INTERNATIONAL DEVELOPMENT AND THE U.S. NATIONAL INTEREST

by Robert E. Asher

with

an NPA JOINT STATEMENT

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CONSTRUCTIVELY RESOLVING THE CRISIS OF THE U.S. FOREIGN AID PROGRAM

The United States has a crucial interest in the kinds of societies that will evolve in Asia, Africa, and Latin America over the decades to come. While Americans unconsciously tend to assume that the countries of these regions will, as they develop, more and more mirror the American way of life, such an outcome is unlikely. Nor is it necessary for the future security and welfare of the United States. What is essential for the U.S. national interest is that the goals and policies of these evolving societies continue to be compatible with those of the United States and its allies. At a minimum, compatibility means that, in the course of development, their internal problems and external initiatives should less and less threaten to upset the peace of the world and to impair the effective functioning of the international economic system.

Compatibility can, however, mean a great deal more. As the political and economic capabilities of Asian, African, and Latin American countries improve, the freedom of their people for individual and collective choice widens, and their standards of living rise significantly, they could become increasingly willing and able to cooperate responsibly in the solution of international political problems and to carry on growing and mutually profitable economic relationships with other parts of the world. Such an outcome is so much in the interest of the United States that, in our view, it

amply justifies the attention and resources that this country has been devoting to help achieve it.[1,2]

Considerations of national interest are all the more compelling when they are reinforced by moral imperatives. This happy conjuncture exists in the case of foreign aid. Indeed, in our view, a sufficient justification for the United States to provide development assistance to other countries is the fact that this activity expresses in a most significant form the distinctive values of the Western cultural heritage. Regardless of whether they are formulated in religious or in secularized humanistic terms, Western ethical values stress the interdependent responsibilities of individuals and nations, the worthiness of efforts at personal and social improvement, and the obligation of those who have acquired knowledge and wealth to assist others. Providing foreign aid is one of the main ways by which American society as a whole seeks to realize the ethical values that lie at the core of its culture.

It is because of the national interests and moral considerations at stake that a constructive resolution of the current crisis of the U.S. foreign aid program needs urgently to be sought. Not since its inception has the program been in such deep trouble. Today's crisis is more serious than that of the late 1950s. Then, criticism came predominantly from the program's opponents —from Americans who, for one reason or another, did not believe that the United States should be carrying on activities of this kind. While the voices of those opposed to the program continue to be heard today, a characteristic of the current situation is that criticisms are also coming from individuals and groups who still are—or who have been until recently—strong and knowledgeable supporters of a U.S. foreign aid effort.

For this reason, the present crisis constitutes both the greatest threat to the continuation of an adequate foreign aid program and the greatest opportunity to correct its deficiencies. In past periods of dissatisfaction with the foreign aid program, efforts to improve performance consisted predominantly of administrative reorganizations of the Agency for International Development and its predecessors. This is not what is needed today. Instead, a searching and constructive re-examination is required of the substance of

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[1]We also want these developing and restless nations to have such an experience of progress now, and of national independence, that they may not only be justified in hope for the future, but may also be strong enough to withstand the temptation to mortgage their future through unwise international commitments and alliances which are directed, secretly or openly, against us and against the kind of a world we seek.—*Luther H. Gulick*

[2]This sentence could imply approval of past actions, policies, and amounts of funds and resources devoted to foreign aid, which may be inconsistent with our conviction that a searching and constructive re-examination is called for. I think we all agree that reaching "such an outcome" amply justifies continued effort on our part to produce an effective and substantive program—which may be quite different from what has happened in the past.—*Fred Smith*
—*Murray R. Benedict*
—*Charles F. Phillips*

the program without interfering with ongoing activities. The fact that so many of its friendly critics have extensive knowledge of the conceptual problems and operating difficulties involved makes this kind of review possible.

The basic reassessment we have in mind will be justified only if the program itself is of sufficient value to the United States to warrant devoting relatively scarce resources of expert knowledge and time to its improvement. Our own convictions have already been expressed. However, we believe it desirable that the questions of whether and how the foreign aid activity advances the interest of the United States be more fully explored. For this reason, we have recommended publication by the National Planning Association of the accompanying report by Robert E. Asher. In our judgment, his analysis provides a realistic and balanced assessment of the various ways in which the interests of the United States are fostered through the provision of economic and technical assistance to the countries of Asia, Africa, and Latin America. Mr. Asher recognizes that both pros and cons are involved, and that the most important benefits to the United States are of a long-term nature. Because of the realism of his approach, Mr. Asher's conclusion is all the more convincing: that is, on balance, foreign aid serves the national interest in very substantial degree. Without necessarily endorsing all of his analyses and conclusions, we consider his report a significant contribution to understanding the national interest in foreign aid.[3,4]

The fact that, as Mr. Asher explains, the provision of foreign aid serves predominantly the long-term interest of the United States reflects the long-term character of the development process itself. In the best of circumstances, the development of Asia, Africa, and Latin America is likely to be slower and more difficult than is generally recognized either by these countries themselves or by most Americans, and for several reasons. The shortages of economic resources and of technical and managerial skills are well known. More fundamental, however, is the persistence of traditional values and institutions inimical to increased political effectiveness, greater freedom of choice for individuals and groups, and accelerated economic growth. In essence, development means the transformation of major elements of the societies and cultures of these regions. Changes of this nature cannot be accomplished easily or quickly, even by violent revolutions. To a significant extent the difficulty of fostering fundamental social changes by evolutionary means can be eased if the resources and skills necessary for development are reasonably

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[3] As author of the report in question, I privately approve but publicly dissociate myself from the statements about it contained in this paragraph.—*Robert E. Asher*

[4] I strongly object to that portion of Mr. Asher's report which appears on page 11 and which is as follows: "This threat has probably been exaggerated by our government. Moreover, where the threat is real, the implications that every square mile of underdeveloped territory garnered by the communists strengthens them vis-à-vis the United States of America may be false. Our 'losses' are not necessarily their 'gains.'" The statement seems to me gratuitous and seriously affects the validity of the author's report.—*Fred Korth*

adequate. The financial and technical assistance made available through foreign aid contributes directly to increasing economic resources and development skills. As experience has shown, it indirectly helps to overcome the attitudinal and institutional deterrents to faster economic growth and improved political effectiveness.

By the same token, the long-term nature of the development process means that one of the essentials for an effective foreign aid program is that it be conceived as operating on a long-term basis. Only in that way can it serve the U.S. national interest. The expectation of quick and easy results reflects a lack of understanding either of the nature of the development process or of the extent to which it can be accelerated and influenced through foreign aid. Unrealistic expectations can only lead to disillusionment with the foreign aid program—as is presently the case. Thus, no useful purpose would be served in the current crisis by attempts to stimulate public and congressional support for the program by again promising early and dramatic results. Such a course would compound disillusionment. The American people are mature and pragmatic enough to sustain an activity that is in their national interest without having to be oversold periodically on the rapidity and magnitude of its prospective accomplishments.

American motivation to provide foreign aid has to be based upon a realistic understanding of the nature of the development process and of the ways in which foreign aid can significantly influence it. To achieve such an understanding is the purpose of the basic reassessment of the foreign aid program that we recommend. This reassessment will require a thorough and comprehensive investigation of current activities and a careful analysis of past experience. Such an undertaking will take a considerable period of time to complete.

The fact that a proper re-examination of the foreign aid program will be time-consuming is not a valid reason for refusing to carry on existing financial and technical assistance activities at an adequate level. The continuity of the program is an essential condition for its effectiveness. It would be much more difficult, costly, and time-consuming later to improve the program if, in the meantime, it were to be seriously impaired by reductions in aid appropriations and further mandatory restrictions on and requirements for the administration of aid. Thus, continuation of foreign aid at an adequate level of funding and with sufficient operating flexibility is important not only for the effectiveness of the program itself but also for the success of a reassessment aimed at improving it substantially.

A review of the foreign aid program should re-examine its objectives, the kinds of operations conducted by the U.S. foreign aid agency, and the coordination of its activities with those of other U.S. government departments, as well as with the aid programs of other governments and of international organizations. The following suggestions, while not exhaustive, seem to us to provide a starting point for the necessary comprehensive inquiry:

1. Originally, the U.S. foreign aid program was conceived as a joint development effort of the recipient country and the United States, with U.S. government personnel playing a large and active role in initiating, planning, and even implementing development policies, programs, and projects. Recently, however, increased emphasis has been placed by the U.S. government on greater efforts by the recipient countries themselves to overcome the difficulties impeding development progress. These two approaches need to be reviewed together to determine the nature and extent of possible conflicts between them. In the light of the findings, the organization, functions, and methods of operation of the U.S. foreign aid agency, and particularly of the U.S. aid missions abroad, should be re-examined.

2. To date, commercial policy, investment policy, and foreign aid policy have tended to be the provinces of different U.S. government officials, operating under different mandates through different agencies. This approach needs to be carefully examined, particularly for the purpose of coordinating better the separate policies and activities of the U.S. government in the fields of trade, investment, and aid so that they can support[5,6] one another in furthering the U.S. national interest in the development of Asia, Africa, and Latin America. The review of U.S. policies will also have to evaluate the effects of trade, investment, and aid on the internal patterns of growth of the recipient countries, including the improvement of their living standards and of their international trading position in both primary and manufactured products.

3. Originally, U.S. development assistance to Asian, African, and Latin American countries was provided in accordance with the so-called "project approach"—that is, it took the form of financing predominantly the foreign exchange costs of specific capital investment and technical assistance projects. In recent years, the so-called "program approach"—under which the financing of imported goods and services is no longer tied to specific projects but is related to a much broader development plan or to sectoral programs—has become of equal, and in some countries of greater, importance. One reason for this shift in emphasis has been the belief that the program approach provides a means for influencing the general fiscal, monetary, and other national economic policies of the recipient countries so as to increase their contribution to development progress. There is need to examine the actual experience with these two approaches to determine the ways in which and the extent to which each is conducive to achievement of the objectives both of the United States and of the recipient countries.

