We need to formulate proposals for a reduction of tension in the Formosa Straits—at the same time making clear our determination to defend that island and to meet our treaty commitment. We must act through an Asian regional development organization to stabilize the nations of non-Communist Asia both politically and economically, so as to strengthen their resistance to Communist pressures. And, although we should not now recognize Red China or agree to its admission to the United Nations without a genuine change in her belligerent attitude toward her Asian neighbors and the world—and regrettably there is evidence that her belligerence is rising rather than receding—we must nevertheless work to improve at least our communications with mainland China. Perhaps a way could be found to bring the Chinese into the nuclear test ban talks at Geneva, for if we reached an agreement which did not bind Red China, then atomic tests could be continued on the mainland of China without inspection—and Red Chinese possession of atomic weapons could drastically alter the balance of power. If that contact proves fruitful, further cultural and economic contact could be tried. For only in this way can we inform ourselves of Communist activities, attempt to restore our historic friendship with the Chinese people, and—perhaps most important—make sure that we are not plunged into war by a Chinese miscalculation of our determination to defend all of free Asia. Today we have no affirmative policies—only an attitude of negative resistance in the face of a growing danger of hostile action resulting from mutual miscalculation. This cannot last in a world where the Red Chinese are increasingly important, increasingly menacing, and increasingly impossible to omit from effective international agreements on subjects such as arms control.

Eleventh. We must begin to develop new, workable programs for peace and the control of arms. We have been unwilling to plan for disarmament.

We have had less than 100 people working in the entire administration on the subject of disarmament, and we have always left the initiative in the hands of the Russians. An Arms Control Research Institute—or a Peace Institute, as suggested by the Senator from Minnesota [Mr. HUMPHREY] could undertake the technical studies needed before we can detect and monitor the vast and complex weapons systems of modern warfare. The entire world hopes that the collapse at the summit has not destroyed man's hope for a nuclear test ban. But if such a ban is achieved, it must only be the first step toward halting the spiraling arms race which burdens the entire world with a fantastic financial drain, excessive military establishments, and the chance of an accidental or irrational triggering of a worldwide holocaust. At the same time, we must move toward the eventual rule of international law by working to strengthen the United Nations and to increase its role in resolving international conflicts and planning for international scientific and economic development.

Twelfth, and finally, we must work to build the stronger America on which our ultimate ability to defend ourselves and the free world depends. We must increase our own scientific effort—not only by strengthening and revamping existing research programs in all fields, including the exploration of space—but by building an educational system which can produce the talent and skill on which our future strength and progress depends. We must work to create an America with an expanding economy, where growth is not dissipated in inflation, and consumer luxuries are not confused with national strength—an economy capable of supporting our massive needs and our new programs. And we must also work to create an America of equal opportunity and economic justice for all men of all ages, races, and creeds—an America which will be, as this country was intended by the Founding Fathers to be, a living example of freedom to the world.

This is a large agenda—a challenging agenda—and yet I do not pretend that it is, in any sense, complete. For if there is one certain thing in a world of change, it is that the coming years will bring new problems, undreamed-of challenges, unanticipated opportunities.

The next President will confront a task of unparalleled dimensions. But this task will not be his alone. For just as he must offer leadership and demand sacrifices, the American people must be willing to respond to these demands.

I realize also that the length of this agenda is in sharp contrast with the rosy reassurances of the administration. "America is today," the Vice President told his national committee Saturday, summarizing our position in the world, "the strongest country militarily, the strongest country economically, with the best educational system and the finest scientists in the world, over all." To feed that kind of diet to the American people during the coming months—to confine our national posture to one of talking louder and louder while carrying a smaller and smaller stick—is to trade the long-range needs of the Nation and the free world for the short-term appearance of security.

For all America—its President, and its people—the coming years will be a time of decision. We must decide whether we have reached our limit—whether our greatness is past—whether we can go no further—or whether, in the words of

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Thomas Wolfe, "the true discovery of America is before us—the true fulfillment of our mighty and immortal land is yet to come."

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

Mr. KENNEDY. I yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I wish to commend the distinguished Senator from Massachusetts for the maturity and courage he has shown in his speech today, a maturity and courage which he has also consistently shown in the field of domestic policy as well.

I think the Senator is to be commended also for the realism and the honesty with which he has addressed the Senate on this occasion, pointing out the fact that for years to come, if not for decades, we face a period of extreme tension.

I am glad also that the Senator brought to light once again the use of terms in this country of ours—such terms as "the party of war," "the party of appeasement," and so forth and so on. I will say that neither party is the party of war, and neither party is the party of appeasement.

The Senator has also pointed out that the inheritance of the next President, to use the Senator's words in that respect, is going to be a difficult one indeed, and that the sooner we as a Nation and as a people face up to the difficulties the better off we are going to be. It will take sacrifices. It may require more in the way of taxes. It may result in fewer radios, TV sets, and automobiles. However, I think we ought to face up to the realities of what the world really is, and not look back to the kind of world we wish it were.

I will say also that, wide ranging as was the Senator's speech, it left much ground, as the Senator recognized, still uncovered.

I compliment and commend the Senator from Massachusetts for taking the floor this afternoon, and I also wish to compliment the Senate for giving him its sober attention on this occasion.

Mr. KENNEDY. I thank the Senator from Montana. As the Senator suggests, the dialogue in the coming debate, if it is going to serve a useful national purpose, should be concerned with how we can develop sufficient national strength to meet our goals and to protect our security. It should not be confined to heaping invective upon either party.

As the Senator has said, neither party is the party of war or appeasement. No Member on this side of the aisle, when the President invited Mr. Khrushchev to meet with him at Camp David or when he agreed to attend a summit meeting, made charges that the Republican administration or the President was soft on communism or that the Republican Party was the party of appeasement. We applauded the President's effort to work out a solution to the very difficult problems which mark the relationship between the Soviet Union and the United States.

It seems to me that the debate of this campaign should relate to how we can strengthen our country. We should not attempt to mislead the American people by suggesting that any party or any group of Americans is less determined to protect our security and to meet our commitments than any other party or group.

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

Mr. KENNEDY. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I wish to say to the Senator from Massachusetts that the address he has delivered represents the kind of comprehensive, integrated thinking on foreign policy and national security policy which is required for a nation with our responsibilities.

I have heard the Senator from Massachusetts address himself to these topics individually and sometimes in groupings on many occasions, and the points which were outlined by him, without necessary detail, but in their broad scope, represent the kind of totality of thinking that is necessary for the formulation of overall national strength. I compliment the Senator.

I believe, as the Senator from Montana has said, that the greatest compliment the Senator from Massachusetts has had today is the attention of Senators on both sides of the aisle and the fact that the galleries are filled with people who are interested not only in the Senator from Massachusetts, but in his message.

I believe the Senator will agree with me that the one subject which commands the attention of the American people, regardless of political party, regardless of geographical location, and regardless of cultural or ethnic background, is the subject of our national security, the subject of our national policy, and the Senator from Massachusetts [Mr. KENNEDY] in characteristic fashion—and I say that because of the speeches he has made on such controversial subjects as Algeria, for example—has again pointed out some of the leads we need to follow. We need a reexamination of our China policy, for example.

There is also the question of Berlin and its relationship to central Europe. His speech outlined long-range American policy. It was a good speech, a thoughtful one, and it is surely one which I can embrace and find very reassuring, and, at this moment of our history, very helpful.

Mr. KENNEDY. I thank the Senator from Minnesota very much for his generous statement, which is the kind of statement he always makes.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. LONG of Louisiana. The Senator has spoken of the flow of American investments to underdeveloped countries. I believe the Senator knows that the administration made proposals to encourage the flow of capital into such areas as early as 1953, but failed to fight for them. At the present time, there is before the Senate Finance Committee a bill passed by the House, the so-called Boggs bill, which would seek to take a stride in that direction. Support of that measure, however, has been so ineffectual, and there has been such lack of faith in the measure, that it appears the bill will hardly move at all.

Mr. KENNEDY. I do not believe that we should make direct foreign investments in the extracting industries, such as oil and minerals. Second, we should not encourage American capital investment abroad merely as a device to avoid labor costs at home.

This kind of investment is not productive of the kind of development which is needed. And private investment is needed because, regardless of the size of the Development Loan Fund, it could not provide enough capital to the underdeveloped portions of the world to meet all their needs.

Mr. GORE. Mr. President, I congratulate the Senator upon his thoughtful address. In the concluding paragraph of his speech the Senator said that we must decide whether we have reached our limit and whether our greatness is past. The able Senator has addressed most of his remarks to international relations. Unquestionably those dangers are acute. Unquestionably those problems are pressing. But if the question is to be answered as to whether our greatness is past, and if it is measured in comparative terms, does not the Senator think equal emphasis must be placed upon education, the rate of economic growth, and the fruition of freedom in the United States?

Mr. KENNEDY. Definitely. As I said, in my address:

> We must work to build the stronger America on which our ultimate ability to defend the free world depends.

Obviously, unless our economy achieves a greater rate of growth—so we can afford to do the things which need to be done to build our strength abroad and meet our needs at home—then quite obviously we are going to fall behind in the 1960's.

I believe that last year our economic growth was lower than the rate of growth of any other major industrialized society in the world. I believe that is one of the facts which greatly influences the countries to the south of us, and the countries of Africa and Asia, which are attempting to determine whether a free society is an effective way of mobilizing their resources, and developing their economy.

The reason for Franklin Roosevelt's great success in foreign policy, was the domestic policy which he carried out—a policy which gave the impression of a vital society in the United States and which served as a magnet to the people around the world who were attempting to decide what road they should travel. If we are not vital at home, we give the impression that the future belongs to the Communist world rather than to the free world.

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

Mr. KENNEDY. I yield.

Mr. GORE. Freedom itself is one of the most revolutionary political concepts that has come to mankind. I agree with the Senator from Massachusetts that if its vitality and fruition can be demonstrated, its appeal will be made stronger.

A New Program for

A DECADE OF DEVELOPMENT

for underdeveloped areas of the world

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FOREWORD

"The message of Cuba, of Laos, of the rising din of Communist voices in Asia and Latin America—these messages are all the same. The complacent, the self-indulgent, the soft societies are about to be swept away with the debris of history. Only the strong, only the industrious, only the determined, only the courageous, only the visionary who determine the real nature of our struggle can possibly survive.

"No greater task faces this Nation or this administration. No other challenge is more deserving of our every effort and energy. Too long we have fixed our eyes on traditional military needs, on armies prepared to cross borders or missiles poised for flight. Now it should be clear that this is no longer enough—that our security may be lost piece by piece, country by country, without the firing of a single missile or the crossing of a single border.

"We intend to profit from this lesson. We intend to reexamine and reorient our forces of all kinds—our tactics and other institutions here in this community. We intend to intensify our efforts for a struggle in many ways more difficult than war, where disappointment will often accompany us.

"For I am convinced that we in this country and in the free world possess the necessary resources, and all the skill, and the added strength that comes from a belief in the freedom of man. And I am equally convinced that history will record the fact that this bitter struggle reached its climax in the late 1950's and early 1960's. Let me then make clear as the President of the United States that I am determined upon our system's survival and success, regardless of the cost and regardless of the peril."

PRESIDENT KENNEDY
April 20, 1961

INTRODUCTION AND SUMMARY

Our age will be well remembered not for its horrifying crimes or its astonishing inventions but because it is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of civilization available to the whole human race.

ARNOLD TOYNBEE

HISTORIAN TOYNBEE'S statement reflects the viewpoint which permeates President Kennedy's message to the Congress on foreign aid of March 22, 1961, and the spirit which motivates and shapes the entire new U.S. aid program. That program constitutes a fresh approach to the vast problem of attempting to help the awakening peoples of the less developed areas of the world realize the progress they are so insistently demanding.

The aid programs of the fifties, charting new and untried paths, were handicapped by lack of experience and precedent. They suffered from the necessity of responding to rapidly changing circumstances, which made for piecemeal rather than orderly and well-planned development of the aid program and its administration.

Now, as we enter the sixties, the time is ripe for us to pause and take a new look at our foreign aid effort—to clarify our objectives and refashion our aid program to meet the needs of today and this decade. That is what President Kennedy's aid message seeks to do. It outlines a program that consolidates the benefits of all the experience gained during the fifties and charts a new course for the sixties, one better suited to what he has called the Decade of Development.

The highlights of the program, as outlined at present, are:

- A tangible goal: self-sustaining growth. The new program will place primary emphasis on bring-

ing as many countries as possible as rapidly as possible to the point of self-sustaining growth where they no longer need outside assistance. This will mean concentrating on programs to bring about sustained economic development. It will mean a trend away from projects and programs that do not fit this criterion.

- **First things first through country-by-country planning.** Putting countries on a substantial development basis means fashioning an overall plan for each country, in order that every proposed project fits into a well-planned system of priorities. That is the only way to be sure of putting first things first. Each country must have its own distinct plan, for conditions vary markedly from country to country.

- **Streamlined administration.** A single agency to replace the three separate agencies which are now involved in providing aid. This will enable all of the elements of an overall country plan—development loans, grants, technical aid, food—to be drawn in a coordinated way from within a single agency.

- **Long-term planning and financing for more effective aid use.** In the past the aid program has been handicapped by the uncertainty of year-to-year authorization and financing. President Kennedy proposes that this handicap be eliminated by putting the development lending part of the program on a long-term basis. For many reasons this will mean far more effective use of each aid dollar.

Planning ahead will enable us to foresee—and take steps to forestall—impending economic crises, instead of our waiting until the crisis is upon us, when it may be too late to be of help.

- ***Concern with and inducements for internal reforms and social justice.*** The promotion of social justice is essential to any lasting value or success of our aid to many countries. To get countries on a true development basis will require the full mobilization of the energies of all the people. Neither growth nor political stability will be achieved unless all segments of their societies feel they have a stake and a participating role in their country's progress.

It would not do much good for us, say, to teach better farming methods in a country if the benefits were to go primarily to a few large landholders, while most of the people continued to be deprived of a farm

they could call their own. The decisions on internal reforms must, of course, rest with the recipient countries; but we can, and plan to, offer inducements through our aid program to make it attractive for them to undertake internal changes.

- *Encouragement of self-help by participants.* By far the greatest part of the effort toward achieving sustained development must come from within the recipient countries themselves. All we can provide is that small but vital margin of help to bridge the gap between their capabilities and their needs. But to be successful, our new aid program must encourage a maximum amount of self-help on the part of the recipients.

- *Aid spending for next year.* The aid program—military and economic—proposed by President Kennedy for fiscal year 1962 is somewhat larger than that proposed by President Eisenhower before he left office. However, there is a greater emphasis on economic aid in President Kennedy's program.

- **Greater help from other "have" nations.** The United States has recently joined an organization called the OECD, in which we and the other major industrialized nations will coordinate our aid programs and strive to work out a fair way of sharing the aid responsibility.

- **Military aid.** Though a part of the overall program, military aid will continue to be administered by the Defense Department (see page 39).

The questions and answers which follow, together with charts and pictures, tell the story of our economic aid for a Decade of Development.

In many respects it is not, and this is understandable, considering the newness of foreign aid and the rapidity with which the world situation changed during the fifties (for example, the addition of 32 new nations since the Marshall plan began in 1948). The efforts of the U.S. Government to adapt the aid program to the changing situation led to piecemeal rather than well-rounded growth and expansion. *The results of this have been:*

- **Lack of centralized organization.** Four major separate agencies deal with aid: the International Cooperation Administration (ICA), the Development Loan Fund, the Export-Import Bank, and the Agriculture Department (for the farm surplus aid program).

- **Project planning instead of country planning.** Because the problem of aid to developing nations has not been treated as a whole, much of the aid was planned project-by-project instead of as part of overall country plans with priority systems.

Education

• **Year-to-year basis.** The aid program has always proceeded on a year-to-year basis, new authorizations and new appropriations from the Congress being requested each year. This has made any long-range planning by ourselves or by the recipients difficult or impossible.

• **Overemphasis on aid for short-term objectives rather than for long-range development.** Too often aid has been granted for reasons that were not directly related to promoting the long-run development of a country; for example, aid has been frequently given for such urgent but short-term reasons as preventing collapse of an economy, preserving a friendship, or protecting a military base. These needs were vital—and many of them are likely to continue. But now we must, wherever possible, begin measuring each aid project by the criterion: Is it logically suited to contribute to the longrun growth of a country's economy?

How will the new aid program correct these deficiencies?

• **By streamlined organization.** All resources for development and other aid—loans, grants, surplus foods—will be combined as part of a single aid agency—under one head and one roof.

• **By country plans.** This strengthened aid organization will both permit and encourage planning on a country-by-country basis, so that each proposed project can fit into a logical system of priorities and first things are put first.

• **By long-term financing.** This will remove the year-to-year uncertainties which have hampered long-range planning. The long-term financing will be for the development lending aspect of the program only. The grant portion will still be subject to annual appropriations.

• **By emphasis on development aid.** Increasingly, aid projects and programs will be judged by the extent to which they contribute to a country's long-term development. Increased funds will be directed to the most productive purposes in each country plan or system of priorities. The situations calling for nondevelopment aid will not, to be sure, disappear overnight. But, with a new focus on development, it is contemplated that the nondevelopment aid will gradually, over the years, be reduced.

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Excerpts from PRESIDENT KENNEDY'S address to the Conference:

"There is no work in which you could be engaged in these days that is more important to the welfare of your country and to the security of the cause of freedom. There is probably no work more thankless, or less appreciated, but I hope the lack of recognition in itself gives you a sense of satisfaction. The easier and more popular work can be left to many hands, but this work requires the effort of committed and dedicated citizens. So I was extremely anxious to come here today to express my appreciation to you for the effort you have made, and hope the work in which you are engaged will be understood by our fellow citizens across the country; that from this meeting a new understanding of this great national commitment and effort will pass through the country so that in the coming weeks we will be able to commit ourselves to a program that will give us a greater degree of security in the coming months and years.

". . . I cannot understand those who are the most vigorous in wishing to stem the tide of communism around the world and who are at the same time bombarding the Congress and the Administration with attacks on this program. We all get used to paradoxes, but I must say that in all my political life that is one of the most extreme. This is a program which does offer hope of stemming the advance. I know of no program at the present time, other than those which go to the actual military security of the United States and to the strengthening of the Armed Forces of this country, which offers a comparable return. And therefore we should recognize the close identification of this effort — the effort to protect those societies which wish to be free — because it does involve our own security.

"Now I know that there are those who are tired of carrying what they regard as a burden, and it is a burden. But if they say that then they mean they are tired of the struggle. And the struggle is reaching its climax in the sixties. And as I am not tired of the struggle, and you're not tired of the struggle, and this country isn't tired of struggling, we should be willing to pay and bear our burdens in this regard for a longer period of time. And if we are tired of that then we should recognize the implications of that fatigue.

"I therefore urge those who want to do something for the United States, for this cause, to channel their energies behind this new foreign aid program to help prevent the social injustice and economic chaos upon which subversion and revolt feed; to encourage reform and development; to stabilize new nations and weak governments; to train and equip the local forces upon whom the chief burden of resisting local communist subversion rests.

"I don't say that our program will be free from error. Mistakes will be made and setbacks will be suffered. But I am more concerned about the waste to our security which will result from too small a program in this critical year and too short a period of authority than I am about anything else. I am less concerned about the dangers of meeting our full responsibility than about — in what may well be the crucial year of 1961 — doing too little and too late."

