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アジヤ經濟開發基金と米國の經濟開發援助についての換問換答

三三、六一三
經濟局

(問七) 日本側では具体的な構想として三つの提案をしているが、それぞれ関係如何

(問八) 貿易基金とIMFを比較した場合、その機能はどう異なるか
(問九) 米国には余剰農産物の問題があるので、アジア地域の農産物を対象とした貿易基金を設置するといふ考えには国内の大きさを反対が予想されるが

ニアジア開発基金、、、、一五頁

(問一〇) アジア諸国の自国通貨による出資を自国出資分の半分に限つてゐるのは何故か

(問一一) この基金はアジア諸国が自国通貨による出資をし、それを借入れた場合にのみ自国通貨による返済を認め、その他の場合はドル、ポンド等の硬貨による返済しか認めないことになつてゐるが、それでは酷に過ぎないか

(問一二) 日本側ではこの基金に対し幾何の出資をする考えである

か

(問一三) 米国の開発貸付基金は回転することを目的としているのに、その資金をアジアの開発基金等に出資してしまえば、米国の

(問二一) 貿易基金の運営については、ほとんど米国の発言権が認められないことになつてゐるが、特にそのように運営にした理由如何

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(問一) 従来米国の東南アジア地域に対する経済援助額は略々満足すべきものであつたと思ふが、日本の立場からみてどう考えるか。

(答) われわれとしては、遺憾ながらこの点必ずしも満足なものであつたとは考えられず、今後米国の経済援助額の相当部分がこの地域に支出されることを希望する。

戦後より一九五五年度末までにおける米国の対外援助額は五三一億ドル(米国商務省統計による)で、その内経済援助額は三七三億ドルであるが、内西欧に対する経済援助額は二四四億ドルであるのに対し、アジアに対する経済援助額は七一億ドルに過ぎない。更にこれを人口一人当りについて見るとアジアの人口は約七億八千万人(中共を除く)であるから一人当り約九〇ドル、西欧の人口は約二億七千万人であるから一人当り約九〇ドルとなる。米国の対外経済援助に占めるアジアの比重は最近漸増しつつあるとはいえ、人口一人当り援助額についてみればアジアは西欧の二〇分の一に過ぎず、戦後における西欧経済の顕著な復興発展に比しアジア経済の成長が停滞している一因がここにあるともいえよう。

(問二) 日本が東アジア諸国にこれらの案を提示して各国はどういう反響を示していたか

(答) ビルマ及びセイロンはこの基金が少数の国によつて牛耳られる結果となるのではないかと、の危惧を又パキスタンは資金の分配をめぐつて競争が起きるのでないかと、の危惧の念を述べていたが、日本側の構想に反対したものはなかつた。積極的に賛意を表したのはインド及び中国等であり、パキスタン及びセイロンの首相等は極めて重要を構想と想うので更に研究を進めたいと述べていた。

又インドの大蔵大臣はシムラ会議の経験もあるので慎重に選ばれたいと、の希望を述べていたし、セイロン及びビルマでは基金の構成国はアジア地域とかコロンポラン参加国のほかに西独等も考えているのか、又この基金ができれば他の機関や外国からの直接融資の途がとざされることになりはしないかという質問をしていた。

私の東アジア訪問に当つては、各国の代表者に極めて簡

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単な要項だけを提示したに過ぎなかつたので、細部にわたつての意見を聴することができなかつたし、最初は日本側の意図を誤解する向もあつたが、結局においては日本側の意図を了解し、大綱については各国とも多大の関心を示していたことは事実であつたと考えている。

なお今回米側側に提示した案は、各国の要望を努めて織り込んでおり、又各国で危惧している問題についてはその必要がないように修正して作成したものである。

(問三) 何故二国間方式より地域機構方式の方が勝れていると考えるか。

(答) 従来米国の援助が所期の効果をあげず、ときには却つて反米国的思想をあふることともなつていた理由は種々考えられるが、その大きな原因の一つに米国が交渉の表面に立ち、援助資金貸付後の運営の細部まで米国機関が直接介入し、米国の判断が決定的な要素となつてこれを動かしていたことが大きな理由として考えられる。従つて米国の援助資金にアジア諸国が積極的に運営に参加する途を開いた中立的開発基金を設け、寧ろアジア諸国の自主的な活動を米国及びその他の出資国が極力援助して開発を実現してゆく方式によることが、米国の開発援助資金を最も有効に消化し、その目的を着実に実現してゆく方法であると考える。

米国よりの援助であることを強調することの必要は充分了解されるが、問題は東南アジアの開発が着実順調に行われることにあるので、右の地域開発基金が有効に利用され、しかもその