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[5] Is simple support enough? Is simple coordinating of ongoing programs enough? Shouldn't we insist that the separate policies and activities in trade, investment and aid be specifically designed to *implement* one another?—*Fred Smith*
—*Charles F. Phillips*

[6] It would be a grave mistake to make foreign aid contingent on concessions by the recipient countries in their commercial and investment policies intended solely to support trade and investment in these countries by U.S. companies.—*Otis Brubaker*

4. Neither the United States nor any other nation, donor or recipient, can as yet claim to have an adequate understanding of the highly complex and uncertain process of development and of how it can be dependably accelerated and effectively guided. This fact argues for U.S. humility and caution in advising others as to what is good for them, and against unqualified confidence in the wisdom of U.S. recommendations. Two significant implications of the recognition of U.S. fallibility and limitations need to be explored, the adequacy of the existing research effort for improving understanding of the development process and of the ways to influence it by deliberate policies and actions; and, in the light of the desirability of minimizing excessively bureaucratic procedures, the necessity for the elaborate accounting and other methods used by the United States to safeguard the expenditure of its aid funds.

5. Serious consideration needs to be given to the disquieting problem of the mounting debt-service burden of an increasing number of recipient countries. It would be desirable to assess its implications for the achievement of self-sustained economic growth and, if they are serious, to explore alternative ways and means of providing aid which can reduce or eliminate such undesirable consequences.

6. The continued discussion of the pros and cons of bilateral as compared with multilateral arrangements for providing aid indicates the desirability of undertaking an objective study of this issue to determine whether multilateral arrangements do in fact significantly reduce the strains in the donor-recipient relationship and result in the adoption of more effective development policies and activities. In the light of experience with the Alliance for Progress, under which the Latin American countries review and criticize each other's policies and engage in various other cooperative efforts, it would be worthwhile to explore the desirability and feasibility of similar arrangements among Asian and African countries.

7. The importance of increased food production in the less developed countries and the need for greater attention to family planning are now widely recognized. The enormous agricultural surpluses possessed by the United States a decade ago have for the most part been distributed. The shift in emphasis in the Food for Peace Act of 1966 to planned production to meet expanding world requirements is sound. But, the growing world food deficit calls for close U.S. collaboration with other countries to step up food production and dampen population growth so as to avoid what appears to be a collision course. Additional and improved methods for averting this possible catastrophe need to be explored.[7]

[7] As a longer-range program I suggest that underdeveloped countries send their bright young people to the United States to be trained in agriculture and in the manufacture of some consumer goods. When they return to train their home folks in food production and in the manufacture of some consumer goods, their new ideas will likely be accepted much more easily and quickly than if these ideas came from well-intentioned foreigners.—*Sam Henry Bober*

8. In the long run, the societies that will evolve in the recipient countries are likely to be compatible with those of the West to the extent that they provide freedom for individuals and groups to choose their own ways of living and working consistent with the common good of all. Hence, it is important to ascertain how the U.S. foreign aid program could contribute more effectively to fostering responsible private economic initiative and activity throughout the societies of the recipient countries, and how U.S. private enterprise can increase the help it already provides through its overseas operations to achieving this objective.[8,9]

Our aim has not been to exhaust the list of the aspects of the foreign aid program needing re-examination. There are many other facets of the relationship between foreign aid and development that should be investigated, including those relating to the social and political dimensions of the development process, the importance of popular participation in nation building, and the ways of ensuring a broader sharing in recipient countries of the fruits of their increased productivity.[10]

Before concluding, we believe it essential to stress three points relevant to the decisions and actions regarding the foreign aid program that must be undertaken in the months immediately ahead:

- We must reiterate that it is not inconsistent to question the pervasive and active U.S. involvement in other nations' affairs while at the same time advocating, as we do, a firm, long-term American commitment to the promotion of economic growth and political and social development in Asia, Africa, and Latin America, adequate financing to support that commitment, and more effective self-help efforts on the part of the recipient countries themselves. For the immediately foreseeable future, requirements for foreign aid will remain large—larger in absolute terms than the amounts forthcoming during the past few years, both bilaterally and multilaterally.[11] For the United States, this means maintaining its own aid program at an adequate level and contributing its appropriate share to replenishing the resources of international organizations, such as the International Development Association (IDA). Through "tying" its aid to purchases in the United States and by other measures, steps have been taken to minimize the adverse impact of foreign assistance expen-

[8] It is of equal importance to determine how the organized labor sector can and does benefit from the U.S. assistance program.—*J. A. Beirne*

[9] Attention should also be paid, in my opinion, both to fostering the creation and growth of private nonprofit institutions in the developing countries and to the contributions U.S. nonprofit organizations can make to such countries.—*Walter P. Reuther*

[10] The report should contain a clear-cut statement advising against giving military support to underdeveloped nations. Building up the military strength in these nations in Central and South America is, in my opinion, destroying the good that our foreign aid program is supposed to do—to bring up the standard of living for the depressed. —*A. F. Hartung*

[11] We do not have the facts to support this statement. How much money to devote to foreign aid should be one of the "must" subjects for the study we propose.—*Charles F. Phillips*

ditures on the U.S. balance of payments. Assuming the continued effectiveness of these measures, the improvement of the U.S. foreign aid program and its funding at an adequate level need not interfere with achieving a reasonable balance in the international accounts of the United States.

- It is equally important that appropriate arrangements be made for getting under way the comprehensive and thorough re-examination of the concepts, organization, and methods of the foreign aid program that we recommend. It should be initiated as soon as possible because the kind of reassessment we believe is required will take considerable time to complete.

- Not least among the contributions of the United States is the fact that its example and urging have in part been responsible for the willingness of several West European nations, Canada, Japan, and certain other countries to undertake foreign aid programs of their own. Improving the arrangements for the coordination of aid policies and procedures among the donor nations opens up possibilities for greater efficiency and more substantial benefits for the recipient countries. For this reason, it is important that the reassessment of the U.S. foreign aid program draw upon the experiences of other donor countries, if possible with their active cooperation. Not only will the reappraisal benefit directly from such comparisons and contrasts but the resulting insights and suggestions would be of great value to the other donor countries and would lead to improvements in coordination among them.

Americans can be justly proud that their country took the lead more than a decade and a half ago in pioneering the provision of large-scale financial and technical assistance to the new nations of Asia and Africa and older nations of Latin America. Despite the limitations on and the shortcomings of the existing program, it is important to recognize that significant results have been achieved in terms both of the development progress of a number of recipient countries and of a beginning toward understanding the complex problems encountered by these societies in trying to accelerate economic growth and social change. These accomplishments provide grounds for a realistic hope that, through improved concepts and methods and adequate provision of financial resources, even greater progress can be made in the years to come.

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Author's Note

In preparing this report, I have incorporated—with the kind permission of the publishers—some sentences and paragraphs from my previously published writings, including especially:

"Economic Assistance to Less Developed Countries: Does It Serve the National Interest?" *The Forensic Quarterly: Foreign Aid Policy,* Vol. XL, No. 2, May 1966; "The United States and the Developing Nations," in *The Crossroad Papers,* ed. Hans J. Morgenthau (New York: W. W. Norton, 1965); and "The Economic Development of Emerging Nation-States," *Air War College Supplement,* Vol. II, No. 3, January 1964.

I would also like to record my thanks to Robert H. Johnson, Robert A. Packenham, and my fellow members of the NPA Joint Subcommittee on U.S. Foreign Aid, for their helpful comments, and to the staff of the National Planning Association for their efficient and intelligent assistance.

R.E.A.

INTERNATIONAL DEVELOPMENT AND THE U.S. NATIONAL INTEREST

by Robert E. Asher

The American foreign aid program is in perennially parlous condition. Among the principal reasons for this are gnawing doubts and contradictory assertions about whether it truly serves the national interest—or interests—of the United States. A discussion of that ill-defined activity, foreign aid, in relation to the elusive and subjective criterion known as the national interest, may therefore be helpful. The object of the analysis is not to appraise the aid program itself, but rather the rationale behind it. The two tasks, however, are obviously intertwined.

The discussion will focus on the particular type of foreign aid behind which there is the biggest head of international steam—development assistance. This is foreign aid designed to stimulate economic, social, and civic growth and maturity in the low-income, or less developed, countries. The discussion will not deal with military aid, famine and disaster relief, and other forms of assistance which may have developmental effects but are given for other reasons.

The first step in the analysis involves taking a close enough look at the term "national interest" to indicate that, although it is not meaningless, it is an extremely imprecise guide to policy. Not everything that can be linked to the national interest requires doing; the problem of statesmanship is to array objectives and give priority to those of primary importance.

The second step is to review, from the point of view of the U.S. national interest, various political, economic, and security arguments that have

been advanced for development assistance from the United States, without tackling directly the question of whether the United States can afford the sums that are needed and should continue to provide necessary resources in the form of financial and technical aid.

Development assistance is obviously not the only way for the United States to manifest a strong and active concern with the welfare of the 1.5 billion people who live in what are now called the developing countries; trade liberalization, private investment, new immigration policies, and exchange-of-persons programs are alternatives. Development assistance may be a necessary technique if resources and know-how in sufficient volume will not otherwise become available in sufficient time. Step three, therefore, is to review the case from the point of view of the need for assistance, the over-all experience with it, the trade/aid relationship, and certain other considerations. Can the United States afford a development assistance program? Can it afford to abandon its development assistance program? Does this country know enough to run a good aid program? What is the record to date?

In this author's opinion, the United States can afford the requisite program and should give it a higher priority than it now receives. Policy makers are slowly learning enough about both the development process and individual less developed countries to operate a good development assistance program—indeed a better one than they now run. Development however, is a long drawn out, erratic, two-steps-forward, one-step-backward, one-step-sideways process, which requires thinking in terms of a generation or more rather than of a decade or an annual appropriation cycle. Even though a plausible *prima facie* case for development assistance from the United States can be constructed, it cannot be interpreted as implying that the payoff will be prompt, measurable, or universal.

It is probably self-evident too, and can therefore be asserted without further ado at the outset, that the benefits the United States might derive from the finest development assistance program can be negated by misbegotten policies on other fronts; the national interest of the United States is served only when a good economic aid program becomes an adjunct of a foreign policy that is good in other respects as well.