A DECADE OF DEVELOPMENT

A report on the Eighth National Conference on International Economic and Social Development

June 15-16, 1961, Washington, D.C.

Co-Chairmen: HONORABLE GAYLORD NELSON, *Governor of Wisconsin*

HONORABLE CHARLES P. TAFT, *Cincinnati, Ohio*

Social Engineering

Secretary of Agriculture **ORVILLE FREEMAN** in a luncheon address:

"We need to be concerned with the development of those institutions, such as cooperatives, credit unions, and educational programs, that have helped so much in the development of our own agriculture. We need to be concerned with social engineering as well as mechanical engineering. If land reform is the crying need, it is not enough to effect a distribution of land to those who farm it. There must be provision for low cost credit, and supervised credit, and farm management training and help."

Mobilizing Peoples in Their Own Development

Secretary of State **RUSK** addressing a dinner session:

"There will be adjustments in our aid programs flowing from some of the concepts we have been talking about. One of the most important adjustments is a new emphasis on the need for mobilizing peoples in their own development. For here is where self-help is important. We have learned in our own society, we have learned from experience elsewhere, that economic and social development cannot come from outside one's own border, that it requires a people on the move, and also interested, dedicated, committed, alert, ambitious, energetic effort on the part of the people themselves.

"The premiums go to those leaders who know how to mobilize that dedication, take advantage of this upsurge of interest and demand, and transform it into a spirit of achievement and hope throughout the society. Some of these adjustments in our programs will of course take time. We cannot dart in and out of situations on a moment's notice. Aid programs involve other governments and other peoples, and changes require careful and sometimes lengthy negotiations. Education, persuasion, and preparation will be necessary, and some of the changes will not and cannot be apparent for some time to come."

False Images in Foreign Aid

Under Secretary of State **GEORGE BALL** speaking before a plenary session:

"Another image, also a misleading one, which has injected itself into our discussions of foreign aid, is that of the extremely efficient Soviet aid administrator, who gets more for his ruble than we can possibly get for one dollar. We know many instances of gigantic blunders made by the Soviet Union in spending almost five billion dollars in the seven years they have been in foreign aid. But I wouldn't want to minimize the efforts they are making. Their assistance programs — last year in the neighborhood of one billion, two hundred million dollars — are on a very rapidly rising curve, and Soviet administrators are carrying out their programs by sending along with the aid some seven or eight thousand technicians, who double as agents of persuasion. . . ."

"Another false image is that of the United States as a soft-headed milkman delivering a bottle of the milk of human kindness on every doorstep, while the neighborhood kids jeer. Other democratic countries are in this, too. Our allies in this effort — the other nine members of the Development Assistance Group of the Organization for Economic Cooperation and Development — with a combined gross national product of only sixty-one per cent of our own, are providing about half the amount of foreign aid we are giving. And there is every reason to believe that their share — with the mechanics that have been set up — will increase markedly in the future."

Managerial Problems Most Difficult

MR. DAVID E. LILIENTHAL, Chairman, Development and Resources Corporation, speaking before a plenary session:

". . . A program of foreign aid on a year-to-year basis leaves the administrators virtually no alternative but to respond to piecemeal, short-range or emergency requests for aid. . . . Many of the faults of foreign aid pointed to by opponents of long-term commitment authority are directly traceable to the present lack of such authority.

Q. *What use will be made of local currencies resulting from operations of the Development Loan Fund to date?*

A. While we don't expect that the use of local currencies for local development will relieve the problem of accumulation entirely, we hope that our operations, particularly under the PL 480 program, can be carried out in such a way as to prevent inflationary developments.

Q. *In view of the criticism of the Senate Foreign Relations Committee, what changes are planned in the present system of investment guarantees?*

A. We are broadening the coverage of political risks under the existing ICA program, and also providing an all-risk type of guarantee the total amount of which is not to exceed $100,000,000, designed for situations where private enterprise would not go into unsettled areas even with the ICA-type of guarantee.

How To Raise Per Capita Income in the Underdeveloped Areas

THE HONORABLE PAUL G. HOFFMAN,
Director, United Nations Special Fund, speaking before a plenary session:

". . . The less developed countries, considered as a unit, are rich in physical and human resources. The problem, awesome in dimensions and bewildering in complexity, is that of bringing about a fuller utilization of these resources. The first massive effort to assist the less developed countries . . . took place in the 1950's . . . some $30 billion being sent, mostly in the form of loans, with annual per capita income increasing from approximately $90 to $100. . . . The minimum goal for the crucial decade of the 1960's should be an increase of 25 per cent in the per capita income of the people in these countries. To achieve this, using full advantage of the experience in the 1950's, I would suggest:

"First, recognition by leaders and people of the low-income countries that development depends primarily on their own efforts; second, recognition of the urgent need for a rapidly expanding world economy; third, assistance is not an act of charity; fourth, assistance is an objective worthy in itself; fifth, greater emphasis should be placed on pre-investment activities; sixth, more attention to the great need for well-organized programming and planning departments reporting directly to the Chief of State; seventh, the flow of development funds and technical assistance should be thought of in terms of decades, not one or two years; eighth, whether aid should be channeled through the United Nations, through regional organizations, or on a bilateral basis, should be determined on the basis of the most effective return; ninth, new emphasis should be given to the expansion and *adjustment* of educational programs of the less developed countries, to permit them to make a maximum contribution to economic development; tenth, advanced countries must be prepared to finance more adequately activities both in the investment and pre-investment fields. . . ."

Greater Flexibility Needed

SENATOR CLIFFORD CASE in a luncheon address:

"The focal point of the debate now beginning is the Administration's proposal to put the economic assistance programs on a long-term basis and to provide greater flexibility in the allocation of funds. This is not, of course, a new proposal. It was in its essentials put forward by the previous Administration and has long been supported by virtually every serious study of the economic assistance programs. . . . The ability to make long-term commitments is fundamental to effective use of both our funds and those of the recipient country. And by effective use I mean economic and social development on a broad front — in education, health, public administration and economic productivity — in which all the people of a country share the benefits."

Reorganization in a New Agency

MR. GEORGE GANT, Chairman, Organization and Administration Group, President's Task Forces on Foreign Economic Assistance:

"The new agency, then, will combine a number of agencies and functions heretofore in the charge of ICA, and the DLF, the Food for Peace Program, and its expression overseas; the local currency lending activities of the Exim-Bank; the handling of agricultural surpluses, and the assistance programs and related functions of the State Department.

"The agency itself will be organized primarily through regional bureaus — four of them — each one headed by an assistant administrator with the rank of an Assistant Secretary of State. The Missions, which are also in the decision-making line, will have greater emphasis placed upon their nucleus staff of planning and programming personnel, project and programming monitoring personnel, and those staff units which are required for administrative support.

"The specialists in the countries will be sent when they are needed by approved projects and programs. . . . In order to get the best use of those persons who are able to carry out this kind of work, we will use a larger number on short-time and ad hoc tours and place in the field only those specialized personnel who are required for approved projects and programs."

Need for Long-Term Authorization

MR. THEODORE TANNENWALD, JR., Chairman, Legislation and Presentation Group, President's Task Forces on Foreign Economic Assistance:

"One of the biggest jobs that I think we have to do is to convince the public and the Congress that the desire for flexibility which is essential in the presentation of our program, is something that will make not for profligate spending of the taxpayer's money, not for inefficiency and not for carelessness, but on the contrary will make it possible for us more carefully to husband our resources, and to get away from this annual cycle of appropriations and authorizations which forces us on many occasions into the position of having to make commitments before the end of a given date, like June 30th, in order to meet the demands and the pressures arising from the fact that on that date the authority over the funds will expire.

". . . one of our troubles has been that we have tried to attach political conditions to our aid in the past and wherever we have, by and large, it has failed . . . we do not, in this program, intend to give up or not to attach conditions, but we believe we can be more effective by attaching economic conditions."

QUESTIONS AND ANSWERS

Q. *What role does the Task Force expect to assign to other Departments of the Government, which will not be administratively under the new Agency for International Development?*

A. In order to achieve an integrated approach, responsibility for taking the initiative in responding to the needs of the countries will rest with the Agency for International Development but in such a way as to enlist the full support and participation of the several specialized domestic departments.

Q. *Is the present approach to foreign aid on public works going to be de-emphasized in any way?*

A. No, but loans will be made for projects within the context of country and regional priorities.

Q. *What role will the soft loans play in the new program as compared with the old?*

A. While the terms of further loans will not be such as to be called "hard loans" in the sense of commercial loans today, they will be repayable only in dollars, not in local currencies.

Q. *How is a new country which does not have the qualified personnel going to get assistance in preparing a country plan?*

A. From various places — from the United Nations Special Fund, from the World Bank, from the United States Government and from other governments.

THE ADMINISTRATION'S PRESENTATION OF THE NEW FOREIGN ASSISTANCE PROGRAM

THE HONORABLE CHESTER BOWLES,
Under Secretary of State:

"We cannot shape the world to our choosing. We cannot make it turn out exactly the way we would like. We are only 6% of the world's people, but we are, by all odds, the greatest and most positive force, the most affirmative force in world affairs, and we cannot hold back our efforts to influence and shape the future as positively and peacefully as we can, to underscore and emphasize the affirmative and constructive things, and to divert and blunt those which are negative."

Planning Long-Term Development

MR. HENRY R. LABOUISSE, Director,
International Cooperation Administration, and Chairman,
President's Task Forces on Foreign Economic Assistance:

"We expect to move away from the use of aid to meet immediate crises . . . and place a new emphasis on helping the less-developed nations build solid economic and social foundations to enable them to have self-sustaining growth in which all of the people can share. . . . We propose to make a concerted effort to have each recipient country identify its own total requirements for a given period ahead, what it needs to move forward, what can be drawn from natural resources, and what external assistance is required. . . . Every effort must be made by the United States to encourage the recipient nations to mobilize their human and natural resources, adopt the necessary measures wherever necessary . . . and enforce internal reforms in such fields as land tenure and distribution, tax reform, exchange stabilization, etc. . . . We also hope to put greater emphasis on education and social development . . . [and] . . . to expand the interest of other countries in participation in the development process."

What the Development Loan Fund Plans to Do

MR. FRANK M. COFFIN, Managing Director, Development Loan Fund:

"We have country studies showing the problems in the proposals for each country. Here you will find a description of what we mean by development lending and how we propose to go about it, of what we mean by development grants; of what is encompassed in the term development research; how we expect to help other countries with their planning, programming, and budgeting; how we can help to stimulate social change; and how we can help stabilize the situation in hot spots of the world until our developmental effort can take effect."

• **By special encouragement for self-help and internal reform.** First attention will be accorded those countries which are mobilizing their own resources for development purposes and will make the internal reforms necessary to bring social justice to their people. The decisions on these reforms must, of course, be made by the countries themselves. We can provide only the incentives for positive action.

Why is long-term financing considered the "key" to the success of the new aid program?

The development aid program must be financed on a long-term basis if the most effective use is to be made of each aid dollar because—

• Economic development is a long-term process which requires long-range planning by both the givers and the recipients. Such planning is rendered impracticable, if not impossible, when aid funds are subject to the uncertainty of annual appropriations.

• Government leaders in the less developed nations are politicians—just as they are in this country. If they are going to put into effect what may be politically difficult internal reforms and programs for social justice, we should help arm them with the politically valuable argument that we are ready to commit ourselves to long-term programs of aid calculated to achieve substantial progress.

• Funds available on a long-term basis can be spent at the optimum moment after projects have been carefully worked out to fit into the country's master development scheme. Aid administrators and local officials would no longer feel impelled to rush ahead to spend funds within the year for which they have been appropriated—for fear of losing them entirely—whether or not the projects have received sufficient study.

• We need such authority if we are going to expect other industrial nations to commit themselves to take up a fair share of the aid load over a long period of time.

• The long-range planning and targets which long-term financing will make possible will give the Congress and the Executive a better basis on which to judge the results being achieved by our aid program and the wisdom with which the taxpayer's dollar is

Innaugural Address
20 Jan. 1961

We observe today not a victory of party but a celebration of freedom—symbolizing an end as well as a beginning—signifying renewal as well as change. For I have sworn before you and Almighty God the same solemn oath our forebears prescribed nearly a century and three quarters ago.

The world is very different now. For man holds in his mortal hands the power to abolish all forms of human poverty and all forms of human life. And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights of man come not from the generosity of the state but from the hand of God.

We dare not forget today that we are the heirs of that first revolution. Let the word go forth from this time and place, to friend and foe alike, that the torch has been passed to a new generation of Americans—born in this century, tempered by war, disciplined by a hard and bitter peace, proud of our ancient heritage—and unwilling to witness or permit the slow undoing of those human rights to which this nation has always been committed, and to which we are committed today at home and around the world.

Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, to assure the survival and the success of liberty.

This much we pledge—and more.

To those old allies whose cultural and spiritual origins we share, we pledge the loyalty of faithful friends. United, there is little we cannot do in a host of cooperative ventures. Divided, there is little we can do—for we dare not meet a powerful challenge at odds and split asunder.

To those new states whom we welcome to the ranks of the free, we pledge our word that one form of colonial control shall not have passed away merely to be replaced by a far more iron tyranny. We shall not always expect to find them supporting our view. But we shall always hope to find them strongly supporting their own freedom—and to remember that in the past, those who foolishly sought power by riding the back of the tiger ended up inside.

To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required—not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich.

Let the word go forth from this time and place, to friend and foe alike, that the torch has been passed to a new generation of Americans.

To our sister republics south of our border, we offer a special pledge —to convert our good words into good deeds—in a new alliance for progress—to assist free men and free governments in casting off the chains of poverty. But this peaceful revolution of hope cannot become the prey of hostile powers. Let all our neighbors know that we shall join with them to oppose aggression or subversion anywhere in the Americas. And let every other power know that this hemisphere intends to remain the master of its own house.

To that world assembly of sovereign states, the United Nations, our last best hope in an age where the instruments of war have far outpaced the instruments of peace, we renew our pledge of support—to prevent it from becoming merely a forum for invective—to strengthen its shield of the new and the weak—and to enlarge the area in which its writ may run.

Finally, to those nations who would make themselves our adversary, we offer not a pledge but a request: that both sides begin anew the quest for peace, before the dark powers of destruction unleashed by science engulf all humanity in planned or accidental self-destruction.

We dare not tempt them with weakness. For only when our arms are sufficient beyond doubt can we be certain beyond doubt that they will never be employed.

But neither can two great and powerful groups of nations take comfort from our present course—both sides overburdened by the cost of modern weapons, both rightly alarmed by the steady spread of the deadly atom, yet both racing to alter that uncertain balance of terror that stays the hand of mankind's final war.

So let us begin anew—remembering on both sides that civility is not a sign of weakness, and sincerity is always subject to proof. Let us never negotiate out of fear. But let us never fear to negotiate.

Let both sides explore what problems unite us instead of belaboring those problems which divide us.

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Let both sides, for the first time, formulate serious and precise proposals for the inspection and control of arms—and bring the absolute power to destroy other nations under the absolute control of all nations.

Let both sides seek to invoke the wonders of science instead of its terrors. Together let us explore the stars, conquer the deserts, eradicate disease, tap the ocean depths, and encourage the arts and commerce.

Let both sides unite to heed in all corners of the earth the command of Isaiah—to "undo the heavy burdens [and] let the oppressed go free."

And if a beachhead of cooperation may push back the jungle of suspicion, let both sides join in creating a new endeavor, not a new balance of power, but a new world of law, where the strong are just and the weak secure and the peace preserved.

All this will not be finished in the first one hundred days. Nor will it be finished in the first one thousand days, nor in the life of this administration, nor even perhaps in our lifetime on this planet. But let us begin.

In your hands, my fellow citizens, more than mine, will rest the final success or failure of our course. Since this country was founded, each generation of Americans has been summoned to give testimony to its national loyalty. The graves of young Americans who answered the call to service surround the globe.

Now the trumpet summons us again—not as a call to bear arms, though arms we need—not as a call to battle, though embattled we are —but as a call to bear the burden of a long twilight struggle, year in and year out, "rejoicing in hope, patient in tribulation"—a struggle against the common enemies of man: tyranny, poverty, disease, and war itself.

Can we forge against these enemies a grand and global alliance, North and South, East and West, that can assure a more fruitful life for all mankind? Will you join in that historic effort?

In the long history of the world, only a few generations have been granted the role of defending freedom in its hour of maximum danger. I do not shrink from this responsibility—I welcome it. I do not believe that any of us would exchange places with any other people or any other generation. The energy, the faith, the devotion which we bring to this endeavor will light our country and all who serve it—and the glow from that fire can truly light the world.

And so, my fellow Americans: ask not what your country can do for you—ask what you can do for your country.

My fellow citizens of the world: ask not what America will do for you, but what together we can do for the freedom of man.

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And so, my fellow Americans: ask not what your country can do for you—ask what you can do for your country.

My fellow citizens of the world: ask not what America will do for you, but what together we can do for the freedom of man.

Finally, whether you are citizens of America or citizens of the world, ask of us here the same high standards of strength and sacrifice which we ask of you. With a good conscience our only sure reward, with history the final judge of our deeds, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on earth God's work must truly be our own.

The Inaugural Address
Washington, D.C.
January 20, 1961

At a Democratic fund-raising dinner one year later, Kennedy irreverently parodied his own Inaugural Address:

We observe tonight not a celebration of freedom but a victory of party. For we have sworn to pay off the same party debt our forebears ran up nearly a year and three months ago.

Our deficit will not be paid off in the next hundred days. Nor will it be paid off in the first one thousand days, nor in the life of this administration, perhaps even in our lifetime on this planet. But let us begin—remembering that generosity is not a sign of weakness and that ambassadors are always subject to Senate confirmation. For if the Democratic Party cannot be helped by the many who are poor, it cannot be saved by the few who are rich. So let us begin.

Washington, D.C.
January 20, 1962

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. . . No private business can or could operate on such a year-by-year, hand-to-mouth basis as we now try to operate foreign aid. Authorization by the Congress to make long-term commitments for foreign assistance presents America with her greatest opportunity since the end of the war. . . . Once enacted, the managerial problems will be very difficult. It will take persuasiveness, understanding and determination by administrators to operate under a law that so intimately touches the lives and institutions of other peoples. . . . but the rewards for the peace of the world can be very great indeed. . . ."

American Public Must Understand World Needs

MR. LESTER B. GRANGER, Executive Director, National Urban League, speaking before a plenary session:

". . . it is true that only during the past several decades has the American public acquired understanding of social welfare needs of modern living and there are still foggy areas of misunderstanding in which disrespect for social welfare programs can be bred. But this does *not* mean that the job of public or Congressional education is hopeless; it only increases its importance. . . . It's a tough job that this Conference has to do, regardless of Congress' disposition of the pending Administration request for international development. It's tough because no common frame of reference has yet been accepted by the American people; no standard measure has been agreed upon for estimating either the intensity of social needs abroad or the results of such development programs as have been applied."