資金が大部分米国によるものであれば、かつての欧州復興の例の如く米国の援助供与の目的は充分達成されるものと考えられる。

シムラ会議で地域機構に対する反対があつたのは、インド、パキスタンの対立が直接のきつかけで、資金量が小さかつたこと、アジアの被援助国のみで機構を作り、緩衝になる中立的メンバーが考えられていなかった事等種々の理由が考えられるが、これらの構成、運用等に充分の配慮がなされ米国側で本件実現に関する方針を明確にするならば、今回の東南アジア各国首脳との会談のリアクションからみても又コロンボプラン、エカツプニ等におけるアジア諸国の協力関係からみて発足、実施に持込み所期の効果をあげるとは可能であると考える。

(問四) 基金の運営について米国としては出資額に依じた発言権を認められるのでなければ国内の支持が得られないと思うが

(答) 日本側の構想は一国が三分の一までは発言権を持ち得るよう
にしようとするものである。然しながらそれを超えて、例えば
一國で過半数の発言権を持ち得るような機構にしたのでは東南
アジア諸國に巨額出資國の紐付との印象を与え、折角このよう
な機構ができて巨額出資國の意図する方向にのみ資金が流れ
て、東南アジア諸國の最も希望する方向に資金が流れないとい
うことも想像される結果、東南アジア諸國がこの構想に興味を示さ
ないと思われる。

日本が特に地域機構設立の必要を認め、且つ東南アジア諸國
にも発言権を認めることとしているのはこのような東南アジア
諸國の國民感情を考慮していることに基くものであり、基金自
体としては一國だけの発言に左右されないうで中立的に運営され
るものであるとの形式をとることが必要であると考えるからで
ある。

かような国際機関における出資分と投票権の不一致は程度の差はあるが、世銀以下各種の国際機関に行われているところである。

(問五) 仮りに東南アジア各国に平等の発言権を与えても、各国は直接利害のみを主張してこの基金の円滑な運営が期待されないのではないか

(答) 東南アジア諸国の間には協同して経済開発を進めようという気運のあることは否定できないところで、米国が二国以上の開発に直接役立つものを優先して取り上げようとしているのもこのような情勢を反映していることによるものと思われるが、このような気運がこの地域全体に及んでいないことも事実である。然しながら東南アジア諸国が一つの目標の下に協調するとうことは自由諸国にとり最も望ましいところであるので、当面この地域の共通の課題となつている経済開発の分野において各国が協調してゆく気運を醸成してゆくことが最も現実的であり有効的であると考へている。日本側の提案でこの基金の運営については東南アジア諸国に平等の発言権を与えることとしてゐるのはこのような趣旨に基くものに他ならない。

なおこの基金の実際の運営に当つては、場合により各国の利

害の対立することも考えられるが、これら諸国の有する発言権の数は全体の三分の一の範囲内に抑えられているので、これにより基金の円滑な運営が害されるということはないと考える。

(問六) 現在東南アジア地域には、エカッフエとコロンボプランという二つの地域機構があるのに、更に新たな地域機構の設置を日本側で提案する理由如何。

(答) エカッフエは調査を主としたスタディ・グループに過ぎない。又この機構にはソ連等の共産圏諸国が加盟国をいしオプザイバ1として出席しているので、東南アジアの経済開発に共同して参加するための機関とすることは適當でない。

その点コロンボプランは共産圏諸国を含まず、又現実に東南アジア諸国の経済開発を実施するための機関であるが、実際に行われる経済協力は援助国と被援助国の二国間で全く双務的に行われるもので一定の資金が中心にあつて動いている訳でなく、投融資の対象、方法、条件等についても二国間で適當に場合場合で決定されているにすぎない。その上この機構としては常設的な事務局もなく、又各国とも自国の経済開発計画をこの機構に通報する義務もないので、この機構としての総合的な計画というものは全くない。

(問七) 日本側では具體的な構想として三つの提案をしているが、それぞれ関係如何。

(答) 日本側で提案した三つの構想は、機能的にはそれぞれ長期、中期、短期の金融を行うという意味でその性質が異なること、又長期金融を行う開発基金にはコロンボプラン諸国のほか、西歐諸国及び一部東南アジア諸国の出資も期待できるのに対し、他の二つの機関にはそのような出資方法が期待し難いという意味でそれぞれ別個の提案としたわけである。

そのうち再割引機関は受益国が東南アジア諸国に限定されないもので、この機関は独立させて考えることが適当とは思いますが、勿論それを他の機関に含ませることに反対するものではない。特に貿易基金については、東南アジア諸国では開発基金以上に歓迎されると考えられ、この二つの機関を一つにすることにより、東南アジア諸国も積極的に開発基金に参加する魅力が増すということも考えられる。