Finally, assuming that the case is made for an active American concern with the lot of the inhabitants of the less developed countries and for a good economic aid program as evidence of that interest, and assuming that other American activities, foreign or domestic, do not cancel out the benefits obtainable from the aid program, does it follow that the national interest is served by aid to Indonesia or Haiti or Egypt or Upper Volta? The knottiest problems will continue to arise in applying the general conclusions and principles to specific cases—step four in the analysis. The questions of how much, to whom, for how long, will be a perpetual bone of contention. Nevertheless, a few broad guidelines may be discernible.

The National Interest—Concept or Camouflage?

Over the years, a majority of the American people has consistently backed foreign aid in principle. In 1961, 51 percent of the persons queried by the American Institute of Public Opinion replied in the affirmative to the question, "Do you think the interests of the United States have actually been helped by the U.S. foreign aid program during the last five years or not?" Twenty-seven percent replied in the negative. The remaining 22 percent did not know, were undecided, or had no opinion. In early 1963, a larger proportion, 58 percent, said they were "in general . . . for foreign aid." By 1966, the proportion "for foreign aid" had dropped to 53 percent.

As to kinds of foreign aid, "training teachers, building schools, and providing books" was favored by almost two out of three Americans in 1966 and the provision of birth control information by more than four out of ten.

Substantial majorities have consistently approved of supplying food, medical supplies, and emergency relief to the destitute. Larger proportions of the public have approved of economic aid than military aid, which has now become distinctly unpopular. Technical assistance, a low-cost form of help, has always been more popular than either capital or military aid.

In the February 1966 survey, support for foreign aid was highest among younger persons, specifically those in their twenties. College-educated people are notably more favorable in principle to foreign aid than are people with a high school or only a grammar school education.

Only about one person in ten has a reasonably accurate idea of the size of the foreign aid program; most persons think of it as very much larger than it is. Consequently, many of those who approve of aid in the abstract favor reducing the amount spent on it.[1]

Is the national interest, then, whatever majority opinion says it is? Is it a more timeless touchstone against which to judge the propriety of a particular course of action? Or is it only a dignified device for cloaking 200 million Americans with one's own beliefs and prejudices? The term "national interest," frequently invoked as though it were a fixed rock against which to judge the wisdom or folly of a proposed policy, remains ambiguous.

The concept cannot be given fully objective content. It inevitably reflects prevailing values and attitudes. It is a composite of many individual and group interests and assessments, short-term and long-term. Through the haze and the clamor, it nevertheless is normally recognizable. The U.S. national interest in a prosperous and friendly Canada is clearly

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[1] Alfred O. Hero, Jr., "Foreign Aid and the American Public," in *Public Policy 1965*, eds. John D. Montgomery and Arthur Smithies (Cambridge, Mass.: Harvard University Press, 1965), Vol. XIV, pp. 71-116. Also American Institute of Public Opinion, Survey of February 8, 1966, released March 13, 1966.

greater than its interest in a prosperous and friendly Vietnam, even though neither can be measured accurately in dollars or decibels or lives.

Therefore, I shall employ the term despite its deficiencies as a scientific concept and fully aware that the national interest, like beauty, lies largely in the eye of the beholder. First, however, let me call attention to three more points often overlooked by those who invoke the concept as though it provided a more infallible guideline.

The national interest can range from negligible to vital. As a world power, the United States has world-wide interests, but they vary enormously in intensity. The mere attainment of sovereignty by a new nation usually establishes enough American interest in the area to justify the assignment of an ambassador to its capital. No nation maintains more embassies abroad than does the United States and no capital houses more foreign ambassadors than Washington. Whereas Thailand has stationed ambassadors in 37 countries and Italy in 73, the United States posts ambassadors to 120 nations. An overwhelming majority of these 120 sovereign entities qualify as "less developed countries." Does America's ubiquitous interest also justify a technical assistance program in most of those countries? Does it justify a capital assistance program?

Secondly, the national interest is a product as well as a determinant of policy. It must take into account not only prior American actions and attitudes, but also the policies being pursued by other governments at a given moment in time, whether or not such policies reflect the "true" long-term interests of the countries in question.

In 1948 the United States' national interest in South Korea was far from obvious. By 1966, however, after a costly war in Korea, an additional investment of about $6 billion in military and economic aid to that country, and increased perspective on Communist China's ambitions and intentions, the American national interest in Korea seemed substantial.

As of this writing, the only palpable U.S. interest in North Vietnam is that it should "abandon its aggressive ways" and withdraw behind the 17th parallel. To encourage this course, President Johnson has proposed substantial American aid for a Southeast Asia Development Program that would include North Vietnam. It is safe to predict that, once an initial American investment in the regional development program has been made, further investments will be required to protect the earlier investment, and American interests will appear to be firmly and irretrievably engaged in a larger area than at present.

There is nothing odd about this spiraling process except that the ultimate outcome can be absurd. Without provision for the kind of periodic stocktaking that can say "so much and no more," the United States can glide almost imperceptibly into a position that makes a mockery of common sense.

The third point, the importance of the long look when stocktaking occurs, will probably be readily conceded. Since the short-term outlook is

almost always clearer than the more distant future, a proper balancing of all factors would be difficult even if America's policy-making apparatus were less openly biased in the direction of visible dividends in the short term. Pragmatism and impatience, conviction that policies should produce "results" promptly because "in the long run we are all dead," plus the appropriation process and the frequency of elections, all conspire to give undue weight to short-term considerations. This presentation, on the other hand, may overemphasize the long-term.

Toward a Better World Order

Overarching the specific humanitarian, strategic, economic, and political arguments for and against American involvement in and with the less developed regions is the more fundamental question: What kind of world order should America seek? The world order of the colonial era was attained without massive foreign aid and it is conceivable that foreign aid will not help to usher in a worthy successor. The basic problem has been defined by Ruth B. Russell as the building of "an international community of interests out of a world of nation-states, most of which are experiencing rapid change internally, and in many of which such change is accompanied by externally influenced violence."[2]

The present transitional arrangements were hammered out in a series of conferences nearly a quarter of a century ago—at Dumbarton Oaks, at Bretton Woods, at Hot Springs, at Havana, and elsewhere. They represented a long step forward from a political order totally dominated by a handful of nations, primarily European, and an economic order most vividly remembered for the beggar-thy-neighbor policies of the 1930s. The United States can take pride in the leadership it exercised.

In the 1940s, most of today's less developed countries had not yet achieved their independence. Their political power was weak. Their trade was small and specialized. They could not and did not participate as equals in drawing up the post-World War II ground rules. Though these rules have been modified in their favor and many innovations, large-scale foreign aid among them, have been introduced, the less developed countries believe that they are being forced to live in a world they never made. The rules inherited by them have not worked out advantageously for them. They consider themselves in large measure denied the dignity and status to which nations and human beings, regardless of race, color, or previous condition of servitude, are entitled. The less developed countries are convinced that the time is ripe for more drastic change; that they belong to a generation that must storm anew the gates of history.

We live, in other words, in a revolutionary era characterized by virulent nationalism and vigorous assertions of sovereignty. It is simultaneously characterized by a growing consciousness of the interdependence

[2] Ruth B. Russell, *The United Nations and United States Security Policy* (Washington, D.C.: Brookings Institution, forthcoming 1967), Chapter 7.

of nations and peoples, an erosion of the traditional perquisites of sovereignty, and an expansion in the roles of international institutions, regional and global.

To date, the nations of the world have had very little experience in looking at their problems from a genuinely international viewpoint and seeking accommodation on the basis of the welfare of all. When foreigners are involved, negotiators are still expected to be tough, to avoid appeasement, to get more than they give. Foreign policy usually has to be justified at home on the ground that it serves the national interest in a fairly immediate and tangible fashion. This very justification makes it suspect abroad. Why, it may then be asked, should others honor the nation in question or be grateful to it for pursuing an essentially selfish course of action? Yet, so ingrained is nationalism and so muddled the state of the world today, that any claim of altruism is almost equally suspect.[3]

The institutional base for a new world order is as yet grossly inadequate. Nuclear holocaust is still a possibility. Greater integration at the national level—utilizing the constructive elements in nationalist sentiments—and stronger regional associations seem to me to be prerequisites for integration on a global basis. Still, it is important to have the long-range goal in mind when reaching decisions about interim or intermediate courses of action.

> If we can give substance to the fundamental idea that we are joined . . . [with the new countries] in a constitutional endeavor to create a world order in which all peoples can find their separate identities, it should be possible for us to achieve that degree of integrity in our relations which will make it possible to avoid hypocrisy and to disagree at times without malice. Acculturation need no longer appear as a process in which some people take on the ways of others, but instead as one in which everyone is seeking to change and develop in order to build a better world community.[4]

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[3] As Walter Lippmann said: "The poor wretches who have to sell foreign aid to Congress have been taught that they are advocates of an act of unnatural generosity. The cardinal rule is that they must avoid the suspicion that our motives in giving foreign aid are in the smallest degree disinterested. They must hide any compassion they may have or any feeling that the powerful and the rich have obligations to the weak and the poor. The accepted way to get money voted is for the President to cross his heart and swear that every dollar will be used to hire allies and to confound our adversaries.

"I do not think I have overstated very much the squalor of the annual argument. Of course, our missions abroad tell the foreigners that we wish them well. It has even been whispered by reckless men in Washington that we would wish to help the poor even if the Soviet Union and China disappeared completely and troubled us no more. But benevolence abroad must be hidden when the real business begins of persuading the Congressional committees to vote the money." *Newsweek*, April 29, 1963, p. 17.

[4] Lucian W. Pye, "The Foreign Aid Instrument: Search for Reality," in *Foreign Policy in the Sixties*, eds. Roger Hilsman and Robert C. Good (Baltimore, Md.: Johns Hopkins Press, 1965), p. 112. "Acculturation" is the word used by social scientists to describe the transfer of cultural elements from one society or group to another.