For Americans, A Purpose

SENATOR HUMPHREY *speaking before a plenary session:*

"I am not for foreign aid just because it promotes an opportunity for America to send people around the world. I'm for it because it is in my heart. . . . I am for what we are trying to do, bilaterally, unilaterally, multilaterally, through the aid administration, through our multilateral institutions, and through the United Nations, because it is the right thing to do. . . . I want us to be so on fire with the belief in people, in their destiny, their enlightenment, their enrichment, their better life, that nothing can stop us. . . . This sense of purpose ought to be like a neon light on the horizon of the world. We should declare war, not in the sense that some ask for, but as former President Truman once said, against man's ancient enemies. We intend to win a war against poverty, against hunger, against disease, and ignorance. . . . We can win it."

Collaboration between Private Enterprise and Government Fundamental

MR. HARVEY WILLIAMS, *President, Philco International Corporation, speak ing before a plenary session:*

"In today's circumstances of economic warfare, recognition need to be given to a new factor. When political or economic consider tions make desirable the establishment of a new overseas enterpri which does not meet the normal criteria for private investment, the collaboration between private enterprise and government becom fundamental. Only in this fashion can the experience and abiliti of private enterprise be linked effectively with the resources of gover ment in such circumstances. And such a linkage is essential to o success."

More Emphasis on Trade Unions and Cooperatives Needed

MR. ANDREW BIEMILLER, Legislative Director, AFL-CIO, speaking at plenary session:

"If we are really going to buttress the free trade union and the fr farm cooperative forces of South America, we must have me skilled personnel who know what they are doing. No matter h much foreign investment takes place, how many entrepreneurs send abroad, unless we build free trade unions, unless we encoura small land holders to form strong farm cooperatives, we are a going to succeed in achieving the objectives of our foreign a program."

AID act introduced to Senate

ADDITIONAL FOREIGN AID

Mr. FULBRIGHT. Mr. President, I introduce, by request, President Kennedy's foreign aid bill.

The President's principal message on foreign aid was sent to the Congress on March 22, 1961, and has been printed as House Document No. 117. Yesterday President Kennedy, in his address to the Congress on urgent national needs, gave his reasons for adding to the sums previously requested. The President this morning has transmitted to the Congress draft legislation to carry out the new programs whose principles he has previously explained and justified. I am informed that the details of the programs—the facts, figures and precise justifications—will not be available to the committees of Congress until sometime next week.

Since the bill which I am introducing has been received only this morning, I have not had a chance to study it. I therefore reserve my right to oppose any part of it, but, of course, I shall support the President in this major effort to put greater vitality and wisdom into the oversea assistance programs of the United States.

It is my expectation that the committee will begin hearings next Wednesday, May 31, and that the first witness will be the Secretary of State.

We will then proceed during the following week—the week of June 5—to hear other executive branch witnesses. It is my hope that we may be able to receive testimony of public witnesses the week of June 12.

Mr. President, I invite Senators who are interested in the subject to attend the meeting on next Wednesday, when the Secretary of State will be present. The committee will welcome their presence so that they may hear the presentation of the administration's views.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of a letter dated May 26, 1961, from President Kennedy to Vice President JOHNSON relating to this subject.

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

MAY 26, 1961.

Hon. LYNDON JOHNSON,
President of the Senate,
Washington, D.C.

DEAR ~~MR. PRESIDENT:~~ Transmitted herewith for consideration by the Congress is a draft of a bill which would carry out the principal recommendations set forth in my message on foreign aid of March 22, 1961.

The legislation is drafted to provide for aid to social and economic development under an Act for International Development and to provide for military assistance under an International Peace and Security Act. It is designed to provide the concepts, the means, and the organization for programs of foreign aid attuned to the needs of the decade ahead.

The Act for International Development seeks authorization for appropriations of $1.690 billion for four major purposes:

(a) To assist and support nations whose independence or stability depends upon such help and is important to our own security;

(b) To provide for our share in certain programs under multilateral auspices;

(c) To provide grant assistance to less-developed countries primarily to assist in the development of their human resources; and

(d) To establish a Presidential Contingency Fund to meet the unpredictable exigencies with which we will doubtless be confronted during the forthcoming year.

The Act for International Development also seeks authorization by the Congress to make loans, repayable in U.S. dollars, to promote the economic development of less-developed countries and areas with emphasis upon long-term plans and programs designed to develop economic resources and increase productive capacities. For this purpose I am asking the Congress for long-term authority in the form of public debt transactions which would make available for this purpose $900 million in fiscal year 1962 and $1.6 billion in each of the following 4 years. Additionally, repayments of previous foreign loans of about $300 million annually would be made available for development lending. Authority to make firm long-term commitments is of paramount importance. Real progress in economic development cannot be achieved by annual short-term dispensations of aid and uncertainty as to future intentions. To make investments in economic development more effective, the terms and conditions of the investment should be related to the establishment of sound long-term development plans and the achievement of specific targets. While the methods proposed represent a departure from previous patterns in economic aid programs, they conform to the traditional techniques of numerous other governmental operations. These methods are essential to our new approach to development assistance and to the effectiveness of that approach.

The International Peace and Security Act will continue the program of military assistance which constitutes an integral part of our whole security and defense posture. It is essential that this program be maintained and continued in the present international climate. Appropriations will be sought to provide for the U.S. share of maintaining forces that already exist, to complete undertakings initiated in earlier years, to give increased emphasis to internal security, and to provide for a limited and selected modernization of forces in areas under particular duress. I envisage a continuous review and assessment of the needs for military assistance around the world and continuing discussions with our allies and associated nations to determine the extent to which expenditures for defense can safely be lessened. Such adjustments necessarily may not be accomplished overnight, and, in any case, neither we nor our allies can afford a relaxation in the maintenance of an effective collective deterrent to armed aggression. The increasing problems of internal security with which we are confronted reflect an expanded utilization of the technique of indirect subversion which demands new and more vigorous countermeasures if the spread of international communism is to be prevented. Assisting developing countries to create and maintain an environment of security and stability is essential to their more rapid social, economic, and political progress.

The achievement of our goals requires effective organizational arrangements to execute these programs. In this regard, section 604 of the Mutual Security Act of 1960 placed two requirements upon the President: (1) To have a study made of the function of, and the degree of coordination among agencies engaged in foreign economic activities, with a view to providing the most effective means for the formulation and implementation of U.S. foreign economic policies and (2) to include in his presentation of the fiscal year 1962 mutual security program to the Congress his findings and recommendations resulting from that study.

To fulfill the first requirement, at the request of the President the Bureau of the Budget conducted a study of the existing situation and prepared a descriptive and analytical staff report. That report and the results of studies initiated by this administration have been available to executive branch officials concerned with foreign economic affairs. The recommendations which follow constitute my response to the second requirement.

My decisions on foreign affairs organization are predicated on the following principles:

First. Authority for the conduct of activities which advance our foreign policy objectives should be vested in the President or other officials primarily concerned with foreign affairs.

Second. International activities of domestic agencies should be clearly either (i) necessary extensions of their normal domestic missions or (ii) undertaken on behalf of and in support of programs and objectives of the appropriate foreign affairs agencies.

These guidelines are particularly important for our foreign development assistance program. Domestic agencies can and should make a substantial contribution to the success of this program, and I will expect the foreign affairs agencies to make maximum use of their resources, skills, and experience.

My proposals for the organization and coordination of foreign aid are based also on the concepts and principles set forth in my March 22 message to the Congress—specifically, the critical necessity for unified administration and operation of foreign development assistance activities carried out in accordance with integrated country plans. These proposals will be put into effect by appropriate executive action.

FOREIGN ASSISTANCE PROGRAMS

Responsibility and authority for the formulation and execution of the foreign development aid programs will be assigned to a single agency—the Agency for International Development—within the Department of State. It will replace the International Cooperation Administration and the Development Loan Fund, which will be abolished. The new Agency, AID, will be headed by an Administrator of Under Secretary rank reporting directly to the Secretary of State and the President. The internal organization of AID will be geographically focused to give operational meaning to the country plan concept. Thus, the line authority will run from the Administrator to the Assistant Administrators heading four regional bureaus and, through the Ambassadors, to the *Chiefs of AID missions overseas.* The four Assistant Administrators will be equal in rank to the geographical Assistant Secretaries of State and will work closely with them.

The proposed rank of the AID Administrator and the relationship between AID and other elements of the Department of State highlight a fundamental fact: Economic development assistance can no longer be subordinated to, or viewed simply as a convenient tool for meeting, short-run political objectives. This is a situation we can ill afford when long-range, self-sustained economic growth of less-developed nations is our goal. Development assistance, therefore, must—and shall—take its place as a full partner in the complex of foreign policy.

The new agency will develop the full potential of the use of agricultural commodities as an instrument of development assistance. The Department of Agriculture will continue its active role in respect to commodity availability, the disposal of surplus stocks, international marketing, and the relationship of domestic agricultural

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production to world food needs. In view of the interrelationship of domestic agricultural products and their use for foreign policy purposes, I shall rely on the Director of the food-for-peace program, Mr. George McGovern, to advise me in the formulation of policies for the constructive use of our agricultural abundance as well as to assist in the overall coordination of the program.

The Peace Corps, too, has a special significance in our international development efforts. It will continue as an agency within the Department of State, and its Director will have the rank of Assistant Secretary of State. The Secretary of State will establish arrangements to assure that Peace Corps activities are consistent and compatible with the country development assistance plans. These arrangements will assure that the Peace Corps activities and AID programs are brought into close relation and at the same time preserve the separate identity and the unique role and mission of the Peace Corps.

The principal assignments of authority for the administration of military assistance are satisfactory and will remain unchanged. The Department of Defense has operational responsibility for approved programs. In recognition of the fact that military assistance should clearly serve the foreign policy objectives and commitments of the United States, the Secretary of State provides continuous supervision and general direction of the program, including the determination as to whether there should be a program for a country and the value of that program.

TRADE, AID, AND FOREIGN ECONOMIC POLICY

The self-help efforts of less-developed nations, together with coordinated external assistance from economically advanced nations, must be coupled with a constructive approach in dealing with international commodity problems and barriers to international trade. Each of these approaches is needed if the goals of economic growth and stability are to be reached.

The relationship of trade, aid, and other aspects of foreign economic policies involve the interests of many agencies of Government, particularly when both foreign and domestic economic considerations are an issue. It is, therefore, essential that interagency consultation and coordination be as meaningful and productive as possible and that the Secretary of State become the focal point of responsibility for the coordination of foreign economic policies. With these requirements in mind, I abolished the Council on Foreign Economic Policy, which had been chaired by a special assistant to the President. I have assigned the functions of the Council to the Secretary of State. I shall expect him—in facilitating executive branch coordination—to choose whatever mechanisms he finds appropriate, including the formation of interagency working groups. This assignment will strengthen the affirmative leadership role of the Secretary of State in the development and integration of foreign economic policies. I have every confidence that the views of agencies concerned will be brought to bear on such matters early and fully.

ROLE OF CHIEFS OF U.S. DIPLOMATIC MISSIONS

The Ambassador, as representative of the President and acting on his behalf, bears ultimate responsibility for activities of the United States in the country to which he is accredited. His authority will be commensurate with his major responsibilities. Presidential action has already been taken to strengthen the role of our Ambassadors, and further executive action is being undertaken to clarify their responsibility and authority.

In light of the above recommendations and in the earnest hope and expectation that the United States will meet its challenges and responsibilities in this decade of development in a forthright, affirmative manner which can engender the respect and cooperation of the community of free nations, I urge the early consideration and enactment of this legislative proposal.

Respectfully yours,

JOHN F. KENNEDY.

The PRESIDENT pro tempore. The bill will received and appropriately referred.

The bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, introduced by Mr. FULBRIGHT (by request), was received, read twice by its title, and referred to the Committee on Foreign Relations.

PROPOSED AMENDMENT TO CONSTITUTION, RELATING TO ELECTION OF PRESIDENT AND VICE PRESIDENT

Mr. ERVIN. Mr. President, I introduce, for appropriate reference, a joint resolution proposing a constitutional amendment relating to the election of President and Vice President. I ask unanimous consent that the joint resolution, together with a statement in connection with it, be printed in the RECORD.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution and statement will be printed in the RECORD.

The joint resolution (S.J. Res. 96) proposing an amendment to the Constitution of the United States relating to the election of President and Vice President, introduced by Mr. ERVIN, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States:

"ARTICLE —

"SECTION 1. The Executive power shall be vested in a President of the United States of America. He shall hold his office during the term of four years, and together with the Vice President, chosen for the same term, be elected as provided in this Constitution.

"The electoral college system of electing the President and Vice President of the United States is hereby abolished. The President and Vice President shall be elected by the people of the several States. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislature. The places and manner of holding such election shall be prescribed in each State by the legislature thereof, but the Congress may by law make or alter such regulations. Congress shall determine the time of such election, which shall be the same throughout the United States. Until otherwise determined by the Congress, such election shall be held on the Tuesday next after the first Monday in November of the year preceding the year in which the regular term of the President is to begin. Each State shall be entitled to a number of electoral votes equal to the whole number of Senators and Representatives to which such State may be entitled in the Congress.

"Within forty-five days after such election, or at such time as the Congress shall direct, the official custodian of the election returns of each State shall make distinct lists of all persons for whom votes were cast for President, and of all persons for whom votes were cast for Vice President, the number of votes for each, the total vote of the electors of the State for all persons for President, and the total vote of the electors of the State for all persons for Vice President, which lists he shall sign and certify and transmit sealed to the seat of the Government of the United States, directed to the President of the Senate. On the 6th day of January following the election, unless the Congress by law appoints a different day not earlier than the 4th day of January and not later than the 10th day of January, the President of the Senate shall in the presence of the Senate and House of Representatives open all certificates and the votes shall then be counted. Each person for whom votes were cast for President in any State shall be credited with such proportion of the electoral votes thereof for President as he received of the total vote of the electors therein for President, and each person for whom votes were cast for Vice President in any State shall be credited with such proportion of the electoral votes thereof for Vice President as he received of the total vote of the electors therein for Vice President. In making the computation, fractional numbers less than one one-thousandth shall be disregarded.

"The person having the greatest number of electoral votes for President shall be President, if such number is at least 40 per centum of the whole number of such electoral votes. If no person has at least 40 per centum of the whole number of electoral votes, then from the persons having the highest numbers not exceeding three on the list of those receiving electoral votes for President, the House of Representatives shall choose immediately, by ballot, the President. In choosing the President the votes shall be taken by States, the representation from each State having one vote. A quorum for this purpose shall consist of a member or members from two-thirds of the States and a majority of all the States shall be necessary to a choice. The person having the greatest number of electoral votes for Vice President shall be the Vice President, if such number is at least 40 per centum of the whole number of such electoral votes; and if no person has at least 40 per centum of the whole number of electoral votes, then from the persons having the two highest numbers on the list of those receiving electoral votes for Vice President, the Senate shall choose the Vice President. A quorum for this purpose shall consist of two-thirds of the whole number of Senators, and a majority of the whole number shall be necessary to a choice. No person constitutionally ineligible for the Office of President shall be eligible to that of Vice President of the United States.

"SEC. 2. Paragraphs 1, 2, and 3 of section 1, article II, of the Constitution, and the twelfth article of amendment to the Constitution are hereby repealed.

"SEC. 3. This article shall take effect on the tenth day of February following its ratification.

"SEC. 4. This article shall be inoperative unless it shall have been ratified as an

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AID ICA Digest
Oct 13, 1961

FOWLER HAMILTON: ADMINISTRATOR OF AID

A Fundamental Requirement for the New Agency is Effective Organization

"MR. HAMILTON assumes a major responsibility and I am delighted that he has accepted it. Our hopes are very high for this Agency, and I think that his assumption of responsibility gets us off to a most promising start." President Kennedy thus expressed his confidence in the Administrator of the new Agency for International Development as Fowler Hamilton took the oath of that office at the White House on October 3.

Mr. Hamilton in a press interview shortly after Senate confirmation of his appointment as Administrator of AID stated his belief that his first task as Administrator is to develop a highly effective organization to carry out the new foreign aid program.

"The President talks realistically in terms of a decade of development, with emphasis on development," Mr. Hamilton said. "The first step is to get the most effective organization. This means good people effectively organized. I don't have the slightest doubt that it can be done or that it is vital to be done."

Emphasis on Development -- The fact that aid is now accepted by Congress as a continuing program "is consistent with the idea of development rather than relief or rehabilitation," Mr. Hamilton said.

"Congress gave the Administration in substance what it sought as to power to organize various programs that relate to international development. With that authority it is my opinion that we will be able to establish efficient and effective administration of the very large sums involved."

Mr. Hamilton stated that he firmly believed in the necessity for developing individual country programs patterned to a nation's needs, its state of development and its capacity for growth. He pointed out that the Administration wants development which can be measured country by country and spoke of the Administration's recognition of the fact that the $3.9 billion appropriation is a small sum for the task. "It, therefore, must be used with the utmost care," Mr. Hamilton said.

"We must persuade countries to use our money as seed money. In other words, they must get leverage out of our money. Four billion dollars is a large sum, but spread out over such vast areas it has to be spent with a high degree of prudence."

Mr. Hamilton said that two standards will be used to judge the effectiveness of the individual country programs.

. . . The extent to which there is improvement in the economic well being of the country to which aid goes.

. . . The extent to which the over-all effort results in true cooperation in an economic and developmental sense between the US and the recipient country.

"In other words, example by the US is important and self-help by the recipient is important," Mr. Hamilton said.

Emphasis on Self-Help -- At the White House Mr. Hamilton spoke briefly of two criteria fundamental to the new foreign aid program.

"In our country, Mr. President, as you know, we have got a saying that God helps those who help themselves. In the administration of this program we will regard it as our first duty to help those of the less-developed friendly countries that make efforts to help themselves, and we will regard as the best evidence of their desire to help themselves their willingness to undertake changes, if necessary even in their internal organization, that will enable us to take what is after all seed money, small in amount but we hope effective in consequence.

"We will do our best to enlist the assistance of other industrialized countries to cooperate with us to the end that the AID Agency, working under your leadership, may lay the basis for a sound and successful decade of development."

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AID Digest Nov 6, 1961

REPORT ON ORGANIZATION

AID Structure Reflects New Concepts

AID ENTERED the "Decade of Development" on November 4 like a blushing bride - wearing something borrowed and something new. Composed of new organizational AID offices, supported by former ICA and DLF offices, the Agency physically came into existence sixty days after Presidential signature of the Foreign Assistance Act of 1961. This was the time limit set for the dissolution of ICA and the DLF.

AID's structure differs significantly from any of its predecessor organizations. This is in recognition of the new program and management concepts, enumerated in the President's messages on foreign aid.

When fully activated, the Agency will be organized along regional lines, with central direction and responsibility of the Agency fixed in an Administrator. He holds the rank of Under Secretary, reporting directly to the President and the Secretary of State.

Serving Fowler Hamilton, the Administrator will be two Deputy Administrators, each with the rank of Deputy Under Secretary, and an Executive Secretary. One of the Deputies, Frank M. Coffin, the former Managing Director of the DLF, already has been appointed and sworn in.

In addition to the two Deputies, Dr. D. A. Fitzgerald, the former ICA Deputy Director for Operations, will serve in the capacity of Special Consultant to Mr. Hamilton.

