

# Text of Nixon Message to Congress on Foreign Aid

WASHINGTON, May 28—  
Following is the text of the message on foreign aid sent to Congress today by President Nixon:

Americans have for many years debated the issues of foreign aid largely in terms of our own national self-interest.

Certainly our efforts to help nations feed millions of their poor help avert violence and upheaval that would be dangerous to peace.

Certainly our military assistance to allies helps maintain a world in which we ourselves are more secure.

Certainly our economic aid to developing nations helps develop our potential markets overseas.

And certainly our technical assistance puts down roots of respect and friendship for the United States in the court of world opinion.

These are all sound, practical reasons for our foreign aid programs.

But they do not do justice to our fundamental character and purpose. There is a moral quality in this nation that will not permit us to close our eyes to the want in this world, or to remain indifferent when the freedom and security of others are in danger.

We should not be self-conscious about this. Our record of generosity and concern for our fellow men, expressed in concrete terms unparalleled in the world's history, has helped make the American experience unique. We have shown the world that a great nation must also be a good nation. We are doing what is right to do.

## A FRESH APPROACH

This Administration has intensively examined our programs of foreign aid. We have measured them against the goals of our policy and the goal of our conscience. Our review is continuing, but we have come to this central conclusion:

U. S. assistance is essential to express and achieve our national goals in the international community — a world order of peace and justice.

But no single government, no matter how wealthy or well-intentioned can by itself hope to cope with the challenge of raising the standard of living of two-thirds of the world's people. This reality must not cause us to retreat into helplessness, sullen isolation. On the contrary, this reality must cause us to redirect our efforts in four main ways:

We must enlist the energies of private enterprise, here and abroad, in the cause of economic development. We must do so by stimulating additional investment through businesslike channels, rather than offering ringing exhortations.

We must emphasize innovative technical assistance, to ensure that our dollars for all forms of aid go further, and to plant the seeds that will enable other nations to grow their own capabilities for the future.

We must induce other advanced nations to join in bearing their fair share—by contributing jointly to multilateral banks and the United Nations, by consultation and by the force of our example, and by effective coordination of national and multilateral programs in individual countries.

We must build on recent successes in furthering food production and family planning.

To accomplish these goals, this Administration's foreign aid proposals will be submitted to the Congress today. In essence, these are the new approaches:

## 1. Enlisting Private Enterprise.

I propose the establishment of the Overseas Private Investment Corporation.