Would such an effort serve the national interest? Though different in character from efforts to preserve the independence and territorial integrity of a nation, cooperative attempts to shape the international environment in which a nation operates—what Arnold Wolfers calls "milieu goals"—are also legitimate objectives of national policy. "It is one thing to be in good physical or financial condition within an orderly and prosperous community, but quite another thing to be privileged by the wealth of one's possessions in surroundings of misery, ill-health, lack of public order, and widespread resentment."[5]

Humanitarian Considerations

Closely related to the question of the kind of world order which the United States should seek among the contradictory trends of recent years is the humanitarian argument for development assistance. In its broadest form, it is a plea for a transition from the welfare state to the welfare world.[6] Although the argument is at least as potent in Western Europe as in the United States, it is the type of rationale considered by one critic of foreign aid to be characteristic of what he disdainfully refers to as "a millennial tendency in the American mind."[7]

The kind of inequality that exists between nations, the kind of grinding poverty that permeates so much of the world, say the humanitarians, is no longer tolerated within the borders of a modern, progressive nation-state. This inequality is mitigated within a country like the United States, Great Britain, or Sweden by continuous transfers of wealth from the richer to the poorer citizens and from the richer areas to the poorer ones. Foreign aid is an extension of this process in a world that has become too small for fellow-feeling between man and man to stop at political frontiers.[8]

Moral arguments have gone out of fashion and humanitarianism does not occupy a prominent place in international relations. Nevertheless, it

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[5] Arnold Wolfers, *Discord and Collaboration: Essays on International Politics* (Baltimore, Md.: Johns Hopkins Press, 1962), p. 75. "The likelihood of milieu goals being also in the national interest of other countries does not make them less valuable; it only points up that nations find themselves sharing common interests." *Ibid.*, pp. 75-76.

[6] See, for example, Gunnar Myrdal, *Beyond the Welfare State* (New Haven, Conn.: Yale University Press, 1960).

[7] Edward C. Banfield, "American Foreign Aid Doctrines," in *Why Foreign Aid?*, ed. Robert A. Goldwin (Chicago: Rand McNally & Co., 1962), p. 29.

[8] "The Vienna Declaration on Cooperation for Development" (Vienna: Theodor Körner Foundation, July 1962; mimeographed), par. 2. The above-noted fellow-feeling between man and man is a concomitant of development, conspicuously absent within many less developed countries. There, the few who are rich are often very rich indeed and distressingly reluctant to pay taxes or decent wages or to assist in other ways the many who live in abject poverty.

can hardly be immoral to be moral, nor bad to be good, nor contrary to the national interest to follow the dictates of our collective conscience.

Throughout its history, the power and prestige of the United States have depended on what our country stood for, as well as on the strength of its economy and its military establishment.[9] Its support for self-determination, for social justice, for political democracy, and for religious freedom has placed it in the mainstream of history and made it the lodestar of masses in the most faraway places. The effect of ideas and ideals on the balance of power has been real. The decline in American prestige and leadership in the low-income nations since the end of World War II is due to an appreciable extent to the belief that we have lost faith in the revolutionary principles we once espoused and that we have become as blind and unfeeling as only the rich can be.

Generous participation in international development programs is a way of strengthening our moral claim to leadership, counteracting the isolation that tends to be the social and moral price of wealth, and helping us to live at peace with ourselves as well as with others.[10] While the majority of mankind lives at the margin of subsistence, the United States will find it hard to enjoy its high and ever-rising standard of living. The successful prosecution of the war against poverty and prejudice at home, where so much remains to be done, will facilitate its successful simultaneous prosecution abroad.

The struggle of American minority groups for integration into the American community—for the chance to earn a decent livelihood, educate their children, vote their convictions, hold their heads high, and live with dignity—has its counterpart in the struggle of the less developed countries for integration into the nascent world community. However, there is one important difference. The less developed countries are not a minority group. They contain an overwhelming proportion of mankind. Their aspirations, though not necessarily realizable today or tomorrow, cannot for a century be gainsaid.

Speaking perhaps with more assurance than the "facts" warrant, but with her customary eloquence, Barbara Ward has summarized the humanitarian appeal in these words:

> A sustained longterm economic strategy on the part of the West would have more than economic consequences. It would begin to institutionalize human

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[9] Power and prestige are far from synonymous. Prestige refers primarily to the attainment of a commanding position in men's minds and is a moral and intellectual achievement. Power implies some coercive authority and therefore depends more directly on armies, resources, technology, and the will to use them.

[10] "The impulse to protect wealth, if one has it, is one of the natural human impulses. It is not particularly sinful, but it automatically brings a penalty with it that is out of proportion to its sinfulness. This penalty is isolation." Arnold J. Toynbee, *America and the World Revolution* (New York and London: Oxford University Press, 1962), p. 101.

solidarity and human compassion and underpin a world order with some claim to be called humane. It would change the image of "exploitative neo-colonialism" to one of responsibility and generous action. It could undermine the Marxist prophecies of doom in the world at large as comparable domestic policies defused Communism inside the West. And the language it would make possible—of longterm purpose and goodwill—would be a more effective expression of the Western ethos than the current cries of indignation and alarm.[11]

Her broad and timeless rationale thus relates both to the kind of world order the West should seek and the benevolent role of economic aid during the transition period. In its more elementary forms, the humanitarian appeal is simply a plea for the relief of suffering. A rationale based on the destitution of the recipients implies that the aid is needed for consumption rather than for investment. Only when it is conceded that relief is a palliative rather than a cure can the humanitarian appeal be transformed into an argument also for the investments in agriculture, industry, and education that can help the receiving country overcome its poverty and move toward self-sustaining growth.

At this point, the national interest comes more sharply into focus. So long as the question is the sheer saving of the present generation of humanity, whether resident in Mexico or Albania, the national interest can be equated with a larger "international" interest that rises above geography, politics, or ideology. But with economic growth comes the economic, military, and political power that cannot be ignored in rational assessments of the national interest. Economic growth in Mexico is almost certainly of higher priority to the United States in the short run, and probably in the long run, than economic growth in Albania and other nations seemingly dedicated to our destruction.

Security Aspects

Unfortunately, however, there is no assurance that economic growth will be accompanied by desirable social and political changes or vice versa. Nor is it certain that self-governing, self-sustaining peoples will be prepared to live harmoniously with themselves, their neighbors, or the United States. It merely seems more likely than that frustrated, insecure, starving populations will do so.

For a while, the chief penalty of being an island of plenty in a tidal wave of misery may, as Arnold Toynbee said, be the moral isolation that it brings. But engulfment is also a risk, particularly if the outlook for the poor is otherwise hopeless. In an age of instant communication, substantial disparities in income can be politically tolerable so long as those at the lower end of the spectrum have before them a reasonable

[11] Barbara Ward, "A Strategy for the Wealthy West," *SAIS Review*, Summer 1965, p. 9.

prospect of improvement. If they can expect their children to be better fed, better housed, better clad, and better educated than they, they may not become unduly excited about the level of living in the United States. But if their hopes appear doomed to frustration while the rich grow steadily richer, the prospects for peace will indeed be threatened.

If the dividing line between rich and poor is also a color line separating the white-skinned minority from those of other hues, the threat will be increased. If it explodes, the poor will enter the fray with inferior equipment, with more primitive technology, and with fewer resources, but with little to lose except their lives. They may not win, but they may pull the house down around their ears.

Since neither the more developed nor the less developed world is monolithic, Armageddon is unlikely to arrive in quite this way. But endemic instability and unrest in one after another of the less developed areas since the end of World War II have, as Max Millikan has explained, constituted a constant threat to Western security—and an open invitation to the communists. Of the crises that have engaged the attention of American and European policy makers, a high proportion originated in the underdeveloped world.[12] India and Pakistan, Indonesia and Malaysia, the Congo, the Dominican Republic, and Cyprus are examples. Secretary of Defense McNamara has said that "there is an irrefutable relationship between violence and economic backwardness," and that "a developing nation that does not in fact develop simply cannot remain secure."[13]

The relationship of frustration to violence is probably closer and more causal than the relationship of economic backwardness to blind upheaval. A low-income area, unaware of the extent of its poverty, can be quite stable. When the window to a more glamorous future is opened, however, awareness of disparities may become acute. In the absence of progress, frustrations and tensions will mount (as they may, even in its presence).

As these frustrations and tensions rise and incidents occur, the growing circle of parties to the conflict may escalate the dispute to higher and higher levels. Local conflicts in low-income areas can thus lead to general conflagration. (Awareness of this risk, however, serves as a restraining influence, at least on the major powers.) Efforts to build national consensus around constructive programs for economic and social development offer an important long-run protection, but not a guarantee, against violence born of frustration.[14] Development will increase the over-all

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[12] Max F. Millikan, "Why Not Foreign Aid?", *Sun-Times* (Chicago), December 23, 1962. See also Millikan, "The Political Case for Economic Development Aid," in *Why Foreign Aid?*, ed. Robert A. Goldwin (Chicago: Rand McNally & Co., 1962), pp. 95 ff.

[13] Address to American Society of Newspaper Editors, May 18, 1966. (Carried in full in *New York Times*, May 19, 1966.)

[14] Millikan, *op. cit.*

capabilities of the developing area, including its power to protect itself against assault from abroad and subversion at home.

The foregoing argument in favor of development on security grounds stresses the need for improving the general competence of the underdeveloped nation so that it can begin to cope with its own problems, even though this increases its ability to intervene elsewhere. It also stresses the desirability of mitigating the frustrations of poverty and the bitterness against the rich that such frustrations can engender; the possibility of diverting the developing country from the foreign adventures, irredentist claims, and international posturing which the absence of domestic achievements sometimes stimulates; and the hope that better living conditions—a growing stake in the world as it is—will ultimately decrease racial tensions.

The U.S. government has usually laid greater stress on the communist menace. In earlier years, the emphasis was on the external threat to developing countries. During the 1960s, it has been on the internal threat from guerrillas and other operatives trained abroad. This threat has probably been exaggerated by our government. Moreover, where the threat is real, the implication that every square mile of underdeveloped territory garnered by the communists strengthens them vis-à-vis the United States of America may be false. Our "losses" are not necessarily their "gains."

