

**Emerging Conceptions and Patterns of  
Development Assistance: Implications of  
President Nixon's September 1970  
Message to Congress**

by

**Garth N. Jones**

**Department of Political Science  
Colorado State University  
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Review Draft

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## CONTENTS

	Page
Acknowledgements	i
Preface	v
I. Introduction	1
II. Reevaluation of Development Assistance	6
Pearson Commission	7
Peterson Committee	8
III. President Nixon's Proposal: Contents and Reactions	13
President's Message of September 15, 1970	14
President's Message of April 21, 1971	16
The International Development and Humanitarian Assistance Act	17
The International Development Corporation	18
The International Development Institute	19
Humanitarian Assistance	21
International Security Assistance	21
Program Coordination	22
Congressional Reaction	23
The President's Blueprint for Reorganization:	
Publics and Political Appeals	23
White House Misreadings	26
—The House of Representatives	26
—The AID Bureaucracy	27
—The Senate	27
Summary Note	28
IV. Implications: Doctrine, Program and Organization	29
Weak AID Doctrine Continues	30
Policy of Expediency	32
Global Great Society Syndrome: A Rejection	36
Bilateral Aid: Humanitarian and Military	37
Return to Traditional Diplomacy	38
Effect of Anti-Colonialism and Anti-Imperialism Tradition	40

Indonesia as a Model	42
Demise of Interpersonnel and Intercultural Programs	46
Peace Corps and Technical Assistance	46
Triumph of the Domestic Poverty Issue	48
Domestic and Lesser Developed Countries' Poverty: Compatible Objectives?	48
Discussion	50
V. Multilateralization and Critical Development Problems: Still Unresolved	53
Planned Development and Social Change	54
Role of Multilateral Agencies in Social Change	54
Technical Assistance	58
As a Means of Change	58
Consultants as Change Forces	60
Bureaucratic Reform	61
Social Intelligence for Development	64
Regional versus Individual Country Development	66
Donor and Recipient Working Relationships	68
Need for Behavioral Research	69
Concept of Gift: A Possible Methodological Approach	70
Future United States Role in Development Assistance	73
United States Role in Multilateral or International Agencies	73
U.S. International Development Institute	75
VI. Conclusions	79

## Preface

This paper, as the times within which it was written, has a complex and excoriating history. It is very much a product of my own personal involvement in the U.S. development assistance programs in Asia, spanning a 15 years period from 1956 to 1971. The first draft, a critique of President Nixon's task force on international development, popularly known as the Peterson Report, was prepared in the Spring of 1970 when I was a Senior Scholar at the East West Center in Hawaii. It was the subject of several "in-house" seminar sessions at the East West Center.

Soon after the President's Message to Congress on September 15, 1970, on the reorganization of U.S. international development assistance, a second draft was prepared which was a discussion paper in November, 1970 at the International Water Management Seminar, Colorado State University. In December, 1970, while in vacation in Hawaii, the paper was also presented at a Seminar of Senior Scholars at the East West Center.

In addition, the paper has been studied by a number of graduate students, critiqued by several well-established scholars in the field of international development, and reviewed by officials in the Agency for International Development and the United Nations.

This paper generated considerable comment, written and oral, which ranged from outright criticism to outright praise.

In reviewing these comments there appears to be little "common ground" on which to restructure a future U.S. development assistance policy and program. Nevertheless, I heavily drew upon, and greatly benefited from, these numerous comments and criticisms. Thus, this paper represents more than my own original, reflective thinking on the subject in the cloistered halls of the East West Center in the Spring of 1970. The paper is a product of a stream of thought directed to me by a number of persons who are vitally concerned about the United States' future policy and programs in international development. Their names are numerous: many I have never personally known, several I have forgotten, a number for professional reasons requested not to be acknowledged, and many whose names as a debt of gratitude I have already thanked.

The history of continued involvement of the United States in international development is now being written. On October 29, 1971, the Senate rejected the House foreign aid bill and the Agency for International Development has been kept alive by continuing Congressional resolution. What kind of foreign aid program, if any, Congress will eventually support is extremely difficult at this time to ascertain. Therefore, the implications of President Nixon's September 15, 1970, Message takes on added importance as the Nation's policy makers struggle to formulate a new international development program to meet its own foreign policy needs as well as those of an increasingly disturbed lesser developed world.

Garth N. Jones  
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- 1 -

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I. Introduction

Much public policy in the Western World is affected by the "decade mentality." The end of a decade is a time for "stocktaking," renewal, and major change. This is probably more so in the United States than elsewhere, but nevertheless it is very evident throughout Western culture.

The beginning of the 1970 decade appears to mark the demise of "one generation" of a kind of American involvement overseas, bilateral development assistance. In the terms of the transitory nature of American foreign policy, this era was probably quite long and consistent. It began in the second half of the 1940's as a program of reconstructing war devastated Europe, the 1950's ushered in the humanitarian Point-4 program, and the 1960's, building upon the then fresh enthusiasm of successes, was hailed as the "Decade of Development."

The optimism of the 1960's was early dampened by the complexities of the development process in the lesser developed countries and quickly darkened into a gloomy outlook. As one scholar pointed out: "Perhaps

the most important lesson of the development decade is that the law of comparative advantage was not repealed at all."<sup>1</sup> The gap between the more developed and the lesser developed nations continues to widen at an increasing rate. There was probably no increase in the buying power of the "aid poor person."<sup>2</sup> The international problems of the waning part of the Twentieth Century will still be very much in the lesser developed world.

Against this background, the Nixon proposal on foreign assistance, contained in a Presidential Message to Congress on September 15, 1970, came as no surprise and was based on a number of investigations and studies and the President's own thinking on the subject dating back for more than ten years.<sup>3</sup> Although the President's Message envisaged a major shift in the United States foreign assistance policies and organization, in political terms it appears to be very much in keeping with the tenor of the times and a product of gradual change. The President states that the United States should increase its financial contributions to the development process. His proposal could have an opposite effect. Assistance in the form of grants or gifts could be

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<sup>1</sup>Reed J. Irvine, "Some Lessons of the Development Decade," Asian Survey, 10(July 1970), 62. Also see Lester B. Pearson, The Crisis of Development (New York: Praeger Publishers, 1970), and Denis Goulet, "The Disappointing Decade of Development," The Center Magazine, Center for the Study of Democratic Institutions, 2(September 1969), 62-68.

<sup>2</sup>Statement of Edward Martin, former U.S. Assistant Secretary of State, found in Bernard D. Nossiter, "Foreign AID—Is It Blessing or Curse?" The Denver Post, November 21, 1971, 22.

<sup>3</sup>"Message from the President of the United States Proposing a Transformation of Foreign Assistance Programs," 91st Congress, 2nd Session, House of Representatives, Document No. 91-385, 1970.

virtually ended except to the so-called security nations, i.e. those carefully identified as vulnerable nations whose security are deemed vital to U.S. foreign policy interests.<sup>4</sup> The United States' contributions could essentially be in the form of loans for development administered by international lending agencies or U.S. lending institutions to spur U.S. exports.<sup>5</sup> In the terms of substantial transfer of human and capital resources, the United States would no longer be in

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<sup>4</sup>Steps were taken in early 1971 to establish a separate policy and organizational framework for the so-called security nations. On July 1, 1971, a new Supporting Assistance Bureau was established in the Agency for International Development which included virtually all security assistance and economic aid to Vietnam, Laos, Thailand, and Cambodia. The House Appropriation Bill for the 1971-72 AID program proposed to split security and economic assistance. Security assistance comprised approximately 20 percent of the AID budget. Convenient references are Front Lines (Agency for International Development News), July 15, 1971 and July 29, 1971.

It should be noted that the bulk of the grant aid went to the reconstruction of Europe and never was a major component in the aid programs for the lesser developed countries. This is a bitter complaint by the LDC's who feel that they are more in need of grants now than Europe following World War II. See the references under footnote 6.

<sup>5</sup>See "New Directions at Home and Abroad," U.S. News and World Report, November 15, 1971, 19-22.

the "aid business." The so-called politically charged "give away program" would at last be finished.<sup>6</sup>

If this brief analysis is correct, then the abrupt modification, or even in the extreme case of abrupt termination, of the United States aid program could have far reaching international as well as national repercussions. The purpose of this paper is to examine the implications of the President's recent foreign assistance message, giving reasons for its issuance and importance, indicating the principal reasons as to the

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<sup>6</sup>The total U.S. aid to the world since World War II is \$143.5 billion. Of this total \$102.9 billion was economic aid and \$40.6 billion military aid. Aid in the form of loans was \$46.3 billion and in the form of grants or gifts \$97.2 billion, or more than two-thirds of the total foreign aid. More than four-fifths, or approximately \$87 billion, was administered directly by the Agency for International Development or its predecessor agencies and less than one-fifth, or approximately \$16 billion, represented U.S. contributions to the World Bank, other international lending agencies, and the U.S. Export-Import Bank. See "A New Kind of Foreign AID -- What White House Proposes," U.S. News and World Report, 59(September 28, 1970), 56-57.

These figures should be compared with the \$100 billion already spent in the Vietnam War and the yearly \$14 billion U.S. cost of NATO participation. Thus, within these comparative terms, U.S. foreign assistance becomes rather insignificant.

The "give away" feature of the President's proposal would be in the neighborhood of 400 million dollars to finance largely the activities of the International Development Institute which is discussed later. Most of this money will be spent in the United States in the form of participant training and research. Added to this must be the 75-85 million dollars for the Peace Corps. In the terms of aid, discounting the nature of these programs, the total is rather insignificant, especially when compared with the 1950's when it reached ten billion dollars a year, with a large amount in the form of grants.

For more details see the following excellent summary: "U.S. Overseas Loans and Grants and Assistance from International Organizations, Obligations and Loan Authorizations, July 1, 1945 - June 30, 1969," Special Report prepared for the House Foreign Affairs Committee, Washington: Office of Statistics and Reports, Bureau for Program and Policy Coordination, Agency for International Development, April 24, 1970 (processed). For a good treatise on the local currency component, see Robert H. Deans, "U.S. Foreign Assistance Programs: The Impact of Local Currencies in Economic Development," The Journal of Developing Areas, 5(July 1971), 589-604.

shape and the significance of the emergent changes in development assistance, and observing what appears to be the future of United States development assistance programs and efforts.

Important unresolved questions of development facing the United States as well as the larger world community of nations will be identified and discussed in relationship to multilateral and bilateral development assistance programs and requirements. Problems concerning interventionist and non-interventionist philosophies in the development process will be given attention. The need for a broad social science emphasis to assist in resolving major national and international development problems and in facilitating the developing process is discussed. The final purpose is that all of these aspects will relate to a more enlightened and long-range view of the major issues dividing the United States and the lesser developed nations.

## II. Reevaluation of Development Assistance

In the late 1950's a new pattern of development assistance began to emerge with the Western European Nations, Japan and the United Nations' agencies becoming more involved in the development process. By the middle of the 1960's two-thirds of all development assistance still came from the United States and in 1970 it was still in the neighborhood of fifty percent.<sup>7</sup> Both in total as well as percentage terms, U.S. foreign assistance was rapidly diminishing in face of mounting development needs.

In the early 1960's nearly every European nation reviewed its role in foreign assistance. The bulk of the assistance was being provided by the United Kingdom, France, and Germany, and with the exception of Germany, this assistance was largely being directed to former colonies and dependent territories.<sup>8</sup> Efforts were subsequently made by European nations to consolidate their programs and activities, to expand the number of the recipient nations, and to move toward various kinds of multilateral arrangements.<sup>9</sup>

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<sup>7</sup> See Goran Ohlin, Foreign Aid Policies Reconsidered (Paris: Development Centre of the Organization for Economic Co-operation and Development, 1966), 15, and Robert E. Asher, Development Assistance in the Seventies, Alternatives for the United States (Washington: The Brookings Institution, 1970), statistical tables. For a succinct summary of these efforts, Denis Goulet, "Domesticating the Third World," in Denis Goulet and Michael Hudson, The Myth of AID, The Hidden Agenda of the Underdeveloped Reports (New York: IDOC North America, 1971), 65-67.

<sup>8</sup> This is discussed in Ohlin, ibid., especially Chapter II, "The Evolution of the AID Doctrine."

<sup>9</sup> See Milton J. Esman and Daniel S. Cheever, The Common AID Effort (Columbus: Ohio State University Press, 1967), and Ohlin, ibid.

### Pearson Commission

The political support for foreign assistance in the United States was never very strong and by the time of Nixon's election in 1968 it had almost completely decayed.<sup>10</sup> Elsewhere considerable concern was still being manifested about development assistance. In August, 1968, L. B. Pearson, former Prime Minister of Canada, accepted an invitation from the World Bank to form a Commission to study the problem. Approximately one year later, on September 24, 1969, President Nixon appointed a "Task Force," headed by Rudolph A. Peterson, President of the Bank of America, to reexamine the United States' role in foreign assistance.

The Pearson Commission's report was submitted to the World Bank on September 15, 1969.<sup>11</sup> The report is largely conceived within a framework of economic analysis and gives little attention to the organizational requirements of developmental assistance. The place of technical assistance in the development process is played down. Trade arrangements and capital investments are emphasized. The superiority of international agencies, and the World Bank in particular, to implement development programs is tacitly implied.

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<sup>10</sup>This is a much publicized topic. For a few of many references see Michael Kent O'Leary, The Politics of American Foreign Aid (New York: Atherton Press, 1967), and Foreign Aid at the Cross Roads (Washington: League of Women Voters of the United States, 1966).

<sup>11</sup>It was subsequently published as Partners in Development, Report of the Commission on International Development (New York: Frederick A. Praeger Co., 1970).

### Peterson Committee

The Peterson Task Force report, unlike the Pearson Commission report, is very short and it centers almost exclusively upon the re-organization of the United States' foreign assistance program.<sup>12</sup> Its general tenor, however, is very much in keeping with the recommendations of the Pearson Commission and was almost entirely accepted in content as well as principle by President Nixon, as evidenced in his Message to Congress.

During the same period, i.e., the appointment of the Pearson Commission in August, 1968, to the issuance of the Peterson report in March, 1970, two private research organizations, both with long and continued interest in the U.S. problem of foreign assistance, the National Planning Association and the Brookings Institution, issued studies presenting fresh approaches on the United States' involvement in international development assistance. These studies bear close relationship in content as well as recommendations to both the Pearson and the Peterson reports, evidencing their scholarly influence.

The Peterson report appears to have drawn its conceptual framework from a special study of only 34 pages in length issued in March, 1969, by the National Planning Association.<sup>13</sup> This study begins by recognizing that major social, political and economic changes in the lesser

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<sup>12</sup>See U.S. Foreign Assistance in the 1970's: A New Approach, Report to the President from the Task Force on International Development, March 4, 1970 (Washington: Government Printing Office, 1970).

