

AMERICAN LEADERSHIP SEMINARS



Seminar Number One

THE UNITED STATES
AND
THE DEVELOPING NATIONS

Background Folio IIII

AMERICAN POLICY: CHOICES FOR THE FUTURE

I. The Challenge of Development

Since 1945, the U.S. has given aid to democrats and dictators, to friends and foes, to reformers and reactionaries. In some cases it assisted nations for humanitarian reasons or to help them recover from the ravages of war. In some it hoped defense aid would strengthen the recipient countries so that they might contribute more effectively to their own, and indirectly to our, security. On still other occasions it aided neutrals in order to bolster their continued neutrality or because it feared they would become overdependent on Communist help.

In the past decade U.S. foreign aid has increasingly focused on the needs and problems of the emerging nations. Currently a major part of our aid dollars goes to assist economic development programs in these countries. The concluding paragraph of the Clay Committee report suggests the motives and purposes that underlie this emphasis in policy.

"We would point out," the report notes, "that the need for development assistance and a U.S. interest in providing it would continue even if the cold war and all our outstanding political differences with the Communists were to be resolved tomorrow. This is so not merely because it is part of the American tradition to be concerned with the plight of those less fortunate than ourselves. This is so not merely because it is in our national self-interest to assure expanding markets for our production and reliable sources of supply of necessary raw materials. It is because the people of the United States hope to see a world which is

prosperous and at peace that we believe those nations which are seriously striving to promote their own development should be helped by us and by our partners to create and maintain the conditions conducive to steady economic progress and improved social well-being within the framework of political freedom."

Successes and Failures

How effective has aid been in terms of promoting economic progress? Our program to assist the emerging nations has recorded significant successes and notable failures. Aid has been a key factor--to cite just two examples--in the economic success of Taiwan and in the progress achieved by India. U.S. aid, to cite two other examples, appears to have had little effect in Laos and Indonesia.

Because of its aid program the U.S. has won friends and stirred enmities. We are at once liked for our generosity and reviled because taking aid is humiliating to many; we are envied for our affluence and disliked for not giving more; we are hailed as liberals and denounced as supporters of reaction.

Frustrated because matters have not always gone to U.S. advantage, many American citizens have grown increasingly critical of foreign aid. The usefulness of aid has been debated, its effectiveness doubted, its future questioned.

The remedies proposed are varied. Some say that foreign aid should be phased out entirely, or cut drastically, or that the major part of assistance should come from international lending institutions. Others suggest that the goals of the aid program be revised and assistance given on a more selective basis. Still others argue that the U.S. can and should do

more than it is doing to assist the poorer nations.

What Role for the U.S. ?

The annual congressional battle over appropriations for the program reflects the conflicting views about the role of aid in U.S. foreign policy. Each year the Administration asks for a certain figure, and each year Congress appropriates a considerably lower sum.

The Clay Committee concluded that there could be a sizable reduction in spending without jeopardizing U.S. national security or the stability of the non-Communist world. "Substantial tightening up," it stated, "and sharpened objectives in terms of our national interests are necessary, based on a realistic look at past experience, present needs and future probabilities." The details of the report have intensified the debate over foreign aid.

Many difficult issues lie before the nation. Should the U.S. be giving economic aid at all? If it should, then for what reasons? Can U.S. assistance play a significant role in the development of the emerging nations? Or are the difficulties so great that U.S. money is just being poured down the drain? What is the proper form for U.S. aid? Should it be in loans, grants or technical assistance? What kind of strings, if any, should the U.S. attach to its help? For how long should the U.S. continue to disburse foreign aid? Is it giving too little, enough, or too much?

II. The Problems of Progress

Few Americans taking a hard look at the emerging nations could underestimate the immensity of their economic, social and political problems. While some observers are cautiously optimistic, many others

wonder whether development efforts can achieve even moderate success in more than a handful of countries.

Since a modern industrial state cannot be built on the political and social systems of a preindustrial society, national development is no ordinary or easy process. It disrupts a traditional society by undermining and eroding old institutions and values. It inevitably involves a shift in basic social relationships and a questioning of customary routine. The development process, in short, means change--deep-rooted, disturbing and sometimes violent change.