The argument for or against development assistance on national security grounds should not be confused with the argument for or against military assistance to less developed countries. Both forms of aid, one form, or neither may be needed in a given area, depending on the nature and immediacy of its problems.

Economic Rationale

The economic rationale for U.S. participation in the process of international development has been widely publicized. Basically, it is that development is good business, that the developing countries are the economic "new frontier." C. Douglas Dillon, who later became Secretary of the Treasury, was not indulging in sheer hyperbole when he solemnly declared, " . . . it is not missiles that have made neighbors of distant countries. It is the trading system of the modern world. . . . I am an investment banker by trade, and I speak as an investment banker when I say that today's less developed nations are tomorrow's richest economic and political asset."[15]

Poor countries make poor markets. Good markets will help the United

[15] Address of Deputy Under Secretary of State for Economic Affairs at dinner preceding the opening of the World Trade Fair in New York City, May 6, 1958, "The Contribution of Trade to the Cause of Peace," *The Department of State Bulletin*, May 26, 1958, p. 881.

States in two ways: directly, by buying more of its exports; and indirectly, by buying more in third countries which, in turn, may be able to take more American products. Insofar as imports are concerned, the United States can use a wide variety from many sources, and the sources should be reasonably secure and stable. Poor countries tend to be unreliable sources for a very limited range of commodities—typically one or two primary products.

Numerous studies have been made to demonstrate the fairly obvious fact that rich countries make better customers and better markets than poor ones. Canada, with fewer than 20 million inhabitants, has a foreign trade of over $16 billion, of which almost two thirds is with the United States. Latin America, with a population approaching 230 million, has combined imports and exports of less than $20 billion. This represents a considerable advance, even allowing for price rises, from the 1950 figure of $12 billion for Latin America, but it remains strikingly modest in relation to the Canadian total.

Japan's foreign trade in 1950 amounted to only $1.8 billion. By 1965, thanks to the spectacular growth of the Japanese economy (helped by $2.7 billion in American economic aid between 1945 and 1963), the level of Japanese foreign trade had risen to $16.6 billion, and Japan had become the largest overseas trading partner of the United States.

In Taiwan, exports averaged about $110 million per year during the years 1951-56, while annual imports were double this amount. The excess of imports over exports averaged $107 million per year, of which approximately 90 percent was covered by U.S. aid and less than 10 percent was offset by private investment. After 1956, Taiwan's exports spurted. By 1964 they exceeded $400 million, and an export surplus was realized.[16] Taiwan's principal trading partner was Japan, and the United States ranked second.

The argument that increased international trade will be both a corollary and a consequence of economic development is almost unassailable. Does increased international trade serve the national interests of the trading nations? The presumption is that it does, since most nations unquestionably want to step up their earnings from exports and, though more ambivalent about imports, would benefit from increased imports of things they do not or cannot produce at home as cheaply as they can buy in the world market. Moreover, in terms of resource savings, a given volume of trade with the less developed countries is likely to be more valuable to the United States than the same volume of trade with countries whose resource base in terms of capital, labor, technology, and management is more like that of the United States.

Although increased foreign trade is absolutely vital to the less de-

[16] Neil H. Jacoby, *U.S. Aid to Taiwan: A Study of Foreign Aid, Self-Help, and Development* (New York: Frederick A. Praeger, 1966), pp. 97-99 and 292.

veloped countries, the same cannot be said of the United States. The huge U.S. market is far more important to others than their national markets are to us. The United States, in fact, can survive and prosper at a very low level of imports and exports if it chooses to do so.

If a higher level of trade with the less developed countries serves the American national interest, it is not primarily because of its income effects in the United States, but rather because various political and social crises, to which the United States cannot remain indifferent, may be somewhat more easily resolved in the context of a broadly shared expansion of the world economy. Secondly, and related to the earlier discussion of the kind of world order sought by the United States, it is because countries with weak, undiversified, inefficient economies make feeble partners in the network of international institutions upon which, in this interdependent world, all nations—including the United States—rely increasingly. Who would have predicted in 1946, when the International Monetary Fund opened its doors for business, that the United States of America would have exercised its drawing rights to the tune of well over one billion dollars between early 1964 and mid-1966?

Earlier in this report I noted the absence of any assurance that economic growth would be accompanied by desirable social and political changes—i.e., by the kind of progress toward democracy which would seem to be in the national interest of the United States. As income increases, however, more of the conditions favorable to democracy come into being. A growing middle class "tempers conflict by rewarding moderate and democratic parties and penalizing extremist groups." The upper class becomes less autocratic.[17]

Economic development spawns an immense variety of organizations—labor unions, farm groups, chambers of commerce, trade associations, cooperatives—which serve as sources of countervailing power. Such organizations

> . . . inhibit the state or any single source of private power from dominating all political resources; they are a source of new opinions; they can be a means of communicating ideas, particularly opposition ideas, to a large section of the citizenry; they train men in political skills and so help to increase the level of interest and participation in politics. Although there are no reliable data on the relationship between national patterns of voluntary organization and national political systems, evidence from studies of individual behavior demonstrates that, regardless of other factors, men who belong to associations are more likely than others to give the democratic answer to questions concerning tolerance and party systems, to vote, or to participate actively in politics. Since the more well-to-do and better educated a man is, the more likely he is to belong to voluntary organizations,

[17] Seymour Martin Lipset, *Political Man: The Social Bases of Politics* (New York: Doubleday & Co., 1960), p. 66.

the propensity to form such groups seems to be a function of level of income and opportunities for leisure within given nations.[18]

Political Rationale

The economic rationale for the American interest in stimulating growth in the low-income areas of the world blends into the political rationale. The long-range political justification is the improved climate and the institutional underpinning that the growth can provide for the peaceful conduct of world affairs. The more immediate political rationale is that development is the wave of the future. Riding it is more sensible than resisting it, letting it wash by, or commanding it to stand still.

The importance of rapid development to the emerging countries themselves is so manifest that one need not dwell for long upon it. Poets may extol the beauties of nature and complain that "the world is too much with us," but governments can find no long-term political advantages in allowing their countries to remain underdeveloped. No government can come into office without promising a better life to its citizens and virtually none can remain in power without making fairly regular payments on its promissory note.

Despite formidable barriers to development, perceptible headway—enough to prevent aspirations from getting too far ahead of achievements—is supremely important to almost every one of the less developed countries. Governments that ignore this lesson—as those in Algeria, Cuba, Egypt, Ghana, Guinea, and other countries from time to time have done—may strut briefly on the international stage but will soon be relegated to bit parts.

A rising index of discontent, due to aspirations that outpace achievements, is favorable to an indigenous communist or other totalitarian movement. The greatest immediate opportunities for the communists lie in disorder, frustration, and confusion. The interests of Russia, China, and other nations already in the communist world, however, are more national than international. They may all support "national wars of liberation" in principle, but in practice will view peaceful progress in the noncommunist countries with varying degrees of equanimity.

Americans are better prepared, in theory at least, to accept the notion that a growing pie permits larger slices for everyone. The emergence of self-respecting, self-supporting, independent states on other continents is consistent with both the short- and the long-term interests of the United States. If, however, the values of a free society are to have relevance and appeal in the low-income countries, continuous contact and adaptation will be necessary. Those values cannot be imposed on

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[18] *Ibid.*, p. 67. See also *The Politics of the Developing Areas*, eds. Gabriel A. Almond and James S. Coleman (Princeton, N.J.: Princeton University Press, 1960), especially Coleman's concluding chapter.

others or imparted on a take-it-or-leave-it basis. Their political and economic systems will never become Xerox copies of ours. Fortunately, we can live with—and rejoice in living with—a wide range of non-totalitarian, or decreasingly totalitarian, political and economic systems.

If the ultimate objective is primarily political—the emergence of societies respectful of fundamental human rights and capable of meeting their own growing needs—is America's national interest best served by using an instrument that is basically economic in character? The instrument corresponds with an inescapable reality: the aspirations, hopes, and fears of poor people are economic.[19] Economic growth and diversification, as previously indicated, tend to produce interest groups and train participants in essential political skills. Economically oriented development assistance also tends to provide an acceptable opening wedge for a meaningful dialogue between donor and receiver on matters that extend far beyond the specifications for the generators, tractors, trucks, or fertilizers to be imported. Discussion of patterns of land ownership and use, wages, prices, taxes and exchange rates, import and export policies, and other arrangements that stimulate or retard economic growth clearly have more than economic implications.

Greater attention to the political dimensions of development is warranted. Just as a nation may need both military and economic assistance, it may also need political assistance. One could imagine a program of direct political assistance in the form of projects designed to strengthen various underpinnings of democracy—widespread participation in the political process, effective parliaments, competent political parties, qualified leadership, independent judiciaries, free presses, and so forth. Even if the program were relevant to conditions in the third world, however, it would hardly be acceptable if offered by the U.S. government as a political assistance program and, if acceptable, would not invalidate the case for economic assistance.

To date, efforts to influence the international political alignments of the less developed countries have been much more intensive than efforts to influence their internal political evolution in constructive, long-term, prodemocratic fashion. The political process in these countries has its dynamics in deep-rooted factors difficult to influence from the outside. Political trends, moreover, are no more irreversible than economic trends. Less developed countries like Guinea, Ghana, and Indonesia, reported on good authority to have left the "free world" and succumbed to communist domination, have one by one reversed their course. By the same token, conclusions about the permanence of America's partnership with other less developed countries or their devotion to democratic values have proved to be equally unwarranted.

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[19] See Hadley Cantril, *The Pattern of Human Concerns* (New Brunswick, N.J.: Rutgers University Press, 1965).

Each new country is evidently trying to obtain as much foreign aid as possible while retaining as much freedom of action, political and economic, as possible. The process produces the illusion of kaleidoscopic changes in the pattern of international political alignment as new countries alternately move closer to, and shy away from, the United States, the Soviet Union, Communist China, France, Britain, and their own neighbors. The perseverance they have shown in their quest for an independent niche in the world should make the United States more relaxed than it has traditionally been about the mood of the moment, more confident that consistency, dignity, and respectful arm's-length dealings on its part will in the long run serve it best.