(問八) 貿易基金とIMFを比較した場合、その機能はどう異なるのか。

(答) IMFは加盟国の国際収支の不均衡が或る期間継続する場合において、その期間を短縮し且つその程度を軽減することを目的としているが、アジア諸国においてはその貿易構造からくる事由によつて、外貨の涸渇する時期が年々同じ季節に起り易い状態にあるので、日本側の提案している貿易基金はそのような季節性を調整するため、その期間を限つて外貨資金の貸付を行うことを目的とするものであり、このような資金をIMFから借入れることはその設立の本旨から見ても困難ではなからうか。

(問九) 米国には余剰農産物の問題があるので、アジア地域の農産物を対象とした貿易基金を設置するという考えには国内の大きな反対が予想されるが。

(答) この基金の意図するところは、アジア諸国の輸出期が一時期に集中する結果、年間において外貨収入を均分化しえない傾向が強いので、外貨の最も潤渇している期間を限つて外貨資金上の困難を緩和しようとするものであり、この場合将来の輸出代金を見返りに外貨を貸付けようとしているのは余剰処理の思想とは全く異り、且つ又当初わが方が示唆した如く農産物の価格及び需給の安定を目的とした機関を作ることとは実行不可能と考へたので本案に置きかえなければならぬ。

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(問一〇) アジア諸国の自国通貨による出資を自国出資分の半分に
限っているのは何故か。

(答) 日本側の構想では、アジア諸国に対しては、出資をしなくても
も全体の三分の一を超えない範囲において各国平等の発言権を
認め、その上、アジア諸国で出資を行ったものには出資割によ
る権利を加算し得ることとしているので、アジア諸国が自国通
貨による出資をしただけで余り多くの発言権を持つことになら
ないようにしたいとの配慮に基くものである。

(問一一) この基金はアジア諸国が自国通貨による出資をし、それを借入れた場合にのみ自国通貨による返済を認め、その他の場合はドル、ポンド等の硬貨による返済しか認めないことになっているが、それでは酷に過ぎないか

(答) 自国通貨による返済を原則として認めることは、その返済された資金が再びその国で使用されることを前提とするものであるが、基金の資金が広くアジア各国で公平に使用されるため又基金が開発推進に必要とされる多額の外貨を充分に供給しうるためにも一定割合以上にアジア諸国のローカルレンシーが増えることは望ましくない。

又アジア諸国では多くの場合自国の経済開発に要する資金を外貨で借入れても、自国の経済開発が進めばそれだけ物資の輸入が減ることとなるので、こうして生じた外貨の余裕分を借入れの返済に充てるということが可能であると考えられるので、ドル、ポンド等硬貨による返済を原則とすることは決して酷であるとは考えない。現にわが国が東南アジア諸国に対して行つ

ている経済協力のなかには、このような方式をとっているものが少くない。

(問一二) 日本側ではこの基金に対し幾何の出資をする考えであるか

(答) この基金は米国が大口の出資者となること が期待され、米国の大口出資が得られないならばこの基金の設置が不可能となることは申すまでもないところである。

但し、わが国としてもこの基金ができれば、それに応分の出資をしたい考えである。

なお、この基金が活動する場合、わが国はこの地域に対する資本財の供給国の立場にたつので、わが国からの出資の一部が円で行われてもそれは東南アジア諸国の開発利用に利用しうる点でドル・ボンド等と同様と考えられるので、わが国出資分の半額は他のアジア諸国と同様国内通貨即ち円出資としたい。

(問一三) 米国の開發貸付基金は廻転することを目的としているのに、その資金をアジアの開發基金等に出資してしまえば、米国の開發貸付基金としては廻転しなくなつてしまふではないか

(答) 日本側の提案した三つの機關はいずれも贈与は考えていないのであつて、短期の貿易基金は一年間で、中期の再割引機關は平均五年位で、又長期の開發基金は政府の公共事業を除いた開發、生産事業は十年間位で資金の廻転がはかれるようにすべきである。

米国の基金がこれら機關に出資される結果、基金自体としての資金廻転が期待できなくなるとしても、その出資金が絶えず廻転していれば同じことだと考えるが如何。

(問一四) 米國としては二国以上の開発に直接役立つものを優先して取り上げたいと考えているが、この基金ではその点どう考えているか。

(答) この基金としても、資金の効率化をはかり、又アジア諸国協調の氣運を醸成してゆく上からも、二国以上の開発に直接役立つものを優先して取り上げるべきだと考えるが、余りこの点に拘泥すると結局アジア諸国で期待される程の經濟開発は行われなくなるのではないかと思う。