None of this takes place smoothly. On every hand obstacles already exist or rise to block the path of development. Some spring from within the country--from the opposition of various social groups to change, from politics and from economics. Other obstacles rise from without the country--from world trading patterns and the flow of exports and imports. Together they constitute a formidable barrier to development.

Barriers of Attitude

It has been said that development is a state of mind; that the process is not only economic, but psychological, social and political as well. Thus, it often becomes necessary for the government of an emerging nation to launch a sustained drive upon those elements of a culture that stand in the way of progress.

In doing so, the government may open a Pandora's box. The attitudes and value systems of the people are deeply rooted and not easily shaken by persuasion or propaganda. Despite official pressure, the caste system of India, for instance, remains a strong element of national life and stands

as an obstacle to progress.

Similarly, it may be difficult to convince an Indian rural couple of the need to limit its family, when sons are still regarded as the best security against destitution in old age. It may be equally difficult to persuade a cautious Middle Eastern peasant to abandon old methods--which have managed to keep him and his family alive--for new techniques whose worth he does not trust. Yet, if development is to proceed, the inhabitants of an underdeveloped country must accept new ways as a part of life.

Lack of Cohesion

But more than mere acceptance of new ways is required. A spirit of cooperation and mutual interest in common goals must be cultivated among the members of all classes in a developing country. Yet these very attitudes are often conspicuously absent.

Corruption and nepotism in the emerging nations, for instance, are often symptomatic of the lack of any concept of civic responsibility. The people frequently lack any sense of popular identification with the national government or its policies. An African, for example, may feel more loyalty to his tribe than to his new national government. The embattled regime in South Vietnam has found it difficult to whip up support for its fight against Communist guerrilla troops who threaten the very life of the country.

It takes strong leadership to nourish the attitudes regarded as necessary for social, economic and political development. Some of the present regimes--themselves composed of, or dependent on, the old elite groups--are incapable of such leadership.

Thus the problem of reshaping the attitudes of a nation submits to no

easy solution. Can foreign aid be put to effective use unless the ruling groups identify themselves with the legitimate aspirations of the people? Can parochialism and tribalism be broken down without splitting the society asunder?

Expectations and Frustrations

The development process is almost sure to introduce a measure of social tension and disintegration into the societies of the emerging nations. A villager who migrates to the city in search of factory work may find himself bewildered by the new patterns of life he faces. Gone is the embrace of the traditional society he knew and the shelter it gave him. Instead of the security and comfort of a well-ordered routine, there is fear and uncertainty. These and other disruptive social factors can generate explosive forces which the government, hard-pressed on many fronts, may find itself unable to contain.

Tension may be further heightened by a rising level of discontent fed by a lack of evident progress. Development will mean not material dividends to many, but a gnawing new awareness of deprivation. The so-called revolution of rising expectations will, in reality, be a revolution of rising frustrations for millions.

Trade unionists in parts of the world, for instance, are already demanding some of the benefits the union movements in the West did not win until relatively late in the industrialization of their countries. But wage increases and other social benefits may have to be foregone until industry in the underdeveloped world achieves greater growth and productivity.

This issue poses a perplexing problem. Should a government attempt

to gain popularity and promote stability by dispensing various social and economic benefits before the economy can afford them? If the government practices strict austerity for a prolonged period, how will it cope with the discontent of the people? For the articulate minority is often not satisfied when it is told to wait until tomorrow. It wants the tangible dividends of progress today.

At the same time, the people in the underdeveloped world are increasingly aware of the gulf between their standards of living and those of the more prosperous nations. This gap is becoming larger every year--not diminishing as some had optimistically hoped. "By absolute standards," a UN report states, "the material situation of the less-developed countries has been gradually getting better, by comparative standards it has been getting worse."