<sup>13</sup>A New Conception of U.S. Foreign Aid, A Joint Statement by the NPA Joint Subcommittee on U.S. Foreign Aid and the NPA Board of Trustees and Standing Committees (Washington: National Planning Association, 1969).

developed countries are needed to support expanded modernization and that in response to these needs notable improvements in AID's advice on economic growth policies have occurred. It stresses the point that the lesser developed countries must allocate more of their own resources to development purposes, and that this should be their own decision and not that of the United States.<sup>14</sup> The study goes on to build a case for major change around the undocumented and unexplained premise that "excessive U.S. activism" has adversely effected the nation's development assistance activities abroad.

The special study correctly notes:

...the major change that has to be made is to transfer resources and skills to the recipient countries in ways that more effectively evoke and sustain their own initiative and self-responsibility.<sup>15</sup>

Furthermore:

This means that, while continuing to provide sound advice to those leadership groups committed to development, the inhibiting effects of U.S. activism have to be substantially reduced, if not in all cases eliminated. Such a reconciliation is by no means easy, for American activism is not a superficial characteristic that can be quickly removed by adopting a new official policy. ...it has deep roots in American culture; indeed, it is inseparable from the achievement and continued progress of American society itself. Hence, the U.S. foreign aid effort needs to be restructured and administered in ways conducive to a more reactive, rather than active, posture on the part of officials engaged in carrying it on.<sup>16</sup>

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<sup>14</sup>This is also the position of the important private research organization, the Committee for Economic Development. See particularly the following report, Assisting Development in Low-Income Countries: Priorities for U.S. Government Policy, A Statement by the Research and Policy Committee, September 1969 (New York: Committee for Economic Development, 1969).

<sup>15</sup>A New Conception of U.S. Foreign Aid, 1969, 6.

<sup>16</sup>Ibid., Emphases added.

In several ways the National Planning Association study displays an ignorance of the American involvement overseas, in particular the behavior of overseas' Americans and the organizational problems of donor-recipient relationships. "Ineptness" should not be confused with "excessive activism." For a variety of reasons which have been well research and documented, a fact not mentioned in the Joint Statement of the National Planning Association, Americans have not generally been effective overseasmen. The principal reason is that Congress never provided a policy or an organizational environment which could have ever made this possible. Foreign assistance has always been considered as a temporary activity and thus it has been administered in an ad hoc way. With this lack of Congressional support, it is amazing that the several types of aid programs that have emerged over the years have been as well administered, reflecting a rather high quality of bureaucratic strength and responsibility. Proceeding even a little deeper, the foreign assistance programs evidenced a real humanitarian concern on the part of many American professionals who were willing to take the "risks of living abroad" and working in a situation that offered virtually no career opportunities.<sup>17</sup>

Development assistance requires more than personal "idealism" and "human concern." It demands a high level of experience and professional

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<sup>17</sup>This statement is made in the sense of an organizational career. Certainly, many young persons, and I for one, benefited from the "free-wheeling" atmosphere of AID and its predecessor agencies which offered unique experiences and high level responsibilities. AID has been an excellent training institution as evidenced in the large number of ex-AID persons found in educational institutions, private foundations, law firms, private consulting agencies, and top executive positions in government.

competence which was never possible to develop under the temporary organizational arrangements, although David Bell and William Gaud, the last two Democratic AID administrators, both made heroic efforts, and the present incumbent, John Hannah, a Republican, never has been given the opportunity. U.S. foreign assistance still remains largely under the administrative control of "amateurs."<sup>18</sup>

Even a superficial examination of the American overseas reveals that his unpreparedness for this distressingly difficult task has resulted in quite the opposite effect, "low activism." This is a consequence of a low level and inappropriate interpersonal relations with host country officials. Unfortunately, too much of American interpersonal relations are confined to the capital and the large urban centers and limited to a few host country officials who skillfully know how to dissipate U.S. influence (activism).

Equally disturbing is that the National Planning Association Study does not come to grips with the basic realities of developmental change. "Strong medicine" is usually required to rehabilitate the "socio-political-economic" systems of the lesser developed countries, if this should be an objective. "American activism," which is certainly a cultural strength, has a very important place within soundly conceived

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<sup>18</sup>Years with the aid agencies should not be interpreted as the way to professional competency. The ability to perform is the only criterion by which to determine a professional. As one high ranking official with many years of experience with aid facetiously pointed out to me in a personal letter dated October 13, 1970, "...We're getting more and more implementors, evaluators, researchers, economists and programmers and less and less people on the firing line. I suppose that the ultimate will be reached when we have one technical division chief known as the Assistant Director for Agriculture, Education, Industry, Population and Health, Public Administration or AD/AEIPOPPAD and the other 99 will be in the program shop."

development programs. It is the kind of "medicine" that is often required to initiate and maintain a constructive pattern of national development.

To temper the proposed evil of "excessive American activism," the solution offered by the National Planning Association Special Study is the multilateralization of U.S. assistance, reducing American presence abroad, and limiting U.S. country programming to the analysis of broad development strategy and general policies. The Peterson Task Force accepted with virtually no reservations the solution offered by the National Planning Association.

III. President Nixon's Proposal: Contents and Reactions

President Nixon's proposal for the overhaul of the foreign aid program are contained in two Presidential Messages to Congress: one on September 15, 1970, and the other on April 21, 1971. His first message appears to have been well received by Congress and the interested foreign aid publics, although considerable apathy existed. Foreign aid was a "tired" subject. The administration proceeded slowly, as if reorganization were an accomplished fact. The "political" times seem to dictate that the President had little choice but to propose a radical change in the U.S. foreign assistance organization and program, if it were going to survive.

His second message transmitted two bills to Congress for the "transformation in the foreign assistance program."<sup>19</sup> The President's proposal soon encountered opposition in the House of Representatives and he subsequently withdrew his recommendation for reorganization. A new House bill was submitted in its place in July, 1971, which proposed to split Security and Economic Aid and requested authority to continue the present Agency for International Development for two more years. At an evening session on Friday, October 29, 1971, the Senate voted 41 to 27 to kill the House bill. This vote came on the "heels" of the U.S. defeat

<sup>19</sup> Message from the President of the United States transmitting a Report on Progress in the Transformation of the United States Foreign Assistance Program, Document No. 92-94, House of Representatives, 92nd Congress, 1st Session, 1.

in the United Nations which voted on Monday, October 25, 1971, to expel Taiwan and to give its seat to Mainland China. Whether or not there was any relationship between these two events is debatable but these two events quickly surfaced the problems of U.S. foreign assistance.

The foreign aid program over the next few weeks was kept alive by a series of continuing Congressional resolutions. The Senate appears determined to effect major reorganization of the program. The House is content with the continuation of the present program. Foreign aid was not the "dead" issue that it appeared to be when the President delivered his first Message to Congress in September, 1970.

#### President's Message of September 15, 1970

President Nixon's proposals for the overhaul of the foreign aid program, as outlined in his message to Congress on September 15, 1970, followed largely the recommendations of the Peterson report. In the terms of organization, he proposed to set up two new agencies:

- A U.S. International Development Corporation to administer direct aid programs that would be continued. This agency would be primarily a lending agency.
- A U.S. International Development Institute to bring the genius of U.S. science and technology to bear on the problems of development.

In addition, the President proposes to establish an International Security Assistance Program. He explained: "The prime objective of this program will be to help other countries assume the responsibility for their own defense and thus help us reduce our presence abroad." This statement is very much in keeping with his policy of a "low

American profile abroad," and as particularly expressed in his so-called "Guam doctrine."<sup>20</sup>

Nixon's program would divide foreign aid into three categories: "security assistance, humanitarian assistance and development assistance." Security assistance means military aid to those nations whose national well being is considered essential to U.S. foreign policy interests, humanitarian assistance means emergency relief such as in natural disasters, and development assistance means long term aid programs, preferably in consort with other countries or international bodies.

His message also covered such aspects as modification of tariffs and tied loans, increased U.S. aid contributions, and improved food assistance.

The President's rationale for his approach to foreign aid is:

Moving in this direction holds the promise of building better relations between the borrowing nations and lending countries to reducing the political frictions that arise from reliance on bilateral contacts in the most sensitive affairs of nation-states. It will enhance the effectiveness of the world development effort by providing for a pooling of resources, knowledge and expertise for solving development problems which no single country can muster.<sup>21</sup>

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<sup>20</sup> See Marvin Kalb and Elie Abel, Roots of Involvement, the U.S. in Asia, 1784-1971 (New York: W. W. Norton & Company, 1971), especially 272. In the summer of 1968 President Nixon states: "...we have only 200 million people and there are two billion people who live in the free world. We simply cannot continue -- whether it's Asia, Africa, or Latin America -- to carry this immense burden of helping small nations who come under attack, either externally or internally, without more assistance from other nations who have equal stakes in freedom."

"We need a new type of collective security arrangement, in which the nations of the area would assume the primary responsibility of coming to the aid of a neighboring nation rather than calling upon the United States in each instance for assistance."

<sup>21</sup> Presidential Message, September 15, 1970, 7.

The President agreed with the Peterson Task Force report that the "downward trend of U.S. contributions to the development process should be reversed" and that international development is a long term process. He apparently was not prepared at this time to recommend the form, grant or loan, or the annual amount of the U.S. contributions. His Message, as well as related communications, do not indicate that he was willing to accept the standard of one percent of the nation's gross national product, as recommended by the United Nations.<sup>22</sup>

President's Message of April 21, 1971

Approximately seven months after his first Message to Congress, President Nixon submitted to Congress on April 21, 1971, his legislative proposal for the reorganization of U.S. foreign assistance. In his Message the President asked Congress to join him in reforming the United States' bilateral assistance program "to support the security and development objectives of lower income countries and thereby to promote some of the most fundamental objectives of U.S. foreign policy."<sup>23</sup>

To distinguish clearly between the United States' development, humanitarian, and security programs (as outlined in his September, 1970, Message), the President's proposal to Congress embodied two separate

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<sup>22</sup>In recent years U.S. development assistance has been around 0.35 percent of its GNP. France and Germany, for example, having each contributed in the neighborhood of 1.10% of their GNP's. See Vernon Duckworth-Baker, Breakthrough to Tomorrow, The Story of International Cooperation for Development through the United Nations (New York: United Nations Publications, 1970), 65-67. However, it must be pointed out that these comparative statistics must be carefully used. About the only conclusion that can be drawn is that for the USA in percentage terms in reference to its GNP its foreign aid has substantially declined.

<sup>23</sup>See his Presidential Message, April 21, 1971, 1. Henceforth, quotation marks will be used to designate direct statements taken from the President's April 21, 1971, Message. The page references for these statements will not be given, since the Message is only 16 pages long.

pieces of legislation: (1) the "International Development and Humanitarian Assistance Act" and (2) the "International Security Assistance Act."

The International Development and Humanitarian Assistance Act.

As part of President Nixon's sequential-stage transformation of the U.S. bilateral assistance program, the Congress created two new development assistance institutions: (1) the Over-Seas Private Investment Corporation (OPIC), which promotes the role of private investment in the international process, and, (2) the Inter-American Social Development Institute (ISDI), which promotes the social development of Latin American and Caribbean people. In his Message, President Nixon proposed that the ISDI be renamed the Inter-American Foundation "to characterize more accurately its proposed style of operation."

The Message stressed that the United States continues: (1) to have special national interest in particular lower-income countries, (2) to have special capabilities in particular functional areas of development, and (3) to need effective bilateral development assistance programs to meet its national and international interests. To advance this program component, the President proposed to create two more new development assistance institutions: (1) the International Development Corporation (IDC) and (2) the International Development Institute. These two institutions, together with OPIC and ISDI, would replace the present Agency for International Development which was established in 1961 when

the former International Cooperation Administration, Development Fund and other activities were merged into one agency.<sup>24</sup>

The International Development Corporation. As the Agency which would administer the Nation's bilateral lending program, the President states, that the operating style of the IDC "would mark a major change in the United States' approach to development assistance." Making "loans in response to initiatives from lower-income countries, rather than developing projects of programs of its own," the IDC would have the "flexibility to tailor its loan terms to the needs of particular lower-income countries, requiring harder terms from the more advanced and extending easier terms to the less advanced." The IDC would not, as is the case at present, seek to determine annual country lending levels in advance, and "its lending volume to any particular country would be based on demonstrated self-help performance, and the quality of the projects and programs which that country present to it."

Instead of carrying out the extensive country programming which is now being undertaken by the Agency for International Development, IDC would operate as much as possible within the institutional framework set by the present international financial institutions. In addition, the IDC would: (1) represent the United States in international consortia and consultative groups, and, (2) follow a business-like approach in the conduct of its loan operations.

The President recommends that the IDC "have authority to lend directly to private entities in the lower-income countries and to "work

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<sup>24</sup>The legal history of U.S. foreign assistance is conveniently summarized in the following: The Federal Fiscal Year as it Relates to the Congressional Budget Process, Hearings before the Joint Committee on Congressional Operations, Congress of the United States, 92nd Congress, First Session, June 14 to 17 and June 21, 1971, Washington, D. C.: 1971, 325-26.

with and through the private sector to the maximum extent possible." High priority should be given to programs which promote private initiative. To further this end, the IDC "would seek to increase United States lending to local development banks and other financial institutions."

The Board of Governors of the IDC would comprise both government officials as well as private citizens, thereby bringing the U.S. private sector directly into the IDC's decisionmaking process. A business-like approach was underscored in the President's Message which would hold the IDC administrators accountable for their programs and to avoid the present practice of circumscribing lending operations with foreign policy and other political restrictions.

To operate as a business-like institution, the President requested that the Corporation be given: (1) a three-year financial authorization, (2) an authorization of 1.5 billion dollars in directly appropriated funds, and (3) authority over a three-year period to borrow up to one billion dollars in the private capital market or from the U.S. Treasury. By channeling private capital more directly into the development process, the judgment of the private sector could be brought "directly to bear on the performance of the IDC." To further help fund the Corporation, President Nixon recommended that the repayments of capital and interest on past U.S. development loans, totaling approximately \$250 million annually, be utilized.

The International Development Institute. President Nixon states that: "In the past ... too many technical assistance projects have been undertaken which were of more interest to Americans than to the recipient

countries, and had little or no lasting impact." He emphasizes that his "new program is designed to ensure that this does not happen in the future."

In policy and program terms, the new Institute "would seek to assure that all projects which it helps finance are considered essential by the lower-income country itself." To show evidence that the recipient attaches high priority to a particular project for which it seeks IDI support, it would have to make a "significant contribution" as well as assurances that it stands prepared to continue financial and other support after the U.S. assistance is terminated. The Institute would use U.S. scientific, technological, and managerial "know-how" to center "on the critical bottleneck problems of development." It would engage in four major types of activities: (1) to apply U.S. research competence in the physical and social sciences to the critical problems of development; (2) to assist in building institutions in the lower-income nations so as to enhance their own research capabilities and to make it possible for them to carry out broadly designed development programs on a self-sustaining basis -- special emphasis would be expected to be given to strengthening agricultural and educational institutions; (3) to help train manpower that would enable lower-income nations to implement new development activities on their own initiative; and (4) to aid lower-income nations in securing appropriate advisors on development problems.