(問一五) 米国の開発貸付基金は各国の私的投資を促進するよう私企業に対し資金援助を行い得るようにすることを考えているが、この点この基金ではどういふ配慮をしているか。

(答) 日本側提案のアジア開発基金では民間の開発及び生産事業につき、既存の国際金融機関と競合しない範囲即ち之等の構図では採りあげられないが、経済的には重要な分野の事業に対し資金を供給することを考えている。

ただ現在の東南アジア諸国における経済開発状況をみると、大雑把にみて、政府の直管事業が全体の約半分、残りの半分が政府関係機関の或はその資金で行う事業で、純然たる民間事業は全体の四分の一程度にすぎず、而もその分野も紡績等一部を除いては小規模な消費財生産に属している。これは東南アジア諸国の経済水準が低いばかりでなく、社会的にも未発達な状態にあるので、現在のような方式で経済開発を進めるのがこれら諸国に最も適しているからであると思われる。

この場合、これら諸国が国家的な企業方式を多く採用する結

果、全体主義的、社会主義体制に向うと考える必要はない。むしろこれら諸国に最も適合した方式で経済開発を進めることが結局これら諸国を共産主義の進出から解放する最も有効な武器であると考える。

(問一六) 日本側の提案でこの基金より資金の借入れを受ける国の範囲を東南アジアとしないでアジアとしている理由如何。

(答) 米国側では東南アジアと云つた場合台湾が除外される慣例と承知しているので右を含める意味でアジア諸国としたものである。(なお南鮮についても同様で中国及び南鮮における経済発展の段階は東南アジア諸国と大同小異であると考えられるので東南アジア地域の経済開発を考える場合に右の二国を含めて考えたいと思つている。)

(問一七) 日本側の提議ではこの基金の業務として特に調査業務を取り上げているが、これは通常の金融機関で行っている調査業務とは内容が異なるのか。

(答) この基金で行う調査業務は通常の金融機関で行う業務だけでは足りないと思う。即ち東南アジア諸国では自国の開発、生産事業計画の基礎調査や、その起業計画を作成する十分な能力に欠けているので、この基金としてはそのような依頼があつたときには、それに応じて専門機関に委嘱、あつせん等をしてやる必要があると考へている。なおこの場合に要する経費は依頼者より実費として徴収すべきであると考えが、必要によつてはこれに要する資金を融資してやることも必要ではないかと考へている。

なおこのような基礎調査や起業計画の対象が二国以上に及ぶものであるときは、米国の緊急援助基金から所要資金を供与するようにも出来ないかと思ふが如何。

三、アジア向け中期輸出手形の再割引機関

(問一八) 再割引機関への出資国如何

(答) この機関による直接の受益国は輸出国であるので、これら受益国の出資によりこの機関の設立されることが最も望ましいが反面この機関による金融を希望するのは輸出国がその外貨事情からみてこの機関による再割引の必要を認めるからに他ならないので、このような機関に受益国多数の出資を求めるとは困難ではないかと考えられる。従つて若し西欧諸国等の出資が得られない場合は、米国だけの出資に頼る他ないと思う。

(問一九) 再割引機關は如何にして運営される考へであるか

(答) この機關は純然たる商業金融機關と考えられ、且つその運営に當つて直接東南アジア諸国の意向を反映させる必要も認められないので、出資国だけで運営されるのが最も適當であると考へる。

四、アジア貿易基金

(問二〇) 貿易基金への出資国如何

(答) この基金はアジア諸国に対する短期の金融を目的としたものであるから、その性質上最も低利な資金の供給をすることが必要であるばかりでなく、この基金の設立により他の諸国が直接利益を受けるといふことも比較的少いと思われるので、この基金の設立に多くの国から出資を期待することは困難と思われる。従つてこの基金は米国の出資だけに頼らざるを得ないかと思ふ。

(問二一) 貿易基金の運営については、殆んど米国の発言権が認められないことになつてゐるが、特にそのような運営にした理由如何

(答) 従来アジア地域では、これら諸国がその自主性を發揮しながら協調してゆくという機会が余りにも少かつたため、自国の利益のみを考えてアジア地域全体の利益を考へるといふ精神に欠ける嫌ひがあつた。われわれとしては、この貿易基金が設立されれば、アジア諸国に各国協調の機会を与えるものとしては最も適当な機構であると考えてゐる。欧州共同市場の如きものはこのような機関を通ずるアジア諸国の協調を積み上げてゆくことによつて始めてアジアにおいてもその設立の基礎が固まるものと思つてゐる。

PRESS RELEASE

UNITED STATES INFORMATION SERVICE

FOR IMMEDIATE RELEASE:

May 22, 1957

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TEXT OF PRESIDENT EISENHOWER'S SPECIAL MESSAGE
TO CONGRESS ON MUTUAL SECURITY

Washington, May 21 -- President Eisenhower today said America's "mutual security programs have become, during the past ten years, proven instruments of tremendous power for winning our struggle for peace."

