

Foreign Aid Follies of 1959

"The United States cannot be an Atlas, it cannot by its financial sacrifices carry all other nations of the world on its own shoulders, and we should stop give-away programs."

—PRESIDENT DWIGHT D. EISENHOWER
(speech before the nation's editors, June 23, 1954)

by Eugene W. Castle

AGAIN, as in previous years, 175,000,000 American citizens are being 'brainwashed', and the Congress of the United States is being bludgeoned for greater foreign aid. Not foreign aid for fiscal 1960 alone, but foreign aid forever.

All this is happening while the policy-making spokesmen of both parties utter hollow and meaningless words about the dangers of inflation.

Foreign aid is the second largest item in our Federal Budget. It is the greatest single source of inflation. But even more dangerous to our economic welfare is the waste, extravagance and corruption that prevails throughout our entire government establishment which are symbolized by our foreign aid extravagances. Indeed, this constitutes the greatest evil of the Mutual Se-

curity Program, and it is a growing one!

Taxpayers with long memories will recognize the present foreign aid follies as merely a reprise of the spectacular show which the give-away promoters put on last year. Perhaps some of the faces are different, but the song is still the same.

In 1958, it was Eric Johnston's show. Johnston, the \$150,000 a year chief lobbyist for the movie industry, is one of those eager beavers who seem always available for any needed extracurricular White House promotion jobs. His 1958 stunt for foreign aid was a streamlined performance.

The drive was touched off with a day-long Washington rally on February 27, 1958, attended by the political leaders of both parties and an array of industrial, banking and

labor luminaries. The one-day party cost \$17,000, for which \$7,000 came from the President's special White House fund, and the other \$10,000 was contributed by Nelson Rockefeller, an unquestioning foreign aid rubber stamp.

EVERYBODY was impressed by the Johnston jamboree except Congress. Refusing to be stampeded, Congress lopped \$644,000,000 off the President's foreign aid request, for the fiscal year which ends this July 1st.

On March 13, 1959, President Eisenhower unwrapped his figures for fiscal 1960, which calls for a total of \$825,000,000 more than Congress granted this year.

Also, the President provided a new head man to sell more foreign aid to the country. In place of Eric Johnston is C. Douglas Dillon, former international banker and presently Undersecretary of State. Another appointee, William H. Draper, made an Administration-blessed "fact-finding tour" from Red Carpet to Red Carpet. Draper came home from his tour to declare, in deceptively objective language, that the foreign aid program is just dandy but needs \$400,000,000 more. His findings constitute the Administration's newest excuse in demanding a higher 1960 appropriation.

Dillon has not relied so much on caviar parties and talkfests, a la Johnston, to force his program

through Congress. Instead, he is stressing the printed word. His first prize exhibit is a 153 page pamphlet, printed on fine paper in blue and black, which has been delivered to every Representative and Senator. Its value as a guide to political action is indicated by the fact that its preface even distorts American history to make a case for non-stop foreign aid. Here is the passage:

"This nation was founded, not so much for the purpose of gaining safety and material prosperity, but more to build a nation based on ideals which our founders believed ultimately would achieve world-wide acceptance".

Of course, no such ideas ever actuated the bold men who crossed the Atlantic. "Safety and material prosperity" were their acknowledged objectives. So far from seeking "world-wide acceptance" of their political ideas, the founding fathers were sublimely indifferent to Old World judgements.

Mr. Dillon's writers, in producing such a pamphlet, have deliberately belied the American spirit. They have repudiated the magnificent self-sufficiency which permeates Washington's Farewell Message. This is characteristic of the intellectual tone to which the current foreign aid debate has now degenerated.

If Mr. Dillon and his associate press agents were content to halt with such libel of America's past, the harm which they do would be

limited, even though painful. Unfortunately, they have not stopped there. In their determination to shout down any possible opposition to the evergrowing foreign aid program, they have also falsified the present. Their pronouncements give the American people a totally misleading picture of the actual American economic situation.

These tactics are seen in their most dishonest form in a denial of the inflationary danger which now looms over America.

Mr. Dillon's handbook is a case in point.

What this booklet fails to make clear is the fact that the American nation is being asked to give away \$3,929,995,000 in 1960 in the face of a yawning deficit of more than \$12,000,000,000 in 1959. We are asked to appropriate this amount for fiscal 1960 despite the fact that the most optimistic forecasts estimate already for the coming year a further Federal deficit of \$3,000,000,000. We will pour out this largess to foreign nations at a time when we are carrying upon our shoulders a staggering national debt which will soon pass the \$300,000,000,000 mark. Certainly, this is the economics of bankruptcy!