Though the demand for development is widespread and irresistible, and almost everybody is eloquently committed to it, few are as wholeheartedly for it as they think they are or as they would have others think they are. This is because the task is threatening as well as challenging. It substitutes the unknown and uncharted for the known and familiar. It inevitably upsets the *status quo*.

The obstacles and resistances are strongest and most evident in the low-income countries themselves. But the ambivalence that permeates society and government in the less developed countries extends to the rest of the world as well.

Nevertheless, every other major power, and many minor ones too, now provide economic aid to low-income countries. Were it not for the prominent part the United States played in getting other high-income Western nations into—or deeper into—foreign aid activities, the continuation and expansion of their programs would create a presumption that an American program could serve the interests of the United States. As things stand, however, it may not quite be cricket to have been instrumental in getting others into the foreign aid business and then to claim that, because they are there, the United States must also be there. Yet so long as they remain in the business, they strengthen the belief that high-income countries have a moral if not a legal obligation to help low-income countries.

But Must It Be Development Assistance?

Must American help take the form of economic aid on a significant scale? Is it not enough that the United States be sympathetic to the the drive of the less developed countries for economic and social improvement, collaborate in removing obstacles, and offer strong diplomatic and moral support?

Economic aid is one way, but not the only way, to demonstrate the reality of the United States' interest. It is an appropriate technique if:

- there is real need for the resources that can be transferred via foreign aid and some capacity to use them;

- they can be supplied without denying other higher-priority claims on those same resources;
- other techniques—trade, private investment, cultural exchanges—will not suffice;
- the aid technique is reasonably effective—i.e., it does more than ease our consciences and make us feel virtuous. It should launch a meaningful dialogue with the aid-receiver and raise the level of available resources up to the volume needed to provide a politically tolerable rate of development in areas in which such development is feasible and appears to serve the general welfare.

On the question of need, there is no doubt that collectively the less developed countries need investment capital, upgrading of skills, new institutions, and various other ingredients for modernizing. A few oil-rich nations like Kuwait, Libya, and Saudi Arabia are not short of capital. A few others like Argentina and Chile are not notoriously short of technical and professional personnel.

For most underdeveloped countries, financial and technical assistance from abroad, strategically applied, can ease the period of transition to self-sustaining growth. The nature of the development cycle is such that the balance-of-payments deficit of the developing country tends to swell before it shrinks. In the very early stages of development, technical assistance may be the nation's principal need. As the country acquires the skills and institutions enabling it to help itself, however, its capacity to invest is likely to grow more rapidly than its ability to save. Moreover, for some time at least, it must obtain from abroad the great bulk of the manufactured and semimanufactured goods that it uses in establishing new industries and raising incomes. Consequently, its requirements for imports rise rapidly.[20]

India is a prime example of this stage of development, though at the moment its need for fertilizers and imported food supplies is even more desperate than its need for machinery and maintenance supplies. It is strategically located, possessed of the largest population in the noncommunist world, committed to development, and making measurable progress without sacrificing its democratic institutions. But it is seriously strapped for foreign exchange and is perhaps the most dramatic reminder of the less developed world's need for commodities from abroad on concessional terms.

Aid is not nobler than trade. There is much to be said for amending the ground rules governing the conduct of international trade so that more of the foreign-exchange requirements of the developing countries can be earned through international trade, even if the amendments tend

[20] *Economic Report of the President* together with *The Annual Report of the Council of Economic Advisers* (1964), p. 152.

to blur the conventional distinctions between trade and aid and even though the benefits of trade liberalization will accrue primarily to the most advanced of the less developed countries. International trade bypasses the political and psychological strains between donor and recipient that are more or less inherent in aid programs. A nation need not justify to its trading partners or to an international agency the way in which it chooses to use its earnings from trade. Through international trade, moreover, it can escape the limitations of a small domestic market and achieve economies of scale that should result in reduced costs of production. It can reap the benefits for a long time to come.

Nevertheless, a dollar earned in trade is not necessarily preferable to a dollar received in aid. Aid, particularly if it arrives in the form of a grant, provides resources additional to what can be extracted from the domestic economy and provides them in a form intended to facilitate development. In other words, the receiving country, without having to give up any of its own resources, and without having to step up prematurely its rate of saving in order to squeeze out additional funds for investment, can acquire via foreign aid the capital equipment and other things needed to expand its productive capacity.

Trade, on the other hand, merely provides the low-income country with an opportunity to convert certain domestic resources—coffee, for example—into a foreign resource—tractors, for example—*if* the country can increase, through taxation or otherwise, its domestic saving to the extent of the additional proceeds from the coffee exports.[21] Since some additional imported supplies will usually have been needed to produce the additional exports and to satisfy the demands of consumers whose incomes will have been raised, it is wrong to assume that each dollar in exports will reduce the need for aid by a dollar. The converse is equally wrong: it does not require an additional dollar in development assistance to compensate for a one dollar decline in export earnings. Insofar as developmental effects are concerned, $100,000 in foreign aid may have a greater impact than an inflow of $1,000,000 from additional sales of coffee.

For brief periods of time, and in isolated cases like Vietnam, foreign aid may be a country's chief source of foreign exchange and, for considerably longer periods of time, it may have to be a supplementary source. Since 1950, however, the less developed world as a whole has financed between 80 and 90 percent of its imports from its export earnings and not more than 20 percent from foreign loans and grants. Under the most optimistic assumptions with respect to future earnings through trade and future inflows of private capital, the underdeveloped countries will be unable to meet their modest development goals without increased foreign aid.

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[21] See Harry G. Johnson, *Economic Policies Toward Less Developed Countries* (Washington, D.C.: Brookings Institution, 1967), pp. 55 ff.

Hollis Chenery has concluded that, to have raised GNP in the less developed world by 5 percent or more per year, would have required an increase in capital inflows of 10 percent annually, beginning in 1962, his base year, or a doubling of the 1962 level by 1970, even with some improvement in the efficiency with which funds have been used.[22] According to George Woods, President of the World Bank:

> A preliminary study made by the World Bank staff . . . suggests that the developing countries could put to constructive use, over the next five years, some $3 to $4 billion more each year than is currently being made available to them.[23]

Can the more developed countries meet the needs of the less developed countries without seriously denying themselves? The answer for capital assistance is an unequivocal "yes." In the United States, for example, per capita income has reached the incredible total of about $3,000 per year—as compared with about $130 per person per year in the developing countries. Our own GNP has increased by more than $100 billion (at 1958 prices) since 1960, as compared with less than $35 billion for the whole of the less developed world. At a steady 2 percent per year improvement per person, the less developed countries will boast an average income of $260 per capita by the year 2000, as compared with $6,000 in the United States.

The costs of ending the war in Vietnam, maintaining international peace elsewhere, developing regular rocket service to the moon, and moving onward to the Great Society at home will be heavy. Per capita income statistics do not prove that the claims of international development will be without competitors. They leave little doubt, however, that —if Americans care enough about their fellow men and if they attach sufficient importance to carrying on the process they have been so instrumental in launching—the United States and the other developed countries can afford to make capital available to the less developed countries in the volume required to meet agreed objectives.

The ability of the developed nations to supply the kinds and amounts of technical assistance required by the less developed nations is more limited. Skilled teachers, properly trained engineers, good physical and social scientists, and experienced managers are in short supply even in

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[22] Hollis B. Chenery, "The Effectiveness of Foreign Assistance," a paper prepared for the University of Cambridge Conference on "How to Make Aid More Effective through Cooperation," held in Cambridge, England, September 1966, p. 13.

[23] George D. Woods, "The Development Decade in the Balance," *Foreign Affairs*, January 1966, pp. 214-15. He estimated the net current flow of financial resources to the low-income countries from the industrialized countries represented in the Development Assistance Committee of the Organization for Economic Cooperation and Development at about $6 billion, or 6/10 of 1 percent of the gross national product of those countries.

the most advanced countries.[24] The number being sent abroad has been relatively unchanged for several years but more could be made available if high enough priority were given to the effort.

Aid, as indicated, is only one of the techniques for transferring the necessary knowledge and funds. On its present scale, it is a new and imperfect one. It is gradually forcing the United States to learn enough about the world outside its borders for Americans to be able to relate themselves realistically to that world. It is expanding everyone's understanding of the development process. Some of the advantages of this new technique can be disadvantages as compared with the more impersonal workings of the trade mechanism. In trying to make aid more effective, American officials tend to get more and more deeply involved in the internal affairs of other nations. Almost all the domestic policies of aid-receiving countries become legitimate issues for international discussion. The chances of friction are consequently greatly increased.

Events in Argentina, Brazil, Burma, Cambodia, Ghana, Haiti, India, Pakistan, and elsewhere have disillusioned many Americans. The Marshall Plan, America's eminently successful rescue operation in Europe, created a climate of public opinion in the United States that was unfortunate in certain important respects. It gave rise to a feeling that 100 percent success ought to be achieved elsewhere too, and that a less than perfect batting average signified something seriously wrong with the U.S. effort. It encouraged totally unrealistic notions about the time required to achieve lasting results in Asia, Africa, and Latin America. It also invited a belief that the development problems posed in those areas, like the reconstruction problems of Europe, were overwhelmingly economic and would respond similarly to an inflow of capital and technology. It ignored the radically different situation in the nonindustrialized world, the revolutionary nature of the development process, and the top-to-bottom transformation of society that it implies.

In reality, the research and development expenditures of American industry and government would have constituted a better analogy than the Marshall Plan. In research and development work, some invest-

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[24] See Angus Maddison, *Foreign Skills and Technical Assistance in Economic Development* (Paris: Development Centre of the Organisation for Economic Cooperation and Development, 1965), esp. pp. 12-13.