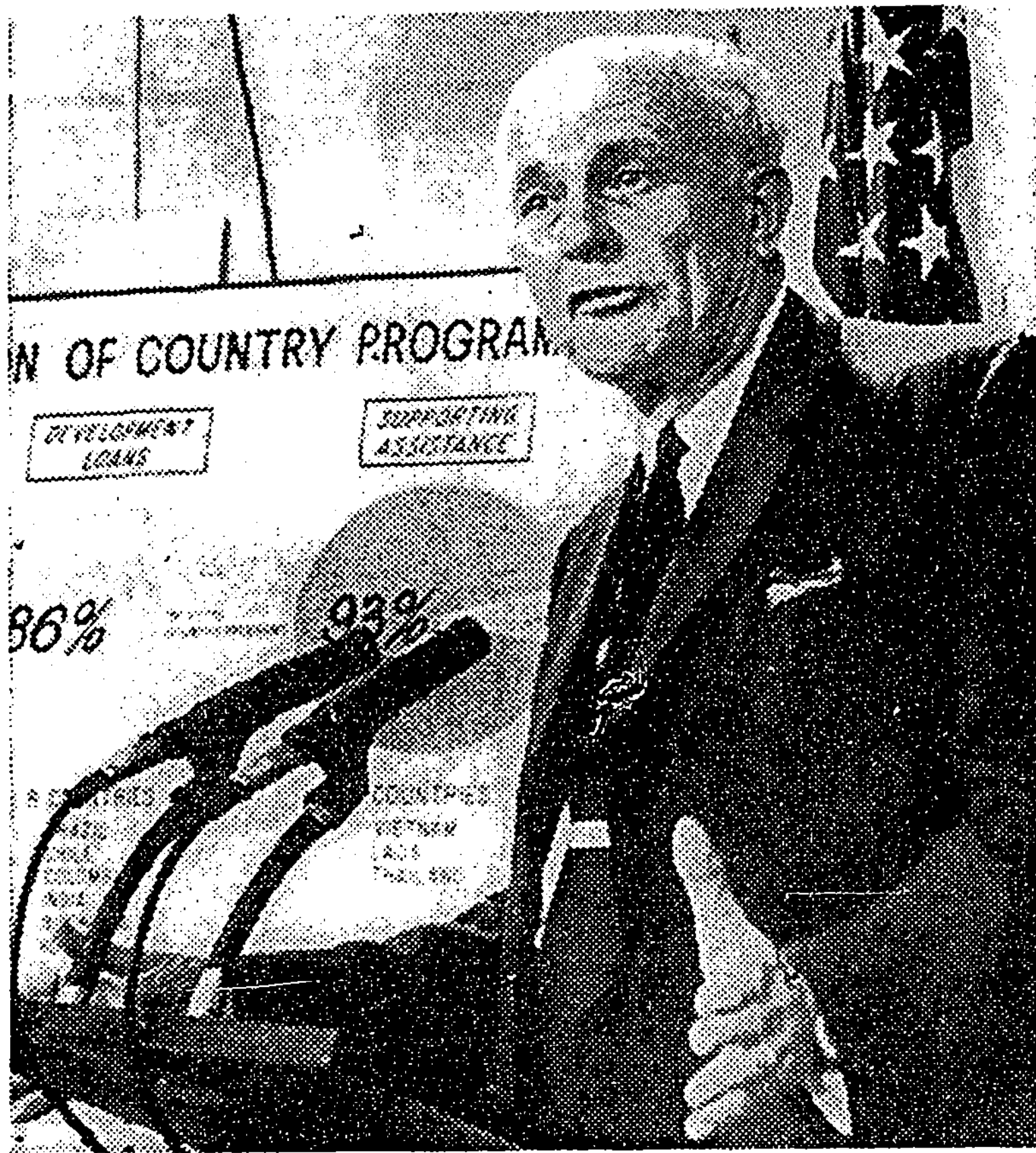
The purpose of the corporation is to provide businesslike management of investment incentives now in our laws so as to contribute to the economic and social progress of developing nations.

The majority of the board of directors, including its president, will be drawn from private life and have business experience.

Venture capital seeks profit, not adventure. To guide this capital to higher-risk areas, the Federal Government presently offers a system of insurance and guaranties. Like the Federal Housing Administration in the housing field here at home, the Overseas Private Investment Corporation will be able to place the credit of the United States Government behind the insurance and guaranties which the corporation would sell to U. S. private investors.

The corporation will also have a small direct lending program for private developmental projects. It will carry out investment survey and development activities, and it will undertake for A.I.D. some of the technical assistance required to strengthen private enterprise abroad. The financial performance of O.P.I.C. will be measurable: It is expected to break even or to show a small profit.

The Overseas Private Investment Corporation will



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Dr. John A. Hannah, foreign aid administrator, briefing newsmen on President Nixon's request in Washington.

give new direction to U.S. private investment abroad. As such it will provide new focus to our foreign assistance effort.

Simultaneously, I propose a mandate for the Agency for International Development to direct a growing part of its capital, technical and advisory assistance to improving opportunities for local private enterprise in developing countries—on farms as well as in commerce and industry.

We do not insist that developing countries imitate the American system. Each nation must fashion its own institutions to its own needs. But progress has been greatest where governments have encouraged private enterprise, released bureaucratic controls, stimulated competition and allowed maximum opportunity for individual initiative. A.I.D.'s mandate will be directed to this end.

## 2. Expanding Technical Assistance.

I propose a strong new emphasis on technical assistance.

Over one-fifth of the funds requested for fiscal year 1970 are for technical assistance activities. Imaginative use of these funds at the points where change is beginning can have a gradual but pervasive impact on the economic growth of developing nations. It can make our dollars for all forms of aid go further.

Technical assistance takes many forms. It includes the adaptation of U.S. technical knowledge to the special needs of poor countries, the training of their people in modern skills, and the strengthening of institutions which will have lives and influence of their own.