IF ANY HINT of the desperateness of our national financial situation is suggested in the pages of Mr. Dillon's handbook, we have failed to discover it. The burden of the present foreign aid propaganda

song is that the danger of uncontrollable inflation is remote, and that we can safely continue on our present course of deficit financing. While the foreign aid zealots hand out this opium, the nation moves ever closer to the precipice of national financial catastrophe.

One of the most certain signposts that disaster is ahead is the recent emergence of a whole group of important American opinion leaders who are now arguing that inflation is good for the country.

This group is spearheaded by Professor Sumner H. Slichter of Harvard, who argues that a "creeping inflation" is good for the nation. Another articulate member of this school of thinking is Leon Keyserling, who contends that the attempt to control inflation is similar to the setting up of an "economic Maginot Line"!

The emergence of a growing group of economists and their political "fellow travellers" who undisguisedly welcome inflation may, in the end, constitute the greatest danger our nation has confronted.

This is so because it means that an influential opposition has arisen in the nation to any full-hearted attempt to head off the terrors of inflation. In the appearance of such a pro-inflation party we see a fatal parallel to the history of Germany, France, pre-Communist China and many other countries which have gone down to ruin before the inflation deluge.

ALL OF THOSE who look upon inflation as a mild blessing instead of the curse that it is are also fervent advocates of more and costlier foreign aid without end. An example is Mr. Paul Hoffman, who was the first administrator of the ECA under the original Marshall Plan. Hoffman, recently interviewed in Paris, France, announced that as Managing Director of the Special Fund of the United Nations to provide technical assistance to underdeveloped countries, he expected to obtain a fund of \$70,000,000,000 to cover his operation over a period of a decade. Since Iron Curtain Countries and unreliable "neutralists" are eligible recipients from this UN enterprise and since most of Soviet Russia's economic loans and unfulfilled promises have gone to these countries we may soon find ourselves relieving Moscow of its economic aid bill. Perhaps, we may even send a bonus check to Khrushchev! Moreover, if Mr. Hoffman's hopes become a reality and are telescoped onto our present annual foreign aid bill, it will lift the yearly cost of foreign giveaways, including the fixed charge for interest on the part of our National debt incurred by foreign aid, to nearly \$15 billion annually!

If any speedier pathway to ruinous national inflation can be conceived, it has not yet been disclosed.

Incidentally, this is the same Paul Hoffman, who, in 1947, with

Secretary of State Christian A. Herter (then a Congressman) solemnly promised Congress that if it would ratify the Marshall Plan which they then championed, four years and a total expenditure not to exceed \$17,000,000,000 would see the program completed and ended. Both Hoffman and Herter are still vigorously championing greater and now permanent foreign aid, after 13 years and an expenditure of more than \$70,000,000,000!

The irony of all this is that the foreign aid program which is postulated upon the conviction that it will defeat or stop the Soviet Union in the Cold War may end up as the very factor which will give Russia the final victory. In the Soviet book, the event which will finally pull down the United States will not be war but economic collapse. Lenin believed and wrote that the master Soviet plan for destroying the United States would be to induce it to spend itself into bankruptcy. If this is the Soviet purpose, unending and unregulated foreign aid is a built-in method for hastening our collapse.

That Russia is consciously creating situations to lure us into larger and more reckless spendings is more than a supposition. Russia's moves in various parts of the world fall into a distinct pattern of provocation. As the focus swings from one danger point to another—yesterday Egypt and Quemoy, today Iraq, tomorrow perhaps Berlin—jittery

Washington invariably replies by proposals of new foreign aid hand-outs. No nation is rich enough permanently to underwrite such non-stop commitments in every part of the world.

The tragedy of the whole foreign aid program is that most of the outgoing billions earn us, not friendship and loyalty, but resentment and distrust among our so-called allies. The history of foreign aid since its inception has been a tangled series of bungling, inefficiency, corruption and incredible waste on a global scale.

Some of the innumerable and constantly reoccurring examples of the misuse of foreign aid money overseas almost defy belief:

A Congressional Committee on government operations, making its own investigation of foreign aid, discovered that in Iran a quarter of a billion dollars of Mutual Security funds had completely disappeared. It has never been found.