To the greatest possible extent, the research activities would be conducted in the lower-income nations rather than in the United States. The President observed, "because the international organizations are less

advanced in research and technical assistance than in development lending," the Institute would "be unable to function as fully within an international framework at this time as would the...IDC." The IDC would strive to "improve the capabilities of the (international) organizations, especially the United Nations Development Program" and seek to cooperate with them "whenever possible." One of the objectives of the Institute "would be to help create an international framework for technical assistance comparable to the framework which has developed over the past decade for development lending."

The IDC would be administered very much as the IDC, on a business-like basis with projects largely carried out by the private sector.

To provide financial continuity, the President requested Congress to authorize an appropriation of \$1,275 million for a three-year period. The technical assistance projects administered by IDI would be financed on a grant basis.

Humanitarian Assistance. Noting that the humanitarian program of the United States is carried out by a number of agencies and legislative organizations, President Nixon recommended that these be centralized under a new position of Assistant Secretary of State. This would enhance the United States' capability "to respond quickly and effectively through better contingency planning, additional stockpiling and training" to meet a wide spectrum of human needs: disaster relief and rehabilitation, famine, and refugee and migration relief and assistance.

International Security Assistance. A central objective of the President's foreign policy is to move the United States from "bearing the major responsibility for the defense of its friends and allies."

To achieve this objective, the United States must assist friendly nations in strengthening their economies as well as defense capabilities. "This is necessary," states the President, "so that they can increasingly shoulder their own responsibilities, so that we can reduce our direct involvement abroad, and so that together we can create a workable structure for world peace." Local defense capabilities will be strengthened "by providing that mix of military and supporting economic assistance which is needed to permit friendly foreign countries to assume additional defense burdens themselves without causing them undue political or economic costs."

Under the International Security Act, "significant changes" would be made which would enable the U.S. to provide military assistance on supposedly less onerous terms than the past. To fill the existing gap between grant assistance and sales on relatively firm commercial terms, the President proposes authorization to finance sales of military items on concessional terms. Grant assistance would continue for the nations whose financial resources are inadequate to meet their defense needs. Nevertheless, President Nixon emphasizes that the objective "is to move countries as quickly as possible within the context of international security requirements and their own economic capabilities, along the spectrum from grants to concessional sales to the harder terms..."

Program Coordination. The new program would be coordinated by a single coordinator of Development or Security Assistance who would be appointed by and directly responsible to the President. This person would serve as the Chairman of the Boards of IDC, IDI, and OPIC.

Furthermore the Coordinator would also chair an executive coordinating committee composed of the chief executive officers of the three aforementioned development assistance institutions and the ISDI. Both the President and Congress would regard the Coordinator as the administration's chief spokesman on bilateral development assistance policy as well as programs.

The Secretary of State would provide foreign policy guidance for all components of the United States foreign assistance program. Foreign assistance issues which raised broader questions of foreign economic policy would be handled by the new United States' Council for Economic Policy. The National Security Council would provide coordination among the three major components of the new assistance program as well as between them and the United States' overall national security policy.

#### Congressional Reaction

The President's Blueprint for Reorganization: Publics and Political Appeals. At first glance President Nixon's blueprint for reform of the United States foreign assistance program appears to have much political appeal. He reduced the unpopular grant or "give away" part of foreign assistance to a low annual figure of approximately \$400 million for economic aid, largely for technical assistance, and \$705 million for military assistance.<sup>25</sup> He stressed that the other more prosperous nations should assume a larger share of the international development

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<sup>25</sup> His proposal requested that \$1,275 million be appropriated for a three-year period to the International Development Institute and \$705 million for grant military assistance. Most of the IDI expenditures would be used to finance technical assistance activities. Considerable of the grant military assistance would be used to finance economic development activities in those countries whose security is deemed vital to the United States foreign policy interests.

burden and that the lesser developed countries should devote an increased amount of their internal resources to their own self-development. His blueprint appeared to be especially attractive to the business and higher educational communities. The bulk of the capital assistance abroad would be through the private sector, with strong indications of continued tied provisions, and the technical assistance through the universities, with emphasis on agriculture and education. The land grant universities and colleges could particularly benefit from the new reorganization program.<sup>26</sup> The United States would systematically withdraw from its overseas commitments and the heavy costs of bureaucracy would be substantially reduced. This should have political appeal to the new-isolationists or non-interventionists, the economy-minded, and the groups seeking new government financing. About the only group to suffer would be the large AID bureaucracy, numbering around 13,000 persons.<sup>27</sup> Although various personnel reduction figures were announced, the objective generally appeared to pare down eventually the direct hire component, those persons who have civil service standing, to a hard core of 3000 to 5000 persons.

As the President indicated in his April 21, 1971, Message to Congress, substantial progress had already taken place in carrying out

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<sup>26</sup>At the Annual Convention of the National Association of State Universities and Land Grant Colleges held in Washington, D. C., November 8-11, 1970, the Senate of the Association strongly endorsed the general approach to development assistance as advanced in President Nixon's Message of September 15, 1970. A report of a study group of the Association's International Affairs Committee issued in June, 1971, was highly supportive of the President's reorganization proposal, as outlined in his April 21, 1971, Message to Congress.

<sup>27</sup>For details on AID personnel strength see "AID Personnel Cut Revised," Front Lines (Agency for International Development), 9(September 30, 1971), 1 plus.

the President's blueprint. The program of supporting assistance for those nations "in which the U.S. has major interests and have ... demonstrated the will and ability to help themselves" was passed by Congress in December, 1970. The international development institutions continued to move forward towards a larger leadership role in the development process. The more developed countries, and particularly Japan, had increased their aid programs. By executive order a Council on International Economic Policy "to coordinate all aspects of U.S. foreign economic policy, including development assistance" had been established. This Council was chaired by the President.

Although not mentioned in his Message, the President's administration had moved forward on several other fronts. The Agency for International Development had established a new Technical Assistance Bureau with many of the features of the proposed International Development Institute. Following guidelines set by the Office of Management and Budget, a systematic program in the reduction of personnel, particularly those assigned overseas was being implemented.<sup>28</sup> Two major institutions fitting within the Nixon blueprint had already been established. The Foreign Assistance Act of 1969 created the Overseas Private Investment Corporation (OPIC) which came into existence January 19, 1971 and The Inter-American Social Development Institute was created by Public Law 91-175 on December 30, 1969.

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<sup>28</sup> According to testimony of Ernest Stern, Assistant Administrator for Program and Policy Coordination, Agency for International Development, the projected reduction was 3000 persons of which 20 percent would be from the overseas complement. See Hearings before the Committee on Foreign Affairs..., 92nd Congress, First Session, 1971, 47.

White House Misreadings.

—The House of Representatives. Apparently, President Nixon and his White House Staff misread Congress's feeling concerning his reorganization proposal. At the last moment several key Congressmen became highly unsympathetic, since it would mean a substantial dilution of their power over foreign assistance.<sup>29</sup> The President quickly dropped his reorganization proposal, which some observers feel had not interested him too much anyway, and pressed for a traditional fiscal year budget request. In July the House Foreign Affairs Committee proposed a two-year foreign aid authorization bill that would separate economic and security assistance. The bill would create an Under-Secretary position in the Department of State to coordinate security assistance programs, of which supporting assistance would be one part. Establishment of this position was one of the key proposals submitted to Congress in President Nixon's April 21, 1971, Message.

Thomas E. Morgan (D-Pa.), Chairman of the House Foreign Affairs Committee reported:

...The far reaching proposals submitted by the President would require much more lengthy hearings, followed by careful and extensive analysis, by the Committee. At the earliest, all legislative steps could not be completed before next year.<sup>30</sup>

Further the report stated that the two-year authorization was recommended, instead of the usual one year,

<sup>29</sup> See especially the statements of leading Representatives contained in Ibid.

<sup>30</sup> See "House Bill Proposes to Split Security, Economic Aid; 2-Year Authority Asked," Front Lines (Agency for International Development), 9(July 29, 1971), 1 plus.

(to) enable the legislative branch to approach the problems of foreign aid with greater deliberation without jeopardizing the continuation of the program.<sup>31</sup>

—The AID Bureaucracy. In formulating his reorganization proposal, apparently the President nor his White House Staff had consulted to any extent the Department of State or the Agency for International Development. As already noted, he relied heavily upon the Peterson Report which was largely a product of businessmen. The report shows little knowledge of past U.S. aid programs and international involvement, or consultation with AID or the Department of State.<sup>32</sup>

The House's action was clearly not an endorsement of the present program. Congress was still demanding reorganization but more on its own terms. The implication appears clear that Congress was now willing to entertain a bureaucratic solution. Thus, in September and October, 1971, AID took steps to reexamine its program and organization.<sup>33</sup>

—The Senate. On October 29, 1971, the Senate by a vote of 41 to 27 killed the foreign aid program. Subsequently AID was kept alive by a series of continuing resolutions. The House and the Senate reached a

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<sup>31</sup>Ibid., 1.

<sup>32</sup>Possibly the brevity of the report prevented much historical treatment. Although the Task Force team was "loaded" in favor of big business representation, included were three Harvard professors with established reputations in international development: Gottfried Haberler, Samuel P. Huntington, and Edward S. Mason. It is difficult to understand why they didn't insist upon some kind of historical review.

<sup>33</sup>This is summarized in the following: "Employees Asked to Submit Ideas to Improve AID in Reform Move," Front Lines (Agency for International Development), 9 (September 30, 1971), 1 plus and "Youth Urged to Set Pace for Reform in AID," Front Lines (Agency for International Development), 9 (October 14, 1971), 1 plus.

deadlock as to the future aid program. Both houses were seeking to regain its former influence in the conduct of foreign affairs.

Although more in-depth study is required, the growing imbalance between military and economic aid appears to be the "root cause" of the Senate's defeat of the administration's foreign aid bill. A secret study by the staff of the Senate Foreign Relations Committee showed that over the next five years, 1972 to 1977, \$27 billion would be for military aid and \$24 billion for economic assistance.<sup>34</sup> The Senate was demanding that this imbalance be corrected, among other changes.

#### Summary Note

As of December, 1971, foreign aid was not entirely "dead" but very "sick." The House and the Senate were "deadlocked" over what kind of new aid program should emerge. The President's blueprint appeared to be a casualty of growing Congressional frustration over U.S. involvement in Southeast Asia and a growing non-interventionist temper. These and related aspects are explored at greater depth under the next major topical heading.

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<sup>34</sup> Marquis Childs, "Only Compromise Can Save AID Plan," Washington Post, November 9, 1971, 4.

A recent study by the Stockholm International Peace Research Institute revealed that four nations supplied more than 90 percent of the major arms to the Third World countries where all wars have been fought in the last 25 years. The United States is the largest supplier, accounting for nearly half of the world's total trade in weapons. Since 1950 well over one-third of the major weapons to the Third World has been supplied by the United States. See "Stockholm Analysis: 4 Nations Rule 3rd World Arms Trade," The Denver Post, November 23, 1971, 6.

#### IV. Implications: Doctrine, Program and Organization

President Nixon is too shrewd of a politician to use a negative approach to achieve the political ends which he is seeking in the reorganization of U.S. development assistance. He explicitly avoids condemning the 1960 AID program, as initiated under President John F. Kennedy by explaining that it is necessary for the United States to move into a new phase of development assistance as consequence of the aid-recipient countries successive stages of development. His proposal, however, does not exude these two basic assumptions, bluntly stated: (1) that there are only limited possibilities in the foreseeable future for United States' bilateral involvement abroad in developmental assistance (low profile with only a small number of U.S. aid officials in foreign countries), and, (2) that the past United States aid programs, especially those developed in the 1960's, contributed little in achieving the nation's international interests and are increasingly becoming antiquated. As a case at point, while the United States was investing well over one million dollars a day between the years 1963-66 in Pakistan's development, with the purpose of building a strong anti-Communist ally, this nation was systematically strengthening its ties with China and Russia -- pursuing a policy quite contrary to U.S. foreign policy objectives.

Weak AID Doctrine Continues

The export of the "John Lockean" or the "American revolution" doctrine, for reasons that on the surface seem quite difficult to ascertain, has never received much political support or captured the imagination of the American people. This doctrine was very much evident in President Kennedy's reorganization of the U.S. foreign assistance program, although little of it was ever manifested in program terms.<sup>35</sup> Amendments to the 1966 and 1967 Foreign Assistance Acts, popularly known as Title IX, sought to give fresh purpose and meaning to the U.S. foreign aid doctrine by stressing the development of institutions that permitted wider popular participation in the governmental and social processes. Title IX provided the framework for a realistic approach to U.S. involvement in the process of political development abroad.<sup>36</sup> Although the story remains to be written, it appears that the intent of Congress for the U.S. to become involved in meaningful programs of democratic reform never moved out of the halls of bureaucratic debate.

Under the Nixon proposal the role of the U.S. in democratic reform appears to be a "dead issue." It should be remembered that except for the nation's brief colonial history, and particularly in the Philippines, the United States seldom has displayed the "will" to champion abroad its

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<sup>35</sup>I have discussed this in my "Failure of Technical Assistance Abroad," 1970, particularly 7-10. Also see John Kenneth Galbraith, "Positive Approach to Economic Aid," Foreign Affairs, 39(April, 1961), 444-57.

<sup>36</sup>For an excellent treatment of the Title IX legislation and early hopes see Ralph Braibanti, "External Inducement of Political-Administrative Development: An Institutional Strategy," in Ralph Braibanti (ed.), Political and Administrative Development (Durham, North Carolina: Duke University Press, 1969), especially 4-21.

democratic philosophy and institutions.<sup>37</sup> In this regard it must be remembered that in terms of ideology and social action the nation historically has always been "inward looking." The American Dream, unlike that of communism, was never viewed as a world dream. In time of widespread warfare and international stress the United States has served as the principal spokesman for the Western concepts of democracy: self-government, self-determination, and the rule of law; decentralized decision making with a maximum of private ownership, initiative, and mobility, and freedom of thought, speech, press, and of person. However, the nation has never evidenced much desire to export this form of pluralism beyond the spokesman kind of action, and then only under the peculiar situation of international stress.

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<sup>37</sup> As noted by Guy Hunter, A Britisher, in his Southeast Asia: Race, Culture and Nation (London: Oxford University Press, 1966), 7, ... "the Americans brought a totally fresh attitude, wholly unlike the European powers. Perhaps the most anti-traditional people in the world, still intent on 'strangling the last king with the entrails of the last priest,' the Americans saw the 'backward societies' much more in black and white. Ignorance and superstition, undemocratic government, poverty and technique were the enemies. To combat these, they brought an uncomplicated idealism and common sense. Education, Protestant morality, technical advance, and commercial enterprise would bring the people into the daylight of a free progressive world. Thus, long before the Second World War the Philippines were moving fast into the attitudes of modern commercial democracy, modified only the strong persistence of Spanish Catholic culture."

