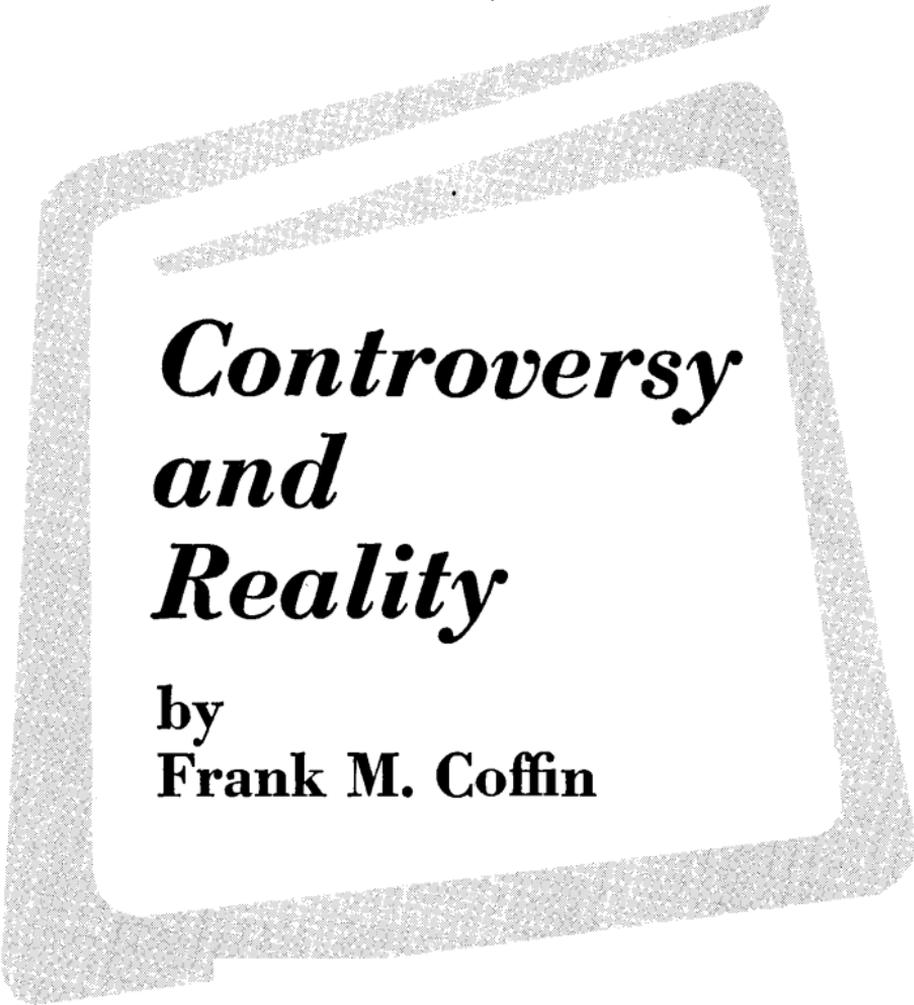


FOREIGN AID...



*Controversy
and
Reality*

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FOREIGN AID . . .

Controversy and Reality *

Let us look through some of the realities of the day.

The first—and most obvious—is that aid “is in trouble in Congress.”

To say this does not require such access to inside information as to qualify one as a legislative expert. . . . Aid has always been “in trouble” in the sense that not even the programs which today are acknowledged as overwhelming successes have escaped the hot crucible of prolonged and acrimonious debate.

There is another perspective to add to the current controversy. While we assume that controversy is new, when it is not, we also approach aid today as if it had not changed, when it has.

How often have we read the sage comment of a columnist that, while he agrees with the basic policy of aid, the basic problem is how it is administered. He predictably concludes that what is needed is a massive re-appraisal. As for Congress, it wearily assumes that it is dealing with the same program it has reviewed for 15 years.

* Excerpts from remarks by Frank M. Coffin, Deputy Administrator for Operations, Agency for International Development, at the Regional Foreign Policy Conference, Boston, Massachusetts, September 11, 1963.

