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Statement by Senator Edmund S. Muskie on Foreign Aid

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Statement of Senator Edmund S. Muskie

On Foreign Aid

U. S. Senate. November 3, 1971

Last Friday's vote has left the Senate with the opportunity and the duty to create a foreign aid program which truly will serve human needs and our national interest. Last Monday and again this morning the Foreign Relations Committee has discussed ways of moving us in this direction. For the moment, however, we are confronted with the immediate problem of producing an interim program that will salvage the best parts of our aid program until a more permanent structure can be devised.

My own approach is to support a one-year authorization for economic development and humanitarian aid, on the condition that the maximum feasible amount of assistance be given through multilateral agencies. A country with 5% of the world's people and 40% of the world's wealth -- a country which has always believed in its own decency -- cannot now turn its back on people in need, at home or abroad.

Second, I would recommend that the Senate consider the more controversial military and security supporting assistance programs separately from economic aid and on a nation-by-nation basis. While I believe in economic aid, I do not believe in sending weapons to dictatorships like those in Greece and Pakistan, which use our arms to repress their people rather than to defend them. But a state like Israel needs and deserves our steady support -- and the Senate should act without delay to prevent an interruption in our assistance to her.

In the midst of the debate on foreign aid, the Administration threatened aid cutbacks to counter the domestic political consequences of its diplomatic defeat on the China question in the United Nations. Now the Administration asks for a continuing resolution for foreign aid, which would silence debate about vital issues and postpone basic reforms in the program. I think the Senate should adopt a more responsible course -- to continue aid where it is right, to cut aid where it is wrong, and to set the stage for fundamental reform.

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The Senate vote against the Foreign Aid Bill last Friday came as a surprise and shock. It may well be that the American foreign aid program needed such a shock. I only hope that the President and Congress can now work together to restructure the program on more rational and effective lines -- in accordance with the political, economic and strategic realities of the 1970s. Meanwhile, Congress must insure that the best parts of the aid program are preserved during the transition from old to new.

We are all aware of the great changes that have been taking place during the last decade in the structure of the world community. The old patterns of the Cold War have given way to new kinds of relationships in the world. The pre-eminence of the United States and the Soviet Union as superpowers has been lessened as other nations have asserted themselves in Europe and Asia. During this transition, the American people have become aware of the need to adjust our political, military, and economic commitments abroad to make our role in the world community fully appropriate to our position and our power.

Yet during this period of readjustment, our foreign aid program has continued as though the Marshall Plan and the Truman Doctrine were begun yesterday, not in 1947.

Opposition has developed to foreign aid because too much of it seemed predicated on obsolete assumptions of the Cold War. Well over half of our annual expenditures have been devoted to military and security supporting assistance. Too often, we have contributed to the power of military regimes that face negligible external threats and which use our arms to repress their people rather than to defend them. Much of our development assistance has been used as an economic lever in the give and take of international politics. And our bilateral development assistance has proven to be a singularly inappropriate -- as well as ineffective --

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Instrument of political pressure.

The time has come, therefore, for a complete restructuring of our foreign aid program. First, we must separate economic development assistance from military and security supporting assistance. Second, we must increase our development assistance and channel it as much as possible through multilateral aid-giving institutions. Third, we should reduce our military and security supporting assistance.

Economic assistance is in the best of the American humanitarian tradition. But quite apart from humanitarian motivations, economic assistance is justified as one important means of building a stable international order. We must look toward the growth of a world economy in which the developing nations play an increasingly important role. By assisting poorer countries, we can not only help to create a better life for the majority of the world's people, but we can also help them to preserve their own independence and stability, which are critical to regional and world stability. We do not deserve, nor can we maintain a position of leadership in the world if we turn our back on people in need either at home or abroad.

The goals of economic assistance are best achieved when aid is channeled through multilateral institutions such as the World Bank and regional development banks. The multilateral approach encourages a coordinated effort by the developed nations to ease the economic problems of the less developed nations. And it shields the developing world from the strains of the bilateral aid relationship and its inevitable political overtones.

Finally, I believe we should move now toward substantial reductions in military aid and security supporting assistance. This kind of assistance frequently does little for long-term development. And it often impedes political development by placing too much power in the hands of military elites. Doubtless, there are areas in which continued military assistance is appropriate and even vitally necessary, but a review of the present program will show a number of areas in which substantial reductions or deletions can and should take place.