In a footnote Hunter further observes that almost as soon as Dewey's guns had stopped firing, "the George Thomas dropped anchor in Manila Harbour with a boatload of school teachers, male and female. The Thomasites did not come to the Philippines to create an elite, but to educate the whole people in democracy." This kind of idealism, unfortunately, never existed in the U.S. assistance to the lesser developed countries: ironic that certain groups now insist upon it for war torn South Vietnam.

On the otherhand, the ruthless subjugation of the early Philippine efforts for independence, following a pattern of imperialism, cannot be overlooked. For one of many accounts on this score see Barbara W. Tuchman, The Proud Tower: A Portrait of the World Before the War 1890-1914 (New York: The MacMillan Co., 1966), especially 117-70 and Kalb and Abel, Roots of Involvement, The U.S. in Asia, 1784-1971, New York: 1971, especially Chapter One.

As a consequence, and American history is full of unfortunate examples, the Department of State, with its predilection for the status quo, has over the years been very willing to lend the United States support in "propping" up authoritarian, reactionary governments. Seldom has it taken the courageous stand of demanding and supporting constructive democratic change. As long as the nation displayed little interest in assisting in the development of democratic government beyond its borders, the Department of State could easily pursue the course of action of supporting entrenched oligarchies, and often upon sound political grounds in the sense of achieving short term national goals.

A discouraging note of the highly influential National Planning Association study is that it tends to deprecate any sort of thinking that approaches the "championing" of U.S. democratic values and institutions (public morality) abroad; and little of this kind of language is incorporated in either the Peterson Task Force Report or the President's Two Messages to Congress, and the subsequent Congressional hearings on the President's aid reorganization program.

Policy of Expediency

Opposite to the United States, Russian Communism exhibits strong faith in its social institutions and the will to export them. It is on this score that the United States operates at a distinct disadvantage in its relationships to the Third World.<sup>38</sup> Because the United States only a weak doctrine of development, unlike the Communists, it operates almost entirely by following a policy of expediency.

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<sup>38</sup> Many treatises have been written on this theme. One of the best scholarly works is by Irving Louis Horowitz, Three Worlds of Development: The Theory and Practice of International Stratification (New York: Oxford University Press, 1966), especially Chapter 4, "Third World Perceptions of the United States."

This should not imply that the Soviet Union has not also followed a policy of expediency, which it certainly has. It has been extremely opportunistic in its assistance activities; but nevertheless, the Soviet Union, as with the other donor nations, has had its share of discouraging aid experiences.<sup>39</sup> The fundamental difference, however, between the two nations aid programs is to be found in the USA's strong anti-communist foreign policy. It is very difficult to develop a positive aid program when it must be founded on a narrow "anti-philosophical premise." Such a program is based on fear and anxiety and has little philosophical substance and political and administrative vitality.<sup>40</sup> The net result is that the USSR has had a wider range of options than the USA in the purpose and the design of its aid programs.

Probably, writings of Denis Goulet, best come "to grips" with this philosophical problem. Goulet sets forth three ethical principles: all men must have enough material means in order to be humane, universal solidarity must be created, and the populace must have the greatest possible voice in decisions affecting its destiny.<sup>41</sup> From these ethical principles precise strategies must be forged to achieve development goals -- namely life sustenance esteem, and freedom.<sup>42</sup> Such a framework

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<sup>39</sup>See "In Russia, Too, Doubts About Foreign Aid," U.S. News and World Report, November 15, 1971, 22.

<sup>40</sup>For more discussion along these lines see Marshall E. Dimock, A Philosophy of Administration, Toward Creative Growth (New York: Harper & Brothers Publishers, 1958).

<sup>41</sup>See particularly his recent book, The Cruel Choice: A New Concept in the Theory of Development (New York: Atheneum, 1971).

<sup>42</sup>In the final analysis these can only be accepted on faith, as well stated by Robert A. Dahl and Charles E. Lindblom, Politics, Economics and Welfare (New York: Harper & Brothers Publishers, 1953), especially the "Postscript."

of action is compatible with the great philosophical concepts of the American Revolution.

Because of its rich social philosophy and history, the United States can serve as a model of development. Its actions abroad must be commensurate with its traditional idealism and social accomplishments at home. The United States can no longer afford risks of poorly conceived development programs. For example, if we insist on channelling much of our foreign investment capital through American private corporations, which is in effect exporting part of the American influence pattern and culture, there must also be included the basic institutions that make the American free enterprise system function properly such as collective bargaining, social insurance, workmen's compensation, public health protection, education, and housing. If this institutional complex is not adequately developed, then the United States is often creating gross economic imbalances, planting the seeds of violent revolution, and, in many cases, fomenting social discontent. Again Pakistan can be used as an illustration.

U.S. aid policy and capital contributed substantially to the deplorable situation in Pakistan where sixty-six percent of the industrial wealth is concentrated in the hands of twenty families.<sup>43</sup> This is not necessarily a "social evil," providing that a social mechanism exists for distributing the final economic product within the terms of social justice. The owners of the economic means of production (wealth) should not be placed in the position with the help of the United States

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<sup>43</sup> See Mahbub-Ul-Huq, "A Critical Review of the Third Five Year Plan," in M. Akram (ed.), Management and National Growth, Proceedings of a Conference (Karachi: West Pakistan Management Association), 1966), 26-27.

government that they can enjoy solely the fruits of economic production. However, without introducing a mechanism protecting the social and economic interests of the non-owners, the stage is set for ruthless exploitation of the workers and irresponsible consumption on the part of the owners of the capital. This occurred in Pakistan.<sup>44</sup> Benevolent despotism is indeed rare.

As should be the case, foreign assistance must be treated as an integral part of the United States foreign policy. It cannot be regarded in any other terms, since national security is of the utmost consideration and it cannot be jeopardized. The basic issue at point, then, is not that foreign assistance is a part of U.S. foreign policy but rather the purposes of its foreign policy. A constructive international developmental program demands above all compatibility of goals between the several parties engaged in the undertaking. If this does not exist, then the endeavor is "doomed" from its beginning to failure.

Under any set of organizational circumstances, the United States, like any other nation, should not provide resources which will be used to support goals and programs incompatible to its own security.

While Nixon's message notes that institutional development is a long, drawn out process and suggests that the U.S. contribution to this aspect should be provided through multilateral agencies, it avoids the fundamental problem of the amount of resource commitment. A short range perspective of U.S. foreign policy objectives is taken. The philosophy

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<sup>44</sup>Several excellent articles have been written on this problem. In particular, see Wayne Wilcox, "Pakistan: A Decade of Ayub," Asian Survey, 9 (February 19, '69), particularly 90 et seq. and Rehman Sobhan, "Pakistan's Political Crisis," World Today, 25 (May 1969), 102-16.

of Winston Churchill governs: "It is a mistake to look too far ahead. Only one link in the chain of destiny can be handled at a time." Maybe in these complex times this is the only approach; but, if so, it certainly presents a gloomy future, and particularly undermines the hope that mankind can sensibly work out much of its destiny.

Global Great Society Syndrome: A Rejection. Very much evident in the President's Message is the sort of thinking found in the recent writing of Professor Hans J. Morgenthau where he believes that the United States' foreign policy towards the developing nations suffers from the "Global Great Society" syndrome.<sup>45</sup> The Great Society cannot be applied internationally. Political conflict, instability and worst of all wars on other nations' soil result. As an alternative solution, Professor Morgenthau suggests that the United States be more selective and follow goals and policies individually tailored to each nation. He does not propose, unlike the Peterson Committee Report and the President's Message, that there is no place for United States development assistance in its own name in either the long or the short run. His earlier writings are very specific on this subject. He emphatically believes that the United States must take a "hard line" on political development, if it decides to become involved in a development assistance effort. The United States does not have sufficient resources, even if this were the objective, to rebuild within its societal model the entire Third World. However, once the United States becomes involved within a nation's affairs, it has no choice but to play a significant role. As Professor Morgenthau

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<sup>45</sup> See his A New Foreign Policy for the United States (New York: Frederick A. Praeger, 1969).

observes, that if in some cases political change does not occur, then technical assistance is not unlike a team of efficiency experts and public accountants provided by the U.S. Government to improve the operation of an "Al Capone Gang." He stresses that: "Foreign aid must go hand in hand with change, either voluntarily induced from within or brought about through pressure without."<sup>46</sup>

Bilateral Aid: Humanitarian and Military. The upshot of the President's proposal is that U.S. bilateral foreign assistance is largely confined, following a policy of expediency, to short term humanitarian or military assistance.<sup>47</sup> How much of American relief aid in time of national disaster, or for that matter any national donor, is for humanitarian reasons and for political reasons is always a moot question.<sup>48</sup>

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<sup>46</sup>See his "A Political Theory of Foreign Aid," American Political Science Review, 56(June 1962), particularly 30-39.

<sup>47</sup>The United States' relationships with Pakistan since 1970 is a good example of this policy in action. In October, 1970, the U.S. decided to rearm the Pakistan military. Much of the U.S. provided armament was lost in the short Indo-Pak War in 1965. In terms of immediate political influence the United States undoubtedly gained more from this decision than its massive economic development assistance program. Of course, there were certain high international "trade-offs" that had to be considered, especially with the U.S.'s relationships with India. In early 1971 the East Pakistan situation erupted. Eventually, from seven to ten million Bengalis fled to safe haven in India. The U.S. stopped its military aid to Pakistan but retained its influence linkages with a massive refugee aid program. Not much more can be written on this subject, since the political situation between India and Pakistan is still in a highly malleable state.

For a treatment of this problem see Princeton Lyman, "Economic Development and Security: Doctrine and Practice," Seminar on Development and Security in Thailand (Santa Monica, California: Rand Corporation, 1969).

<sup>48</sup>A good example is the Soviet Union's supposedly humanitarian aid to earthquake-stricken Peru in June 1970. The relief planes were reportedly heavily equipped with the latest sophisticated photographic and electronic intelligence equipment. The flights also offered excellent training opportunities for Russian pilots who have never flown in South America. See "Soviet Union, The Mystery of 09303," Time Magazine, August 3, 1970, 21.

Most observers will agree that the political always takes precedence over the humanitarian, although the United States has been extremely magnanimous on this matter. The top leadership, for example, has never refused to ship the nation's surplus food to countries in dire need, regardless of what may be the composition of the governments at the time. This even includes areas under communist control. However, a few years ago the United States threatened to follow even this course of action when Egypt was confronted with severe food shortages but continued adhering to an extreme anti-American policy. The food nevertheless was delivered.

On the other hand, it should be noted that delivery of humanitarian aid in times of disaster requires high organizational capacity which the international agencies presently do not have and it is doubtful that they ever will. Such aid, to be effective, demands the requirements of a modern military-type organization equipped with giant cargo planes, logistic machinery, and trained and skilled professionals of many kinds. In short, the President's proposal has considerable merit since only a few nations have this organizational capacity, and certainly none can equal that of the United States.

#### Return to Traditional Diplomacy

By following the multilateral route, the American policy makers are aware that this may involve some "sacrifice in the 'influence potential' of U.S. aid but that it will also reduce the 'boomerang potential.'"<sup>49</sup> The United States has been criticized because of its tendency to become

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<sup>49</sup>Robert E. Asher, Development Assistance in the Seventies, Alternatives for the United States (Washington: The Brookings Institution, 1970), 123.

too intimately involved in the internal affairs of other countries. On the other hand, while the President's proposal attempts to temper U.S. involvement in the internal affairs of other countries and to follow a multilateral route to avoid this end, one serious consequence could be the further fragmentation of the organizational structure for the implementation of the U.S. multipurpose diplomacy. The complicated and broad U.S. foreign policy purposes require integrated foreign economic, political, and military policies and centralized responsibility for them in the Department of State.<sup>50</sup> The establishment of an integrated development assistance agency, the Agency for International Development, was a step forward in this direction. On the other hand, as well studied and documented, the traditional foreign service, the holder of final bureaucratic power, regarded development assistance, and particularly technical assistance ("shirt sleeve diplomacy"), activities with suspicion. The Service has kept aloof, if not holding an overbearing attitude, placing a greater premium upon 19th Century diplomacy and

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<sup>50</sup>For an excellent collection of articles on this problem see the following "Symposium on the Administrative Problems of Multipurpose Diplomacy," Public Administration Review, 19(November-December 1969), 567-613. In this collection the article by Anthony M. Solomon, "Administration of Multipurpose Economic Diplomacy," pages 585-92, is especially insightful. Also see Herbert Feis, Foreign Aid and Foreign Policy (New York: Dell Publishing Co., 1966); John Franklin Campbell, The Foreign Affairs Fudge Factory (New York: Basic Books, Inc., 1970), and Willard L. Thorpe, The Reality of Foreign Aid (New York: Published by Frederick A. Praeger for the Council on Foreign Relations, 1970).

negotiation as the best way by which to achieve U.S. foreign policy objectives.<sup>51</sup>

This sort of thinking, which is primarily concerned with the short rather than the long range foreign policy interests, appears extremely antiquated for contemporary times and the world leadership role which the U.S. now occupies.<sup>52</sup> Nevertheless, it has considerable public support, with the nation appearing to be willing to follow again a policy of "neo-isolationism."

Effect of Anti-Colonialism and Anti-Imperialism Tradition. For the North American continent the United States from its beginning was willing to pursue a peculiar form of imperialism and colonialism. Except for a brief period in the Philippines and the Caribbean area, the nation never displayed outside of the North American continent the same imperialistic tendency.

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<sup>51</sup>This is discussed in my "Failure of Technical Assistance in Public Administration," Journal of Comparative Administration, 2(May 1970), 3-51, especially 15 et seq. For other dimensions see Frederick C. Mosher, "Some Observations about Foreign Service Reform: 'Famous First Words,'" Public Administration Review, 19(November-December 1969), 600-09; John Ensor Harr, The Professional Diplomat (Princeton University Press, 1969); Rowland Egger, "Ashes to Ashes - Dust to Dust," Public Administration Review, 31(July/August 1971), 463-73, and Frederick Mosher and John E. Harr, Programming Systems and Foreign Policy Leadership (New York: Oxford University Press, 1970). The recent Macomber Report, Diplomacy for the 70's, A Program of Management Reform for the Department of State (Washington: Government Printing Office, 1970), by strong implication gives support to this approach, although stressing the need for an integrated foreign policy organization.

<sup>52</sup>Short range versus long range interests always constitutes a serious problem. Since foreign service officers are on the "front lines," they obviously tend to give preference to immediate concerns such as knowing the proper national contacts to work with if an American is arrested. They are aware of potential political dangers and often held responsible for events over which they were not responsible or had very little control. Thus, it is rather obvious why they are as a group essentially non-intervention oriented and hold little respect for "shirt sleeve-type" diplomacy.

Development assistance in the minds of many Americans represents a form of colonialism or imperialism which has many incompatible features with the nation's value and traditions.<sup>53</sup> It specifically runs counter to the nation's long tradition of pluralism with emphasis upon the evolutionary process of social institutions and the belief that the outsider can help development only by taking the small, slow steps in human contact that encourage "fearful people to help themselves." This fundamental aspect of American social character has somewhat been overlooked in the United States' aid efforts, contributing much to the decay of its political support.