The President made the statement in a special message to Congress on these U.S. programs in which he called for their continuance "at a level dictated by the dangers we face -- and the opportunities we have to counter them."

Following is the text of the Eisenhower message:

"The safety of our country, the preservation and strengthening of world peace, the minimizing of risk to American lives and resources in future years, all imperatively demand that we hold fast in our worldwide collective security effort.

"In supplementing our country's defense, the tested and proven mutual security programs give the American people more security per dollar invested than any other expenditure they make.

"In our most important task of all -- the waging of peace -- these programs lay firmer foundations than any other effort of our country.

"For almost a decade every objective analysis has supported these views. This past year they have been convincingly reaffirmed. Congressional committees, the Executive Branch and distinguished private citizens have just examined these programs anew. On two fundamentals these groups have unanimously found:

"First, that both the military and economic elements of our mutual security programs are essential to the security of the American people and to world peace.

"Second, that these programs will continue for some years to come to be indispensable to the attainment of our country's goals in the world.

"These recent studies again substantiate that these programs strengthen our own defenses; advance our own interests through the stimulation and growth of the economies of less developed countries; and, provide a necessary, powerful weapon with which to meet political and economic crisis abroad that endangers our own vital interests.

"Our grave responsibility, therefore, in this session of the Congress, is not only the continuance of these programs but also their continuance at a level dictated by the dangers we face -- and the opportunities we have to counter them.

"The recent studies have also generally agreed that these programs will be strengthened by a clearer identification of their principal elements with their purposes. I shall first refer to these elements of the programs and then discuss specific changes which I ask the Congress to adopt to improve their effectiveness.

"First is defense assistance -- our and other free nations' common effort to counter the Soviet-Chinese military power and their drive to dominate the world. That power continues to grow -- in armaments, in nuclear capability, in its economic base. The communist goal of conquering the world has never changed.

"For our nation alone to undertake to withstand and turn back communist imperialism would impose colossal defense spending on our people. It would ultimately cost us our freedom.

"For other free nations to attempt individually to counter this menace would be impossible.

"We in our own interest, and other free nations in their own interest, have therefore joined in the building and maintenance of a system of collective security in which the effort of each nation strengthens all. Today that system has become the keystone of our own and their security in a tense and uncertain world.

"Only if truly mutual -- with mutual acts building mutual strength -- can this system of collective security succeed.

"On our part, in addition to our own forces at home and abroad, we provide military equipment and training for many countries as well as economic assistance to some to supplement their support of enlarged forces required in the common defense.

"On their part, friendly nations man their forces and, in most cases, provide the greater part of their direct financial support. These nations also provide strategic sites for our own as well as their air, ground and naval forces -- sites essential to our combined capacity to deter aggression and defend our homelands.

"In the last eight years this nation has furnished direct military assistance to these nations' forces in an amount approximating \$17 billion. In the same period Free World nations have put \$107 billion into their own and the common defense.

"Through this \$17 billion we have helped develop and equip a Free World strength of 200 divisions of friendly military forces.

"They have some 27,000 aircraft. They operate some 2,500 active combatant naval vessels.

"This assistance which we have furnished and are furnishing our friends increases their ability to defend themselves against subversion from within and aggression from without.

"It substantially strengthens the security of the United States.

"By helping to stabilize world affairs, it heightens the prospects for a just and lasting peace.

"This collective security effort has proved its value to the protection of America and the prevention of war. I give here a few of the historical incidents in which failure to give aid could have meant ultimate disaster for our country and world peace.

"Had it not been for American assistance in 1947, Greece and Turkey would have succumbed to communist power.

"Had it not been for our assistance since 1948, the determination of Yugoslav leaders and people to develop their nation independently of Moscow might not have survived.

"Had it not been for our assistance in 1954, strategic Vietnam and South-east Asia would probably be lost today to the Free World.

"Today in Korea and Free China our assistance helps preserve national will and independence under the very muzzles of communist guns.

"Today in the Middle East our assistance helps to preserve the integrity of one of the most vital regions in the world as well as the independence of some of the nations in that area.

"At this very time, when our prior efforts are bearing good fruit, while Soviet intrigue and power continue their probing and pressure in every critical area in the world, it would be supreme folly for our country either to stop these efforts or to cripple them through an overweening zeal to scrimp at their expense.