The fact is that aid today is not what it was ten years ago, or even five years ago. There is no function of government which has been so studied and reorganized. It has passed through seven structural changes and no fewer than eight Presidential committees. These committees, headed by such men as Gordon Gray, Nelson Rockefeller, Clarence Randall, Benjamin Fairless, the late Eric Johnston, William Draper, and—most recently—General Clay, have not essentially differed on the why, what, when, and how of aid. They have laid the basis for a national consensus on aid—one integrated organization with overall responsibility, development based on programs tailored to each country, emphasis on loans over grants, increased procurement of goods and services in the United States, meaningful concentration among countries, aid geared to self help, a broader role for private enterprise, and termination of aid when countries become able to maintain their own momentum.

Changes in Foreign Assistance Program

Here is the record.

Aid is now planned and largely administered through the Agency for International Development. The reorganization of 1961 is now completed. Planning is now done on a country rather than a project by project basis. Loans have increased from 10 percent to 60 percent of economic aid. Loan terms, now all repayable in dollars, have hardened for a number of countries. U.S. procurement has increased from about 40 percent to over 80 percent, with aid-financed exports doubling from \$460 million in 1961 to nearly \$900

million in 1963. Military and supporting assistance have decreased by one half.

As for concentration, 80 percent of economic assistance goes to 20 countries; 80 percent of military assistance goes to 10 countries. Projects and programs are increasingly tied to self help. Investment guaranty agreements have been signed with almost 20 additional countries in the past two years, with guaranties themselves running at three times the rate of two years ago. A number of Missions in the field have been consolidated with embassies. Procedures are being updated and simplified. At least half the missions have had an infusion of new executive leadership. Increasing use is being made of land-grant colleges, cooperatives, savings and loan associations. Instead of receiving help, European countries are now furnishing about 40 percent of free world aid.

The irony is that at the very time when the planning and execution of aid is better than ever before, the general view is that nothing has changed in ten years. The historic fact is that U.S. aid has steadily evolved through the past decade and a half, acquiring new tools, finishing the job in many countries, moving to new areas of concern to the United States, and developing new principles. It is now ready, given steady support from the people and the Congress, to play a major foreign policy role in the formative years of the uncommitted one third of the globe.

The timing could not have been better. Development assistance will play an even more important part in terms of our leadership, respect, and influence should there be a genuine lessening of world tensions. In this we

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The Unchanging Face of Op

A scanning of the Congressional Record reveals these opinions from the Senate, which I quote exactly:

“Why should this country, which stood so firmly against the nationalization of industries, now pour out money for the aid of a government which has declared itself bent upon going further into the nationalization of industries?”

“We have no basic international policy, having definitely ignored the 125-year-old Monroe Doctrine . . . In its place has been substituted a hodge-podge of executive orders and gifts of large sums of money to foreign nations, founded upon no principle at all . . .”

“It is the road to bankruptcy, and not a very long road at that.”

“If I believed the expenditure of this amount of money would stop the spread of communism, I would support it . . . But in the light of history, in the light of facts, how can any Senator rise on this floor and say it will stop communism . . . ?”

Even stronger statements have been voiced in the House of Representatives where these statements have been made:

Opposition to Foreign Assistance

"They are deliberately selling America short . . . Our Uncle (Sam) in his flirtations has become the easy prey of foreign and domestic grafters, vampires, and gold diggers."

"In place of governing ourselves, in place of looking after our own people, we are now trying to bribe and govern the world."

"Congress is lost in the dismal swamps of foreign intrigue."

Now there is one fact you should know about these remarks that I have quoted from the Congressional Record. The remarks in the Senate were not made in 1963. They were made in 1948, during the Marshall Plan debate. The House quotes were taken from the 1950 debate on Point IV.

The fact of controversy is dangerous only if we forget the past and assume that it is a new phenomenon, a sea change of American opinion. It is healthy to remember the arguments of the past. It is reassuring to recall how wrong they were. And it is pertinent, for the same arguments parade the parapets today.

—FRANK M. COFFIN, September, 1963

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shall not be alone. The nations of Western Europe, Canada, Japan, and Oceania have also moved into this field, almost equalling our capital aid, and maintaining fourteen times as many technicians abroad as we do. Their increasing participation depends on our steady support of what is becoming truly a free world aid movement.

The field will not be uncontested. Already the Communist countries have over 10,000 nationals abroad in aid work in over 30 countries. Even more to the point are the new efforts and incentive of Red China, which has shown its determination to extend its influence not only from Korea westerly to India and Pakistan, but even in Africa and Latin America.

Achievements of Development Assistance

At the same time, we can point to a concrete record of achievement in every part of the world where development assistance has been made available in any substantial amount.