In a very symbolic way the Statue of Liberty displays the American attitude toward world social change. The nation will influence the course of change by serving as a model and by perfecting its own social ideology and institutions. It wished to go no further. Thus, "Fortress America" has real meaning in the minds of the American politician and his publics. As the trauma of Southeast Asia evidences, the United States is

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<sup>53</sup>This aspect is seldom mentioned in the writings of Western or donor nation scholars. However, it is very prevalent in the scholarly writings of recipient nations. See Roland C. Nair, International Aid to Thailand, The New Colonialism (New Haven, Connecticut: Yale University Press, 1965); Herbert Feldman, "AID as Imperialism," International Affairs (London), 43(April 1967), 219-35; David A. Baldwin, "Foreign Aid, Intervention, and Influence," World Politics, 21(April 1969), 425-47; P. J. Eldridge, The Politics of Foreign Aid in India (London: Weidenfeld and Nicolson, 1969); B. Masheshwari, "Bokaro: The Politics of American Aid," International Studies, 10(July-October 1968), 163-80, and Teresa Hayter, Aid as Imperialism (Baltimore: Penguin Books, 1963).

For Marxian-like approach which would refute much of the basic premise advanced in the body of the article see Harry Magdoff, The Age of Imperialism, The Economics of U.S. Foreign Policy (New York: Modern Reader Paperbacks, 1969). As this pertains to confusion and inconsistencies in U.S. Foreign Policy see Hans J. Morganthau, "The American Tradition in Foreign Policy," in R. C. Macridis (ed.), Foreign Policy in World Politics (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1962), especially 206-11.

not prepared to pursue the ruthlessness and authoritarianism frequently required for nations in positions of world leadership, even if the end is toward the "social good."<sup>54</sup>

#### Indonesia as a Model

Indonesia has been hailed by some as the model in which future U.S. assistance should take place and follows closely the dimensions of Nixon's proposal. The United States Department of State, although apparently misreading what took place in the U.S. development assistance programs under the Sukarno regime and not accepting the fact that it was impossible for any Western Power to work with Sukarno, was instrumental in establishing a consortium arrangement. The United States agreed to pledge \$445 million or roughly one third of the developmental assistance on a matching basis with other national donors. This group of donors is called the Inter-Governmental Group for Indonesia (IGGI).<sup>55</sup> IGGI, in

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<sup>54</sup>The history of colonialism, and particularly that of the British, are filled with examples of this "end versus mean dilemma" such as the eradication of suttee, the Hindu practice of burning widows alive. See John W. Cell, British Colonial Administration in the Mid-Nineteenth Century: The Policy-Making Process (New Haven, Connecticut: Yale University Press, 1970). Increasingly, it is being recognized that the colonial powers made many fine contributions. For a few studies see Immanuel Wallerstein (ed.), Social Change: The Colonial Situation (New York: John Wiley and Sons, 1966); George E. Taylor, The Philippines and the United States: Problems of Partnership (New York: Frederick A. Praeger, 1964); R. Gopal, British Role in India: An Assessment (New Delhi: Asian Publishing House, 1963), and Fred Tickner, Technical Co-operation (New York: Frederick A. Praeger, 1967), especially 86 et seq.

<sup>55</sup>According to a U.S. AID mimeographed statement, prepared June 19, 1970, "Indonesia and U.S. Assistance," the amount of IGGI aid committed by each donor in U.S. millions is as follows: U.S. 445.0, Japan 290.0, Netherlands 81.9, West Germany 76.4, Australia 37.5, France 36.0, IBRD (World Bank) 89.0, ADB (Asian Development Bank) 14.3 and others 22.6. This last category consists of the six observer countries: Austria, Canada, Denmark, Norway, New Zealand and Switzerland.

cooperation with the Indonesian Government, requested the International Monetary Fund and the World Bank to coordinate the aid to Indonesia, determine requirements for economic stabilization and project assistance, and report on performance. The activities of the World Bank, the Fund, and IGGI have been coordinated under the leadership of the chairman of the IGGI who is a Dutch national, Jacob Everts, Netherlands Minister of Development. According to Marshall Green, former U.S. Ambassador to Indonesia and now Assistant Secretary of State for East Asian and Pacific Affairs, who apparently was influential in developing this arrangement, the leadership "has been outstanding."<sup>56</sup>

The implications on this sort of arrangement are interesting, and could even be regarded as humorous. In the late 1940's the United States, in keeping with its long tradition of anti-colonialism, forced the Dutch Government to relinquish its control over Indonesia. Approximately fifteen years later the United States, and particularly the Department of State, supported the former Dutch colonial power in

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<sup>56</sup>See "Statement of June 17, 1969, Marshall Green, Assistant Secretary of State for East Asian and Pacific Affairs, before the House Foreign Affairs Committee," Washington: Department of State, 1969, 12 (processed). Also see his "U.S. Policy Toward a Changing Southeast Asia," Free World Horizons (USIS - Manila), 19(4, 1970), 4 plus.

occupying an extremely important position, shaping Indonesia's future.<sup>57</sup>  
 This is not an unique pattern. The United States in recent years, and probably wisely, has not evidenced much desire to displace the influence of the former colonial powers. Much of the U.S. development assistance in Africa, for example, is supplementary to that under the direct control and supervision of the former colonial powers. Under the new enlightened policies of the British and the French, these two powers are undoubtedly better equipped, and accepted, to provide leadership and program supervision than the United States. In sum, the United States provides the bulk of the financial resources which are administered by the former colonial powers who have excellent knowledge and understanding of the local situations.

Without giving Americans the opportunity to participate in leadership roles and to conduct first hand research and investigation on various kinds of problems in the emerging countries, the United States will continue to be highly dependent upon the policy analyses and guidance of both the former colonial powers and the recipient nations as

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<sup>57</sup>As a sidelight one should read the interesting case study published in the Inter-University Case Program where a strong difference of opinion developed between a young U.S. foreign service officer and his superior, an "old hand" in the Dutch East Indies, concerning the United States' relationships to the young Indonesian Republic and the Dutch government which was attempting to regain its authority following World War II. The old foreign service officer was pro-Dutch and the young officer pro-Indonesian. Although not mentioned in the case, the young foreign service officer eventually resigned and became a well-known scholar on Southeast Asian economic development. After reviewing the recent developments, maybe the old foreign service officer understood the Department of State better. It is a highly traditional organization; maybe it still believes in the superiority of Dutch colonialism!

For the case study see Charles Wolf, Jr., "Indonesian Assignment," in Harold Stein (ed.), Public Administration and Policy Development (New York: Harcourt, Brace and Co., 1952).

well as the multilateral organizations. United States organizational intelligence for constructive decisionmaking will undoubtedly further weaken.<sup>58</sup>

The United States had made little effort to prepare itself for the new world leadership role thrust upon the nation following World War II. We have nothing equivalent to the University of London's School of African and Oriental Studies.<sup>59</sup> The number of Americans, including foreign service officers, who speak exotic languages and have in-depth knowledge of exotic cultures are very few.

A perplexing question is: "Why did the Department of State surrender its leadership role so easily?" Probably even more basic: "Why has the Department of State never developed a professional competency in the exotic regions of the Third World?"

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<sup>58</sup>I do not want to be misunderstood on this point. Involved is the capacity of an organization to cope with its problems based upon sound knowledge and timely information. The new organizational theorists have written considerable upon this subject. See Raymond A. Bauer (ed.), Social Indicators (Cambridge, Massachusetts: The M.I.T. Press, 1966); Harold L. Wilensky, Organizational Intelligence: Knowledge and Policy in Governments and Industry (New York: Basic Books, 1967), and Washington Platt, Strategic Intelligence Production: Basic Principles (New York: Frederick A. Praeger, 1957).

<sup>59</sup>The East West Center established in Hawaii in 1961, with substantial U.S. Department of State funds, offered hope that an equivalent institution would be developed in the United States. However, the Department of State recently refused to appropriate sufficient monies to house and maintain its growing library collection which the EWC turned over in the summer of 1970 to the University of Hawaii. Also, again at the Department of State insistence, the EWC program was drastically changed in 1970, giving more emphasis to the technical and the practical and less to the intellectual and the social sciences.

For a scholarly appeal to expand Americans' research and education base to support its overseas involvements, see Milton J. Esman, Needed an Education and Research Base to Support American's Expanded Commitments Overseas (Pittsburgh: Graduate School of Public and International Affairs, University of Pittsburgh, 1961). Unfortunately, little developed along the lines Professor Esman urged.

It is certainly wise social action to place leadership roles in the hands of competent men. Under the emerging patterns, if Indonesia should be the basic model, the opportunities for Americans to develop to fill such roles will become increasingly limited; and it is equally doubtful that many of the "old hands" of American aid will be absorbed into the emerging international and multilateral complex.

#### Demise of Interpersonal and Intercultural Programs

Following World War II, considerable enthusiasm emerged in support of interpersonal and intercultural programs (face-to-face contact) as the best way to achieve international good will and understanding. The United States was instrumental in launching a number of such programs as the Fulbright, cultural interchange, and the Point-4 with its large component of foreign training.

The Nixon policy of low American profile abroad gives little support to this approach, even going to the point of regarding it as a failure. Personal and cultural interaction under the President's program will still take place by bringing selected foreign trainees to the United States and the opportunities for Americans to live abroad outside of the military under official U.S. auspices limited almost entirely to the Peace Corps. Technical assistance in which the principal component in the American aid program and restricted largely to the Peace Corps and possibly to a few carefully selected universities.

Peace Corps and Technical Assistance. Considerably attention in 1969 was given to strengthening the technical assistance capacity of the Peace Corps which resulted in a major policy shift, announced in September 1969, in placing emphasis on the recruiting of older and

skilled trained volunteers. The Peace Corpsmen of the future, if the policy objectives are achieved, would not be the amateurs of the past. The Peace Corps program has substantially made-up for its professional deficiencies by excellent selection and predeparture training programs; aspects which were unfortunately neglected by AID and its successor agencies.

Probably more relevant is President Nixon's idea for a volunteer service corps which would somewhat resemble a "super-Peace Corps" that will operate in the United States as well as abroad. This will offer Americans of all ages an opportunity to serve their country -- and their fellow man -- in many peaceful ways.

All together, the existing agencies likely to be part of this new volunteer corps now include more than 20,000 volunteers and spend more than 150 million dollars a year.<sup>60</sup> If Congress should fully go along with the President, the United States could very well again be in the technical assistance business, along the lines of Point-4.

The interesting implication is that the Peace Corps will become the United States' principal technical assistance agency instead of the International Development Institute, as proposed in the President's two Messages and the Peterson Task Force Report.

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<sup>60</sup> For more details see "A 'Super Peace Corps' at Home and Abroad?" U.S. News and World Report, 70(February 1, 1971), 63-65. Senator Frank Church in his insightful speech in the Senate on October 29, 1971, takes the position that the Peace Corps should be given the technical assistance activity. See his "Farewell to Foreign Aid: A Liberal takes Leave," Congressional Record, Proceedings and Debates of the 92d Congress, First Session, volume 117, no. 162, October 29, 1971, especially S17184.

### Triumph of Domestic Poverty Issue

The problem of domestic poverty was undoubtedly another significant factor in shaping the content of the President's foreign assistance proposal. Disadvantaged minority groups and persons living in regional pockets of poverty are increasingly becoming politicized, demanding a larger share of the economic product and the benefits contributing to the "good life."

The United States as a model of economic efficiency and political stability, integrating diverse elements of its population and capable of providing jobs and an adequate living standard for all, is increasingly being questioned and the need for substantial reform becoming evident.

With the mounting need for major social change at home, it is difficult for the nation to give much attention to poverty-stricken people abroad. Building a "great society" at home will place heavy demands on available resources and inevitably will continue to complicate the task of promoting development abroad.<sup>61</sup>

Domestic and Lesser Developed Countries' Poverty: Compatible Objectives? There are some that do not necessarily see the promotion of development at home and abroad as incompatible objectives. They feel that the best contribution the United States can make is to get its own house in order and thereby serve as a model for dynamic social change and development abroad.

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<sup>61</sup> An illustration of this point is that the Senate version of the 1971 foreign aid bill contained a provision to force President Nixon to release more than two billion dollars for development projects in the United States which was part of a total of 12 billion voted for domestic programs but not yet spent. Domestic and foreign poverty was increasingly becoming a common subject in the 1970 Congressional discussions. See "Aid Bill Puts Nixon on Spot," The Denver Post, December 21, 1971, 4.

This sort of thinking is partly based upon the premise that the problems of poverty in the United States, the wealthiest nation in the world, are identical with those of the abysmally poor nations. It becomes obvious that the United States has the resource means to solve its own problems. The principal question is that of innovative social action. This is quite a different problem for most of the other cases of national poverty where such resource means do not exist.

In many cases in the United States it is a problem of physical mobility. A good example is the migration of the "Okies" to California in the 1930's. In a vast regional area like that the United States, job opportunities are usually available somewhere. How to relocate people often becomes the primary issue.<sup>62</sup>

Because of national and regional boundaries this alternative is not usually available to planners in the underdeveloped countries. On the other hand, it should not be overlooked that many pockets of poverty in the United States have much in common with those abroad and could be regarded as laboratories for social change.<sup>63</sup> To the extent that the

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<sup>62</sup>John D. Montgomery, "Transferability of What? The Relevance of Foreign Aid to the Domestic Poverty Program," New York: Seadag Papers, Asian Society, 1969 (processed); subsequently revised and published in Journal of Comparative Administration, 2(February 1970), 455-70. For a scholarly piece that indicates areas of transferability see Alexander H. Leighton, "Poverty and Social Change," Scientific American, 21:2(May 1965), 21-27.

<sup>63</sup>Generally poverty in the emerging nations is a considerably more difficult problem than in the U.S., both in intensity and magnitude. As insightfully described by David Lerner, involved are systemic relationships between three major forms of mobility--physical, social and psychic. In the Western World these followed over the centuries three historical phases. "The first phase was geographic mobility. Man was unbound from his native soil...The second phase was social mobility. Once liberated from his native soil, man sought liberation from his native status...The third phase was psychic mobility. Man changed his native self." See his The Passing of Traditional Society: Modernizing the Middle East (Glencoe, Illinois: The Free Press, 1958).

U.S. solves its own poverty problems, this can serve as a model of social action and prove to be a way in avoiding many of the pitfalls of operating abroad with untested solutions and programs. The "war on poverty" program at home certainly has real significance in the design of any future U.S. development assistance program abroad.<sup>64</sup>

### Discussion

The President, because of the American public's disenchantment with ungrateful recipients and competing pressures on the federal treasury, had little choice but to propose a major change in the U.S. foreign assistance program. He hopes to make foreign aid more palatable both to the Congress and to the American people, but the task will not be easy. Remember that the House is jealous of its fiscal prerogatives and the Senate of its foreign relation prerogatives, and neither will graciously turn control of U.S. aid funds over to international spending agencies, either loans or grants. Then it should be noted that foreign aid with most Americans is an unpopular subject. In a Louis Harris Poll taken in 1969, sixty-nine per cent nominated foreign aid as the prime subject for federal spending cuts.<sup>65</sup>

Since Congress refuses to move in positive terms and because of the pragmatic tenor of the President's proposal, the United States foreign assistance still remains with weak doctrine, weak leadership, weak organization, and weak programs. Possibly, the same organization (AID)

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<sup>64</sup> For a solid treatise along these lines see John D. Montgomery, "Programs and Poverty: Federal Aid in the Domestic and International Systems," Public Policy, 18(Summer 1970), 517-37.