Regional Emphasis - The major change, to take place on a phased basis, will be the incorporation of technical and support functions into the Regional Bureaus. The four Regional Bureaus, to be headed by Assistant Administrators with the rank of Assistant Secretaries, will be the principal line offices of AID. They will carry the full responsibility for program planning and the execution of programs within their regions. The chain of command is to run directly from the Administrator through the Regional Assistant Administrators and thence through the Ambassadors to the Directors of the Country Missions. One Regional Administrator has so far been named: William S. Gaud for the Near East and South Asia.

The Initial Structure - To minimize transitional pains, the new Agency is being constructed on a phased basis. The following major units have already been established and were fully operative on November 4 . . . .

. . . An Executive Secretariat, with Joseph S. Toner serving as Executive Secretary . . .

. . . A Program Review and Coordination Staff, headed by Hollis Chenery, to develop program policies, coordinate and present AID budget requests, and allocate resources . . .

. . . A Congressional Liaison Staff, headed by John L. Salter, to maintain general liaison between the Agency and Congress . . .

. . . An Office of the General Counsel, directed by Seymour Rubin, to assist the Administrator with legal advice . . .

. . . A Development Loan Committee, chaired by Mr. Hamilton, to establish standards and criteria for AID's development loan operations . . .

. . . An Office of Materials Resources, headed by Mr. Herbert J. Waters, Acting Assistant Administrator, to formulate the policies, standards, and procedures governing the various types of commodity assistance . . .

. . . An Office of Administration, directed by William J. Sheppard, Acting Assistant Administrator for Administration, to plan and direct the fiscal, personnel, management and program support operations of the Agency. And. . .

. . . An Office of Development Financing, headed by Arthur McGlauflin, Acting Assistant Administrator for Development Financing, to advise the Administrator on policies, standards and practices governing the provision of capital assistance . . . .

Other units, yet to be activated, will be responsible for development research and for exploring the means of effecting human resource and institutional development through a long range educational process, an International Development Office, and a Public Affairs and Information Office.

The remaining units comprising AID are the former ICA Regional Offices and the following technical and staff offices . . .

Units formerly comprising the immediate Office of the Deputy Director for Operations (including the ADD/Os), now called the Office of Operations

Residual elements of the Office of the Deputy Director for Program and Planning, now known as the Office for Program and Planning

Office of Food and Agriculture
Office of Public Services
Office of Industrial Resources
Office of Educational Services
Office of Public Health
Office of Labor Affairs
Office of Transportation
Technical Assistance Study Group

As additional senior appointments are made, the remaining AID major units will be activated and the transition completed. It is the intent of the Administrator to settle as quickly as possible the few remaining AID organizational matters. As of November 4, ICA and DLF are history; the future belongs to the Agency for International Development.

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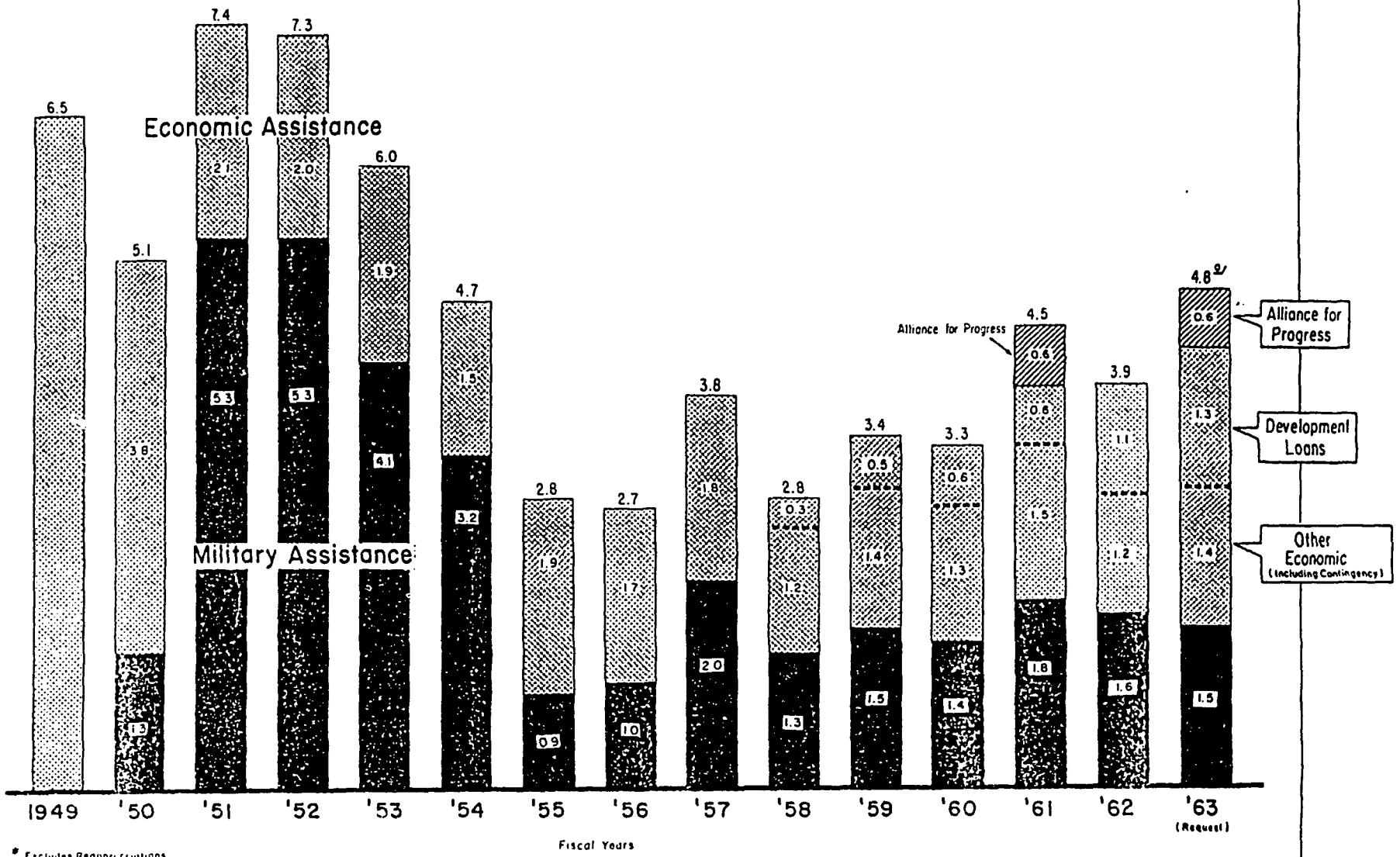
Congressional Presentation
FY 63

TREND OF APPROPRIATIONS*

(Adjusted for Transfers and Other Reciepts)

($ Billions)



* Excludes Reappropriations

a/ In addition, $ 0.1 is requested for Investment Guarantee Fund.

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FY63 Congressional Presentation

CONFIDENTIAL

SUMMARY OF PROGRAMS BY AREA, COUNTRY AND FUNCTION

Fiscal Years 1961, 1962 and 1963

(In thousands of dollars)

Country	TOTAL ECONOMIC ASSISTANCE			Development Loans and Alliance for Progress Loans			Development Grants and Alliance for Progress Grants			Supporting Assistance			Other Programs		
	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962a/	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963
TOTAL - ALL PROGRAMS	2,895,408	2,962,987	3,310,850	628,518	1,120,440	1,760,400	315,032	388,460	441,000	917,405	708,797	[illegible]	[illegible]	745,293	612,500
LATIN AMERICA - TOTAL	257,733	994,960	695,250	133,270	188,440	510,400	68,645	109,310	99,850	55,318	[illegible]	[illegible]	-	494,[illegible]	-
Argentina	6,936	42,748	193,900-128,800	6,000	39,000	100-125,000	936	3,748	3,800	-	-	-	-	-	-
Bolivia	27,875	20,830	10,000	3,750	400	b/	1,626	4,430	6,000	22,499	[illegible]	[illegible]	-	-	-
Brazil	7,506	114,130	164,000-184,000	-	94,000	140-160,000	7,506	20,130	24,000	-	-	-	-	-	-
British Guiana	745	1,500	1,500	-	-	-	745	1,500	1,500	-	-	-	-	-	-
British Honduras	98	565	500	-	-	-	98	265	500	-	[illegible]	-	-	-	-
Chile	31,227	3,653	53,300-63,300	8,200	400	50-60,000	23,027c/	3,253	3,300	-	-	-	-	-	-
Chile Reconstruction Loan	-	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000	-
Colombia	28,163	38,077	44,000-64,000	25,000	-	40-60,000	3,163	8,077	4,000	-	30,000	-	-	-	-
Costa Rica	10,315	2,205	2,400	8,625	-	b/	1,390	2,205	2,400	-	-	-	-	-	-
Cuba	43	-	-	-	-	-	43	-	-	-	-	-	-	-	-
Dominican Republic	80	26,000	3,000	-	-	b/	80	1,000	3,000	-	25,000	-	-	-	-
Ecuador	9,575	18,989	4,000	6,736	5,000	b/	2,842	5,989	4,000	-	8,000	-	-	-	-
El Salvador	2,872	4,221	2,000	1,600	500	b/	1,272	3,721	2,000	-	-	-	-	-	-
Guatemala	21,039	4,500	2,900	7,499	-	b/	3,515	4,500	2,900	10,025	-	-	-	-	-
Haiti	19,769	13,255	9,000	-2,750	-	-	2,049	2,255	4,000	11,470	11,000	5,000	-	-	-
Honduras	5,230	4,100	3,000	-	600	b/	1,723	3,500	3,000	3,507	-	-	-	-	-
Jamaica	995	6,620	1,000	-	5,500	b/	399	1,120	1,000	596	-	-	-	-	-
Mexico	1,173	670	800	-	-	b/	1,173	670	800	-	-	-	-	-	-
Nicaragua	8,397	4,243	2,500	7,100	1,440	b/	1,207	2,803	2,500	-	-	-	-	-	-
Panama	15,745	12,400	3,500	7,800	-	b/	2,945	2,500	3,500	5,000	[illegible]	-	-	-	-
Paraguay	9,621	2,669	3,000	7,710	-	-	1,911	2,669	3,000	-	-	-	-	-	-
Peru	29,150	20,658	6,000	26,000	9,000	b/	3,150	5,658	6,000	-	6,000	-	-	-	-
Surinam	430	480	400	-	-	-	430	480	400	-	-	-	-	-	-
Uruguay	87	5,110	1,500	-	-	b/	87	5,110	1,500	-	-	-	-	-	-
Venezuela	15,170	21,746	3,000	15,000	20,000	b/	170	1,746	3,000	-	-	-	-	-	-
West Indies (E.Caribbean)	3,000	9,024	7,400	-	-	-	948	2,624	1,400	2,721	6,6[illegible]	[illegible]	-	-	-
Central American Bank for Economic Integration	7,000	5,000	-	5,000	-	b/	2,000	3,000	-	-	-	-	-	-	-
Central American Region	-	-	4,500	-	-	b/	-	-	4,500	-	-	-	-	-	-
Contributions to OAS	1,500	1,500	1,700	-	-	-	1,500	1,500	1,700	-	-	-	-	-	-
Contribution to PAHO	1,625	2,300	2,300	-	-	-	1,625	2,300	2,300	-	-	-	-	-	-
OAS (Development Planning)	-	6,000	-	-	-	-	-	6,000	-	-	-	-	-	-	-
Office of Inspector General	-	-	(150)	-	-	-	-	-	(150)	-	-	-	-	-	-
Seasonal Marketing Arrangement	-	12,600	-	-	12,600	-	-	-	-	-	-	-	-	-	-
Trust Fund (IDB)	-	394,000	-	-	-	-	-	-	-	-	-	-	-	394,000	-
Regional	1,085	6,567	3,850	-	-	-	1,085	6,567	3,850	-	-	-	-	-	-

a/ As of February [illegible], 1962.
b/ Development lending contemplated, project applications will be considered.
c/ Includes $20 million grant to Chile for earthquake reconstruction and is comparable to the $100 million appropriation for this purpose.

CONFIDENTIAL

SUMMARY OF PROGRAMS BY AREA, COUNTRY AND FUNCTION

Fiscal Years 1961, 1962 and 1963

(In thousands of dollars)

Country	TOTAL ECONOMIC ASSISTANCE			Development Loans and Alliance for Progress Loans			Development Grants and Alliance for Progress Grants			Supporting Assistance			Other Programs		
	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962a/	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963
NEAR EAST AND SOUTH ASIA - TOTAL	739,259	904,530	1,028,150-1,128,150	377,525	634,100	850-950,000	68,646	63,530	78,050	234,088	206,900	[illegible]	-	-	-
Afghanistan	12,820	16,700	19,000	-	-	b/	9,082	9,200	19,000	3,739	7,500	-	-	-	-
Ceylon	269	1,500	1,300	-1,424	-	-	1,693	1,500	1,300	-	-	-	-	-	-
Cyprus	15	350	850	-	-	b/	15	350	850	-	-	-	-	-	-
Greece	20,500	20,330	20,000-40,000	-	-	20-40,000	500	330	-	20,000	20,000	-	-	-	-
India	201,600	403,300	465,000	180,100	388,100	450,000	21,500	15,200	15,000	-	-	-	-	-	-
Iran	63,288	55,200	45,400-65,400	37,155	6,000	40-60,000	4,333	5,200	5,400	21,800	44,000	-	-	-	-
Iraq	1,087	800	1,100	-	-	-	1,087	800	1,100	-	-	-	-	-	-
Israel	24,500	10,430	15,000-20,000	16,000	10,000	15-20,000	1,000	430	-	7,500	-	-	-	-	-
Jordan	47,580	43,800	42,500	1,000	-	b/	6,580	6,800	6,500	40,000	37,000	36,000	-	-	-
Lebanon	761	500	150	-	-	b/	761	500	150	-	-	-	-	-	-
Nepal	4,755	3,700	4,600	400	-	-	4,355	3,700	4,600	-	-	-	-	-	-
Pakistan	130,317	233,000	235,000	27,244	200,000	225,000	7,519	8,000	10,000	95,554	25,000	-	-	-	-
Syria	-	9,170	1,600	-	-	b/	-	170	1,600	-	9,000	-	-	-	-
Turkey	211,715	73,370	121,000-141,000	117,300	10,000	60-80,000	4,415	5,370	6,000	90,000	58,000	55,000	-	-	-
UAR (Egypt)	2,032	22,030	2,900	-250	20,000	b/	2,282	2,030	2,900	-	-	-	-	-	-
Yemen	3,996	5,000	6,900	-	-	-	-	-	-	3,996	5,000	6,900	-	-	-
CENTO	1,820	1,750	2,550	-	-	-	320	350	350	1,500	1,400	2,200	-	-	-
Regional	3,204	3,600	3,300	-	-	-	3,204	3,600	3,300	-	-	-	-	-	-
FAR EAST - TOTAL	532,642	412,688	624,100-704,100	46,250	30,450	200-280,000	72,031	69,580	75,000	414,361	312,658	349,100	-	-	-
Burma	417	5,200	32,200	-	-	b/	417	400	2,100	-	4,800	30,100	-	-	-
Cambodia	24,322	30,200	21,700	-	-	b/	7,122	12,900	10,200	17,200	17,300	11,500	-	-	-
China (Taiwan)	91,005	8,800	57,800-87,800	38,900	5,200	55-85,000	8,857	3,600	2,800	43,248	-	-	-	-	-
Indonesia	15,844	24,200	46,100-71,100	-	-	25-50,000	15,844	18,600	18,600	-	5,600	2,500	-	-	-
Japan	1,294	533	-	-	-	-	1,294	-	-	-	533	-	-	-	-
Korea	199,168	122,250	180,000-195,000	6,500	25,150	50-65,000	11,576	7,100	5,000	181,092	90,000	125,000	-	-	-
Laos	32,365	39,400	40,000	-	-	-	1,524	-	-	30,841	39,400	40,000	-	-	-
Philippines	3,312	4,300	34,500-54,500	-9,850	100	30-50,000	4,090	4,200	4,500	9,072	-	-	-	-	-
Thailand	25,260	22,900	39,500-49,500	-	-	30-40,000	6,860	9,700	9,500	18,400	13,200	-	-	-	-
Vietnam	138,548	152,000	160,000	10,700	-	-	13,357	12,000	20,000	114,491	140,000	140,000	-	-	-
West Samoa	-	25	-	-	-	-	-	-	-	-	25	-	-	-	-
SEATO	442	1,800	1,100	-	-	-	425	-	1,100	17	1,800	-	-	-	-
Regional	665	1,080	1,200	-	-	-	665	1,080	1,200	-	-	-	-	-	-

a/ As of February 28, 1962.
b/ Development lending contemplated, project applications will be considered.

SUMMARY OF PROGRAMS BY AREA, COUNTRY AND FUNCTION

Fiscal Years 1961, 1962 and 1963

(In thousands of dollars)

Country	TOTAL ECONOMIC ASSISTANCE			Development Loans and Alliance for Progress Loans			Development Grants and Alliance for Progress Grants			Supporting Assistance			Other Programs		
	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962 a/	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963
AFRICA - TOTAL	204,717	199,804	350,250-420,250	53,294	42,000	200-270,000	69,672	96,835	117,750	81,751	60,969	30,500	-	-	-
Cameroon	1,949	3,200	1,500	-	-	b/	469	200	1,500	1,480	3,000	-	-	-	-
Central African Republic	46	160	440	-	-	-	46	160	440	-	-	-	-	-	-
Chad	56	335	490	-	-	-	56	335	490	-	-	-	-	-	-
Congo (Leopoldville)	2,369	3,300	3,500	-	-	b/	2,369	3,300	3,500	-	-	-	-	-	-
Congo (Brazzaville)	54	520	500	-	-	-	54	520	500	-	-	-	-	-	-
Dahomey	1,961	1,000	1,550	-	-	b/	1,961	1,000	1,550	-	-	-	-	-	-
Ethiopia	38,657	6,400	5,900	29,130	-	b/	8,492	6,400	5,900	1,065	-	-	-	-	-
Gabon	54	260	470	-	-	b/	54	260	470	-	-	-	-	-	-
Ghana	21,577	9,200	4,250	20,000	7,000	b/	1,577	2,200	4,250	-	-	-	-	-	-
Guinea	206	3,500	3,400	-	-	b/	206	-	1,400	-	3,500	2,000	-	-	-
Ivory Coast	2,088	1,500	1,800	-	-	b/	2,088	1,500	1,800	-	-	-	-	-	-
Kenya	401	3,016	3,250	-	-	b/	401	3,000	3,250	-	16	-	-	-	-
Liberia	6,336	10,650	24,000-30,000	-	-	12-18,000	6,336	10,650	12,000	-	-	-	-	-	-
Libya	16,573	13,500	13,900	-	-	b/	2,552	2,500	3,400	14,021	11,000	10,500	-	-	-
Malagasy Republic	509	650	615	-	-	b/	509	650	615	-	-	-	-	-	-
Mali	2,496	8,700	2,500	-	5,600	b/	247	-	2,500	2,249	3,100	-	-	-	-
Mauritania	44	-	-	-	-	-	44	-	-	-	-	-	-	-	-
Morocco	40,986	31,050	31,550-36,550	-	-	10-15,000	986	1,050	1,550	40,000	30,000	20,000	-	-	-
Niger	1,958	1,200	1,650	-	-	b/	1,958	1,200	1,650	-	-	-	-	-	-
Nigeria	13,080	45,000	115,000-135,000	2,964	25,000	90-110,000	10,116	20,000	25,000	-	-	-	-	-	-
Rhodesia and Nyasaland	634	2,000	3,200	-	-	b/	634	2,000	3,200	-	-	-	-	-	-
Ruanda-Urundi	-	-	-	-	-	b/	-	-	-	-	-	-	-	-	-
Senegal	3,642	2,700	3,400	-	-	b/	3,642	2,700	3,400	-	-	-	-	-	-
Sierra Leone	496	1,500	2,500	-	-	b/	496	1,500	2,500	-	-	-	-	-	-
Somali Republic	4,227	10,253	7,750	-	-	b/	4,227	9,900	7,750	-	353	-	-	-	-
Sudan	9,401	10,800	35,500-45,500	-	2,000	30-40,000	7,965	8,800	5,500	1,436	-	-	-	-	-
Tanganyika	2,524	2,000	7,200	1,900	-	5,000	624	2,000	2,200	-	-	-	-	-	-
Togo	1,147	1,000	1,300	-	-	b/	1,147	1,000	1,300	-	-	-	-	-	-
Tunisia	37,202	15,900	37,400-47,400	10,000	2,400	30-40,000	5,702	3,500	7,400	21,500	10,000	-	-	-	-
Uganda	51	3,100	2,500	-	-	b/	51	3,100	2,500	-	-	-	-	-	-
Upper Volta	1,953	1,000	1,150	-	-	b/	1,953	1,000	1,150	-	-	-	-	-	-
Regional Programs	-7,990	6,410	9,085	-10,700	-	-	2,710	6,410	9,085	-	-	-	-	-	-

a/ As of February 28, 1962.
b/ Development lending contemplated; project applications will be considered.