Here, too, we wasted half a million dollars shipping a saw-mill that proved to be totally inadequate for Iran's heavy teak-wood logs.

Also in Iran we have built high schools which, without teachers, have degenerated into a farce—only the laugh is on us.

In 1954, we injected \$12,000,000 into the economy of the Bolivian Government through the Mutual Security program. Today five years and more than \$128,000,000 later, Bolivia is in far worse shape

than when the aid program was launched.

In Pakistan, irrigation pumps that were never delivered resulted in a loss of more than a million dollars, and we wasted three million dollars more for aviation-radio gear, most of which remains un-installed or in storage.

In Pakistan, too, we shipped three and one-half million dollars worth of bus parts to a country where few of the natives know the difference between a nut and a bolt.

THERE ARE MORE millionaires per capita in Lebanon than there are in the United States, yet we recently sent that country \$28 million.

Our Marshall planners have put Africa in the coffee business only to depress prices in Latin America and worsen our relations with our neighbors to the South.

In Nepal, where communication heretofore was by drum-beat only, we are paying for the installation of 1,500 telephones; in Thailand we paid for a modern highway that connects Bangkok with the jungle; we freed the Philippines from the Japs and now the corruption-plagued government of that country demands that we repay them nearly a billion dollars for the war damage done by the Japs!

We are paying to make over the desert in Southwest Afghanistan. One drawback is the lack of water thereabouts and another is that the wandering Nomads in the Hel-

mand Valley are not interested in making their desert bloom!

We continue to pour hundreds of millions into Yugoslavia, Poland and Indonesia despite the fact that we know that the dictators who rule these Communist countries would surely turn against us in time of war.

Under Secretary of State Dillon demands more hundreds of millions to pour into India. Last year India received more than a third of a billion dollars in grants and loans. Here too, strict "neutrality" or worse would prevail if the chips were down for us!

At the same time that Mr. Dillon was demanding the full restoration of \$225,000,000 of Development Loan Funds, previously and properly denied by the last Congress, our Communist collaboration cell in the State Department was arranging to provide \$200,000,000 to Communist Poland and more tens of millions to both Yugoslavia and Indonesia. Mr. Dillon might just as well urge that these funds be sent direct to Moscow!

It was recently leaked out of Washington that Mutual Security funds were shamefully wasted to provide 44 tires for every vehicle in a foreign military motor pool.

Foreign aid millions appropriated for military construction overseas, time and again have been diverted to the building of modern apartment houses for foreign civilians.

In still another example of un-

controlled waste, millions were spent to buy private airplanes for foreign military officers.

We spent \$20 million to build a highway in Communist Yugoslavia where in the event of war, Tito said he would fight "shoulder to shoulder" with Soviet Russia.

A SMALL COUNTRY that the ICA refuses to identify received enough ammunition to last its limited military establishment for 185 years.

In Laos, millions of our giveaway dollars have gone down the drain in useless projects manipulated by dishonest foreign aid administrators in collusion with crooked contractors.

American taxpayers who want to get a clear picture of what the U.S. foreign aid program is doing all over the world can use Thailand as an excellent example. Mr. Vermont Royster reported these facts in the *Wall St. Journal*:

The aid program there is comparatively small—only \$20 million a year out of our \$4 billion foreign aid budget. And it has not been plagued with public scandals.

The Thai government is solvent. The Siamese people lack neither rice nor roofs. This permits the ICA program to be planned under almost ideal circumstances. If the foreign aid program can look good anywhere, it should look good here.

The American foreign aid help for the Siamese reaches into the fi-

nancial structure of the country, the homes, the schools, down Bangkok streets, across rice paddies and into the almost impenetrable jungle.

To begin, let us glance at the size of the administrative machinery the ICA has found necessary to erect to spend the \$20 million annually.

At the top of our mission is the office of the director, with a deputy director. Spread out below is an intricate array of division offices—Office of Technical Services, Division of Agriculture, Education, Public Health, Public Safety, Audiovisual Division, Training Division, Public Works, and Industrial Development.

There is also a Public Administration Division to show the Siamese how to run the city of Bangkok—they have run it themselves for more than a thousand years.

These are only the divisions dealing directly with aid to Thailand. There are also other administrative divisions such as the Office of Management, Office of Finance and Office of Programming.

Though the Siamese have been blessed with rich land and abundant rainfall, and have never known famine, in fact they are exporters of rice, nonetheless they are getting the benefit of a very active and extensive agricultural program.