<sup>65</sup> See "Foreign Aid," Time Magazine, March 23, 1970, 16.

will continue simply by political default where it is expected to serve a variety of contradictory purposes, and doing little justice to any of them.<sup>66</sup>

The disturbing aspect is that neither of the studies or commission reports nor the President's proposal come to grips with the basic issue at hand. The condition that allows the gap between rich and poor nations to widen steadily is basically unhealthy and dangerous to U.S. interests. As the wealthiest nation in the world, the United States cannot avoid its responsibilities to assist in the development process. Poignantly stated by the United Nations Secretary General U Thant: "...today's global poverty creates conditions which are politically unstable, economically unsound, and morally untenable..." Although the problems of the Cold War have not vanished, increasingly the future world diplomacy will be centered around the issues generated in the struggles between the "have" and "have not" nations or between the "have not" nations themselves. At a recent conference on the problems of development, K. E. de Graft-Johnson of Ghana and Indonesia's U. N. Ambassador S. Soedjatmoko delivered speeches that may well be the portent of the future Third World politics. They believed that the goal of a Western standard for people in poor countries is unattainable and that

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<sup>66</sup>For more along these lines see Robert A. Pakenham, "Political Development Doctrines in American Foreign Aid Programs," World Politics, 18(January 1966), 194-235; Joan Nelson, Aid, Influence and Foreign Policy (New York: The MacMillan Co., 1968); Irma Adelman, Marsha Geier and Cynthia Morris, "Instruments and Goals in Economic Development," American Economic Review, 59(May 1969), 409-34, and Albert O. Hirschman and Richard M. Bird, Foreign Aid - A Critique and A Proposal, Essays in International Finance (Princeton, New Jersey: Department of Economics, Princeton University, 1968).

"world demand would have to be reorganized around 'minimum demand' or 'basic things.'" Their speeches called for a "world redistribution of income and a lowering of the material standards in the West."<sup>67</sup> This is the same tenor as the demands of the Black militants in the United States! The next major section explores some of the "knotty" problems in the administration of development assistance.

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<sup>67</sup>Victor K. McElheny, "Aspen Technology Conference Ends in Chaos," Science, 169(September 18, 1970), 1187. For a penetrating analysis of this sort of thinking see Ernst B. Haase, The Web of Interdependence (Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1970), especially Chapter 4, "World Economic Development, Trade and Finance." When I was in Pakistan as an U.S. AID employee, the Pakistanis seemed to be more concerned about waste of financial resources in Vietnam than the war itself. Several informed me that this is also our resource.

V. Multilateralization and Critical Development  
Problems: Still Unresolved

Multilateralization of the bulk of U.S. development assistance appears to have considerable support in the intellectual halls of the United States and in the political circles of the recipient nations. Popular as this decision may be with some recipients as well as donors, it will not prove by itself to be a panacea to the development problems in the lesser developed countries. Evidenced of this fact is that the popular Pakistani politician, Zulfigar Ali Bhutto, Chairman of the Pakistan Peoples Party, has announced "that his party, when in power would do away with the AID-to-Pakistan Consortium which...was an instrument of pressure to undermine the 'economic sovereignty' of the country."<sup>68</sup> Several other countries have also evidenced a preference for bilateral aid rather than multilateral aid, realizing that with the multilateralization of aid that this also means the greater centralization of political power. Zulfigar Ali Bhutto certainly realized this fact and that the World Bank as the chief spokesman of the AID-to-Pakistan Consortium carried considerable political authority. Thus, even with multilateralization the same old gnawing problems continue.

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<sup>68</sup> See "PPP will do away with AID Consortium," The Pakistan Times, November 4, 1970, 1 plus and "Consortium to be done away with," The Pakistan Times, November 9, 1970, 1 plus.

Time has come when these problems must be addressed in a direct and constructive manner. The following constitute three such urgent and critical problem areas: (1) planned development and social change, (2) regional versus individual country development, and (3) donor and recipient working relationships. Then, there is still the important consideration of the future place of the United States in the development process. It is unlikely that the nation will turn over to multilateral bodies substantial amounts of financing without some kind of guaranties protecting its national interests. Furthermore, the United States has considerably more to offer the development process than just scientific knowledge and technological knowledge. It has a tested and useful body of knowledge on social organization as well; a fact that is not widely accepted or recognized by the lesser developed countries.

#### Planned Development and Social Change

Role of Multilateral Agencies in Social Change. Development in the emerging countries demands also major social changes. The dilemma has been succinctly stated by a Pakistan scholar, Professor Shaukat Ali, "How do you reform government when you are working with unreformed people?"<sup>69</sup> Pakistan's recent political events substantiate

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<sup>69</sup>Conversations with him during my five year tour of duty in Pakistan, 1964-69.

that political and social reform must go "hand-in-hand" with economic reform.<sup>70</sup>

Contrast, for example, the development experience of Korea and Pakistan. Both experienced military "takeovers" about the same time, Pakistan in 1958 and Korea in 1961, followed by a return to civil government headed by the ex-military leader. Planned development of both governments was the central political theme, and which both governments met with a measure of success.

In 1968 the Ayub government was overthrown, while the Park government continues its remarkable program of economic progress. A brief comparison will reveal that while the Ayub government initiated no major programs of social reform and sought to work within the established social elite patterns, the Park government successfully concluded major social reforms early in its development program. In this new milieu latent energies were released that launched Korea into a constructive pattern of development.<sup>71</sup>

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<sup>70</sup>For a discussion along this point see David Wurfel, "Bell Report and After: A Study of Political Problems Stimulated by Foreign Aid," unpublished Ph.D. Dissertation, Ithaca, New York: Department of Political Science, Cornell University, 1960 and "Foreign Aid and Social Reform in Political Development: A Philippine Case Study," American Political Science Review, 54 (June 1959), 456-82. In both works Wurfel infers that to intervene without reform is merely strengthening the ruling elite and supporting the existing pattern of inequality. For another reference see Albert Gorvine, "Administrative Reform," in Gutherie S. Birkhead (ed.), Administrative Problems in Pakistan (Syracuse, New York: Syracuse University Press, 1966), 185-212.

<sup>71</sup>See David Cole and Princeton Lyman, Korean Development: The Interplay of Politics and Administration (Cambridge: Harvard University Press, 1970) and Princeton Lyman, "Building a Political-Economic Approach to Development," Conference Paper, American Political Science Association, Los Angeles, September 8-12, 1970, especially 16-19 (processed).

While many persons may see little or no role for external donors (national, international, consortium or any other combination) in social reform, the very fact that these new resource inputs have profound effects on the social orders requires that the external donors be heavily involved. Nevertheless, the tendency of the external donors of the Western powers as well as the international agencies is to avoid any activity that "smacks" of social reform. And certainly the recipients on this score as well have held them at "arms length."

The World Bank has traditionally played the "development game" within the "safety of the technical approach."<sup>72</sup> Its aid is conceived largely within project terms and in the past has "developed the strong reputation of being above politics by investing heavily in roads, dams and other engineering projects."<sup>73</sup>

Robert McNamara, the World Bank President, has sought to change this direction by funding activities aimed at achieving social justice as well as economic development. Recently, he came under sharp criticism, both American and foreign. These critics argue that there are other international agencies to deal with social reform problems, and such problems are not a World Bank function.<sup>74</sup> This is indeed an extremely narrow view and overlooks a basic instrument which should be used to effect constructive social reform.

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<sup>72</sup>Indebted to Lyman, op. cit., for this terminology.

<sup>73</sup>Ibid., 10. Also see the article by Alan Carlin, "Project versus Programme Aid: From the Donor's Viewpoint," The Economic Journal, 57 (March 1967), 48-58.

<sup>74</sup>See "Washington Whispers," U.S. News and World Report, October 19, 1970, 8.

If the financial capacity of the World Bank is enhanced by assuming the former U.S. development loan function, then it is even more imperative that this institution increase its capacity to effect constructive development change. The road ahead is both simple and complex, as stressed by a former World Bank President, Eugene Black, "the creating of more opportunities for those millions the world over who lack the qualifications."<sup>75</sup>

This presents a major dilemma for most of the lesser developed countries which are usually ruled by entrenched oligarchies. Development within Black's concept demands equality of opportunities which will displace much of the old elite and give more economic positions to the "sons of the poor." Class or caste divisions must be "dissolved" and respect given by the elite for human dignity. As we have not yet learned, and especially from the Vietnam experience, if a government has popular support, it will not need American troops; if it lacks such support, it does not deserve them. Major social reform in nearly every lesser developed country is long overdue.

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<sup>75</sup> Taken from address by David Rockefeller, "Lessons of the '60s - Challenges of the '70s," War on Hunger, A Report of the Agency for International Development, 3(November-December, 1969), 2.

Technical Assistance. Over the last 25 years much as been learned about the requirements for effective technical assistance.<sup>76</sup>

Nevertheless, this remains one of the more controversial and sensitive components of external development assistance. The reasons are numerous and complicated.

As a Means of Change. As already noted, development assistance represents in the minds of many recipient nationals as well as Americans a form of imperialism or colonialism. This is no more evident than in the area of technical assistance. Successful technical assistance constitutes a form of "penetration politics." By this it is meant that:

...nonmembers of a national society participate directly and authoritatively, through actions taken jointly with the society's members, in either the allocation of its values or the mobilization of support on the behalf of its goals.<sup>77</sup>

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<sup>76</sup>The literature on this subject is now voluminous and no purpose would be gained here in making a review. An interested reader may see the references found in Garth N. Jones, Shaukat Ali, Richard Barber, and James F. Chambers, Planning, Development and Change: A Bibliography on Development Administration (Honolulu: East West Center, 1970). Within the framework of this article see T. Abdel Malek, "Some Problems of Technical Assistance Administration in Developing Countries," International Review of Administrative Sciences, 34(4, 1968), 315-23; Jan Bodo Sperling, The Human Dimension of Technical Assistance (Ithaca, N.Y.: Cornell University Press, 1969); H. S. Aynor, Notes from Africa (New York: Frederick A. Praeger, 1969); Guy Hunter, Modernizing Peasant Societies: A Comparative Study in Asia and Africa (New York: Oxford University Press, 1969); Thomas Balogh, The Economics of Poverty (London and New York: Weidenfeld and Nicolson, 1966), Chapter 9, "Frustration through Administration;" and Garth N. Jones, Planned Organizational Change: A Study in Change Dynamics (New York: Frederick A. Praeger, 1969).

<sup>77</sup>See James Rosenau, "Pre-theories and Theories of Foreign Policy," in R. Barry Farrell (ed.), Approaches to Comparative and International Politics (Evanston, Ill.: Northwestern University Press, 1966), 27-92. Also see the other articles in this edited book. Other useful references are James N. Rosenau (ed.), Linkage Politics, Essays on the Connection of National and International Systems (New York: The Free Press of Glencoe, 1969) and Andrew M. Scott, The Revolution in Statecraft: Informal Penetration (New York: Random House, 1967).

Concurrently, a system of external linkages of all sorts is also involved. Nations that have newly gained their independence or are suffering national security tensions are extremely sensitive to this relationship. Politicians in the new nations are not anxious, or frequently not permitted, to share their power with external agents. On the other hand, such a collaborative relationship frequently represents the primary change force, and if not the only unbiased and objective one.<sup>78</sup> There is considerable truth in the following dialogue contained in a newspaper editorial concerning Nixon's program of withdrawal from Southeast Asia:

You Americans...don't understand that your presence makes for stability and gives hope to people who would otherwise despair. Without the American presence, there can be no hope of bettering ourselves or, perhaps, surviving.

Before America came on the scene...there was only hopelessness. Men felt that outside conquest was inevitable, while economic progress was impossible.<sup>79</sup>

In short, the force for social change frequently emanates externally rather than internally to a given social system, although all cases of social change eventually require strong internal change forces. The question yet unresolved is how to structure such force within a constructive international dimension?<sup>80</sup>

<sup>78</sup> See, for example, Rumrill, "Exogenous Influences in Indian Policy-Making: The Case of India's New Strategy for Agriculture Development," in Farrell, Approaches to Comparative and International Politics, 1966. For another dimension see Hugh Tinker, "The Human Factor in Foreign Aid," Pacific Affairs, 32(September 1959), 288-97.

<sup>79</sup> See Robert S. Elegant, "Asian Scores U.S. Unconcern," The Honolulu Advertiser, April 30, 1970, 4.

<sup>80</sup> For further elaboration see my "Monastery Model of Development: Towards A Strategy of Large Scale Planned Change," Fort Collins: Cususwash Project, Colorado State University, 1972 (processed) and "Cafeteria Programming: The Dilemma of Development Assistance," Journal of the Community Development Society, 2(Fall, 1971), 53-61.

Consultants as Change Forces? Much has been written on the problems of utilizing foreign consultants.<sup>81</sup> Only a few studies, however, have investigated foreign consultant's work relationships, sympathies, and belief patterns in any depth.

A recent study revealed that AID officials in Latin American have little interest in agrarian reform. They placed emphasis on short run agriculture production with attention narrowly confined to inputs in seeds, fertilizers, pesticides, and improved farm management. They have almost a "Sahib-like mentality" with efforts primarily directed towards helping the large landowners.<sup>82</sup> Much of their activities follow the traditional World Bank "safety in the technical approach." These consultants are more "preservers" than "changers" of social order.

Obviously, such activities can impede the normal course of social progress and contribute substantially to eventual social disorder. The place of foreign consultants in well-conceived development is a subject that requires much more empirical investigation than has been given to it in the past. The simple process of multilateralization of aid is no

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<sup>81</sup>For a few references see A. R. Willner, "The Foreign Expert in Indonesia: Problems of Adjustment and Contributions," Economic Development and Social Change, 2(April 1953), 71-80; Guy Beneviste and Warren F. Ilchman, Agents of Change: Professionals in Developing Countries (New York: Frederick A. Praeger, 1969); The Efficiency Experts: An Impartial Survey of Management Consultancy (London: Business Publications, 1964); Gustav F. Papanek, "The Economist as Policy Adviser in the Less Developed World," International Development Review, 11(March 1969), 7-13.

For another dimension but relevant see Harold J. Laski, The Limitations of the Expert (London: Fabian Society, 1931).