SUMMARY OF PROGRAMS BY AREA, COUNTRY AND FUNCTION

Fiscal Years 1961, 1962 and 1963

(In thousands of dollars)

Country	TOTAL ECONOMIC ASSISTANCE			Development Loans and Alliance for Progress Loans			Development Grants and Alliance for Progress Grants			Supporting Assistance			Other Programs		
	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962a/	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963
EUROPE - TOTAL	92,579	17,250	0-10,000	17,879	-	0-10,000	4,750	2,250	-	69,950	15,000	-	-	-	-
Berlin	4,000	-	-	-	-	-	-	-	-	4,000	-	-	-	-	-
Iceland	6,000	-	-	-	-	-	-	-	-	6,000	-	-	-	-	-
Poland	100	1,500	-	-	-	-	100	1,500	-	-	-	-	-	-	-
Spain	26,029	15,000	-	-9,821	-	-	900	-	-	34,950	15,000	-	-	-	-
Yugoslavia	56,450	750	0-10,000	27,700	-	0-10,000	3,750	750	-	25,000	-	-	-	-	-
OEEC/OECD Plus Third Country Participants	-	-	-	-	-	-	(.2)b/	-	-	-	-	-	-	-	-
ADMINISTRATIVE EXPENSES															
Administrative Expenses, AID	45,205	51,604	55,000	-	-	-	-	-	-	-	-	-	[illegible]c/	51,604	55,000
Administrative Expenses, Dept. of State	7,765	5,035	3,100	-	-	-	-	-	-	-	-	-	[illegible]	5,035	3,100
NON-REGIONAL - TOTAL	209,508	234,166	224,750	300	250	250	31,288	46,945	70,350	11,437	470	250	[illegible]	186,501	153,900
Investment Surveys	-	1,500	5,000	-	-	-	-	-	-	-	-	-	-	1,500	5,000
Investment Guarantee Fund d/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
International Organizations															
Afro-Malagasy Economic Cooperation Organization (OAMCE)	-	200	-	-	-	-	-	-	-	-	-	-	-	200	-
Asian Productivity Organization	(165)	200	200	-	-	-	-	-	-	-	-	-	[illegible]e/	200	200
Atoms for Peace and IAEA	1,677	2,750	1,250	-	-	-	1,037	2,000	-	-	-	-	[illegible]	750	1,250
Commission for Technical Cooperation in Africa - South of the Sahara (CCTA)	(12)	1,700	600	-	-	-	-	-	-	-	-	-	(12)f/	1,700	600
Indus Waters	6,807	20,100	30,000	-	-	-	-	-	-	-	-	-	[illegible]	20,100	30,000
International Control Commission - Laos	-	100	-	-	-	-	-	-	-	-	-	-	-	100	-
NATO Science Programs	1,328	1,400	1,530	-	-	-	-	-	-	-	-	-	[illegible]	1,400	1,530
U.N. Children's Fund	12,000	12,000	12,000	-	-	-	-	-	-	-	-	-	[illegible]	12,000	12,000
U.N. Congo: Economic Assistance	28,512	33,000	34,300	-	-	-	-	-	-	-	-	-	[illegible]	33,000	34,300
Military Operations	36,413	20,256	-	-	-	-	-	-	-	-	-	-	[illegible]	20,256	-
U.N. Education, Social & Cultural Organizations (Special African Program)	1,000	-	-	-	-	-	-	-	-	-	-	-	[illegible]	-	-
U.N. Emergency Force	3,200	1,800	1,320	-	-	-	-	-	-	-	-	-	[illegible]	1,800	1,320
U.N. Relief and Works Agency	17,000	17,938	17,200	-	-	-	-	-	-	-	-	-	[illegible]	17,938	17,200
U.N. Technical Assistance and Special Fund	36,950	44,000	50,000	-	-	-	-	-	-	-	-	-	[illegible]	44,000	50,000
World Health Organization:															
Community Water Supply	375	400	-	-	-	-	-	-	-	-	-	-	[illegible]	400	-
Malaria Eradication	4,000	2,500	-	-	-	-	-	-	-	-	-	-	[illegible]	2,500	-
Medical Research	500	500	500	-	-	-	-	-	-	-	-	-	500	500	500

a/ As of February 28, 1962.
b/ Included in Interregional Expenses.
c/ Includes $1,875 thousand from DLF and $[illegible] thousand from Administrative Expenses (State), but excludes reimbursements.
d/ All guaranties issued to date have been funded from reserves consisting of Borrowing Authority, fee income and some appropriated capital of the former corporate DLF. An appropriation of $100 million is being requested in FY 1963 to increase the reserve funds.
e/ Included under Far East Regional Development Grants.
f/ Included under Africa Regional Development Grants.

CONFIDENTIAL

SUMMARY OF PROGRAMS BY AREA, COUNTRY AND FUNCTION

Fiscal Years 1961, 1962 and 1963

(In thousands of dollars)

	TOTAL ECONOMIC ASSISTANCE			Development Loans and Alliance for Progress Loans			Development Grants and Alliance for Progress Grants			Supporting Assistance			Other Programs		
	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962a/	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963	Actual FY 1961	Estimate FY 1962	Proposed FY 1963
NON-REGIONAL (Continued)															
Other Programs															
American Schools Abroad	4,500	4,000	4,000	-	-	-	4,500	4,000	4,000	-	-	-	-	-	-
Building and School Facilities	-	1,505	1,500	-	-	-	-	1,505	1,500	-	-	-	-	-	-
Civic Action Projects	-	-	10,000	-	-	-	-	-	10,000	-	-	-	-	-	-
Cuban Refugees	4,090	25,560	-	-	-	-	-	-	-	-	-	-	4,090	25,560	-
Development Research	(513)	6,000	20,000	-	-	-	(513)b/	6,000	20,000	-	-	-	-	-	-
Disaster Relief	110	220	-	-	-	-	-	-	-	110	220	-	-	-	-
Escapee Program	3,516	1,442	-	-	-	-	-	-	-	-	-	-	3,516	1,442	-
Excess Property Pool	-	5,000	-	-	-	-	-	5,000	-	-	-	-	-	-	-
Freight Differentials	3,250	-	-	-	-	-	-	-	-	3,250	-	-	-	-	-
General Technical Services	-	1,035	1,300	-	-	-	-	1,035	1,300	-	-	-	-	-	-
Intergovernmental Committee for European Migration	9,052	-	-	-	-	-	-	-	-	-	-	-	9,052	-	-
Interregional Programs	22,223	24,105	30,000	-	-	-	22,223c/	24,105	30,000	-	-	-	-	-	-
Ocean Freight, Vol. Relief Agencies	2,659	3,100	3,200	-	-	-	2,659	3,100	3,200	-	-	-	-	-	-
Office of Inspector General d/	871	700	850	300	250	250	202	200	350	369	250	250	-	-	-
Other (Including Classified)	6,157	175	-	-	-	-	-	-	-	6,157	-	-	-	175	-
Project HOPE	1,551	-	-	-	-	-	-	-	-	1,551	-	-	-	-	-
Refugee and Migration - Admin. Exp.	-	980	-	-	-	-	-	-	-	-	-	-	-	980	-
U.N. High Commissioner for Refugees	1,300	-	-	-	-	-	-	-	-	-	-	-	1,300	-	-
World-Wide Community Water Supply	343	-	-	-	-	-	343	-	-	-	-	-	-	-	-
World-Wide Malaria Eradication	324	-	-	-	-	-	324	-	-	-	-	-	-	-	-
UNDISTRIBUTED PROGRAMS - TOTAL	-	233,350	400,500	-	225,200	-	-	-	-	-	-	-	-	8,150	400,500
Development Loans	-	225,200	-	-	225,200	-	-	-	-	-	-	-	-	-	-
Contingency Fund	-	8,150	400,500	-	-	-	-	-	-	-	-	-	-	8,150	400,500

a/ As of February 28, 1962.
b/ Included in Interregional Expenses.
c/ Consists of: $21,477 thousand for Interregional programs; $513 thousand for Research; $172 thousand for Europe Regional, and $61 thousand for miscellaneous items.
d/ In addition, Military Assistance contributions are as follows: FY 1961 - $356; FY 1962 - $300; FY 1963 - $350.

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1948-1971

ONOMIC ASSISTANCE PROGRAMS

Administered by the

AGENCY FOR INTERNATIONAL DEVELOPMENT

AND PREDECESSOR AGENCIES

APRIL 3, 1948 - JUNE 30, 1971

AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF STATISTICS AND REPORTS

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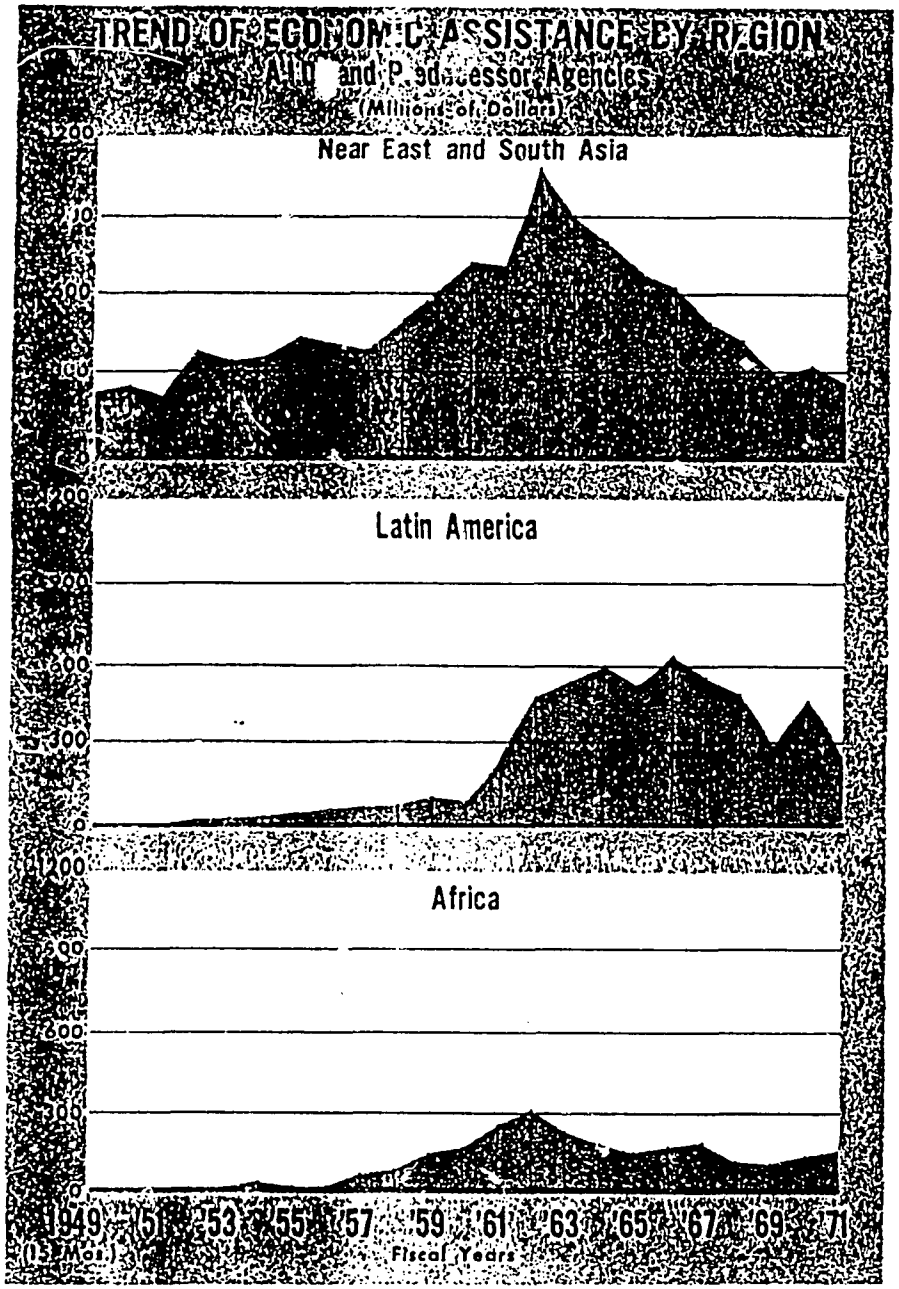
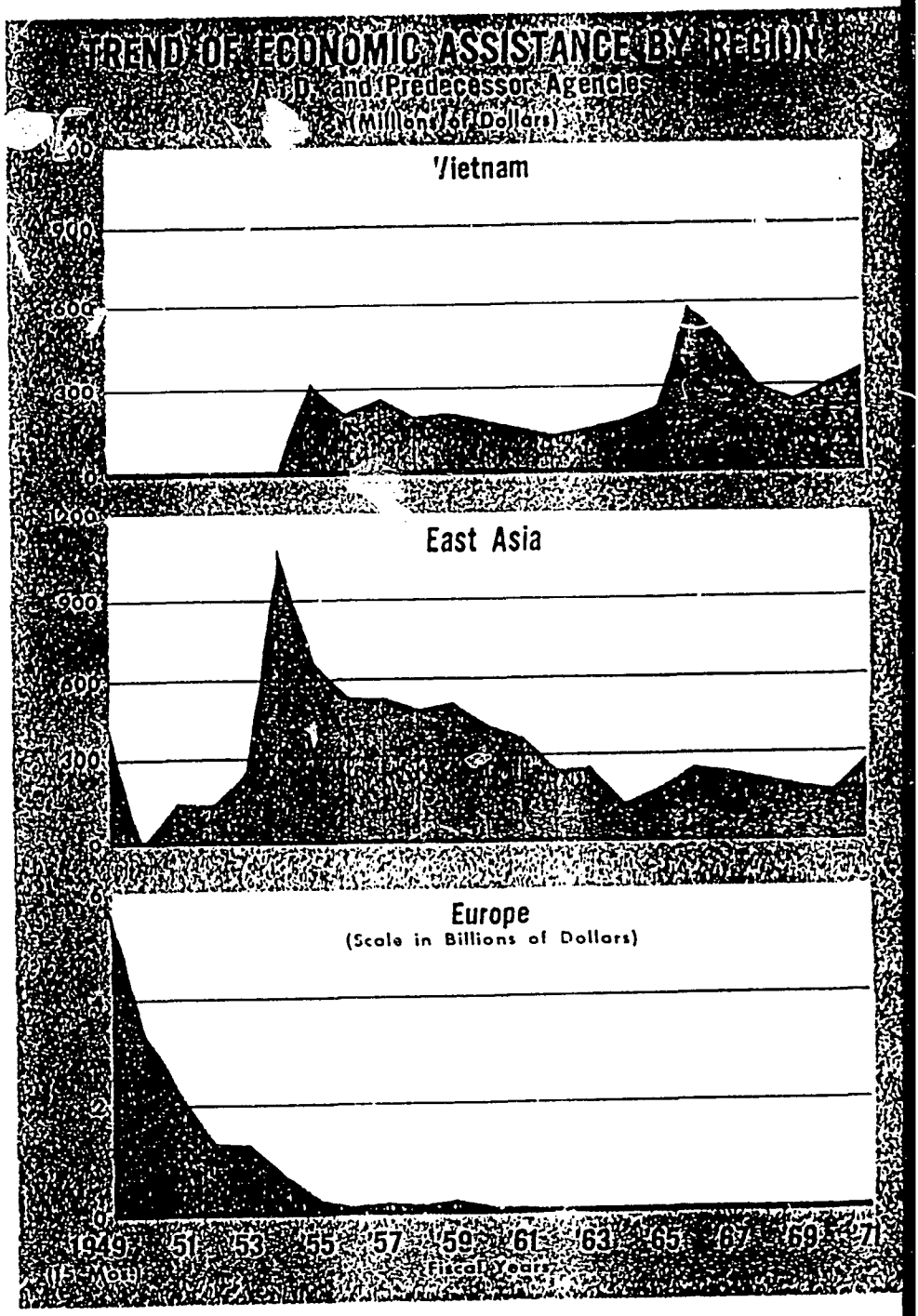

TREND OF ECONOMIC ASSISTANCE BY REGION
AID and Predecessor Agencies
(Millions of Dollars)
Near East and South Asia
Latin America
Africa
1949 (15 Mos.)
'51
'53
'55
'57
'59
'61
'63
'65
'67
'69
'71
Fiscal Years


TREND OF ECONOMIC ASSISTANCE BY REGION
AID and Predecessor Agencies
(Millions of Dollars)
Vietnam
East Asia
Europe
(Scale in Billions of Dollars)
1949 (15 Mos.)
'51
'53
'55
'57
'59
'61
'63
'65
'67
'69
'71
Fiscal Years

GRAND TOTAL
A.I.D. AND PREDECESSOR AGENCIES

U.S. FISCAL YEAR		NET OBLIGATIONS AND LOAN AUTHORIZATIONS			TOTAL EXPENDITURES
		TOTAL	LOANS	GRANTS	
		(Millions of Dollars)			
MARSHALL PLAN PERIOD	1948 (Apr.-June)	766	2	764	205
	1949	5,517	1,165	4,352	4,349
	1950	3,614	163	3,451	3,443
	1951	2,622	45	2,577	2,838
	1952	1,985	201	1,784	2,282
MUTUAL SECURITY ACT PERIOD	1953	1,960	26	1,934	1,891
	1954	2,228	114	2,114	1,507
	1955	1,821	197	1,624	2,133
	1956	1,506	208	1,298	1,710
	1957	1,627	322	1,305	1,623
	1958	1,619	417	1,202	1,439
	1959	1,916	626	1,291	1,530
	1960	1,866	564	1,302	1,620
	1961	2,022	707	1,315	1,801
A.I.D. PERIOD	1962	2,509	1,330	1,180	1,832
	1963	2,300	1,346	954	2,034
	1964	2,141	1,333	808	1,980
	1965	2,033	1,129	904	2,037
	1966	2,554	1,228	1,326	2,143
	1967	2,253	1,091	1,162	2,320
	1968	1,892	929	963	2,034
	1969	1,449	570	879	2,012
	1970	1,669	680	988	1,819
	1971	1,700	608	1,091	1,899
TOTAL ASSISTANCE		51,571a/	15,003	36,568	48,482
Principal Repayments			*2,217*		
Interest Collected			*1,884*		

NOTE: Detail may not add to totals due to rounding.
a/Excludes Social Progress Trust Fund, shown seperately on page 41.

