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Saund Amendment Sets Brakes on Foreign Aid Spending

SPEECH

OF

HON. D. S. (JUDGE) SAUND

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 16, 1961

Mr. SAUND. Mr. Chairman, this amendment will authorize the appropriation of \$1,200 million for 1 year with no provision for Treasury borrowing or bypassing the usual procedure of presenting the case before the House Foreign Affairs Committee.

The Marshall plan was authorized by a Republican Congress under a Democratic President. President Truman's requests for foreign aid moneys were never turned down by Democratic or Republican Congresses. For 6 years under the Eisenhower administration Congress was controlled by the Democratic Party. At no time was there any doubt about the passage of the appropriations for foreign aid. There is absolutely no cause for fear or doubt that the present or succeeding Congresses will fail to meet the requests of a Democratic President for this program.

Mr. Chairman, I have been a member of the Foreign Affairs Committee for 5 years. I have diligently studied the mutual security program and carefully followed the testimony of hundreds of witnesses and representatives of governmental agencies before the committee. And I have come to the conclusion that while the Marshall plan, designed to rebuild the economies of the countries of Western Europe, was highly successful, we must admit that our efforts to promote democracy and build strong free societies in many of the underdeveloped countries of the world through massive expenditures of U.S. funds have been, to say the least, not successful.

The cause for this lies not in the failure of Congress to supply the necessary funds to the executive branch, but in inadequacies of administration of the program itself. There is no particular governmental official or group of individuals to blame for this. But we do not yet have enough experienced and qualified personnel for the proper utilization of enormous sums of money in 71 countries of the world with varied backgrounds, cultures, and stages of economic development. Under those circumstances, knowing full well the past mistakes in the administration of the program, it seems more important than ever that the program should undergo thorough study and careful scrutiny each year by the Congress of the United States.

This is what can happen under the 5-year authorization and Treasury borrowing proposal.

Desire to get ahead fast in industrial development far exceeds experience and ability to manage large-scale projects in most of the nations that receive this aid.

With the limitation of a 1-year authorization and appropriation, a U.S. official in a foreign country can tell the leaders frankly: "The people of the United States desire to offer economic assistance to help your people to help themselves. If your program is properly laid out and carried on efficiently for a year, I can assure you help will be coming in forthcoming years to enable you to finish the job." As a result, the leaders of the country know that they will have to perform before they can receive any more assistance.

On the other hand, if we pass the bill in its present form, our officials abroad will be faced with this situation: If the leaders of recipient countries insist that the United States pledge the aid for 5 successive years, they will have no ex-

cuse. In most cases, they will be well meaning but inexperienced and will be more than eager to be generous and sign on the dotted line. Then and there, we will lose control and the incentive of performance on the part of the recipient country will be lost.

We must never forget the fact that some of the countries that receive this assistance do not have stable governments. The people still are in a state of revolution and these are the revolutions of impatient people with rising expectations.

Let us look at the record: We gave massive assistance to Iraq, Iran, Vietnam, Korea, Laos and other countries, where political upheavals have occurred or are in the offing. Governments were overthrown and the character of officials completely changed.

Let us suppose that the Congress had passed this kind of a bill 3 years ago. That was the time when Iraq was governed by a King and Prime Minister who were very friendly toward the United States. Suppose then we had promised the King of Iraq an annual sum of \$100 million for 5 years to improve the canal system. One day we woke up to find that the King and Prime Minister were gone and the Government was taken over by a revolutionary leader not very friendly to the United States of America. Then if we had decided later that it was not in the best interests of the United States to give this massive aid to the new government of Iraq, where would we be? We would be in a position of offering apologies and making excuses for not giving a foreign government our own money. We would be placed in a position of refusing to give funds to build canals for the people because their rulers had changed.

In Korea there was a big upheaval. Syngman Rhee was our friend. We do not know where we stand with the new government, although we are friendly toward it. What would be our position if we had promised Syngman Rhee \$400 million annually for economic development on a 5-year basis?

We should have the right and privilege to say where and how we spend the taxpayers' money. Why should we place ourselves in the position of explaining why we will give or will not give foreign aid?

President Kennedy has put one new concept in the program insofar as the underdeveloped areas of the world are concerned. He has proclaimed that

land reform, social progress, and proper tax structures must be adopted before we give aid to certain countries. Now this is a new concept and new condition in the distribution of mutual security funds. The various governments throughout the world had in readiness their 5-, 7-, or 10-year plans for economic development long before this emphasis by the President on land reform and social progress was announced. The Kennedy administration could not possibly have time to study these plans in detail.

This is a long-range program. Let us wait a little while to get our bearings. There is enough money in the pipeline to carry on the program while the Congress has a chance to study these plans before we make long-term commitments.

This bill contains a section which was offered by me and adopted by the Foreign Affairs Committee without a dissenting vote. The section states that whenever the President decides a recipient country has an agrarian economy, at least 50 percent of the funds provided in the bill for that country shall be so spent that the benefits will reach the people in the villages. If the amendment is retained in the bill, and I sincerely hope it will be, how can its provisions be carried out until the recipient nations are fully aware of this mandate of the Congress? Suppose a country were to receive \$400 million in economic aid, and it has an agrarian economy in which 80 percent of the people live in villages. If the aid is to reach the places where people live, the country's plan may have to be drastically revised to meet the requirements of the program.

No one will dispute with me that the purpose of this program is to help the less fortunate peoples in the underdeveloped areas of the world achieve a better and fuller life. And by that I mean all the people and not a thin strata on the top.

That has been our mistake all along. We have been identified with the ruling classes. We have been coddling kings and dictators and protecting the status quo. The status quo for the masses of people in many lands means hunger, pestilence, and ignorance.

There are glaring instances where our aid has helped to make the rich richer and the poor poorer. And we then wonder why the people of the underdeveloped areas of the world do not appreciate the help of Uncle Sam.