<sup>82</sup>See James F. Petras and Robert LaPorte, Jr., "Modernization from Above versus Reform from Below: U.S. Policy Toward Latin American Agriculture Development," The Journal of Development Studies, 6(April 1970), particularly 261 and Cultivating Revolution: U.S. and the Agrarian Reform in Latin America (New York: Random House, 1971).

guarantee that the present ineffective work patterns of foreign consultants will discontinue. The fundamental problem is the development of effective and responsible organizational arrangements in which technical assistance can function in a constructive fashion. The very raison d'être of technical assistance is change. How to use foreign specialists in constructive group relationships to implement planned change is the problem about which little is known.<sup>83</sup>

Bureaucratic Reform. In nearly every emerging nation the capacity to administer development activities is extremely weak. An inflexible and frequently corrupt bureaucracy invariably is the severest constraint on development, although administration or administrative structure constitutes more than just the bureaucracy, civil and military.<sup>84</sup>

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<sup>83</sup> Probably the most successful of technical assistance is that provided under the direction of the Taiwan Joint Commission on Rural Reconstruction (JCRR). The activities of the JCRR are well documented. See especially John D. Montgomery, Rufus B. Hughes, and Raymond H. Davis, Rural Improvement and Political Development: The JCRR Model, Papers in Comparative Administration, Special Series, No. 7 (Washington, D.C.: Comparative Administration Group of the American Society for Public Administration, 1966); Richard Lee Hough, "AID Administration to the Rural Sector, The JCRR Experience in Taiwan and Its Application in Other Countries," Washington, D.C.: Office of Program and Policy Coordination, Agency for International Development, 1968 (mimeographed), and Ralph Braibanti, "External Inducement of Political-Administrative Development: An Institutional Strategy" in Braibanti (ed.), Political and Administrative Development, 1969, especially 12-14.

<sup>84</sup> Along this line of thinking see particularly Braibanti (ed.), Political and Administrative Development, 1969. Braibanti's own chapter is extremely insightful, "External Inducement of Political-Administrative Development: An Institutional Strategy," Gunnar Myrdal in his numerous studies over the years on development invariably stresses this point. In his recent work, The Challenge of World Poverty (New York: Pantheon Books, 1970), he deplores the situation of what he calls "soft states," i.e., where the lack of administrative and social discipline prevails and corruption, greed, elitism, and the exploitation of the masses are commonplace.

Official reports and scholarly studies have decried this situation, and in some cases, external donors have even gone as far as to include "condition precedents" on administrative improvement before loans or credits are finally approved. In no case, however, has a drastic position ever been taken. Quite to the contrary. Whenever the issue of bureaucratic reform arises, it is invariably "skirted" and those individuals pushing such a program in the external donor agency skillfully "silenced."<sup>85</sup> Thus, major recipient countries such as Brazil,

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<sup>85</sup>I have discussed this in my "Failure of Technical Assistance in Public Administration Abroad," 1970. The following may be regarded as typical examples. On the Revelle team which studied the problem of salinity and water logging in the Indus Basin in the early 1960's was a distinguished public administration expert, John Blanford. Although his report was rather traditional, encompassing only the principles of good organization and management, it was considered too controversial and excluded from the major report. Parts of it were subsequently included in the final summary report.

In 1969 the Agency for International Development underwrote the cost of a Joint Indian-American Team to study water and farm management in India. The Ralph M. Parsons Company under an AID contract provided the American consultants which included a behavioral scientist, Dr. Richard Gable, with many years of subcontinent experience. Dr. Gable, like Mr. Blanford, prepared a "straight forward" study which centered upon crucial bureaucratic problems. His report was deemed too controversial and excluded from the final report. See "Joint Indian-American Team Report, Efficient Water Use and Farm Management Study, India," Los Angeles: The Ralph M. Parsons Co., 1970 (processed).

Pakistan, Iran, and India still retain their archaic budgeting, accounting, and personnel practices which account for tremendous waste of scarce financial resources.<sup>86</sup>

Of course, bureaucratic reform is extremely difficult unless it is associated with the broader forces of social reform.<sup>87</sup> As posed many times, the question is how a protected public service, remote or removed from the effects of direct elections, can be made to operate in a fashion compatible with the interests of the people and kept responsive to public demands?<sup>88</sup> Nevertheless, responsible and effective bureaucratic organization is an extremely important factor in national development. Although the problems and unknowns are many and

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<sup>86</sup>Thomas Balogh, The Economics of Poverty (London: Weidenfeld and Nicolson, 1969), 327 et seq. points out the major problems of Indian bureaucracy. He notes the deplorable situation where the high ranking administrative officer receives 100 times as much as the common laborer. In Western societies the corresponding grades are 15 to 20 times. In a series of articles which I wrote on financial management practices in Pakistan, I noted that the accounting system was designed over 100 years ago and the budgetary system over 50 years ago. See A. Moquit (ed.), Budgeting for National Development, A Study of Financial Administration in Pakistan (Lahore: National Institute of Public Administration, 1967).

The Iranian bureaucratic structure has made centralized planning impossible. With its oil resources the country should be much further ahead. See George Baldwin, Planning and Development in Iran (Baltimore: Johns Hopkins Press, 1967). For a review of this book, see Peter G. Franck, Economic Development and Cultural Change, 18(April 1970), 476-80. On the Brazilian situation see Robert T. Daland, "Development Administration and the Brazilian Political System," Western Political Quarterly, 21(June 1968), 335-39.

<sup>87</sup>See particularly Albert Gorvine, "Administrative Reform," in Birkhead, Administrative Problems in Pakistan, 1966, 185-212 and "The Role of the Civil Service under the Revolutionary Government," The Middle East Journal, 19(Summer 1965), 321-36.

<sup>88</sup>See especially Frederick C. Mosher, Democracy and the Public Service (New York: Oxford University Press, 1968).

the national sensitivities extremely high, greater attention must be given to this problem area than in the past. There are indications that bureaucracy can be reformed to play a more meaningful role in the development process.<sup>89</sup>

Social Intelligence for Development. Development is an elusive concept. Part of the problem is that scholars generally insist in defining it within "once and for all" and not in relative terms. Development is basically a political problem. A developed polity is one with "a high capacity for early perception of strains in the economy and in the society, for turning them into political problems, and for dealing with them."<sup>90</sup> Thus, development must be conceived in relative rather than absolute terms and within the law of the situation -- the shape of the problems at any particular time in any particular polity.

This process can be summed up in the expression "social intelligence for development."<sup>91</sup> National development planners and administrators are severely handicapped because of inadequate and inaccurate data and information for decision making. More disturbing is that such persons are not utilizing effectively what is available. Planning errors and poorly made

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<sup>89</sup> The Korean case has already been cited as a good example. Also see Gayl D. Ness Bureaucracy and Rural Development in Malaysia (Berkeley: University of California Press, 1967) where the bureaucracy, and particularly the Ministry of Rural Development, followed a constructive pattern in mobilizing administrative and financial resources for rural development. For a broader discussion see Gerald Caiden, Administrative Reform (Chicago: Aldine Publishing Company, 1969).

<sup>90</sup> A. E. Keir Nash, "Pollution, Population, and the Cowboy Economy: Anomalies in the Developmentalist Paradigm and Samuel Huntington," Journal of Comparative Administration, 2(May 1970), 126.

<sup>91</sup> Statement derived from materials provided to me by Bertram M. Gross in personal correspondence in July 1970.

decisions are mounting and national development increasingly becoming an erratic process.

To borrow an analogy from Harold MacMillan, the former Prime Minister of Great Britain, planners operate in a situation like a traveler would be if he were to secure an around-the-world plane trip on the basis of last years time tables and if, in addition, the pilot of the plane were to proceed on the basis of last year's weather reports. Thus, a number of critical aspects in this problem area need to be examined and strengthened. These include social indicators, methodologies for improving statistical data collection and analysis, strengthening statistical organizations, new planning and financial working relationships, and effective decision making patterns.<sup>92</sup>

The end of effective social intelligence for development will never be achieved until the social sciences are given greater emphasis in the lesser developed societies. This will require extensive external donor support which to date does not seem to be forthcoming. However, even if a major policy shift occurs on the part of the external donors and they do allocate more resources to social science research, there arises the disturbing problem of how to undertake the research. Probably no aspect of intellectual development in the emerging countries has been so

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<sup>92</sup>For further studies see Raymond A. Bauer (ed.), Social Indicators (Cambridge, Massachusetts: MIT Press, 1966); Daniel Bell, "The Idea of a Social Report," The Public Interest, No. 15 (Spring 1969), 72-34; Wilbur J. Cohen, "Social Indicators: Statistics for Public Policy," American Statistician, 22(October 1968), 14-16; Eleanor Sheldon and Wilbert E. Moore (ed.), Indicators of Social Change: Concepts and Measurements (New York: Russell Sage Foundation, 1968), and two works by Bertram Gross (ed.), Social Intelligence for America's Future: Exploration in Societal Problems (Boston: Allyn and Bacon, 1969), and The State of the Nation: Social Systems Accounting (London: Tavistock, 1966).

neglected as that of social science. There are only a few social research libraries, only a handful of competent persons, and extremely weak statistical data and related social information.

Much of the research within the next few years will have to be carried out by foreign scholars. Already foreign scholarship has been decried as a form of imperialism where foreign scholars reap the rewards.<sup>93</sup> The new multilateral organizations will have to "grapple" with this problem because planned developmental change must be based upon sound social intelligence and rational social action. This requires solid social science research and publication.<sup>94</sup>

#### Regional versus Individual Country Development

Most of the emerging nations are artificial entities, products of the 19th Century European colonialism and imperialism. The diseconomies of national independence are high,<sup>95</sup> but seldom mentioned in the

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<sup>93</sup>For a discussion along these lines see A Special Report by the Asia Society, American Research on Southeast Asian Development: Asian and American Views (New York: The Asian Society, 1968).

<sup>94</sup>Gunnar Myrdal in his monumental work, Asia Drama: An Inquiry into the Poverty of Nations (New York: Pantheon Books, 1968), on page 27 writes: "The essential first step toward an understanding of the problems of South Asian countries is to try to discover how they actually function and what mechanisms regulate their performance. Failure to root analysis firmly in these realities invited distortion in research and faults in planning." Also see Elizabeth T. Crawford and Albert D. Biderman (eds.), Social Scientists and International Affairs (New York: John Wiley and Sons, 1969).

<sup>95</sup>One of the few articles on this subject is by Wayne Wilcox, "The Economic Consequences of Partition: India and Pakistan," Journal of International Affairs, 18(2, 1964), 188-97. For other perspectives see Theodore Morgan and others, "Economic Interdependence in Southeast Asia" (New York: Seadag Papers, Asian Society, 1967, processed), and Sisir Supta, India and Regional Integration in Asia (New York: Asian Publishing House, 1964).

documentation of development programs and only in a few rare cases dealt with in a forthright manner.<sup>96</sup>

In the terms of development probably the best concept of a country is a multiple market place for goods and services based on a market for factors of production. This would include, according to Professor Karl W. Deutsch:

...covariance in (1) the market for labor, (2) the market for land..., (3) market for materials and services..., (4) market for credit..., and a multiple market for governmental services (which is sometimes called social infrastructure).<sup>97</sup>

It is probably in the area of regional treatment of economic development problems that international agencies or multilateral bodies can make their best contributions.<sup>98</sup> The "freeing" of trade restrictions and the establishment of regional markets are basic development requirements. Too much of U.S. and other donor aid in the past has been no more than a form of subsidy supporting uneconomic foreign policies.

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<sup>96</sup> One of the best examples is the World Bank's role in resolving the water dispute between India and Pakistan. There are numerous treatises on this subject. For a rather balanced approach see Aftab Ahmed, "The Indus Basin Project and the World Bank: A Case Study of Diplomacy and Administration in Economic Development," unpublished doctoral dissertation, Washington, D.C.: George Washington University, 1965. Also released in 1967 as Interim Monograph Number One by the Bureau of Research in Administration and Development, Department of Administrative Science, University of the Punjab, Lahore, Pakistan. Also see Aloys Arthur Michel, The Indus River, A Study of the Effects of Partition (New Haven, Connecticut: Yale University Press, 1967).

<sup>97</sup> See his "External Influences on the Internal Behavior of States" in Farrell (ed.), Approaches to Comparative and International Policies, 1966, 6.

<sup>98</sup> For some possibilities here see Karl W. Deutsch and others, International Political Communities, An Anthology (Garden City, New York: Doubleday & Co., 1966).

A good example is the case of Pakistan and India. Considerably economic progress would immediately occur if these nations would rationalize their relationships. Pakistan could market its surplus agricultural products, simplify its importation of fuel, import scarce timber from Kashmir, expedite the processing and marketing of its jute, along with many other economic gains. Economically the subcontinent is one region; politically it is two hostile nations. Unquestionably, the sizeable amounts of aid, both economic and military, have served as subsidies for this regional imbalance and postponed the need for these two countries to reconcile their political differences.

Yet in still broader terms, economic development is patently an international concern. Confining development to small geographical artificialities has been too commonplace over the last 25 years. Little will be gained, for example, if one nation successfully controls its population growth and its neighbors permit uncontrolled growth. Eventually, the population pressures will be felt throughout the region or even a larger area.<sup>99</sup>

#### Donor and Recipient Working Relationships

The multilateralization of aid will not simplify but could greatly complicate the development assistance arrangements. Brought into sharp conflict will be strong cultural differences such as an Indian Brahmin supervising an American epidemiologist or a Pakistani supervising an assistance program to India. A world culture with important reference

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<sup>99</sup>Evidences of this are already being manifested between the United States and Mexico. Increased population pressures in Mexico are forcing large numbers of Mexicans to seek job opportunities in the United States; legally and illegally.

norms does not yet exist, although admittedly it is emerging in some of the older and more well established international bodies.<sup>100</sup>

Involved will be formalization of a whole new set of working relationships. A real danger is that these will become bureaucratized, an outcome that has occurred to a considerable extent with the U.S. Agency for International Development as well as several international agencies.<sup>101</sup>

A competitive environment is the only way by which to avoid this danger. American technical assistance, for example, has unquestionably been more effective because of the competition offered by the private foundations and philanthropic organizations. Any future multilateralization program must retain this organizational principle.

Need for Behavioral Research. Examination of donor and recipient working relations within structural terms is insufficient. New perspectives must be taken which give heavy attention to the behavioral

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<sup>100</sup> For discussion along these lines see Robert Cox (ed.), The Politics of International Organizations: Studies in Multilateral Social and Economic Agencies (New York: Frederick A. Praeger, 1970).

<sup>101</sup> See Milton J. Esman and Daniel S. Cheever, The Common Aid Effort (Columbus: Ohio State University Press, 1967) and E. R. Black, Alternative to Southeast Asia (New York: Frederick A. Praeger, 1969). An impressive study on the organizational requirements for United Nations development activities is Sir Robert Jackson's report, A Study of the Capacity of the United Nations Development System, volumes one and two (Geneva: United Nations, 1969).

consequences of behavior unit interaction.<sup>102</sup> Thus, the new behavioral scientists with an interest in organizational theory and behavior probably have much to offer in this area.

Concept of the Gift: A Possible Methodological Approach.