Their industrial development, too, is not neglected. There is a highway program, an airport construction program, even a meteorological program.

The educational program embraces projects on the elementary, secondary and university levels.

To run all these programs and projects, the director needs accountants, horticulturists, entomologists, soil chemists, veterinarians, livestock biologists, parasitologists, sanitation engineers, civil engineers, machinists, geologists, doctors and nurses, electronics technicians, air operations specialists, police administrators and meteorologists, just to name a few.

Here is a country which has managed for a thousand years to get along—and get along well—without any U.S. dollar aid or U.S. aid advisers. Its people are proud of their independence, their tradition, their own way of life and are probably as successful in the pursuit of happiness as any people can possibly be.

Yet here come the Americans with a program to remake the country from top to bottom.

NO ONE WILL be surprised that a program so conceived rubs many Siamese the wrong way. It crops up even in the official ICA documents when officials report that all is not going well because the Siamese are reluctant to accept all their advice.

It crops up in conversation, polite and courteous though the Siamese may be. They have the feeling that the Americans are meddling in everything. Some of them are be-

ginning to wonder if the Americans are going to stay forever. Some have a weary wish that the Americans would just go home.

One friendly Siamese, with a twinkle in his eye, put it to an American visitor this way: "I suppose we ought to be glad that you are helping us, but we do wish you wouldn't help us so hard."

Here is a classic miniature of our economic aid program. It is typical of what we are trying to do all over the world.

A steady stream of foreign potentates have come to Washington, D. C., they are still coming. They are met by President Eisenhower's most engaging smile, followed by the appearance of the White House's solid gold banquet service.

As each visitor departs our gold supply at Fort Knox suffers further depletion. No doubt it would be better for the American people if our government kept both the gold services at the White House and our diminishing gold supply at Fort Knox under heavy padlock!

European bankers and industrialists are, in their own self-interest, becoming increasingly concerned about the value of the American dollar.

The waste and corruption of our global giveaway serves as a symbol for growing and uncontrolled extravagance throughout every department and agency of our Federal establishment. This is one of its greatest evils!

Foreign aid is now the second largest item in our Federal Budget. It is exceeded only by National Defense.

Foreign aid expenditures of more than \$70 billion is the equivalent of more than one quarter of our present staggering national debt. The annual interest charge alone for this part of our debt is approaching \$3 billion. Annual expenditures for our global giveaway are now running at a rate in excess of \$5 billion annually. With the interest charge added, the American taxpayers are being billed the astronomical total of \$7.5 billion annually for foreign aid. And the bill is going up, not down.

LAST YEAR it was reported that our Government collected \$35 billion in personal taxes from 60 million taxpayers. This means that about 20 per cent of each individual's taxes goes directly or indirectly toward paying the foreign aid bill.

In 1948, 450 people were employed to distribute foreign aid. Now, 11 years and \$70 billion later, the staff of our global paymasters has grown to 21,000, all of whom battle to perpetuate and enlarge the giving and to preserve their inflated and overstuffed bureaucracy.

Let us consider the financial jungle which has grown up in the past decade. Among the many agencies dispensing foreign aid under international auspices there is the International Bank for Reconstruc-

tion and Development—also known as the World Bank—with funds largely supplied by American investors. It makes hard money loans to other governments. Then there is the International Monetary Fund to which the United States is by far the largest contributor, which makes short term loans.

In this country we have the Export Import Bank, which originated back in the depression days to finance American foreign trade. The bank has departed far from this field and is now engaged in budget support and balance of payment loans to foreign governments.

The Development Loan fund also makes loans, mostly in soft currencies, for long-term development projects of highly dubious value, usually in “neutralist” countries.

The Agricultural Department is part of this tangled scene. Under the surplus-commodity-sales legislation, we sell to foreign countries for soft currencies, those products which our agricultural price-support program requires us to buy from our farmers. Then we lend the proceeds of the sales abroad to those same countries for their development purposes.

All of these organizations are in addition to the International Cooperation Administration which makes grants and loans for various types of assistance, chiefly the support of economies of foreign countries. Certainly, we already have

too many ways of giving our resources away. Yet, the President, recently gave his enthusiastic support to the establishment of two new international lending organizations—the International Development Association and the Inter-American Development Bank. These are in addition to Mr. Paul Hoffman’s growing giveaway schemes which I have previously mentioned. And all this is in addition to the billions annually spent for military support.