The feedback from capital and technical assistance can serve the national interests of the donor countries in a way not yet mentioned in my report. Native ability is fairly evenly distributed among individuals; it is not concentrated in particular areas. Because of poverty and lack of education and opportunity, however, a huge proportion of the population of the world can make only a slight creative contribution to mankind's stock of useful knowledge. This blockage and waste of talent within the less developed countries represent a great loss to the United States and the developed countries as well as to the less developed countries. See Simon Kuznets, *Postwar Economic Growth: Four Lectures* (Cambridge, Mass.: Belknap Press of Harvard University Press, 1964), pp. 19-20.

ments never pay off, many setbacks precede even modest successes, and only occasionally are there spectacular successes.

The false analogies and fitful progress of recent years should not blind Americans to the substantial headway that has been made. A good foundation for further progress has been laid. A faltering sense of commitment could jeopardize the advance and lessen America's chances of benefiting from it.

The Record to Date

Evidence of progress in most of the less developed countries is available to the naked eye in the form of rising school enrollments; better fed and better dressed pupils; new hospitals, power plants, and factories; more radios and bicycles; overburdened trucks; and crowded buses. In this scientific age, however, no one trusts the naked eye.

Statistical data concerning the less developed countries are also notoriously unreliable, though less so with respect to broad trends than to specific figures in a series. The available data support what is so obviously true. In terms of gross domestic product, the less developed countries have been growing at a respectable rate since 1950, a rate in excess of the growth rate of the more developed countries. However, because of the much faster rates of population growth in the developing countries—almost twice the rate of the developed countries—the rate of improvement per person has been less in the low-income part of the world than in the high-income part, despite the fact that its over-all rate of growth has been slightly greater. Moreover, because of the low level from which they started, per capita incomes in the less developed countries in dollar terms have risen very modestly and the gap between them and per capita incomes in the more developed countries has widened substantially.

Impressive social progress has also been made, particularly in the fields of education and health: literacy rates have risen significantly; maternal and child mortality have been reduced; life expectancy has increased; vast campaigns against malaria, yaws, smallpox, tuberculosis, and other scourges have been launched. In the field of health, the gap between the more developed and the less developed countries has probably been narrowed.[25] By mid-1966, a few countries had initiated promising family-planning programs. Housing has remained thoroughly inadequate, however, and industrial production, though it has doubled in the last decade, has provided far fewer jobs than had been expected of it.

As suggested earlier, the intelligent reader's reaction to the economic and social data may be: "So what? The ultimate test is political, not

[25] United Nations, *1963 Report on the World Social Situation* (New York: United Nations, 1963), Chapter 1.

economic. If the less developed countries improve their GNP at a handsome rate, with American aid, and in the process become more hostile to the United States, aren't we worse off than if we'd sat on our hands instead?"

If these countries become more hostile, remain that way, and translate their hostile attitudes into hostile actions which appear to preclude peaceful attainment of the kind of world order sought by the United States, the answer is "yes." But if, as seems at least as likely, the hostility is less intense and less explosive than it might otherwise have been, or proves to be a passing phase, then the United States would be well advised to provide aid, recognizing that development assistance cannot, and should not be expected to, buy the friendship of other nations.

As yet, we know even less about political development than about economic and social development.[26] Moreover, the political record of the last 20 years has not been adequately analyzed and appraised. It certainly is not all black. In many respects, the liquidation of vast colonial empires has been astonishingly orderly. The number of sovereign nations has more than doubled since 1945. They have produced a respectable number of remarkable leaders, among them Jawaharlal Nehru of India and his daughter Indira Gandhi, Ramon Magsaysay of the Philippines, Ayub Khan of Pakistan, Habib Bourguiba of Tunisia, Jomo Kenyatta of Kenya, Julius Nyerere of Tanzania, and U Thant, the Burmese Secretary-General of the United Nations. Impressive examples of democratic development at the grass roots in Pakistan, Malaysia, Korea, and elsewhere can be cited, although democracy is not a form of government acquired automatically as levels of living improve. The foreign policies pursued by the developing countries are, with a few exceptions, readily understandable from the point of view of their own national interests, and least threatening to the United States where development itself is most obviously taking root. The new states have hastened to join the United Nations and other international organizations and, on the whole, have played responsible roles in those organizations.

One can concede that significant economic, social, and political progress has been made by the less developed countries since the end of World War II and wonder whether there is any observable correlation between aid received and improvements registered. Statistical indexes of political development are few and far between, and the most frequently employed economic index, gross national or gross domestic product, is an uncertain trumpet. The January 1964 *Report of the Council of Economic Advisers* contains some interesting data on 26 less developed

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[26] "By political development I mean the will and capacity to cope with and generate continuing transformation toward modernization while maintaining basic individual freedom." From Robert A. Packenham, "Foreign Aid and Political Development," a paper prepared in the summer of 1966 for a Brookings Institution symposium.

countries that have received significant amounts of U.S. economic assistance and in which economic development has been a principal objective of American assistance. More than two thirds of the underdeveloped countries listed achieved a rate of growth in real product greater than the 3.7 percent average of the so-called developed countries, and more than half achieved a rate of 5 percent or better.

Some of the largest aid recipients registered some of the best gains. Greece, Israel, and Taiwan have done spectacularly well.[27] Not only are they now forging ahead on their own but at least two of the three are acquiring excellent reputations as providers of development assistance. Mexico, Peru, Venezuela, Yugoslavia, and, more recently, Bolivia, Korea, the Ivory Coast, Tunisia, and Pakistan can take pride in their records.

Situations have arisen in which the United States may at best have bought time, but this too can be an accomplishment. An apparently hopeless case like Libya turns out to be resting upon some of the richest oil deposits in the world and suddenly becomes a source of aid to other Arab countries. Bolivia, having been bailed out several times with a much-criticized form of economic aid (budget support), gradually brings order out of chaos in its tin mines and discovers that the nation also possesses natural gas in massive quantity. In Chile and Venezuela, leaders of the stature of Eduardo Frei and Rómulo Betancourt emerge and are placed at the helm.

Why Such Disenchantment?

If the over-all picture is one of respectable progress and there often appears to be a positive correlation between progress made and aid received, why such widespread discouragement? Explanations abound and some have little to do with the efficacy of economic aid.

In the United States, the annual "Donnybrook" on foreign aid, which has no important domestic constituency, gives the Congress its greatest opportunity to express frustration and irritation over the President's conduct of domestic and foreign affairs and the unmanageable onward rush of events in a troubled world. In the never-ending struggle between the legislative and the executive branches for power, it offers the former scope and rope for hamstringing the latter.

Moreover, America's deep and costly involvement in a single less developed area, South Vietnam, has had far-reaching, divisive ramifications. Aid is alleged to have played a role in entrapping us. It continues to provide disheartening instances of corruption and waste. The situation has alienated some former supporters of development assistance, lowered the priority for less developed areas other than South Vietnam, and

[27] For the most sophisticated evaluation yet made of a massive American aid program—economic aid to Taiwan during 1951-65—see Jacoby, *op. cit.*

raised the question of whether, in light of its balance-of-payments difficulties, the United States can afford aid elsewhere on the scale proposed.

If Vietnam could be expunged from the record, boredom and disenchantment would still be prevalent. The high hopes unleashed by President Truman's 1949 call for a "bold, new program" of assistance to the underdeveloped nations have subsided. The exotic has become familiar and domestic problems increasingly preoccupy the citizenry of the more affluent nations. Profound changes have occurred within the communist world and in communist relations with the less developed world. The "communist threat" is no longer a completely credible justification for American aid to almost any country.

The over-all economic record of the less developed world during 1950-64 was respectable, but rates of growth have been slowing down. Real product grew less rapidly in 1960-64 than in 1955-60, and less rapidly in 1955-60 than in 1950-55. The less developed countries have accumulated an insupportable burden of foreign debt. Once substantial exporters of foodstuffs, they have become importers on a huge scale. Unrealistic aspirations continue to be aired, and the fruits of increased productivity have too often been harvested by a small clique.

Violent political upheavals and heavily nationalistic attitudes in developing countries have been particularly disheartening to Americans. The less developed countries do not love us, they flirt with our enemies and play us off against them, and their progress toward democracy is even slower than their progress toward economic self-support. While history is in the making, however, historical perspective is bound to be defective.

How Much, to Whom, for How Long?

Experience and research are helping Americans to understand the development process, the United States interest therein, and the leverage (limited but not negligible) that the United States can exert to influence the pace and course of another country's evolution. Even the most convincing presentation of the general case for development assistance offers little guidance regarding the proper geographic scope, financial dimensions, and operational techniques of the effort. Should the United States run a $3 billion or a $6 billion a year program? Should it include or exclude aid for Egypt? Should it concentrate on health, education, and agriculture, or be responsive to a broader range of needs?

If development of the less developed countries, on balance, serves the American interest and they can use effectively more aid than they are now receiving, then the United States ought to be willing to provide a fair share of the increase—directly or through international agencies.

To make the U.S. decision heavily dependent on the willingness of other high-income countries to finance their fair share, as we see it, may hand them a veto on action that would be in the American interest even if its own share were "unfair." In fact, there is a growing body of theory to support the conclusion that a superpower such as the United States must expect to bear a disproportionate share of the burden in many types of collective actions.[28]

Congressional debate on foreign aid is studded with references to the "unfair" share of the burden being borne by the United States and the folly of giving aid to this or that country. The principal determinant of the actual size of the program is its size in the previous year, give or take (with a tendency to take) 10 percent or more. Rarely do the decision makers ask how large the program should be in order to supply the margin of resources or induce the policy changes needed if development is to proceed at a politically tolerable rate in countries that are seriously interested in development, or capable with a little encouragement of becoming so—and whose development would appear to serve America's national interest.