A.I.D. AND PREDECESSOR AGENCIES

U.S. FISCAL YEAR		NEAR EAST AND SOUTH ASIA	LATIN AMERICA a/	VIETNAM	EAST ASIA	AFRICA	EUROPE
		NET OBLIGATIONS AND LOAN AUTHORIZATIONS (Millions of Dollars)					
MARSHALL PLAN PERIOD	1948 (Apr.-June)	32	--	--	26	--	706
	1949	196	--	--	380	--	4,916
	1950	249	--	--	-11	--	3,335
	1951	211	--	--	158	--	2,225
	1952	401	19	--	153	4	1,287
MUTUAL SECURITY ACT PERIOD	1953	358	21	--	260	5	1,249
	1954	378	26	--	1,075	28	600
	1955	454	45	324	658	13	202
	1956	432	72	202	539	13	109
	1957	403	79	258	536	61	136
	1958	516	88	182	491	82	109
	1959	610	123	201	517	150	159
	1960	722	105	169	426	170	95
	1961	707	254	136	368	263	91
A.I.D. PERIOD	1962	1,068	478	111	257	315	15
	1963	902	542	133	263	240	-2
	1964	802	603	159	146	189	-2
	1965	675	523	216	192	151	-1
	1966	629	638	584c/	255	171	-1
	1967	507	557	467c/	244	186	-*
	1968	440	497	302c/	229	116	*
	1969	285	290	249c/	200	108	*
	1970	330	378	208c/	180	139	--
	1971	263	261	368c/	279	162	--
TOTAL ASSISTANCE		11,569	5,602b/	4,370d/	7,823	2,565	15,229
U.S. FISCAL YEAR		TOTAL EXPENDITURES					
MARSHALL PLAN PERIOD	1948 (Apr.-June)	12	--	--	1	--	192
	1949	118	--	--	334	--	3,871
	1950	175	--	--	54	--	3,189
	1951	179	--	--	31	--	2,596
	1952	359	10	--	157	2	1,646
MUTUAL SECURITY ACT PERIOD	1953	298	23	--	192	3	1,301
	1954	260	17	--	302	7	831
	1955	366	27	129	864	24	566
	1956	387	55	193	634	13	279
	1957	381	66	252	615	19	160
	1958	351	65	212	505	41	118
	1959	495	87	179	425	81	128
	1960	537	96	181	421	147	78
	1961	539	119	147	452	178	112
A.I.D. PERIOD	1962	599	286	112	325	201	93
	1963	996	316	144	306	158	37
	1964	939	293	160	242	145	19
	1965	781	431	184	209	176	10
	1966	663	496	287c/	216	214	1
	1967	637	571	468c/	219	192	*
	1968	583	450	323c/	252	140	*
	1969	544	402	346c/	215	163	*
	1970	467	412	308c/	200	151	*
	1971	488	350	351c/	241	167	*
TOTAL ASSISTANCE		10,954	4,559	3,976	7,412	2,229	15,228

*Less than $500,000. a/Excludes Social Progress Trust Fund, shown separately on page 41. b/Excludes Alliance for Progress funds in FY 1963-1971 used for non-regional programs. c/Includes administrative and program support costs for Vietnam excluded from the non-regional data. d/Excludes $43 million reimbursements by the Department of Defense in FY 1967, $31 million in FY 1968, $29 million in FY 1969, $52 million in FY 1970 and $65 million in FY 1971 for grants to Vietnam.

ALLIANCE FOR PROGRESS

The Alliance for Progress announced by President Kennedy in March 1961 is a unified and cooperative development effort of the countries of the Western Hemisphere. In the United States it brings together the various elements of U.S. economic and social policy toward Latin America. It consolidates earlier expression of congressional and executive action including the Latin America and Chile Development and Reconstruction Assistance Act (P.L. 86-735) and the signing of the historic Act of Bogota which set the American nations on the road to progress. At the same time the Alliance offers an instrument for a decade of constructive action in the hemisphere.

Various U.S. Government agency programs -- along with those of others -- contribute to the Alliance. The Agency for International Development (AID) is requesting authority under the Foreign Assistance Act to make loans and grants for development purposes over the next four years. The total amount that the Congress is requested to authorize as a part of the Alliance for Progress for the four-year period is $3 billion. This amount will be supplemented by Export-Import Bank loans and Food for Peace programs in order to meet the objectives of the Alliance.

Background of the Alliance

Latin America is a region of great diversity, made up of twenty independent nations and a sprinkling of dependent colonial territories; each has its own history, cultural and political traditions, and distinct economic structure. Beneath this diversity, however, are problems common to most of the area: problems of social unrest, of poverty and disease, of wide disparity in income and opportunity. In many Latin American countries only a tiny minority controls most of the arable land, receives a satisfactory education, and holds the reins of political power. Large masses of farmers and farm workers, frequently of Indian origin or culture, either continue to live at a subsistence level or migrate to the already overcrowded cities in search of employment. The economies of these countries for the most part are not growing rapidly enough to provide employment or to keep pace with the explosive population increase that is characteristic of the region.

With these conditions as a background, a political struggle is in progress between the opposing ideologies of communism and the Free World. Communism and its regional offspring, Castroism, find a basis for agitation in the growing discontent of the Latin American underprivileged classes. The wealthy landowner, industrialist, or other member of the ruling class is an easy target, as is the foreign investor or employer. The Marxist doctrines of class warfare and exploitation are ready symbols with which to explain the dilemma of a world which appears to offer riches to the "haves" while denying them to the "have-nots." Nevertheless, there is a growing body of progressive thinkers and leaders in Latin America who recognize the inequities and weaknesses of the economic and social structure of their respective countries. These men have already started working for reforms and for constructive measures that will help their countries towards self-sustaining growth under freedom rather than tyranny. They believe that the only alternative to violent revolution in most Latin American countries is a rapid evolution toward sound economic and social goals. But such evolution is a race against time, because the explosive forces are building up.

Objectives

In August 1961 the American nations met to discuss the shape of the cooperative effort to develop the hemisphere. This meeting culminated in the signing of the Charter of Punta del Este. This meeting not only established achievement goals, but it also established a framework of cooperation.

Among the most important goals of the Alliance for Progress, as contained in the Charter of Punta del Este, are the following:

(1) To achieve sustained growth of per capita income and self-sustained economic growth of not less than 2.5% per capita per year;

(2) To achieve more equitable distribution of national income and a higher proportion of the national produce devoted to investment while maintaining stable price levels;

(3) To achieve economic diversification, involving reduction of dependence on exports of primary products, and stabilization of export earnings; and to raise agricultural productivity as well as encourage agrarian reform;

(4) To eliminate adult illiteracy and by 1970 to assure access to at least six years of primary education for each school-age child;

(5) To improve health conditions, including the increase of life expectancy by a minimum of five years;

(6) To increase low-cost housing construction;

(7) To strengthen existing arrangements for economic integration.

What Has Been Done

In the first year of operation under the Alliance for Progress, many measures were initiated by Latin American nations in such fields as tax reform, land reform, labor laws, economic stabilization, and national planning to make more effective use of available resources. The record varies considerably from country to country, yet every country responded in some degree to the high principles enunciated at Bogota and Punta del Este. Many of these reforms and self-help measures were initiated with great difficulty, and other hoped-for actions were not accomplished. In some countries the combination of built-in resistance from ruling oligarchies and active opposition of Castro sympathizers have resulted in even more difficulties than anticipated.

The difficult and time-consuming work of building and staffing competent planning departments and producing meaningful development plans has begun. During the first year of the Alliance, four countries have completed such plans or major sections of them. The Organization of American States (OAS), the Economic Commission for Latin America (ECLA), and the Inter-American Development Bank (IADB), as well as others, are providing technical assistance in planning to those countries that requested it.

In the first year of the Alliance, commitments of U.S. public funds exceeded $1 billion in various forms of economic aid including Export-Import Bank loans, Food for Peace programs, loans and grants from AID and assistance from the Social Progress Trust Fund, U.S. funds which are administered by the IADB.

In the social development field, the Latin Americans have placed heavy reliance on the IADB. The Bank has several funds which it uses for lending for development in Latin America. Of major interest is the Social Progress Trust Fund -- U.S. funds administered by a skilled staff drawn from the entire hemisphere to achieve social and economic improvement in Latin America. The Social Progress Trust Fund has primary responsibility for development projects in rural living and land use, public housing, and water supply and sewage, and numerous loans in these fields have been approved. For example, a loan of $22.8 million will help finance the construction of 32,500 housing units for low-income families throughout Peru over the next few years. This program will be a broad attack on the housing problem in Peru, and involves the use of self-help construction methods, private construction companies, and savings and loan associations. In Venezuela, a water works program is being financed by a $20 million loan. This loan will help provide water supply systems in 385 towns and small cities, benefiting more than 700,000 people, in a significant effort to improve the lot of the common people in the countryside.

Funds appropriated in the spring of 1961 under the Act for Latin American Development and Chilean Reconstruction were used by AID to help several nations realize important developmental goals in education, health and public administration. A grant of $3,770,000, supplementing their own resources, enabled Colombia to make a beginning on a long-term project which has the ultimate goal of providing five years of education to every child of school age.

After several months of search for the best leadership personnel, the reorganization of the Latin American Bureau of AID was put into effect. The establishment of the new agency along regional lines has given new impetus to the Alliance and should make U.S. aid in this hemisphere more effective. An important feature of the reorganization was the appointment of a Coordinator for the Alliance for Progress with responsibility for bringing together the various components of the assistance program.

Problems We Face

After nearly one year of the Alliance for Progress, we recognize that the road ahead is still a difficult one. We expect more and greater self-help actions from the Latin American nations, but such measures must not be mere paper actions. They must be genuine reforms which will pave the way for social and economic progress.

It is apparent that in some instances the very concept of self-help and reform has led to overgeneralization and misinterpretation, and, therefore, requires clarification. Certain reform measures, which might be considered as self-help, may be wrongly emphasized: for example, efforts to raise reasonable tax rates could result in increased evasion, whereas concentration on good administration and enforcement may be more effective in increasing tax yields and appropriate distribution of the tax burden. Other overly ambitious self-help measures, especially those in the field of social legislation, may ignore economic reality and impose burdens which the governments cannot at this time afford

or may tend to discourage the confidence needed to stimulate and expand private investment. Reforms undertaken without sufficient preparation can result in the overthrow of a progressive administration. It is essential, therefore, that the Alliance partners be urged to identify genuine self-help needs in terms of long-range objectives and practical realities. Nevertheless, the pace of self-help and internal reform must be rapid enough to provide hope and concrete gain for the underprivileged. It is to assist in the fulfillment of this objective that the Alliance for Progress was formed.

Proposed AID Program

If the Latin American countries are persuaded to make far-reaching changes in their economic and social structure, overcoming the resistance of traditionalist elements, they must be assured of continued long-range support from the United States. For this, we are here requesting authority to make loans and grants for development within a $3 billion authorization for the next four years. The multi-year authorization will provide tangible evidence of U.S. assistance over the long term. The authorization supplemented by assistance from the Export-Import Bank, and Food for Peace programs, plus other sources, will be employed to promote development called for at the Punta del Este Conference and assist in working towards the objectives of the Alliance for Progress.

For the purpose outlined above, an authorization of $600 million in new obligational authority is being requested. The program for FY 1963 is proposed as being $610 million, because it is presently projected that $10 million will be available from previous appropriations. It is estimated that the $600 million of new funds requested would be used as follows: $510 million for loans and $90 million for grants. Both lending and grant funds will be used to help countries progress towards development. Although in some cases growth will be dependent upon economic stability and we will have to give assistance for such purposes, the funds appropriated will be channeled into such constructive uses as the financing of feasibility studies, the development of human resources through programs of education and training, and the financing of projects in major developmental sectors.

A more complete discussion of the proposed program for FY 1963 will be found in the statement on the Alliance for Progress in Volume II.

SUPPORTING ASSISTANCE

This category of economic aid is primarily designed to promote vital U.S. national security and foreign policy objectives in selected countries. Supporting Assistance, to be provided largely on a grant basis, is proposed only in situations where development assistance would be inappropriate, because of a failure to meet development criteria, but where U.S. interests require substantial assistance. To provide this form of aid to 15 countries and a program under CENTO auspices, programs totaling $497 million are proposed for FY 1963, of which $481.5 million would be financed from new obligational authority and $15.5 million from reappropriated funds.

Programs of Supporting Assistance are designed to serve one or more of four objectives.

Assistance for the Common Defense

About 75% ($374 million) of the proposed program of $497 million is designed primarily to enable countries on the periphery of the Sino-Soviet empire to continue to participate in the common defense by maintaining strong military forces to discourage external aggression, contribute to regional defense and maintain internal security.

Under the new U.S. approach to foreign aid, increased emphasis has been placed on working with these countries to achieve economic growth. As levels of economic activity rise, their governments are then able to finance the local costs of defense budgets from domestic revenues and, where appropriate, local currency proceeds of the sales of U.S. surplus agricultural commodities. As one result of continuing favorable developments, it is planned to terminate Supporting Assistance at the end of FY 1962 for four countries along the southern border of the Soviet bloc. Barring presently unanticipated changes in the economic and military situation, these countries are expected to bear their own local defense costs.

There remain, however, five countries which are attempting to cope with insurrection and subversion of such magnitude and where resources are so slim that continued provision of special grant aid is imperative.

FY63 Congressional Presentation

ALLIANCE FOR PROGRESS (Continued)

Other major fields in which significant requirements exist for self-help and reform measures include government administration, financial stabilization policy and treatment of private enterprise.

Measures Initiated

A number of steps have already been taken, particularly since the Act of Bogota in 1960, which demonstrate the growing realization among Latin American countries of the nature of the problem and a determination to move. Some countries, of course, are moving faster than others. Moreover, most of the measures which have been initiated will require further modification before reaching a wholly effective stage.

Examples of self-help and reform measures are indicated below:

(1) Argentina, reversing the trend of the Peron era, in 1958 opened up the oil resources of the country to foreign exploration. As a result Argentina is now substantially self-sufficient in oil, saving about $280 million annually in foreign exchange.

(2) Bolivia has improved its revenue collection and administration, resulting in an increase of 30% in customs collections and 10% in other taxes.

(3) Since August 1960, in a step-up of the agrarian reform program, Bolivia granted 71,000 land titles to small-scale farmers.

(4) In Brazil, a comprehensive five-year development plan for the depressed Northeast region has been completed and the Brazilian Congress has appropriated funds for the first year equivalent to $100 million.

(5) Over-all development plans of at least a preliminary nature have been prepared and submitted to international machinery for review by the Governments of Chile, Colombia and Bolivia. It is expected that Venezuela will submit its plan soon. Other countries are in the process of deceloping long-term plans or organizing machinery to do so.

(6) In November 1960 Colombia enacted an agrarian reform law providing for the redistribution of inadequately used land. Compensation would depend upon the size and present use of landholdings and would vary from 20% cash plus five-year bonds to 25-year 2% interest bonds for large unused estates.

(7) In El Salvador, a bloodless coup d'etat established a civilian-military Directorate in January 1961 which pledged itself to holding free elections and to instituting a social reform program in line with the principles of the Act of Bogota. A number of reforms were put into effect including increased income taxes, minimum wage legislation both for urban and farm workers, establishment of minimum dietary standards to be provided farm workers, and adoption and implementation of a financial stabilization program in cooperation with the IMF. In December 1961 the free election pledge was fulfilled. In this election the candidates supporting the government and its reform program won all of the seats in the 54-man Assembly.

(8) Effective July 1, 1961, Uruguay adopted an income tax with a base of 10% plus a progressive rate ranging up to 30%. This is the first income tax law in the country's history.

(9) In 1960 Venezuela adopted a land reform program and has already resettled 40,000 families on 3,000,000 acres of land. During his visit to Venezuela, President Kennedy distributed land titles under this program.

(10) Since 1958, in Venezuela primary school enrollment has increased well over 50%; secondary school enrollment has doubled; teacher training enrollment has quadrupled.

Evaluation of the significance of a specific measure must take into account improvements in comparison with past efforts as well as a comparison of the effort with the need; the evaluation must be relative as well as absolute. Evaluation of a country's resolution as well as its progress must not only be in terms of specific measures but also in terms of over-all effort as reflected in changing attitudes and approaches.

External aid will be most effective if it is made available at the optimum time to support national plans and programs -- not just made available later as a reward for national accomplishment. It will thus not be easy to strike a proper balance between avoiding inadequate assurance of self-help on the one hand and over-insistence on performance in advance on the other. Yet either extreme can seriously reduce the effectiveness of the program.

The adoption of self-help and reform measures is a complex and often lengthy process. If, for example, a specific tax reform measure should be proposed, it must (1) be prepared and approved by the government administration, (2) introduced and debated in Congress, (3) very probably revised in the Congress, (4) after passage by the Congress, enforced and administered by the

government. From the beginning to the completion of this process a great deal of time may be required in a country where democratic processes are followed.

The need for specific self-help and reform measures must be judged in terms of the economic situation in the particular country, the probable effects of the measure and its potential contribution to growth as well as the strength and nature of the political forces concerned with it.

Development Planning

In the past, much investment in Latin America has been misdirected. Low priority activities have been undertaken while urgent needs went unmet; construction has often been initiated and then delayed for years for lack of funds; plants have frequently been partially idle for lack of markets or lack of raw materials or power. And the total effort has generally been improperly related, or not related at all, to fiscal and balance of payments considerations.

In the Charter of Punta del Este it was agreed that national development plans would be valuable guides to countries in directing the use of available resources and in developing measures to make the national effort more effective. The general content of a development plan was specified in the Charter.

In the public sector, programs and projects, which have an impact upon the government budget, would be specified and developed in detail, their priorities indicated, and their financing provided for. In the private sector much less specific treatment of programs and projects could be included, except insofar as private investors have presented their own plans. For the private sector the principal elements in the national plan would concern governmental policies and measures designed to encourage and influence investment.

International assistance as well as assistance from other governments would be offered countries in creating their planning agencies and training staff and in the formulation of plans.

A panel of nine experts was created and attached to the Pan American Union for the purpose of reviewing plans, which are submitted to it, and offering suggestions to the government for modifying and strengthening the plan. After being satisfied with the results, the panel would be prepared to offer comments and recommendations concerning the plan to appropriate financing sources.

At the request of a government, and after an adequate review has been made of the plan, a financing institution, such as the IBRD or the IDB, might be prepared to organize a group of international institutions and interested governments to consider coordinated arrangements to assist in financing the external resources needed to implement the plan.