Politically, we can cite two kinds of achievements. Either by generating rapid economic growth from within or by resisting aggression from without, we helped to bring about the rebirth of Europe, the survival of Greece and Turkey, the emergence of a free and prosperous Japan, the rapid building of Taiwan and Israel, and continued, if contested, independence throughout the Far East. There has been a second kind of achievement, less precise but no less real. By offering, through assistance, an alternative to either the ex-

treme right or left, we have exerted a continuing and growing influence on development. In Africa it can be seen in the rejection of reliance on Communist economic ideology by the very nations which have experimented with it. In view of the worldwide confrontation of ways of life, it is remarkable that of the 46 nations that have won their independence since World War II, not one has elected to become a Communist satellite.

What about economic development? There are some who would say aid should frankly be used only for short-run political purposes, because real development is a hopeless task. Let's look at the record.

Of the 41 major aid-receiving countries we have helped since 1945, these are the results:

- Fourteen — Western Europe, Japan, Spain, and Lebanon—have not only reached a satisfactory growth rate of at least 1.5% for five successive years, but are no longer dependent on aid.

- Ten more have reached this record of growth, have made progress in limiting dependence on aid, and several, such as Israel, Greece, and Taiwan, will soon be independent of external aid.

- Nine more countries have attained a satisfactory growth rate but will continue to depend on substantial aid.

The international coordination of aid is becoming increasingly effective—through the Development Assistance Committee in Paris, the World Bank and the International Development Association, and the consortia arrangements for such countries as Pakistan, India, Greece and Turkey.

This very moment of time, therefore, is characterized on the one hand by the evolving competence of the U.S. aid effort, the increased efforts of our allies, and a record of demonstrable achievement, while on the other hand we see a renewed interest in the economic arena with a release of tensions, a focusing of efforts on development by the Soviet Union and its satellites, and stepped up probings, economic and military, by Red China.

The Roots of Opposition

What, then, is the cause of the current foreign aid controversy?

The answer, I think, lies in an attitude of frustration that the countries we are helping do not do everything we would like to see them do—and immediately. It stems from an exaggerated expectation of the power of aid, which in most cases is between 1 and 3% of a country's gross national product. Yet this is the lever which is expected to bring about, overnight, in each developing country, a solution to border disputes, the abandonment of a posture of non-alignment, a full range of sophisticated monetary, fiscal, and social policies, the institution of full fledged democracy, favorable votes in the United Nations, and a host of other equally desirable objectives.

Just because of our frustrations, perspective is most critically needed to keep our eye on our basic purpose. Aid is a limited but important instrument of our foreign policy. It accounts for 7/10 of 1% of our gross product, and 1/12 of our budget for defense and security. It is far less—both absolutely

and proportionately—than what we were willing to commit in the days of the Marshall Plan when we were less than half as rich as we are today.

But, it is an important instrument of security and freedom. In the world in which we live, there are no guaranties for either. But one thing is sure. So long as we remain in the contest, so long as we are involved, there is the chance of success with which history has rewarded our perseverance in the past. Equally certain is it that when we withdraw from any area of the world, when we furl the banner of freedom and retreat, we have foreclosed the chance for victory. We have made an irreversible decision. We may save some money for the time being, but we will have paid a price.

It is this facing of alternatives that is the highest task of diplomacy today. One seldom hears it discussed by the ardent foes of aid. But there have been eloquent voices raised. Let us hear them now. They were not partisan voices. One was that of a Democrat, the other a Republican.

One voice said:

“The United States—the richest and most powerful of all peoples, a nation committed to the independence of nations and to a better life for all peoples—can no more stand aside in this climactic age of decision than we can withdraw from the community of free nations.”

The other voice said:

“The greatest nation on earth either justifies or surrenders its leadership. We must choose. There are not blueprints to guaran-

tee results. We are entirely surrounded by calculated risks . . . those who disagree . . . have not escaped to safety by rejecting or subverting this plan. They have simply fled to other risks, and I fear far greater ones.”

The first voice was that of President Kennedy in April, 1963. The second was that of Senator Vandenberg as he closed debate on the Marshall Plan in the spring of 1948.

These statements reflect the makings of a consensus. But, they are statements separated by a decade and a half. Can we, in 1963, synchronize the voice of the past with the voice of the present? Can Congress today pursue with steadiness a program which faith initiated, history has vindicated, and the times now so urgently require?