"The second major element of our mutual security program is economic development assistance and technical cooperation.

"This part of the programs helps less developed countries make the social and political progress needed to preserve their independence. Unless these peoples can hope for reasonable economic advance, the danger will be acute that their governments will be subverted by communism.

"To millions of people close to the Soviet and Chinese communist borders political freedom is still new. To many it must still prove its worth. To survive it must show the way to another and equally essential freedom -- freedom from the poverty and hopelessness in which these peoples have lived for centuries. With their new freedom their desire and their determination to develop their economies are intense. They are fixed upon raising their standards of living. Yet they lack sufficient resources. Their need for help is desperate -- both for technical know-how and capital.

"Lacking outside help these new nations cannot advance economically as they must to maintain their independence. Their moderate leaders must be able to obtain sufficient help from the Free World to offer convincing hope of progress. Otherwise their peoples will surely turn elsewhere. Extremist elements would then seize power, whip up national hatreds and incite civil dissension and strife. The danger would be grave that these free governments would disappear. Instability and threats to peace would result. In our closely-knit world, such events would deeply concern and potentially endanger our own people.

"To help toward economic development that we provide these countries is a means to forestall such crises. Our assistance is thus insurance against rising tensions and increased dangers of war, and against defense costs that would skyrocket here at home should tragedy befall these struggling peoples.

"The revolutionary developments in distant parts of the world are born on the crest of the wave sent out a century and a half ago by the example of our own successful struggle for freedom. The determination of the people of these nations to better their lot and to preserve their newly gained liberty awakens memories of our own noblest traditions. Our helping hand in their struggle is dictated by more than our own self-interest. It is also a mirror of the character and highest ideals of the people who have built and preserved this nation.

"The third major element of the mutual security programs is the special -- often emergency -- assistance we provide to help friendly nations through critical periods when violent political change, natural disaster or other circumstance threaten both their stability and our own national interests.

"In 1953, strategically-located Iran, under an erratic leader, verged on communism and chaos. The Iranians succeeded in establishing a government friendly to us and freedom. Our assistance gave them the additional strength needed to stabilize their nation and to consolidate their victory over violence and subversion.

"Similar aid to Guatemala enabled republican government to survive there after a pro-communist regime was overthrown in 1954.

"In the many unstable regions of the world, communist power is today probing constantly. Every weakness of free nations is being exploited in every possible way. It is inevitable that we shall have to deal with such critical situations in the future. In America's own interest, we must stand ready to furnish special assistance when threatened disaster abroad foretells danger to our own vital concerns.

"The major elements of our mutual security programs are therefore still as urgently needed for our own security as ever before. But, as others have recently urged, I believe that these elements should be more clearly defined in order to facilitate more efficient and more economical administration. I recommend four specific changes in existing programs:

"First, defense assistance programs should be separated from programs for economic development.

"Second, defense assistance should be recognized and treated as an integral part of our own world-wide defense efforts.

"Third, economic development assistance should be provided primarily through loans, on a continuing basis, and related closely to technical assistance.

"Fourth, needs for special economic assistance should be met by funds authorized and appropriated specifically for this purpose.

"To accomplish these purposes I recommend the following legislative actions:

"First, I recommend that defense assistance, both military assistance and related economic support, be separated from economic development assistance.

"We spend the largest part of our mutual security funds to strengthen friendly military forces through the use of two types of defense assistance:

"One is military assistance -- that is, guns, ammunition, tanks, planes, ships and other weapons which we furnish to military allies, plus training in the use of such weapons.

"The other is defense support. Although superficially economic in purpose, this assistance enables friendly nations to maintain military forces and provide military facilities substantially greater than they could otherwise support.

"The present arrangement of our mutual security programs does not clearly differentiate defense support assistance from economic development assistance. Until now, both military and defense support assistance have been joined with development assistance in one appropriation measure. In the process, economic development assistance for countries with which we have military assistance agreements has tended to lose its identity.

"To remove uncertainty as to the character and purpose of our aid, I recommend a clear separation of military and defense support assistance on the one hand, from economic development assistance on the other. The program being submitted to the Congress provides for this separation.

"The second legislative action I propose is this: That defense assistance appropriations be included as a separate title in the regular Department of Defense budget.

"Our expenditures for defense assistance differ neither in basic purpose nor character from those for our own armed forces. Once incorporated in our own defense budget, they will become recognized here and abroad -- as indeed they should be -- as part of the military effort of the United States. To assure a continuing close coordination of all elements of the entire program, I also propose that these funds be appropriated to the President.