Proposed Program for FY 1963

Lending for Economic and Social Development. In FY 1963 some major countries may reach the stage with evaluated comprehensive development plans when it will be in the U.S. interest to make a long-range development financing commitment together with other industrialized countries and international financial institutions. This support might in some cases encompass both general program support -- that is, capital goods and industrial raw materials -- and funding for particular development projects. For other countries it will be necessary to provide development financing projects that will fit into future development plans of the country. In FY 1961 development lending commitments totaled $133 million, in FY 1962 the level of lending from the IDB Social Progress Trust Fund, Development Lending and other sources will be up substantially; the FY 1963 level is an estimated $685 million ($510 million requested for FY 1963 and $175 million IDB Trust Fund).

Grants for Development. The $100 million grant program requested for FY 1963 for assistance to educational development, planning and better government administration and improved rural institutions is slightly below the estimated FY 1962 level. These activities, which are individually not massive, are vital ingredients to the development of human skills and institutions necessary to successful development. However, it is planned to keep all these activities under review as to their effectiveness in light of the new criteria and the ability to accelerate the shift to reliance on development lending.

Supporting Assistance. A $15 million program of supporting assistance is proposed for FY 1963, a major reduction from FY 1961 and FY 1962 levels. This is based on favorable assumptions that development aid will provide an adequate substitute and bring about the necessary growth. However, there remains a continuing need for supporting aid aimed at political and economic stability which may need to be supplemented at any time given the ever-changing picture in the Latin American scene.

ALLIANCE FOR PROGRESS (Continued)

Machinery for Administration of Programs in Latin America. As our programs are in the first phase of major reorientation, so are the various mechanisms established and available to administer assistance programs. The United States has placed major emphasis on strengthening the Latin American institutions, both national and multilateral. As an important objective of the Alliance for Progress this has been expressed through various forms of U.S. support to the Inter-American Development Bank (IDB), the Organization of American States (OAS), the U.N. Economic Commission for Latin America (UN-ECLA) and the Panel of Experts.

The Inter-American Development Bank is currently administering a Social Progress Trust Fund established by the United States with a contribution of $394 million. Under the Agreement between the United States and the Bank loans are made from the Trust for the following four activities: (1) land settlement and full land-use; (2) low income housing; (3) community water supplies and sanitation, and (4) advanced education and training. It is estimated that in the first year of operation the Bank will have committed $225 million.

Under a contract with the U.S. Government the Organization of American States has undertaken efforts which are aimed at strengthening national and regional development planning in Latin America, including the fields of education, public health, and public administration. The techniques employed by the OAS include special missions, seminars, and training programs. Under the auspices of the OAS and the terms of the Charter at Punta del Este a nine-man panel of experts has been organized to review and analyze the comprehensive plans as submitted by governments. This panel consists of outstanding Latin American and U.S. experts in the field of development planning.

The U.N. Economic Commission for Latin America also plans an important role in conducting economic studies useful in the development process. It has organized an Economic Development Institute in Santiago to provide top level training for persons engaged in national decision-making processes on the utilization of available resources.

The FY 1963 program does not presently contemplate a supplementation of the resources available to the multilateral institutions for their planned activities. The Agency for International Development is the principal instrument to administer U.S. assistance in FY 1963. Its focus will be primarily on the development plans which are being analyzed and reviewed through multilateral channels of the OAS panel of experts, the IDB, the World Bank, or the Organization for European Economic Cooperation and Development. In addition, it will continue to provide financing for development loans and grants.

In this first year of utilizing multilateral machinery, it has become evident that hard and fast delineation of responsibilities between the various institutions is not practicable. The work of the financing institutions and the U.S. own bilateral efforts must complement each other and must operate in a framework of close coordination. There has to be a recognition of each other's role but this cannot be confined to individual function tasks or activities.

Both the multilateral institutions and the U.S. agencies engaged in providing assistance have agreed that there is no substitute for close working relationships in bringing about effective administration. This has been encouraged within the U.S. Government through an Alliance for Progress Committee, headed by the U.S. Coordinator for the Alliance, with membership from the various U.S. Government agencies concerned with the economic and social development of Latin America, and the U.S. representatives to the multilateral agencies. In addition to the day-to-day working relationships with the international institutions, there are existing formal mechanisms which consider the various activities on a country-by-country basis.

All of the organizational arrangements and working relationships have yet to be fully tested and improvements will take place in their evolution. Advances are being made both in Washington and abroad by increasing authority and responsibilities of the officials charged with carrying out the Alliance for Progress.

New Directions in AID Programs. In the Latin American region a drastic and dramatic change is taking place in the programs of assistance. A small bilateral program primarily emphasizing individual forms of technical assistance has been changed to a major cooperative effort which makes the United States a partner, through development lending, in long-term programs of economic development keyed to steady progress in making vital social and economic reforms.

ALLIANCE FOR PROGRESS (Continued)

Various facets of this changed direction are reflected in (1) emphasis on specific reforms, (2) development of sound plans and programs, (3) elimination of multitudinous minor activities, (4) involvement of other industrialized nations, other financial institutions and U.S. land-grant universities of the United States, (5) adaptation of program to major goals such as economic integration, (6) relating assistance programs to commodity and trade problems, and (7) reorientation of field missions.

Recognizing that the type of self-help measure which is feasible or desirable in each country will vary, U.S. assistance strategy now attempts to identify the kinds of reform or improvement which will contribute most toward growth, and what specific steps the country is able to take; efforts are then concentrated on helping the cooperating governments to bring about such measures. The U.S. Country Teams in Latin America will play an important role in this process.

A major portion of the proposed aid program is keyed to development plans which will have as their objective rapid growth to the point of self-sustainment. Recognition is also given to the short-term and the desirability of supporting projects which can eventually become part of a long-range plan.

During the current fiscal year U.S. AID missions in Latin America have re-evaluated their programs in an effort to achieve greater concentration. The first steps taken have been the phasing out of activities which are not closely related to long-range development goals. In some cases the elimination of such projects required lengthy negotiations with the national governments concerned because they resulted in closing down cooperative programs of many years' standing. But many such projects are being eliminated, and negotiations are continuing for the termination of others.

Our program in Northeast Brazil is a reflection of joint U.S.-Brazilian effort to deal with the priority political, economic and social problems in the context of a well-conceived plan on more than a one-year basis. As part of this effort, participation is anticipated by other industrialized nations and international financial institutions.

The proposed program for Central America is another step forward to the goal of economic integration. All the individual country programs were examined in the light of regional requirements. In addition, specific programs are requested which will aid the furtherance of the goal of integration.

Other efforts under way include a program to improve training to increase the availability of scarce human skills through the OAS, Latin American countries, the OECD and its members, and the United States.

PRESIDENT KENNEDY SPEAKS ON THE ALLIANCE FOR PROGRESS

ADDRESSES AND REMARKS—THE FIRST YEAR

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SETTING GOALS FOR A HEMISPHERE

Address at the White House; before Latin American diplomats, Members of Congress, and their wives; March 13, 1961

ONE HUNDRED AND THIRTY-NINE YEARS ago this week, the United States, stirred by the heroic struggles of its fellow Americans, urged the independence and recognition of the new Latin American Republics. It was then, at the dawn of freedom throughout this Hemisphere, that Bolívar spoke of his desire to see the Americas fashioned into the greatest region in the world, "greatest," he said, "not so much by virtue of her area and her wealth, as by her freedom and her glory."

Never in the long history of our Hemisphere has this dream been nearer to fulfillment, and never has it been in greater danger.

The genius of our scientists has given us the tools to bring abundance to our land, strength to our industry, and knowledge to our people. For the first time we have the capacity to strike off the remaining bonds of poverty and ignorance—to free our people for the spiritual and intellectual fulfillment which has always been the goal of our civilization.

Yet at this very moment of maximum opportunity, we confront the same forces which have imperiled America throughout its history—the alien forces which once again seek to impose the despotisms of the Old World on the people of the New.

I have asked you to come here today so that I might discuss these challenges and these dangers.

We meet together as firm and ancient friends, united by history and experience and by our determination to advance the values of American civilization. For this new world of ours is not merely an accident of geography. Our continents are bound together by a common history—the endless exploration of new frontiers. Our nations are the product of a common struggle—the revolt from colonial

rule. And our people share a common heritage—the quest for the dignity and the freedom of man.

The revolutions which gave us birth ignited, in the words of Thomas Paine, "a spark never to be extinguished." And across vast, turbulent continents, these American ideals still stir man's struggle for national independence and individual freedom. But as we welcome the spread of the American Revolution to other lands, we must also remember that our own struggle—the revolution which began in Philadelphia in 1776 and in Caracas in 1811—is not yet finished. Our Hemisphere's mission is not yet completed. *For our unfulfilled task is to demonstrate to the entire world that man's unsatisfied aspiration for economic progress and social justice can best be achieved by free men working within a framework of democratic institutions.* If we can do this in our own Hemisphere, and for our own people, we may yet realize the prophecy of the great Mexican patriot, Benito Juárez, that "democracy is the destiny of future humanity."

AS A CITIZEN OF THE UNITED STATES, let me be the first to admit that we North Americans have not always grasped the significance of this common mission, just as it is also true that many in your own countries have not fully understood the urgency of the need to lift people from poverty and ignorance and despair. But we must turn from these mistakes—from the failures and the misunderstandings of the past—to a future full of peril but bright with hope.

Throughout Latin America—a continent rich in resources and in the spiritual and cultural achievements of its people—millions of men and women suffer the daily degradations of hunger and poverty. They lack decent shelter or protection from disease. Their children are deprived of the education or the jobs which are the gateway to a better life. And each day the problems grow more urgent. Population growth is outpacing economic growth, low living standards are even further endangered, and discontent—the discontent of a people who know that abundance and the tools of progress are at last within their reach—that discontent is growing. In the words of José Figueres, "Once dormant peoples are struggling upward toward the sun, toward a better life."

If we are to meet a problem so staggering in its dimensions, our approach must itself be equally bold, an approach consistent with the majestic concept of Operation Pan America. Therefore I have called on all the people of the Hemisphere to join in a new *Alliance for Progress—Alianza para el Progreso*—a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people for homes, work and land, health and schools—*techo, trabajo y tierra, salud y escuela.*

First, I propose that the American Republics begin on a vast new 10-year plan for the Americas, a plan to transform the 1960's into an historic decade of democratic progress. These 10 years will be the years of maximum progress, maximum effort—the years when the greatest obstacles must be overcome, the years when the need for assistance will be the greatest.

And if we are successful, if our effort is bold enough and determined enough, then the close of this decade will mark the beginning of a new era in the American experience. The living standards of every American family will be on the rise, basic education will be available to all, hunger will be a forgotten experience, the need for massive outside help will have passed, most nations will have entered a period of self-sustaining growth, and, although there will be still much to do, every American Republic will be the master of its own revolution and its own hope and progress.

Let me stress that only the most determined efforts of the American nations themselves can bring success to this effort. They, and they alone, can mobilize their resources, enlist the energies of their people, and modify their social patterns so that all, and not just a privileged few, share in the fruits of growth. If this effort is made, then outside assistance will give a vital impetus to progress; without it, no amount of help will advance the welfare of the people.

Thus, if the countries of Latin America are ready to do their part—and I am sure they are—then I believe the United States, for its part, should help provide resources of a scope and magnitude sufficient to make this bold development plan a success, just as we helped to provide,

against nearly equal odds, the resources adequate to help rebuild the economies of Western Europe. For only an effort of towering dimensions can insure fulfillment of our plan for a decade of progress.

Secondly, I will shortly request a ministerial meeting of the Inter-American Economic and Social Council, a meeting at which we can begin the massive planning effort which will be at the heart of the *Alliance for Progress.*

For if our alliance is to succeed, each Latin nation must formulate long-range plans for its own development—plans which establish targets and priorities, insure monetary stability, establish the machinery for vital social change, stimulate private activity and initiative, and provide for a maximum national effort. These plans will be the foundation of our development effort and the basis for the allocation of outside resources.

A greatly strengthened Inter-American Economic and Social Council, working with the Economic Commission for Latin America and the Inter-American Development Bank, can assemble the leading economists and experts of the Hemisphere to help each country develop its own development plan, and provide a continuing review of economic progress in this Hemisphere.

Third, I have this evening signed a request to the Congress for $500 million as a first step in fulfilling the Act of Bogotá. This is the first large-scale inter-American effort—instituted by my predecessor, President Eisenhower—to attack the social barriers which block economic progress. The money will be used to combat illiteracy, improve the productivity and use of their land, wipe out disease, attack archaic tax and land-tenure structures, provide educational opportunities, and offer a broad range of projects designed to make the benefits of increasing abundance available to all. We will begin to commit these funds as soon as they are appropriated.

Fourth, we must support all economic integration which is a genuine step toward larger markets and greater competitive opportunity. The fragmentation of Latin American economies is a serious barrier to industrial growth. Projects such as the Central American common market and free-trade areas in South America can help to remove these obstacles.

Fifth, the United States is ready to cooperate in serious, case-by-case examinations of commodity market problems. Frequent violent changes in commodity prices seriously injure the economies of many Latin American countries, draining their resources and stultifying their growth. Together we must find practical methods of bringing an end to this pattern.

Sixth, we will immediately step up our food-for-peace emergency program, help to establish food reserves in areas of recurrent drought, and help provide school lunches for children and offer feed grains for use in rural development. For hungry men and women cannot wait for economic discussions or diplomatic meetings; their need is urgent, and their hunger rests heavily on the conscience of their fellow men.

Seventh, all the people of the Hemisphere must be allowed to share in the expanding wonders of science—wonders which have captured man's imagination, challenged the powers of his mind, and given him the tools for rapid progress. I invite Latin American scientists to work with us in new projects in fields such as medicine and agriculture, physics and astronomy, and desalinization, and to help plan for regional research laboratories in these and other fields, and to strengthen cooperation between American universities and laboratories.

We also intend to expand our science-teacher training programs to include Latin American instructors, to assist in establishing such programs in other American countries, and translate and make available revolutionary new teaching materials in physics, chemistry, biology, and mathematics so that the young of all nations may contribute their skills to the advance of science.

Eighth, we must rapidly expand the training of those needed to man the economies of rapidly developing countries. This means expanded technical training programs, for which the Peace Corps, for example, will be available when needed. It also means assistance to Latin American universities, graduate schools, and research institutes.

We welcome proposals in Central America for intimate cooperation in higher education, cooperation which can achieve a regional effort of increased effectiveness and

excellence. We are ready to help fill the gap in trained manpower, realizing that our ultimate goal must be a basic education for all who wish to learn.

Ninth, we reaffirm our pledge to come to the defense of any American nation whose independence is endangered. As confidence in the collective security system of the OAS spreads, it will be possible to devote to constructive use a major share of those resources now spent on the instruments of war. Even now, as the Government of Chile has said, the time has come to take the first steps toward sensible limitations of arms. And the new generation of military leaders has shown an increasing awareness that armies can not only defend their countries—they can, as we have learned through our own Corps of Engineers, help to build them.

Tenth, we invite our friends in Latin America to contribute to the enrichment of life and culture in the United States. We need teachers of your literature and history and tradition, opportunities for our young people to study in your universities, access to your music, your art, and the thought of your great philosophers. For we know we have much to learn.

In this way you can help bring a fuller spiritual and intellectual life to the people of the United States, and contribute to understanding and mutual respect among the nations of the Hemisphere.

WITH STEPS SUCH AS THESE, we propose to complete the revolution of the Americas, to build a Hemisphere where all men can hope for a suitable standard of living and all can live out their lives in dignity and in freedom.

To achieve this goal, political freedom must accompany material progress. Our *Alliance for Progress* is an alliance of free governments, and it must work to eliminate tyranny from a Hemisphere in which it has no rightful place. Therefore let us express our special friendship to the people of Cuba and the Dominican Republic—and the hope they will soon rejoin the society of free men, uniting with us in our common effort.

This political freedom must be accompanied by social change. For unless necessary social reforms, including land and tax reforms, are freely made, unless we broaden the opportunity of all of our people, unless the great mass of Americans share in increasing prosperity, then our alliance, our revolution, our dream, and our freedom will fail. But we call for social change by free men—change in the spirit of Washington and Jefferson, of Bolívar and San Martín and Martí—not change which seeks to impose on men tyrannies which we cast out a century and a half ago. Our motto is what it has always been—progress yes, tyranny no—*progreso si, tiranía no!*

But our greatest challenge comes from within—the task of creating an American civilization where spiritual and cultural values are strengthened by an ever-broadening base of material advance, where, within the rich diversity of its own traditions, each nation is free to follow its own path toward progress.

The completion of our task will, of course, require the efforts of all the governments of our Hemisphere. But the efforts of governments alone will never be enough. In the end the people must choose and the people must help themselves.

And so I say to the men and women of the Americas—to the *campesino* in the fields, to the *obrero* in the cities, to the *estudiante* in the schools—prepare your mind and heart for the task ahead, call forth your strength, and let each devote his energies to the betterment of all, so that your children and our children in this Hemisphere can find an ever richer and a freer life.

Let us once again transform the American Continent into a vast crucible of revolutionary ideas and efforts, a tribute to the power of the creative energies of free men and women, an example to all the world that liberty and progress walk hand in hand. Let us once again awaken our American Revolution until it guides the struggles of people everywhere—not with an imperialism of force or fear, but the rule of courage and freedom and hope for the future of man.

MOMENTUM OF THE PROGRAM

Remarks at the Pan American Union, Washington, D.C.; before the American Economic and Social Council; November 29, 1961

TODAY MARKS ANOTHER MILESTONE in the *Alliance for Progress.* For today we begin to select the panel of experts established by the Charter of Punta del Este.

This panel is an historic innovation, not only in Inter-American relations, but in the effort to develop the economies of half the world. Not since the Marshall Plan has a group of allied nations embarked on a program of regional development guided by a regional body largely selected by the developing nations themselves.

These experts will review the long-term development plans of the Latin-American nations, advising them on measures to strengthen the plans and self-help and social reform measures which will accompany them. In addition they will help financing agencies to provide external resources in the most effective manner.

I am confident that the skills and ability of the men you select will enable the Latin-American nations to benefit greatly from their work. And I assure you that the United States will give the greatest possible weight to the conclusions of the experts in distributing its own funds. Similarly we will instruct our representatives to international agencies to rely heavily on the work of the panel.

I am confident that this new and imaginative creation of the Inter-American system will vastly strengthen our common effort—the *Alliance for Progress.*

I have also, today, signed an agreement for the use of $600,000,000 in *Alliance for Progress* funds to strengthen the OAS [Organization of American States]. This money will be used for studies and technical assistance, called for by the Charter of Punta del Este, to help nations in planning the growth of their economies. Thus a pledge of long standing has been fulfilled.

I would also like to express my gratification at the immense progress which has been made since the Alliance for Progress was proposed in March.

In August, the American nations drafted the Charter of Punta del Este, the framework for the decade of development, a document whose scope and significance is only matched by the Charter of the OAS itself. The Inter-American Bank, ECLA [Economic Commission for Latin America], and the OAS have agreed to provide development missions to assist nations in their planning, and some of those missions are already in the field. In addition, you have strengthened the machinery of the Inter-American Economic and Social Council, and prepared for today's selection of the panel of experts.