Though political exigencies seem to demand specificity, an honest answer to the question can be provided only in terms of a range. It requires information about the will to develop in such countries, their capacity to mobilize domestic resources and increase output in industry and agriculture, and the urgency, from the point of view of the United States, of providing a specific level of incentive to galvanize the will, mobilize the wherewithal, and get on with the job. It likewise requires assumptions about international trade policy and the willingness of the industrialized countries to enable the less developed countries to maximize their earnings from commercial exports. The inflow of private investment is another variable that has to enter into the calculations, along with estimated receipts from tourism, remittances from abroad, and local demand for imports. Even with respect to the residual—the "requirement" for foreign aid—assumptions must be made about the availability of resources from international agencies and from donors

[28] See Mancur Olson, Jr., *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, Mass.: Harvard University Press, 1965), esp. pp. 33-49. ". . . in groups composed of members of greatly different size or interest . . . there is a tendency toward an arbitrary sharing of the burden of providing the collective good. The largest member, the member who would on his own provide the largest amount of the collective good, bears a disproportionate share of the burden of providing the collective good. The smaller member by definition gets a smaller fraction of the benefit of any amount of the collective good he provides than a larger member, and therefore has less incentive to provide additional amounts of the collective good. Once a smaller member has the amount of the collective good he gets free from the largest member, he has more than he would have purchased for himself, and has no incentive to obtain any of the collective good at his own expense. In small groups with common interests there is accordingly *a surprising tendency for the 'exploitation' of the great by the small.*" *Ibid.*, p. 35.

other than the United States, about the proportions of project and program assistance, grant aid and loan aid, and the efficiency with which available forms of assistance will be used.

Such estimates have been made, as indicated in the earlier quotation from George Woods, President of the World Bank.[29] They tend to agree that the amounts needed are larger than what is now being made available, but that they are by no means beyond the capacities of the more developed nations to supply.

The Congress, in addition to providing the American funds which are needed, should provide some broad guidelines for their use. The national interest will be best served, however, if the legislative branch gives to the larger, better-staffed executive branch considerable discretion with respect to how much, to whom, and for how many years—and if both branches keep at least one eye fixed on the long-term outlook, regardless of the irritations of the moment. The reason for a broad grant of discretionary authority is not because the executive branch is wiser but because legislation is a much more explosive, unilateral, and inflexible device than negotiation for securing, for instance, a change in Egyptian policy, compensation for nationalization of American property, or preference for the small business enterprise.

The check list of statutory criteria for Alliance for Progress loans now contains 41 items many of which, viewed separately, may appear defensible.[30] Together they constitute a strait jacket. When foreign aid legislation is expanded by the Congress from the establishment of general guidelines into the preparation of a manual of detailed instructions to the aid administrator, the results are more likely to serve local than national interests. The national interest will also suffer if aid legislation is allowed to become a vehicle for the ventilation of congressional irritation with the conduct of other aspects of foreign or domestic policy.

None of this is intended to imply that the executive branch never needs a kick in the pants, that shock treatment for a designated foreign government will not sometimes prove helpful, or that the withholding of aid is always an antisocial act.

The United States is not obligated to help nations that do not want American help or that make no recognizable effort to help themselves. Development assistance, moreover, can be harmful as well as helpful. It will be harmful if it enables receivers to postpone for too long painful

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[29] See also the papers emanating from the AID Summer Research Project of 1964, including *Estimating LDCs Future Aid Requirements* and *Projected Aid Requirements for Turkey: 1960-1975* (Washington, D.C.: U.S. Department of State, Agency for International Development). The latter study is presented "less as a realistic set of projections and more as a realistic illustration of an approach which might be useful in making such projections."

[30] George A. Lincoln, *Improving AID Program Evaluation*, Report to the Administrator (Washington, D.C.: U.S. Department of State, Agency for International Development, October 1965), p. 23.

adjustments that they will sooner or later have to make as part of the price of modernization and of life in a family of nations.

Politically, painful adjustments tend to be destabilizing. The United States has probably been too quick to assume that the kind of political change that seemed most imminent in aid-receiving countries would be less favorable to American national interests than would the *status quo*. The asymmetry in economic relations that was noted earlier in this report applies also in the political realm. A friendly relationship with the United States is ultimately more valuable to almost every one of the less developed countries than its friendship is to the United States. Awareness of this and the galling nature of the present asymmetrical relationship should make the United States fairly tolerant of fractious behavior by particular less developed countries. More than the friendship of any single country, the United States needs the cooperation of a broad coalition in building a world order based on consent rather than coercion and in preventing the solidification of cleavages based on color and income.

If a steady strengthening of the international institutions is a long-range American objective, if some of the principal tests of eligibility for development assistance can be construed as technical rather than political (e.g., the need for external resources, the availability of good projects and/or a good development plan, and the willingness of the country to help itself), and if some of the political strains of a bilateral arrangement can be decreased by the introduction of a filter or buffer, then the United States should rely more heavily on multilateral institutions. Greater reliance on multilateral channels, however, does not mean exclusive reliance.

For the foreseeable future, the United States, like many other aid-giving countries, will have political and security interests, regional loyalties, historic and cultural ties, and ideas of its own with respect to the promotion of development, that will keep bilateral aid alive and important. Among the relevant tests of eligibility for American assistance are the following: Is the country important politically, economically, strategically to the United States? Is it seriously interested in development? Is it a viable entity? Does it want bilateral aid as well as multilateral aid? Can the United States supply the aid without becoming identified with unpopular political leaders or inextricably involved in the country's internal affairs?

In documents not available to the general public, the U. S. government has for some years been seeking to summarize its interests and objectives with respect to broad geographic regions and to each nation within such regions. The results are not, and probably cannot be, meaningful in the sense of providing a handbook for action in the event of contingency A, B, or C, but they can provide a time perspective and sense of direction that would otherwise be lacking.

It is no secret that India, Pakistan, Nigeria, and Brazil are impor-

tant because of their size. The Philippines, Liberia, and most Western Hemisphere nations are important to the United States because of historic ties. Chile, Costa Rica, Tunisia, and a few other countries have an apparent commitment to the democratic process that should enhance U.S. interest in their progress. Indonesia, like India and Pakistan, is a big, strategically located country but during Sukarno's heyday became too hostile and too uninterested in development to qualify for American aid. That situation, happily, is changing. With Cuba, the United States had long-standing historic ties, but Castro's Cuba chose to sever them. Haiti under Duvalier, Burma under Ne Win, and Paraguay under Stroessner have demonstrated an aversion for democracy that inevitably minimizes American interest in their development.

Whereas four major countries—Brazil, India, Pakistan, and Indonesia—contain more than half of the total population of the less developed noncommunist world, close to 100 of the developing countries have populations under 15 million and two thirds of these have populations of less than 5 million. A nation with 4 million inhabitants and a per capita income of $125 per year represents a market comparable in economic importance (if one ignores income distribution) to an American city the size of Bridgeport, Connecticut; Corpus Christi, Texas; or Fort Wayne, Indiana. The best hope for such countries would seem to lie in regional integration schemes to enlarge markets, share road and power networks, and reduce the burdens of separate defense and diplomatic establishments.

So far, the most successful non-European effort at integration is the Central American Common Market. The much larger Latin American Free Trade Association is a poor second. The association of a number of African countries with the European Economic Community has brought important advantages to the associated nations and considerable uneasiness to developing countries in Asia and Latin America.

Countries that are economically inconsequential will have trouble surviving as sovereign entities. Nations with respectable economic potential can fail for other reasons—tribal or religious differences about which emotions run high, irreconcilable language difficulties, an unbridgeable urban-rural split, or incompetent leadership.

The merger of nonviable nations into something stronger and better integrated is essential but the pathway is so strewn with political pitfalls that many seemingly sensible arrangements will come to naught. The wise course for the United States may be to support the principle of integration and to support financially the regional development funds, banks and other institutions that can help promote common markets, free trade areas, river development schemes, and perhaps political unions within the region, but to avoid close identification with particular arrangements.

The problems of identification with unpopular leaders and entrapment in the internal affairs of aid-receiving countries are also complex. Suffice it to say here that much depends on the ability of the United States to

reach the grass roots without becoming omnipresent, to help realize the aspirations of the people, and to influence the elites via such programs as strengthening higher education.

The Charter of Punta del Este placed aid to Latin America in an ideological framework that has been lacking in our relationship with Asian, African, and Middle Eastern nations. The Alliance for Progress represented a joint commitment to peaceful revolution, to a worthy set of objectives capable of eliciting enthusiastic support from the common man. In conception, if not in execution, it put the United States back on the side of the angels. In addition to its contribution in the realm of development ideology, it has made use of multilateral institutions in which Western Hemisphere nations can function as partners, thereby blunting the tendency of the United States to become involved in a "papa knows best" fashion in the affairs of weaker countries. The Peace Corps, another brilliant American innovation, has successfully avoided this temptation by plainly making the American volunteers servants of the foreign governmental establishment. Although the Peace Corps may be an inadequate model for an aid program that encompasses more than technical assistance via middle-level manpower, the success it has enjoyed should not be overlooked by those in search of ways to improve our more ambitious American programs.

Two Types of Calculus Involved

The national interests of the United States and the less developed countries are not identical, at least in the short run, and nothing will be gained from pretending that they are. They do overlap, though, in ways that permit both sides to benefit, each in its own way, from a more broadly based expansion of the world economy.

The decision as to whether America's national interests will be furthered by providing a specified amount of development assistance to a particular country during a given year must be based on a different calculus than the decision as to whether the United States should retain a development assistance program as part of its foreign policy arsenal. Despite the many common characteristics of less developed countries, the long-range objectives we share with most of them, and the dangers of discriminating among them, each country remains to some extent in a class by itself.

Its importance to the United States will normally be exaggerated by the American ambassador to the country and by the country's ambassador to Washington. The United States will be more important to the country as a market, as a source of investment funds, and as a friend than the country will ordinarily be to the United States. In both nations, assessments will be influenced by extraneous events, by overwrought pressure groups, and by the excessive weight given to short-term factors in balancing them with long-term factors.

These considerations will also affect the decision regarding continuation of an over-all program of American aid to less developed countries. Agreement that such a program can affirmatively serve the national interests of the United States does not imply agreement on the weight accorded to particular political, economic, or security arguments at a given moment. Different groups will support—and oppose—economic aid for different reasons. If the supporters win in principle but the country repeatedly falls short of supplying the sums needed, the result will be detrimental to the national interest. Just as a man on a bicycle must ride along fast enough not to fall off, the developing world must move forward fast enough to keep ahead of population growth and to prevent aspirations from hopelessly outdistancing achievements.

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