"I recommend also that appropriations for both military assistance and defense support be pursuant to a continuing authorization enacted by the Congress. This would fittingly recognize that our own security requires continuance of these parts of our own military effort as long as communist imperialism remains a menace to free peoples. This would also enable the Congress to consider simultaneously appropriations both for our own armed forces and for assistance to friendly forces. In this way, these two inter-related elements of our military budget can be better integrated and balanced, and the effectiveness of both increased. I recommend also that these defense assistance funds be authorized as our own military procurement funds are authorized, whether this be on the present basis -- available until expended -- or as it may be modified in the future. Policy guidance for both military assistance and defense support would, of course, be effected by the President through the Secretary of State.

"For these two types of defense assistance programs in fiscal year 1958 I recommend appropriations totalling \$2.8 billion in a separate title of the Department of Defense appropriation. Of this sum, \$1.9 billion will be for military equipment and services. The remaining \$900 million will be for defense support.

"As a third major legislative action, I recommend that long-term development assistance be provided for a development loan fund.

"Our assistance to less developed countries can add only in limited degree to their own resources. Nevertheless, if so provided as to encourage these peoples to help themselves more than they can now, it can make a critical difference.

"The objective requires a clear statement of our intention, in our own national interest, to help the people of less developed countries in their efforts to develop their economies. It requires also a greater assurance of continuity.

"Development assistance programs are managed as effectively and economically as possible under the present system but suffer from major difficulties. One is that the present law makes funds available only from year to year with no assurance of continuity. Obviously, sound economic development is not a year to year undertaking but a continuing process.

"Another difficulty closely related under present law are funds requested each year on the basis of estimated country programs. This leads to the establishing of levels of aid for each country that have to be prematurely formulated. Thereafter they become difficult to change without risking misunderstanding on the part of the countries we help.

"In addition, even the personnel needed to administer these programs, most of whom must be highly skilled technically, cannot be assured of more than short terms of employment. This makes it exceedingly difficult to recruit and to hold good personnel.

"Countries seeking and meriting our help should take increasing responsibility for carefully planning the projects which they need and can justify. It is no less important that our aid be geared to these projects and that our continued assistance be related to the progress being made in carrying out these projects.

"That there may be greater continuity, efficiency and economy, and other nations encouraged to greater self-help, I recommend that the Congress establish a development loan fund to finance specific projects and programs which give promise of contributing to sound development. This fund would be used not for short-term emergency requirements but for economic development of long-term benefits to the borrowing country.

"I visualize that assistance from this fund would be provided essentially on a loan basis. Such loans should not compete with or replace such existing sources of credit as private investors, the International Bank, or the Export-Import Bank.

"These loans should be made on a reasonable expectation of repayment in dollars or local currencies, even though we should recognize that this expectation would be based on confidence in the long-range development of the borrowing country and on hope for an improved international political climate rather than on presently demonstrable financial soundness.

"The fund would closely coordinate its operations with existing lending institutions. It could directly and independently provide financing or do so in conjunction with such institutions. A major purpose would be to promote -- not impede -- the flow of private investment, and to this end the fund should have authority to engage in appropriate financing operations. Properly operated, it should increase sound activity by these other sources of credit and investment.

"In order to avoid needless administrative duplication and to assure coordination with our foreign policy objectives, I believe the fund should be established and administered in the International Cooperation Administration.

"To achieve its objective, the fund should initially command sufficient resources to finance its operations during the coming three fiscal years. Only thus can we break away from the advance country programming and other operating practices which now encumber and complicate the administration of development assistance. Lacking such assurance of continuity, the fund would be little more than a new name for continuing, with minor improvement, the present practices.

"I ask the Congress, therefore, for an initial appropriation for fiscal year 1958 and also for authority for the fund to borrow from the treasury in succeeding years, within stated limits. Such borrowing authority has been used to finance many other United States lending operations. I believe this financing mechanism is well suited to the character of the fund.

"In order to get the fund under way in its first year, not less than \$500 million should be appropriated -- an amount which is included in the total request for new funds later presented in this message. I anticipate a substantial increase in sound requests for assistance in the following two years, as countries' development programs move forward. I therefore expect the fund to require capital of \$750 million in each of the fiscal years 1959 and 1960.

"In order to accomplish the purposes of the fund, sufficient capital must be provided now. To create a fund for long-term economic development while denying it the means to succeed would be to deceive ourselves, discourage our friends, and dissipate our money.

"The technical Cooperation Program is one of the most valuable elements of our entire mutual security effort. It also should be continued on a long-term basis and must be closely related to the work of the fund. I therefore propose that the Congress authorize technical cooperation on a continuing basis while continuing to appropriate funds on a yearly basis as is done now. For fiscal year 1958 I request an appropriation of \$152 million for this program.