For its part, the United States has streamlined its own AID program, placing general responsibility for coordination of our effort in the hands of a distinguished administrator with long experience in the work of development—Teodoro Moscoso. And we have already developed new sets of standards to guide our work.

In these and in many other ways, we have developed the basic structure for our future effort, for the work of the next ten years. But we have not waited for the establishment of that structure to begin our work.

ALL OVER LATIN AMERICA, new development plans are being formulated, and some have already been completed. New tax and land reform programs—basic requirements of social progress—have been instituted or are being prepared. Many of the American nations are now mobilizing their resources and the energies of their people for the task of development.

And the United States, for its part, has already committed more than $800 million of the more than a billion dollars which it pledged to the first year of the *Alliance.* . . .

But despite its speed, I am determined to do even better in the months to come. The urgent needs of our pople cannot wait. Their need for food and shelter, for education and relief from poverty, and, above all, their need to feel

hope for their future and the future of their children, demands attention and toil this year, this month, today.

Measured by the past, we have moved swiftly. Measured by the needs of the future, we must do much better. And I can assure you that the energies of my government, and my personal effort, will be devoted to speeding up the pace of development. For I share with you a determination that before this decade comes to a close, the Americas will have entered upon a new era, when the material progress of American man and the justice of his society will match the spiritual and cultural achievements of this Hemisphere.

I am fully aware of the immensity of our task, of the difficulties we face. But I know we share the faith of one of the earliest American settlers, William Bradford, who, when told in 1630 that the hazards of settling this Hemisphere were too great to overcome, answered:

"All great and honorable actions are accompanied with great difficulties, and must be both enterprised and overcome with answerable courage. The dangers were great, but not desperate; the difficulties were many, but not invincible. All of them, through the help of God, by fortitude and patience, might either be borne or overcome."

BEYOND THE GOOD NEIGHBOR

Address at San Carlos Palace, Bogotá, Colombia; before the President of Colombia and guests at a state dinner; December 17, 1961

IN NINETEEN HUNDRED THIRTY FOUR, one of the greatest of my predecessors, President Franklin Roosevelt, was the first President of the United States to visit this country. He came in pursuit of a new policy—the policy of the Good Neighbor. This policy—based on the ideas of Bolívar and San Martín and Santander—recognized the common interests of the American States—denied that any nation in this Hemisphere had the right to impose its will on any other nation—and called for a great cooperative effort to strengthen the spirit of human liberty here in the Americas.

I am here today—the second American President to visit Colombia—in that same spirit. For our generation also has a new policy—*la Alianza para el Progreso.* Today again, that policy calls for a joint effort to protect and extend the values of our civilization—going beyond the Good Neighbor policy to a great unified attack on the problems of our age. Today again, we deny the right of any State to impose its will upon any other. And today again, these new policies are based upon the vision and the imagination of the great statesmen of Latin America.

In 1960, your distinguished President, Dr. Lleras Camargo, addressed the United States Congress, of which I was a Member. He spoke of the need for the American States to work together to conquer the evils of poverty and injustice. He called for participation by the United States. And, later in the same visit, he said, and I quote him, that "It is necessary to make a supreme effort in each country, with the cooperation of all the others, to prevent Western civilization from being threatened within the very stronghold that has defended it."

Those warnings of your President have been heard. The cooperative effort of our great free nations has begun. Help has already begun. And the stronghold of our civilization, the individual dignity of the individual free man, has begun to strengthen the bulwarks of freedom.

We are a young and strong people. Our doctrines—the doctrines lit by the leaders of your country and mine—now burn brightly in Africa and Asia and wherever men struggle to be free. And here in our own Hemisphere, we have successfully resisted efforts to impose the despotisms of the Old World on the nations of the New.

Today we face the greatest challenge to the vitality of our American revolution. Millions of our people—scattered across a vast and rich continent—endure lives of misery. We must prove to them that free institutions can best answer their implacable demand for social justice, for food, for material welfare and above all, for a new hope—for themselves and for their children. And in so proving the blessings of freedom in Latin America, we will be teaching the same lesson to a watchful and impatient world.

WE IN THE UNITED STATES have made many mistakes in our relations with Latin America. We have not always understood the magnitude of your problems, or accepted our share of responsibility for the welfare of the Hemisphere. But we are committed in the United States—our will and our energy—to an untiring pursuit of that welfare, and I have come to this country to reaffirm that dedication.

The leaders of Latin America, the industrialists and the landowners are, I am sure, also ready to admit past mistakes and accept new responsibilities. For unless all of us are willing to contribute our resources to national development, unless all of us are prepared not merely to accept, but initiate, basic land and tax reforms, unless all of us take the lead in improving the welfare of our people; then that leadership will be taken from us and the heritage of centuries of Western civilization will be consumed in a few months of violence.

Bolívar, in a letter written when he was in exile and the cause of liberty seemed dim, wrote: "The veil has been torn asunder. We have already seen the light and it is not our desire to be thrust back into the darkness." In our time the veil again has been torn asunder. The millions of our people who have lived in hopeless poverty—patiently suffering hunger, social injustice, and ignorance—have now glimpsed the hope of a better and more abundant life for themselves and their children. And they do not intend to be thrust back into darkness.

La Alianza para el Progreso is designed to transform this hope into a reality. It calls for a vast and immediate effort on the part of all the Americas to satisfy the basic needs of our people for work and land, and homes and schools. It expects within the next ten years—the Decade of Development—to be well on the way toward satisfying these basic needs. . . .

Thus, *la Alianza para el Progreso* is a program which is revolutionary in its dimensions. It calls for staggering efforts by us all and unprecedented changes by us all. It raises far-reaching aspirations, and demands difficult sacrifices. And although we have already done much in a short time, we must do much more and act much more swiftly in the months to come. For on the success of the *Alliance*—on our success in this Hemisphere—depends the future of that human dignity and national independence for which our forebears in every country of the Hemisphere struggled.

After the American wars of independence, the President of Colombia, Santander, said: "Arms have given us independence; laws will give us freedom." These prophetic words, I think, indicate the history of our Hemisphere. For our real progress has not come about through violence or tyranny, but under the guidance of democratic leaders who realized the great capacity of free society for peaceful change.

THE ULTIMATE RESPONSIBILITY

Remarks at the White House; before Latin American diplomats, Members of Congress, and Members of the Organization of American States; March 13, 1962

ONE YEAR AGO, on a similar occasion, I proposed the *Alliance for Progress.* That was the conception, but the birth did not take place until some months later, at Punta del Este. That was a suggestion for a continent-wide cooperative effort to satisfy the basic needs of the American people for homes, work, land, health, and schools, for political liberty and the dignity of the spirit.

Our mission, I said, was "to complete the revolution of the Americas, to build a Hemisphere where all men can hope for a suitable standard of living, and all can live out their lives in dignity and freedom."

I then requested a meeting of the Inter-American Economic and Social Council to consider the proposal. And, seven months ago, at Punta del Este, that Council met and adopted the Charter which established the *Alianza para el Progreso* and declared and I quote, "We, the American Republics, hereby proclaim our decision to unite in a common effort to bring our people accelerated economic progress and broader social justice within the framework of personal dignity and individual liberty."

Together, the free nations of the Hemisphere pledged their resources and their energies to the *Alliance for Progress.* Together they pledged to accelerate economic and social development and to make the basic reforms that are necessary to ensure that all would participate in the fruits of this development. Together they pledged to modernize tax structures and land tenure—to wipe out illiteracy and ignorance—to promote health and provide decent housing—to solve the problems of commodity stabilization—to maintain sound fiscal and monetary policies—to secure the contributions of private enterprise to development—to speed the economic integration of Latin America. And together they established the basic institutional framework for this immense, decade-long development.

This historic Charter marks a new step forward in the history of our Hemisphere. It is a reaffirmation of the continued vitality of our Inter-American system, a renewed proof of our ability to meet the challenges and perils of our time, as our predecessors met these challenges in their own days.

In the late eighteenth and early nineteenth centuries, we struggled to provide political independence in this Hemisphere.

In the early twentieth century, we worked to bring about a fundamental equality between all the nations of this Hemisphere one with another—to strengthen the machinery of regional cooperation within a framework of mutual respect—and under the leadership of Franklin Roosevelt and the Good Neighbor Policy, that goal was achieved a generation ago.

Today we seek to move beyond the accomplishments of the past—to establish the principle that all the people of this Hemisphere are entitled to a decent way of life—and to transform that principle into the reality of economic advance and social justice on which political equality must be based.

THIS IS THE MOST DEMANDING goal of all. For we seek not merely the welfare and equality of nations one with another—but the welfare and the equality of the people within our nations. In so doing we are fulfilling the most ancient dreams of the founders of this Hemisphere: Washington, Jefferson, Bolívar, Martí, San Martín, and all the rest.

And I believe that the first seven months of this *Alliance* have strengthened our confidence that this goal is within our grasp.

Perhaps our most impressive accomplishment in working together has been the dramatic shift in the thinking and the attitudes which has occurred in our Hemisphere in these seven months. The Charter of Punta del Este posed

the challenge of development in a manner that could not be ignored. It redefined the historic relationships between the American nations in terms of the fundamental needs and hopes of the twentieth century. It set forth the conditions and the attitudes on which development depends. It initiated the process of education without which development is impossible. It laid down a new principle of our relationship—the principle of collective responsibility for the welfare of the people of the Americas.

Already elections are being fought in terms of the *Alliance for Progress.* Already governments are pledging themselves to carry out the Charter of Punta del Este. Already people throughout the Hemisphere—in schools and in trade unions, in chambers of commerce, in military establishments, in government, on the farms—have accepted the goals of the Charter as their own personal and political commitments.

For the first time in the history of Inter-American relations, our energies are concentrated on the central task of democratic development.

This dramatic change in thought is essential to the realization of our goals. For only by placing the task of development in the arena of daily thought and action among all the people can we hope to summon up the will and the courage which that task demands. This first accomplishment, therefore, is essential to all the others.

Our second achievement has been the establishment of the institutional framework within which our decade of development will take place. We honor here today the OAS Panel of Experts—a new adventure in Inter-American cooperation—drawn from all parts of the continent—charged with the high responsibility—almost unprecedented in any international cooperative effort—of evaluating long-range development plans, reviewing the progress of these plans, and helping to obtain the financing necessary to carry them out. This group has already begun its work. And here, today, I reaffirm our government's commitment to look to this Panel for advice and guidance in the conduct of our joint effort.

In addition, the OAS, the Economic Commission for Latin America, and the Inter-American Bank have offered planning assistance to Latin American nations—the OAS has begun a series of studies in critical development fields—and a new ECLA Planning Institute is being established to train the young men who will lead the future development of their countries. And we have completely reorganized in our own country our assistance program, with central responsibility now placed in the hands of a single coordinator.

Thus, within seven months, we have built the essential structure of the institutions, thought and policy on which our long-term effort will rest. But we have not waited for this structure to be completed in order to begin our work.

LAST YEAR I SAID that the United States would commit one billion dollars to the first year of that *Alliance.* That pledge has now been fulfilled. The *Alliance for Progress* has already meant better food for the children of Puno in Peru, new schools for people in Colombia, new homes for *campesinos* in Venezuela—which I saw myself during my recent visit. And in the year to come, millions more will take new hope from the *Alliance for Progress* as it touches their daily life—as it must.

In the vital field of commodity stabilization, I pledged the efforts of this country to try to work with you to end the frequent, violent price changes which damage the economies of so many Latin American countries. Immediately after that pledge was made, we began work on the task of formulating stabilization agreements. In December, 1961, a new coffee agreement, drafted by a committee under a United States chairman, was completed. Today that agreement is in process of negotiation. I can think of no single measure which can make a greater contribution to the cause of development than effective stabilization of the price of coffee. In addition, the United States has participated in the drafting of a cocoa agreement; and we have held discussion about the terms of possible accession to the tin agreement.

We have also been working with our European allies—and I regard this as most important—in a determined effort to ensure that Latin American products will have equal access to the Common Market. Much of the economic future of this Hemisphere depends upon ready availability

of the markets of the Atlantic Community, and we will continue these efforts to keep these markets open in the months ahead.

The countries of Latin America have also been working to fulfill the commitments of the Charter. The report of the Inter-American Bank contains an impressive list of measures being taken in each of the eighteen countries—measures ranging from the mobilization of domestic resources to new education and housing programs—measures within the context of the Act of Bogotá, passed under the administration of my predecessor, President Eisenhower, and the *Alliance for Progress* Charter.

Nearly all the governments of the Hemisphere have begun to organize national development programs—and in some cases completed plans have been presented for review. Tax and land reform laws are on the books, and the national legislature of nearly every country is considering new measures in these critical fields. New programs of development, of housing, of agriculture and power are underway.

These are all heartening accomplishments—the fruits of the first seven months of work in a program which is designed to span a decade. But all who know the magnitude and urgency of the problems realize that we have just begun—that we must act much more rapidly and on a much larger scale if we are to meet our development goals in the months and years to come.

I pledge this country's effort to such an intensified effort. And I am confident that having emerged from the shaping period of our *Alliance*, all the nations of this Hemisphere will accelerate their own work.

For we all know that no matter what contribution the United States may make, the ultimate responsibility for success lies within the developing nation itself. For only you can mobilize the resources, make the reforms, set the goals, and provide the energies which will transform our external assistance into an effective contribution to the progress of our continent. Only you can create the economic confidence which will encourage the free flow of capital, both domestic and foreign—the capital which, under conditions of responsible investment and together with public funds, will produce permanent economic advance. Only you can eliminate the evils of destructive inflation, chronic trade imbalances, and widespread unemployment. Without determined efforts on your part to establish these conditions for reform and development, no amount of outside help can do the job.

I know the difficulties of such a task. It is unprecedented. Our own history shows how fierce the resistance can be to changes which later generations regard as part of the normal framework of life. And the course of rational social change is even more hazardous for those progressive governments who often face entrenched privilege of the right and subversive conspiracies on the left.

For too long my country, the wealthiest nation in a continent which is not wealthy, failed to carry out its full responsibility to its sister Republics. We have now accepted that responsibility. In the same way those who possess wealth and power in poor nations must accept their own responsibilities. They must lead the fight for those basic reforms which alone can preserve the fabric of their societies. Those who make peaceful revolution impossible will make violent revolution inevitable.

THESE SOCIAL REFORMS are at the heart of the *Alliance for Progress*. They are the precondition to economic modernization. And they are the instrument by which we assure the poor and hungry—the worker and the *campesino*—his full participation in the benefits of our development and in the human dignity which is the purpose of all free societies. At the same time, we sympathize with the difficulties of remaking deeply rooted and traditional social structures. We ask that substantial and steady progress toward reform accompany the effort to develop the economies of the American nations.

A year ago I also expressed our special friendship to the people of Cuba and the Dominican Republic, and the hope that they would soon rejoin the society of free men, uniting with us in this common effort. Today I am glad to welcome among us the representatives of a free Dominican Republic; and to reaffirm the hope that, in the not too distant future, our society of free nations will once again be complete.

But we must not forget that our *Alliance for Progress* is more than a doctrine of development, a blueprint of economic advance. Rather it is an expression of the noblest goal of our society. It says that want and despair need not be the lot of free men. And those who may occasionally get discouraged with the magnitude of the task, have only to look to Europe fifteen years ago and today, and realize the great potential which is in every free society when the people join and work together. It says in our Hemisphere that no society is free until all its people have an equal opportunity to share the fruits of their own land and their own labor. And it says that material progress is meaningless without individual freedom and political liberty. It is a doctrine of the freedom of man in the most spacious sense of that freedom.

Nearly a century ago José Hernandez, the Argentine poet, wrote: "America has a great destiny to achieve in the fate of mankind . . . . One day . . . the American Alliance will undoubtedly be achieved, and the American Alliance will bring world peace . . . . America must be the cradle of the great principles which are to bring a complete change in the political and social organization of other nations."

We have made a good start on our journey, but we have still a long way to go. The conquest of poverty is as difficult if not more difficult than the conquest of outer space. And we can expect moments of frustration and disappointment in the months and years to come. But we have no doubt about the outcome. . . . For all history shows that the effort to win progress within freedom represents the most determined and steadfast aspiration of man.

We are joined together in this *Alliance* as nations united by a common history and common values. And I look forward—as do all the people of this country—to the day when the people of Latin America will take their rightful place beside the United States and Western Europe as citizens of . . . [progressive] societies . . . . This is our vision —and, with faith and courage, we will realize that vision in our own time.

THE BEST ROAD TO PROGRESS

THE PEOPLE OF LATIN AMERICA are the inheritors of a deep belief in political democracy and the freedom of man —a sincere faith that the best road to progress is freedom's road. But if the Act of Bogotá becomes just another empty declaration—if we are unwilling to commit our resources and energy to the task of social progress and economic development—then we face a grave and imminent danger that desperate peoples will turn to communism or other forms of tyranny as their only hope for change. Well-organized, skillful and strongly financed forces are constantly urging them to take this course.

Excerpts from Address to Congress, March 14, 1961

IF WE FAIL HERE in the United States to recognize that [the welfare of Latin America is an] issue to which we should now be devoting our attention, then the spread of Communism and the failure of the free society is going to be . . . assured.

Remark at news conference, August 10, 1961

WHAT . . . THE PEOPLE OF THIS ISLAND have been able to do in the last decade to build a better life, to tackle the difficult problem of education, and housing, and employment, and all the rest, has given us inspiration to feel that we can carry on a great cooperative effort throughout the entire Hemisphere.

Remark at International Airport, San Juan, Puerto Rico, December 15, 1961

WE TODAY SHARE THE REALIZATION which President Roosevelt expressed in 1944, when he said that "true individual freedom cannot exist without economic security and independence."

Remark at land reform ceremony, La Morita, Venezuela, December 16, 1961

UNLESS THE UNITED STATES IS ABLE to identify itself with [progress] successfully, then all of our great efforts for freedom are going to be of no avail. This is a vital cause, and I am sure that in all your work here in this country, . . . [you will] emphasize how strongly we feel in our desire to join with them in an effort to raise the standard of living of the people of the entire Hemisphere, through a system of freedom. . . . I consider this the most vital responsibility that any citizen of the United States stationed in this Hemisphere can have. And I am confident that you emphasize this daily in your work. . . . I want the United States to be identified with progress and with the welfare of the people, not as a distant great power which is uninterested in this Hemisphere except in times of crisis. We want them to feel that day by day we are joined with them as partners—not only as neighbors, but as partners and friends, in this common effort.

Remarks to staff of American Embassy, Caracas, Venezuela, December 16, 1961

FOR THE FIRST TIME, the independent American states have declared with one voice that the concept of Marxist-Leninism is incompatible with the inter-American system and they have taken explicit steps to protect the Hemisphere's ability to achieve progress with freedom.

Remark at news conference, January 31, 1962

SOME OF THESE COUNTRIES have made great efforts, with great difficulties, to carry out the kinds of reform which would make our assistance more useful. Some other countries are in the process. But every one of these issues must be fought out within each country, because if it were easy it would have been done long ago. . . . We should attempt to work as closely as possible with each one of the Governments in assisting them. It requires in many cases personnel which they do not have; it requires experience and technical training which they do not have. The problem in the Marshall Plan was rebuilding; here [often] it's a case of building . . . .

Remark at news conference, March 14, 1962