To many of us, the rivers of mis-spent dollars that are flowing from Washington may seem far away. Actually, all this is as close to us as our bank account, our pocket-book, or the dollars in our pockets. Our pockets are being picked by those whose sworn duty it is to preserve our fiscal sanity and security.

IT IS SHOCKING fact that the front runners of both political parties for the Presidential election of 1960 are supporting foreign aid forever.

They are doing this despite the fact that foreign aid was, and still is, so unpopular and unwanted by the overwhelming majority of Americans, that it was not mentioned by the leading candidates in the elections in 1952, 1956 and 1958.

Those who aspire to occupy the White House are advocating greater foreign aid in order to capture the support of misguided and “brainwashed” Americans, self-serving pressure groups, Washington-

manipulated lobbyists for clerical organizations, short-sighted industrialists, labor leaders and international bankers, all of whom disregard the fact that if our economy perishes what is left of the free world falls with us.

Foreign aid has become the greatest political racket since the lawless era during prohibition. In addition to wasting our resources on an unprecedented scale, it has advanced the false idea that we can save ourselves and the free world by giving ourselves away and spending ourselves into bankruptcy.

The time has come to halt the annual political circuses and torrents of propaganda from Washington, the sole aim of which is to bludgeon the Congress and *blitzkrieg* the American people into tolerating, against the will of the overwhelming majority, more wasteful and never-ending global giveaways.

YEAR AFTER YEAR Congress and the American people are subjected to the false findings of White House manipulated investigative committees such as the Richards Committee, the Fairless Committee and more recently the Draper Committee.

These groups of "believers" and veteran proponents of foreign aid, travel from red carpet to red carpet only to return just before appropriation time to advocate greater giveaways in perpetuity. They see only what the legion of ICA agents

throughout the world want them to see, and they see to it that the American taxpayers are told falsehoods about foreign aid. It would be better and far cheaper to have them stay at home.

The time has come for Congress to regain its lawful rights to control the purse strings of the Nation.

The time has come to cut foreign aid to the bone with our current deficit of \$13 billion and another deficit just around the corner.

There is only one way to restore what has become a missing ingredient in the life of our Government and our Country—that is integrity. That way is for all Americans to demand a National Referendum on Foreign Aid.

Let the people decide!

The overwhelming majority of Americans know that if the chips are down there will be no foreign aid for us.

Not long ago, John Foster Dulles told a Committee of the Congress that the cold war would very probably last a long time. More recently, President Eisenhower confirmed this.

Since this prediction is undoubtedly correct, the time has come for our government to conserve its resources and budget for the long pull. Only if we do this can we expect to hold our own in, and eventually win, the Cold War.

The place to start conserving is the foreign aid budget for fiscal 1960. The time is now.



What So Proudly We Hail

Beginnings of the "Stars and Stripes"

by Brenda Andersen

THE SINGLE CERTAIN fact about the beginnings of our "Stars and Stripes" is that it arose from the purest democracy imaginable: apparently, everyone in the colonies so inclined had a hand in fashioning it.

Its predecessor, the "Grand Union Flag", the first flag of the American Revolution, first fluttered from a pine pole at Charleston Heights, at Cambridge, Massachusetts on January 2, 1776. The 13 Colonies, through their Continental Congress, had pressed insistently for such a standard for the infant Army and Navy.

Benjamin Franklin and George Washington and others adopted a design (whose, no one knows). General Washington himself raised this flag to the salutes of the encamped British Army: 13 cheers and a 13 gun salvo. Their own Union Jack was a part of the design: a white diagonal cross and a red vertical cross on a field of blue, representing the Mother Country from whom the Colonies were divorcing

themselves. 13 red and white stripes symbolized the Colonies. Rhode Island's state flag already showed 13 stars on a blue field. The Washington family coat-of-arms contains both stars and stripes.

After July 4, 1776, when the Revolution came to a boil, the Union Jack's presence on the "Grand Union Flag" was, of course, intolerable.

We know that on June 14, 1777, the Continental Congress "Resolved, That the Flag of the United States be 13 stripes, alternate red and white; that the union be 13 stars, white on a blue field, representing a new constellation." Another flag commission was appointed.

Who designed the new flag, who sewed up the first one, no one knows, for certain. Some historians insist the design was by Francis Hopkinson, a signer of the Declaration of Independence, a lawyer, a poet and a musician; a Philadelphian, as well, and a friend to Franklin and Washington. The Betsy Ross legend, in all its versions, remains an agreeable explanation.