The main emphases of technical assistance must be in agriculture, education and in family planning. But needs must also be met in health, public administration, community action, public safety and other areas. In all of these fields, our aim must be to raise the quality of our advisory, training and research services.

Technical assistance is an important way for private U.S. organization to participate in development. U.S. technical assistance personnel serving abroad must increasingly come from private firms, universities and colleges and nonprofit service groups. We will seek to expand this broad use of the best of our American talent.

A.I.D. is preparing plans to reorganize and revitalize U.S. technical assistance activities. A new Technical Assistance Bureau headed by an assistant administrator will be created within A.I.D. to focus on technical assistance needs and ensure effective administration of these activities. The bureau will devise new techniques, evaluate effectiveness of programs, and seek out the best qualified people in our universities and other private groups.

To make it possible to carry through these plans most effectively, I am requesting a two-year funding authorization for this part of the A.I.D. program.

## 3. Sharing the Assistance Effort.

I propose that we channel more of our assistance in ways that encourage other advanced nations to fairly share the burden of international development.

This can be done by:

Increasing jointly our contributions to international development banks.

Increasing jointly our contributions to the United Nations technical assistance program.

Acting in concert with other advanced countries to share the cost of aid to individual developing countries. Most development assistance—from other advanced nations as well as the United States—is provided directly from one country to another. That is understandable. Such bilateral programs provide assistance in accordance with each country's own standards, make the source more visible to the recipient's peo-

ple and can reflect historical political ties.

But assistance through international development banks and the United Nations is approaching a fifth of total worldwide aid for development and should be expanded. Multilateral programs cushion political frictions between donors and recipients and bring the experience of many nations to bear on the development problem. Moreover, they explicitly require shared contributions among the advanced nations. This calls for funds in addition to those which I am proposing today.

I appreciate the prompt response by the Congress to my earlier proposal authorizing the United States to join with others in the second replenishment of the International Development Association. I urge early passage of appropriations for this contribution so that we may meet our pledge.

I reaffirm my request for appropriations in fiscal 1970 of \$20-million for the ordinary capital of the Asian Development Bank, and \$300-million for our scheduled contribution to the fund for special operations of the Inter-American Development Bank.

In separate legislation I will submit a new proposal for a U.S. contribution of \$25-million to the special fund of the Asian Development Bank in F.Y. 1970. I am convinced that a fairly shared special fund, to enable the bank to provide concessional financing for priority needs, is a necessary supplement to the bank's ordinary lending facilities. The United States should join with other donor countries in establishing this special fund, and strengthen the bank so that it can better deal with Asia's current development problems and future needs.

The United States will consult with the management of the African Development Bank and with other potential donors, to identify the most appropriate way we can support the objectives of African development and assist in meeting the needs of that continent.

Today's proposed legislation includes a 43 per cent increase in the U.S. contribution to multilateral technical assistance through the United Nations development program. Our contribution will be on the same sharing basis as in the past.

## 4. Furthering Food Production and Family Planning.

This Administration, while moving in the new directions I have outlined, will apply the lessons of experience in our foreign aid programs.

One basic lesson is the

critical importance of releasing the brakes on development caused by low agricultural productivity.

A few years ago, mass starvation within a decade seemed clearly possible in many poor nations. Today they stand at least on the threshold of a dramatic breakthrough in food production. The combination of the new "miracle" seeds for wheat and rice, aid-financed fertilizer, improved cultivation practices, and constructive agriculture policies shows what is possible. They also demonstrate the potential for success when foreign aid, foreign private investment and domestic resources in developing countries join together in a concerted attack on poverty.

The experience of this decade has also shown that lower rates of population growth can be critical for speeding up economic development and social progress. An increasing number of countries have adopted national family planning programs to attack the problem. At least another decade of sustained hard work will be needed if we are to win the battle between economic development and population. But our assistance to voluntary family planning programs and support for the work of the United Nations and other international organizations in this field must continue to have high priority, as will our support of efforts to increase food production.

Another important lesson is that our aid programs need better means of continuous management inspection. We are creating a new position of auditor-general in the Agency for International Development. His job will be to make sure that A.I.D.'s funds are used for their intended purpose and that A.I.D.'s operations are managed as tightly and efficiently as possible. He will report directly to the A.I.D. administration.

