

ALLEN-SCOTT REPORT

By ROBERT S. ALLEN and PAUL SCOTT

Few People Know It, But Senate Has Voted
A Pretty Big Chunk For Foreign Aid

WASHINGTON—The chances are 100 to 1 you aren't aware of it, but a big chunk of foreign aid spending already has been voted by the Senate.

While Congress (after some six weeks) is still awaiting the recommendations of President Johnson's special interdepartmental committee to "reorganize" the widely-assailed foreign aid program, the administration has rammed through the Senate a \$312 million foreign aid bill.

This approximately one-third of a billion dollars is in addition to the \$3.4 billion the President listed for economic and military foreign aid in his budget message last week.

The \$312 million is to increase this country's share of the funds of the Independent Development Association—a "soft loan" agency of the World Bank.

Established in 1960 with a \$1 billion fund, of which the U. S. put up \$320 million and other World Bank members \$423 million, IDA so far has loaned \$554 million — most of it (\$300 million) to India. The new money is to increase IDA's funds by \$750 million, with other nations contributing \$438 million.

Avowed purpose of IDA is to help so-called "underdeveloped" countries. It makes 50-year interest-free loans, with a ¾ of one per cent annual service charge. (It costs the U.S. Treasury around 4 per cent to borrow money.) But virtually all IDA borrowers already are receiving large amounts of U.S. economic and military aid, as follows: Pakistan, Turkey, South Korea, Formosa, Jordan, Chile, Colombia, Haiti, Ethiopia, Sudan Tunisia.

All these countries, including India, are in arrears on United Nations assessments. As of Dec. 31, 1963, they owed more than \$16 million.

A bipartisan group of senators made a determined fight to hold up action on the \$312 million bill on the ground it should be considered as part of the whole foreign aid program.

"What's the rush and why the hurry?" demanded Senator Wayne Morse, D-Ore. "We ought to stop and take a longer look. We should not pass this bill until we make our decision later this year on the whole foreign assistance program. We should look at it as a total package, and not segmentize it in this way. This is a serious mistake, because not a single senator, including the majority leader, know what the administration's program for foreign aid is."

STEAMROLLING THE OPPOSITION

Sen. Morse's motion to send the measure back to the Foreign Relations Committee was defeated 37 to 33 — a significantly close margin that bodes ill for the President's proposed \$3.4 billion foreign aid budget.

While the administration's steamroller was able to ram the \$312 million bill through the Senate, the outlook for the big appropriation is not promising. The President has his work cut out for him getting it through the House and Senate unscathed.

On the basis of this Senate clash, the odds are against him.

An important factor in this portentous battle was the bipartisan complexion of the opposition.

Foremost among those waging this struggle were Sens. Morse, Frank Lausche, D-O., Bourke Hickenlooper, R-Ia., Stuart Symington, D-Mo., Allen Ellender, D-La., and Jack Miller, R-Iowa.

Administration spokesmen were Sen. J. William Fulbright, D-Ark., chairman of the Foreign Relations Committee, and Mike Mansfield, D-Okla.

In rallying the surprisingly close vote against the administration's bill, the opposition made five major points, as follows:

Sen. Lausche: "IDA is completely free from any conditions or restrictions contained in the (regular) foreign aid program. . . . On the one hand, we created conditions supposedly in the interest of the United States in the administering of foreign aid, and on the other hand, we are giving a free rein to IDA."

Sen. Hickenlooper: "This bill would permit IDA to do more lending to countries for purposes which Congress either has not authorized, or which Congress has specifically prohibited — for example the giant steel mill in India."

Sen. Symington: "The World Bank has accumulated \$813 million in reserves, and this is being augmented every year by more than \$100 million. Are we to make additional appropriations to the World Bank for its 'soft loan window,' which is in fact what we are asked to do through IDA, when this Bank already has ample reserves to take care of expected 'soft loan' commitments for the next three-year period. Why do we have to continue with such a heavy surplus in the World Bank, while at the same time adding to this 'soft loan' set up? The directors, the officers, and the entire structure are the same for both the World Bank and the IDA."

Sen. Jack Miller: "It is very important to point out that a number of these nations are delinquent in their UN assessments. For example, Chile had received outstanding credits for \$19 million from IDA. Chile also had received millions of dollars in foreign aid from our citizens. Nevertheless, as of the end of last December, Chile was delinquent in the amount of more than \$670,000 in its UN assessments."

Sen. Ellender: "These IDA loans are virtually a give-away, because they are for 50 years without interest. Also, under this bill, countries borrowing from IDA can use the money to purchase goods whenever they decide. They can do that at a time when our gold reserves are in critical state and when our balance-of-payments is a very grave problem."

Sen. Morse also stressed that countries obtaining interest-free IDA loans are re-lending money in their own countries at interest rates up to 12 per cent.

MYSTERIOUS SHIFT

Career diplomat Livingston Merchant, with the permanent rank of ambassador, has taken a high-level job in the Central Intelligence Agency. Merchant has been working on negotiations involving the multilateral nuclear force launched by the late President Kennedy. There has been no announcement of Merchant's switch to CIA, and all inquiries are met with silence. . . . Rep. Howard Smith, D-Va., dour chairman of the powerful Rules Committee, has told Speaker John McCormack he will report out the long-stalled area redevelopment bill whenever the administration is ready to have it considered by the House. The measure passed the Senate last year, but has been held up in the House because of lack of votes to put it over. So far the administration is short at least 20 votes. . . . Sen. Albert Gore, D-Tenn., a leading opponent of the \$11 billion tax-cutting bill, admits there is no chance of blocking it. He will continue to battle it in the Senate, but is telling colleagues he knows the measure will be passed.