Much time and work will be required for this type of fundamental change in our programs. Hopefully, Congress and the President can cooperate to accomplish a total restructuring during the coming year. Today's meeting with Secretary Rogers and AID Administrator Hannah should be a beginning of that restructuring.

During the time it takes to develop a new approach to foreign aid, interim steps must be taken to assure the funding of essential programs. I do not believe that an all-encompassing, long-term continuing resolution would be appropriate for this purpose. It would perpetuate parts of our present aid programs that deserve little support. It would ignore rather than confront vital issues. Instead of bundling all the foreign aid programs together and attempting to rush them through Congress, it would be wiser to separate them and pass those that should gather widespread and interim support.

Because the long term economic development portion of the foreign aid program should command such support, because its interruption would cause great havoc in the development programs and ongoing projects of so many nations, and because I believe it is so clearly in our long-term interest, I think that this type of aid should be continued during the interim until a new, multilateral economic aid program can be created. For this purpose an authorization for economic development assistance for Fiscal Year 1972 is appropriate.

I think this authorization should include the funds for development loans and technical cooperation and development grants, including the Alliance for Progress; American contributions to international organizations; contributions to the Indus Basin Project; support for population control programs; and support for international drug control assistance. This one-year authorization should make clear that the bilateral economic aid program will be transferred to the maximum extent possible to multilateral institutions, as provided in Section 101(3) of this year's foreign aid legislation. And we must be absolutely clear that the change from bilateral to multilateral economic development aid will not be used as a

pretext to lower our level of support for these programs. Hopefully, the success of multilateral aid should attract higher levels of contributions from other developed nations, in addition to the United States.

As part of our change towards increased utilization of multilateral institutions, we should continue to strengthen the United Nations. The inability of the United States to attract support for a formula to keep the representatives of Peking and Taipei both in the United Nations --- whether caused by the (inevitable changes of international politics or lack of imaginative thinking by the Administration -- should not lead to diminished American support for the United Nations.

The special commitment we made to help further economic development in Latin America should be reflected by an increased American contribution to the development aid going to our southern neighbors. Much of this aid should be channelled through the Inter-American Development Bank.

Reasonable economic development depends upon a transfer of large amounts of capital from the developed to the less developed nations. No realistic development strategy can ignore the contributions of private foreign capital investment. For this reason, we should continue the insurance program for overseas investments under the Overseas Private Investment Corporation (OPIC) to encourage private investment in the Third World.

But the extension of this program must be accompanied by steps towards the development of orderly procedures and agreements under which foreign investments can, over time, be shifted to the developing countries themselves. Without these orderly methods, foreign investment that can benefit both parties will shrink and the chances of serious political differences arising from these investments will increase.

I feel there is no reason for the United States to diminish the humanitarian aid that we have continued to provide on an ad hoc basis to countries suffering from unique, immediate disasters. This kind of bilateral assistance does not involve the political complications of long-term military

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or development aid. It simply fulfills our best traditions of directly helping people in need. It is imperative, for example, that we provide without any delay the \$250 million for Pakistani refugee relief. We must help alleviate the suffering of these helpless millions.

Also in this category is the \$30 million of support we provide for American schools and hospitals abroad.

There are also a few cases where a continuation of bilateral economic development assistance may be appropriate for humanitarian reasons. Small nations may, because of particular circumstances, be unable to receive adequate assistance through multilateral or regional institutions. Those nations should receive aid to insure that their populations do not suffer the consequences of the international situation.

Both the military assistance and security supporting assistance aid programs deserve the widespread criticism they have encountered. There are frequently doubts about their effectiveness or desirability. However, bilateral military assistance to some countries -- like Israel -- is essential to American vital interests abroad.

So in the interim, it would be best to consider military aid as distinguished from humanitarian and economic aid on a country-by-country basis. This should limit the disputes over controversial aid programs -- such as military equipment sales to Latin America, security supporting assistance to Southeast Asia, or arms funds for Greece -- to the merits of those particular programs. And this will allow military assistance programs that are not controversial, such as the \$300 million in military credit sales to Israel, to receive prompt approval.

I think if we proceed on this basis -- a one-year authorization for economic development programs, a continuation of humanitarian aid, and a country-by-country consideration of military assistance -- we can preserve essential programs during the time necessary to reshape our foreign aid programs. Programs that have support -- because they are widely regarded as furthering our national goals -- will be promptly continued. Debate over controversial programs will be limited to those programs. And the present sense of urgency to devise a new foreign aid program will not be dissipated.