"Special assistance' I recommend be established as a separate category of aid to serve three major purposes:

"First, to provide primarily by grant, economic assistance to meet needs of importance to our country which cannot be properly met by the basic types of assistance.

"Second, to meet unforeseen additional military or other requirements above the funds programmed and requested. This I expect to be of particular importance during the initial year of the revised program.

"Third, to be prepared to meet emergencies and contingencies that require waiver of certain restrictive legal provisions to protect the nation's security interests. I request authority to waive these restrictions on the use of appropriated funds in the same amount as now provided. Part of the additional needs in the Middle East which I discussed before the Congress last January will be provided from such special assistance.

"For these three purposes of special assistance -- for which appropriations should be made annually -- I request \$300 million of new funds for fiscal year 1958. This sum includes \$100 million to cover already anticipated requirements and \$200 million for reserve and contingencies.

"I should like to note especially one of these anticipated requirements. I refer to a program -- malaria eradication -- which will appear separately in the bill proposed to the Congress but will be financed from the special assistance fund.

"Malaria is today the world's foremost health problem. Each year it attacks 200 million people, bringing death to two million and causing enormous suffering and economic loss in many areas. Today it is practicable to end this scourge in large areas of the world. I propose that the United States join with other nations and organizations which are already spending over \$50 million a year on anti-malaria activities. In five years these activities are expected to eradicate this disease.

"In addition to the programs already discussed, \$113 million is required for multilateral programs, the program for peaceful use of the atom, and the administration of the non-military programs.

"It is especially important to continue our contributions to United Nations and other international programs in the fields of technical cooperation, assistance to refugees and migrants and children's welfare. These contributions, augmented by the contributions of other nations, will enable these organizations to continue their valuable work. I believe participation of the United States in these endeavors should be continued at substantially the present level. I also request continuance of our program to assist escapees from communist despotism.

"Before the United Nations General Assembly in December 1953, the United States first offered to assist other countries and to share with them its technology in the peaceful application of atomic energy. Our mutual security programs for fiscal year 1958 include additional funds to implement this offer by providing assistance in financing research reactors, other equipment and services to the growing number of countries engaged in peaceful nuclear activities.

"The total request for new funds for fiscal year 1958 is \$3.865 billion, a sum \$535 million less than estimated in my budget message last January. Nearly all of that reduction is made possible by savings in the military assistance program in an amount of \$500 million, which, if carried over, can be used to meet program needs of fiscal year 1958.

"We are -- all of us -- seeking to cut the cost of government. All of us want taxes reduced when possible without injury to our country.

"There is, however, only one sound way for us to achieve a substantial tax reduction. That way is to succeed in waging peace, thereby permitting a substantial cut in our heavy military expenditures. A substantial cut in these expenditures, in the face of present world conditions, would be foolhardy.

"Similarly, and for the same reason, refusal to give adequate support now for our crucial mutual security programs could hardly be more ill-advised or ill-timed. It would risk not only the ultimate attainment of the tremendous military savings to which we all aspire; by encouraging aggression and discouraging our friends, it would also risk forcing our own defense spending to a level far higher than it is today. In this kind of a gamble, American lives are just as much in the balance as American dollars.

"The Congress must also weigh these facts:

"First, a substantial cut in defense assistance would force a reduction in the strength of allied forces. Thereby the risk of local communist aggression would be increased. In order to forestall that, we would have to expand our own forces and station more of our youth abroad, or else supinely accept communist expansion at the expense of the Free World. I need hardly point out that such a procession of events would sooner or later force an increase in the number of young men inducted into our forces as well as a substantial increase in our own defense cost.

"And second, we simply cannot afford to blight the hopes of the newly independent peoples who turn to the Free World for help in their struggle for economic survival. Should we do so, these peoples will perforce be driven toward communist or other totalitarian solutions to their problems.

"I know of no precise relation between economic well-being and responsible political development. Yet continued poverty and despair are conditions that will foredoom moderate political life in these countries. If the best that these free governments can offer their peoples is endless hopelessness and grinding poverty, then these governments will surely fall. Certain it is that our peace, our political freedom, and our prosperity would not long survive the sweep of communist despotism over these new nations.

"Failure to provide adequate funds to help these struggling nations move forward could well become tragically expensive to every citizen in our country.

"Our mutual security programs have become, during the past ten years, proven instruments of tremendous power for winning our struggle for peace. The proposals I have made for their improvement stem equally from the legislative and the executive branches. I urge the Congress to join with me in giving these programs the strength which the present and future security of our republic requires."