## LEGISLATIVE AND BUDGET REQUESTS

The proposed legislation revises that part of the present Foreign Assistance Act which deals with economic aid to reflect the priorities of this Administration. The proposals are designed to accomplish the following:

Create the Overseas Private Investment Corporation and authorize its programs for an initial five years.

Strengthen A.I.D.'s mandate to use official aid to stimulate private initiative in development.

Expand the role of technical assistance under consolidated legislation and a two-year authorization.

The proposed budget includes new appropriations of \$2.210-billion for A.I.D., \$138-million below the January budget request of the previous Administration. In addition, the budget includes \$75-million to augment existing reserves for guaranties to be issued by the proposed Overseas Private Investment Corporation.

The appropriation request for economic assistance will support these regional programs.

For Latin America, \$605-million.

For the Near East and South Asia, \$625-million.

For Africa, \$186-million.

For East Asia, \$234-million.

For Vietnam, \$440-million.

In order to protect the U.S. balance of payments at the same time we are providing assistance abroad, goods and services will be purchased in the United States wherever practicable. Over 90 per cent of all A.I.D. expenditures and virtually all purchases of goods will be made in the United States. The remaining funds that are spent abroad are mainly for living expenses of U.S. personnel and for other local expenditures in support of technical assistance programs.

For military assistance, the proposed budget includes \$375-million, the same as in the January budget. Maintenance of a climate of international security still calls for military strength sufficient to deter aggression. Seventy-seven per cent of the total amount available for the military assistance program will be allocated to four of our long-standing allies—Korea, The Republic of China, Turkey and Greece. The balance of the request will be used to provide modest amounts of training and equipment to 44 other countries where our security and foreign policy interests are partially met by this base agreement with Spain. If these negotiations succeed, we shall then need to request an amendment to this authorization asking for additional funds to cover our year's needs for Spain.

The United States will continue to provide military assistance from the U.S. armed services budget to Vietnam, Laos and Thailand.

I am also asking in separate legislation for \$275-million for credit necessary to facilitate the purchase of essential military equipment by countries now able to buy all or a growing part of their defense requirements. These funds will be returned to the United States during the next few years as the purchasing countries meet their repayment obligations.

## PLANNING FOR THE 70'S

I believe these proposals for fiscal year 1970 are sound—and necessary to make clearly desirable improvements in our foreign aid program.

But we need to learn more about the role which foreign assistance can play in the development process, and the relationship between development and over-all U.S. foreign policy.

I am therefore establishing a task force of private citizens to make a comprehensive review of the entire range of U.S. aid activities, to consider proposals of the United Nations bodies and international commissions, and to help me determine what our national policies should be toward the developing countries in the decade of the 1970s. I will look to the task force's report in developing the program next year, in my response to the Javits amendment to the Foreign Assistance Act, and in considering the recommendations of the internationally sponsored Pearson Commission report to be published in the fall.

## TOWARD A WORLD OF ORDER

Foreign aid cannot be viewed in isolation. That is a statement with a double meaning, each side of which is true.

If we turn inward, if we adopt an attitude of letting the underdeveloped nations shift for themselves, we would soon see them shift away from the values so necessary to international stability. Moreover, we would lose the traditional concern for humanity which is so vital a part of the American spirit.

In another sense, foreign aid must be viewed as an integral part of our over-all effort to achieve a world order of peace and justice. That order combines our sense of responsibility for helping those determined to defend their freedom; our sensible understanding of the mutual benefits that flow from cooperation between nations, and our sensitivity to the desires of our fellow men to improve their lot in the world.

In this time of stringent budgetary restraint, we must stimulate private investment and the cooperation of other governments to share with us in meeting the most urgent needs of those just beginning to climb the economic ladder. And we must continue to minimize the immediate impact on our balance of payments.

This request for foreign economic and military assistance is the lowest proposed since the program began. But it is about \$900-million more than was appropriated last year. I consider it necessary to meet essential requirements now, and to maintain a base for future action.

The support by the Congress of these programs will help enable us to press forward in new ways toward the building of respect for the United States, security for our people and dignity for human beings in every corner of the globe.