Suggested for illustration, as a means to understand better donor-recipient relations, is the concept of a gift as employed by the anthropologists and a few sociologists.<sup>103</sup> This provides a means to proceed in an analytical fashion by first considering who aids whom; second by discussing the motives and objectives of donors and recipients in the exchange process, and finally by examining the consequences of the interactions. This could be a way by which to understand better the

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<sup>102</sup>This is defined as some social aggregate or organization that is capable of assuming different positions while retaining a common identity and boundary. It may be a person, an organizational unit of an enterprise, or a group. For more details see my Planned Organizational Change, 1969, especially Chapter One. Also see Sperling, The Human Dimension of Technical Assistance, 1969. Also, serious structural problems must be resolved. For a discussion here see Hugh T. Keenleyside, International Aid: A Summary with Special Reference to the Programmes of the United Nations (New York: James H. Heineman Co., 1966).

<sup>103</sup>For a few references on this subject see Alvin Gouldner, "The Norm of Reciprocity," American Sociological Review, 25(April 1960), 161-78; Niel Smelser, Theory of Collective Behavior (New York: The Free Press, 1962); Marcel Mauss, The Gift, Forms and Functions of Exchange in Archaic Societies, translated by Ian Cunnison (London: Cohen and West, 1954); Cyril S. Belshaw, Traditional Exchange and Modern Markets (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1965); Helen Codere, "Exchange and Display" in David L. Sills (ed.), International Encyclopedia of Social Science (New York: The MacMillan Co. and The Free Press, 1968), volume 5, 239-45; J. M. Buchanan, "What Should Economists Do?" Southern Economics Journal, 30(January 1964), especially 220-21; Gustav Cassel, Theory of Social Economy, translated by S. L. Barron (New York: Revised Edition, A. M. Kelley, 1967), and Joseph J. Spengler, "Allocation and Development, Economic and Political," in Ralph Braibanti (ed.), Political and Administrative Development (Durham, N.C.: Duke University Press, 1969), especially 632-37.

problems called "a string of uncharitable sentiments and ungrateful recipients," and design more effective working relationships.

Reciprocity, the giving and receiving of goods and services (gifts), is built into the human life cycle and the social order. . Development assistance represents a peculiar form of exchange which in physical terms one party gives but receives supposedly nothing in return. The question is always: "Who aids Whom?"<sup>104</sup>

Humanitarian aid is, indeed, very difficult to comprehend in society characterized by a history of ruthless authoritarianism and exploitation; a situation which prevailed recently throughout much of the lesser developed world and is still evident. Aid, therefore, is often interpreted by the recipients within the terms of bribery of a "pay off" for good national behavior. In the long history of diplomacy, subsidies and tributes and wartime aid among allies have been common practices. The recognition of foreign aid as a distinct area of public policy, separated from diplomatic questions, has emerged but still regarded by the recipient countries with much suspicion.

The newly independent nations guard jealously their sovereignty and, as the history of the past World War II period amply substantiates,

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<sup>104</sup>Taken from K. B. Griffin and J. L. Enos, "Foreign Assistance: Objectives and Consequences," Economic Development and Cultural Change 18(April 1970), 313.

pursue to the extent possible non-aligned foreign policies.<sup>105</sup> They desire a state of autarchy, and even at times pursue policies and programs toward that end. On the other hand, their domestic, and at times international, problems are so intense that they must secure outside assistance. Then, probably even more important in creating a need for foreign aid is that the value of planned and progressive development has widespread political significance. It is a political rallying point and a goal built into their public policies and social action programs, and reinforced by the policies and programs of the post-war international agencies.

Substantial development, measured in more jobs and in higher standards of living, can take place only if large amounts of capital are available, which for many countries means foreign aid.<sup>106</sup> Thus, brought into sharp inter-play is the problem of reciprocity. How does this

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<sup>105</sup>For a representative article see M. A. H. Ispahani, "Pacts and Aid," Pakistan Horizon, 29(2, 1969), 117-26. On page 122 he writes: "Foreign aid is a two-edged weapon. It helps and it destroys. It can help a receiving nation to build up its economy. But the giver can also, by manipulation and withdrawal of aid at a critical moment, strain the economy of the receiver to a breaking point and even smash it. The adage that all that glitters is not gold is a useful one to remember. If aid is not tied to political obligations and is simultaneously available from several countries, it should be welcomed. And if it is purely for nation-building activities, it is doubly welcome."

For problems of the donor see Ann Ruth Willner, "The Neotraditional Accommodation to Political Independence: The Case of Indonesia," in Lucian W. Pye (ed.), Cases in Comparative Politics, Asia (Boston: Little, Brown and Co., 1970), 242-306.

<sup>106</sup>I am very much aware that there appears to be only a weak statistical link between large amounts of aid and rapid development. Aid too frequently has been a substitute for domestic savings. The basic premise still stands, I believe, that rapid development will occur only if at the same time there is a rapid accumulation of capital. For more discussion along these lines see Raymond F. Mikesell, The Economics of Foreign Aid (Chicago: Aldine Publishing Co., 1968), especially 258-63.

social interaction benefit the several involved parties? Multilateralization of aid does not provide a satisfactory answer. Exchange and power are inescapable dimensions of social life. The social reality demands that a meaningful exchange relationship be established and maintained by all the parties directly concerned.<sup>107</sup> Only in a few cases has this ever occurred in development assistance programs, but it is a "must" requirement if the goal of international peace is ever achieved, based upon the assumption of world-wide prosperity.

#### Future United States Role in Development Assistance

United States Role in Multilateral or International Agencies. The United States has more to offer the developing countries than just financial resources. It has the largest reservoir in the world of trained and experienced talent, cutting across nearly all areas of development. It is the principal center of the world in generating new knowledge and technology.<sup>108</sup>

If the history of international organizations and consortia aid arrangements is any guide, American talent is largely debarred from participation in responsible operating roles in these agencies. The problem is more complex than that of salary compensation. Certain national groups such as the British, French and Dutch are over-represented and Indian and Pakistani have already cornered more than their share of

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<sup>107</sup> Along these lines the following are extremely appropriate, Gerald Garvey, "The Domain of Politics," The Western Political Quarterly, 23(March 1970), 120-37 and Kenneth J. Gergen, The Psychology of Behavior Exchange (Reading, Mass.: Addison-Wesley Publishing Co., 1969), especially 77-80.

<sup>108</sup> For what this means in societal transformation see especially Amitai Etzioni, The Active Society: A Theory of Societal and Political Processes (New York: The Free Press, 1968), especially 201 et seq.

the important positions in the United Nations and its affiliated agencies.<sup>109</sup> Involved, therefore, is a major problem of personnel management and human relations.<sup>110</sup>

Concerted action is urgently needed to assure that the scarce talent now being phased out of the Agency for International Development is not lost. It is not suggested that all of these persons should be absorbed in the international bodies, since the Nixon proposal still visualizes a substantial U.S. technical assistance program, largely administered through American universities and private agencies. Needed is a realistic transitional program as well as a more definite

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<sup>109</sup> For a succinct discussion of this problem see Nathaniel M. McKittrick, U.S. Diplomacy in the Development Agencies of the United Nations (Washington: National Planning Association, 1964). On page 39 he writes: "One place to start this work of strengthening the U.N. development agencies is with a program to assure an adequate flow of qualified Americans for employment in key U.N. positions... Everywhere today, the United States is under represented in (the) secretariats." For another study see Tien-Cheng Young, "The International Civil Service Re-examined," Public Administration Review, 30(May-June 1970), 217-224.

<sup>110</sup> This has already been discussed in several scholarly works. See particularly Walter R. Sharp, International Technical Assistance (Chicago: Public Administration Service, 1952) and Field Administration in the United Nations System: The Conduct of International Economic and Social Programmes (New York: Frederick A. Praeger, 1961); Gerard J. Mangone (ed.), U.N. Administration of Economic and Social Programs (New York: Columbia University Press, 1966); Georges Langrod, The International Civil Service: Its Origins, Its Nature, Its Evolution (Leyden, Netherlands: A. W. Sijthoff and Dobbs Ferry, New York: Oceana Publications, Inc., 1968), and the excellent articles contained in "Symposium, Toward an International Civil Service," Public Administration Review, 30(May-June 1970), 206-243.

program as to the place of U.S. private agencies and universities in the development area.

U.S. International Development Institute. An innovative feature of the President's Message is his proposal for the establishment of the U.S. International Development Institute. The objective of this institute is to "bring U.S. science and technology to bear on the problems of development."<sup>111</sup> The President clearly had in mind, and so mentioned, the model of the successful problem-oriented research in agriculture which led to the "Green Revolution." Research and scholarship are recognized as powerful instruments of social change.

Under what type of U.S. aid organization that may emerge, the task ahead is now to translate the intent of the President's Message into the exciting program possibilities which he suggested. This will be no mean undertaking, although there exists a number of positive factors. Most important, as the United States enters into its "second generation" of assistance, is that out of the past U.S. development effort a substantial modern infrastructure in the developing countries has developed. A favorable environment, reinforced with organizational strength and capacity, generally exists in the developing countries which now makes

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<sup>111</sup> For some thinking along this line see Burton D. Friedman, "Needed: A National Policy toward the Universities of the Underdeveloped World," Public Administration Review, 28 (January-February 1968), 39-46; International Development, A Statement by the Task Force on International Development Assistance and International Education, National Association of State Universities and Land-Grant Colleges, January, 1969 (Washington: Agency for International Development, 1969), and John W. Gardner, A.I.D. and the Universities, Report to the Administrator of the Agency for International Development (Washington: Agency for International Development, 1964).

For some of the ideological and foreign relations problems of the United States in its relationship to the United Nations and the affiliated agencies see Horowitz, Three Worlds of Development, 1966, especially chapter 6, "The United Nations and the Third World: East West Conflict in Focus."

it possible for the United States to enter into genuine collaborative and collegial relationships. This was not a possibility, except for a few rare countries, even five years ago.<sup>112</sup>

Also, there has grown in the United States a greater understanding of the development process. Personal and institutional relationships with a substantial investment cost have been forged. Many U.S. professionals and institutions have vested scholarly interests in the lesser developed countries. Considerable cross-cultural understanding now exists which makes it possible to establish more meaningful working relationships.

Suggested as an organizational model to achieve the President's proposed International Development Institute is the British Council. This semi-private or autonomous body, which functions under a Royal Charter granted in 1940, represents roughly a combination of the Technical Assistance Bureau of the Agency for International Development,<sup>113</sup> the Peace Corps, and the cultural exchange including the country libraries of the United States Information Agency.

The British Council has truly been an innovative organization, administering in a constructive fashion a variety of promotional and exchange programs (such as cultural, professional, scientific and civic)

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<sup>112</sup>For further discussion see Milton J. Esman and John D. Montgomery, "System Approaches to Technical Cooperation: The Role of Development Administration," Public Administration Review, 29(September-October 1969), 507-39.

<sup>113</sup>The Technical Assistance Bureau was only established in 1969. For a discussion of its activities see Joel Bernstein, "The Changing Role of Technical Assistance in Agricultural Development," War on Hunger, A Report of the Agency for International Development, 4(June 1970), 1 plus.

and technical assistance programs. It is specifically responsible for the Voluntary Service Overseas program which is comparable to the U.S. Peace Corps, information centers and libraries, and specialized scholarship programs, among other activities. Over 80 percent of its work is confined to the lesser developed countries.<sup>114</sup>

Facilities of private organizations and government agencies including those of the commonwealth nations have been skillfully incorporated into the British Council's program. A possible weakness is that it has not been as problem-related or as research-minded as the President's Message implies. Nevertheless, it has achieved remarkable success with surprisingly small Parliamentary appropriations. Its flexibility in policy and program has provided the organizational freedom necessary for quick response to technical assistance needs in the developing countries. Viable communication patterns have been established, not only with its host countries but also stretching throughout the British

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<sup>114</sup>For general discussion see The International Year Book and Statesmen's Who's Who, 1969 (London: Burke's Peerage Ltd., 1969), 45-46, and The British Council Annual Report, 1968-69 (London: Her Majesty's Stationery Office, 1969).

Commonwealth and within the United Kingdom proper.<sup>115</sup> Considerable emphasis has been given to human development, with sizeable numbers of persons from the developing countries yearly being trained and educated in British institutions, located at home and abroad.

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<sup>115</sup> On this point it should be pointed out that the British Commonwealth, with its associations of all sorts and periodic meetings and conferences of high government officials from the Commonwealth nations, certainly provides a communication network which does not exist for the United States. However, it must be remembered that the United States also has its organizational networks such as NATO, SEATO, CENTO, and the Alliance for Progress. The question to examine: Can and have these been effectively utilized such as is the case with the British Commonwealth?

For useful references on the British Commonwealth which fits within the design suggested here see J.D.B. Miller, The Commonwealth in the World (London: Gerald Duckworth Co., 1960), Chapter 4, "Contemporary Institutions;" Alfred LeRoy Burt, The British Empire and Commonwealth (Boston: D.C. Heath and Co., 1956); Donald C. Gordon, The Moment of Power: Britains Imperial Epoch (Englewood Cliffs, N.J.: Prentice-Hall, 1970), and Zelman Cowen, The British Commonwealth of Nations in a Changing World (Evanston, Ill.: Northwestern University Press, 1965).

## VI. Conclusions

The challenges of the 1970's are distinctly different from those of the 1960's and represent a substantially different set of circumstances. In dealing with these new challenges it appears that the United States is increasingly returning to its "inward looking" tradition. This represents a form of neo-isolationism and a return to traditional diplomacy as the best ways by which to protect its national interests. In certain quarters there exists outright apathy toward the underdeveloped societies of the world. In others, with a more understanding and intellectual base, they realize that national prosperity or a pattern of progressive economic development is no guarantee for responsible political behavior and international peace.

The tenor of President Harry S. Truman's Message to Congress on March 12, 1947, requesting aid to Greece and Turkey has a distant appeal to the American public of today. He said:

One of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion. We shall not realize our objective...unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes...

He then goes on to conclude his remarks by stating:

If we falter in our leadership, we may endanger the peace of the world — and we shall surely endanger the welfare of our own nation.<sup>116</sup>

The nation took to heart President Truman's Message and supported a substantial foreign aid effort. How different the course of the present times. The pendulum is swinging back to a form of pragmatic, if not "raw power," international politics. The idealism of the 1940's and 1950's now has little credibility. President Nixon's proposals on U.S. foreign aid is no more than a reflection of this disturbing political reality. His message represents a pragmatic approach to deal with perplexing and real political problems. For those who are interested in protecting primarily the foreign policy interests of the United States, which in these times of uncertainty must be construed largely within short range objectives, the powerful instrumentalities in the form of humanitarian and military aid must reside essentially in the hands of the traditional diplomats. For those who are interested in human resource development and longer range humanitarian programs, the President's proposal for a U.S. International Development Institute offers exciting possibilities. The President has proposed a solution in the nature and scope of U.S. foreign assistance which should receive popular political support, if it is given proper White House guidance. Whether or not it is a program which will make substantial contributions to national security and world peace remains hidden in the future.

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<sup>116</sup>A convenient reference is "Words of Warning from Three Presidents," The Readers Digest, 97(October 1970), 116-117.