Revolution or Evolution

It has already been suggested that development may produce upheaval because of the profound changes it brings about in the structure of a nation. The U.S. hopes that these changes will occur in an orderly way. But there are many who speak of the dangers ahead. "It is hard to see," one author comments, "how the elementary preconditions of development can be established short of political revolution."

Take Latin America as an example. The U.S. hopes to trigger a peaceful revolution there through the aid it gives to the Alliance for Progress. But the sweeping changes envisioned by the charter of the Alliance may serve to weaken the power of the present ruling groups. Will they consent to land reform when much of their present power and position is based on land? Will they violently suppress those who advocate

change? Or will the pressures for land reform and other measures lead to revolution from below?

In a sense U.S. aid is a calculated risk. The difficulties engendered by the development process may produce such turmoil as to threaten the stability of the country and the peace of the area. Thus, one of the key goals of U.S. aid--to help produce a peaceful, orderly world--would be endangered. Should Americans continue to give foreign aid and invest their dollars in the underdeveloped nations when the risks are so great? What of the risks of refusing to help?

A Capital Problem

Despite the importance of social and political factors in the development process, the progress of the emerging nations is usually measured in terms of increased production of goods and services. As any businessman knows, the recipe for growth calls for several ingredients--imagination, efficiency, initiative. But there can be little large-scale growth without investment. Investment demands savings and savings demand that production ultimately exceed consumption. In previous seminar papers we have seen how difficult it is for a poorer nation to accumulate savings (and how relatively limited external sources of money are).

This is not to say there are no savings at all in the underdeveloped nations. Some are saving and investing at a rate of from 5 to 10 percent of national income. But because of population increases this is just enough to allow them to hold their own or to grow at a pace deemed unsatisfactory. "It is the sheer rapidity of growth," notes a recent bulletin from the Population Reference Bureau, "which is stifling economic and social progress--and the absence of this progress, in turn, perpetuates rapid population

growth."

The bulletin cites one case illustrating the pressures of population growth. "The Inter-American Development Bank," it says, "recently announced a loan of \$1 million to help construct housing for 716 families, mostly in and around Tegucigalpa [Honduras], the capital. Hondurans average six people per household, so this will mean new homes for 4,300 people. But the city has been growing by about 6,000 a year for the last decade. Thus, the project will not even provide for a year's increase, let alone alleviate the overcrowded conditions which now exist."

Difficulties of Development

Economists point out that, on the average, every \$3 of fresh capital invested will result in a \$1 increase in national income. While such figures do not apply to every underdeveloped country or to every industry, the three to one capital-output ratio is generally accepted as representative.

A nation whose population is growing at the rate of 2 percent annually must invest 6 percent of its yearly income to keep living standards from slipping lower. For this same nation to achieve a 5 percent increase in per capita production an investment rate of 21 percent would be required. (Remember that a 6 percent rate in a country with a 2 percent annual population increase enables living standards to remain the same, a 9 percent rate would mean a 1 percent net increase, a 12 percent rate a 2 percent increase, etc.)

The 21 percent rate would have to be maintained for many years before the economy would be ready for the so-called take-off into self-sustained growth. At present, such a rate appears beyond the internal capacity of many of the underdeveloped countries outside the Communist bloc.

(Totalitarian governments are often able to achieve a high rate of savings and investment because they clamp a tight lid on civilian consumption of food and goods.)

High Cost of Progress

One of the disputed questions today is the amount of foreign aid money that should be made available to the emerging countries. Some groups in the U.S. maintain that our development assistance, which amounts to less than 1 percent of our gross national product, could be increased by several billions of dollars. They argue that this would not be an undue strain on the country's balance-of-payments problem because the recipient countries spend some 80 percent of their aid money in the U.S. An increase in aid money might even put some of our unemployed and underutilized resources to work.

Paul G. Hoffman, Managing Director of the UN Special Fund (which offers help in surveying a country's natural and human resources), estimates that there is an urgent need for an additional \$2 billion a year in development grants and loans during the remaining years of the decade. This would be in addition to what is already being provided in public and private foreign funds.

The UN has set a goal for at least a 5 percent increase annually in the aggregate income of each of the developing countries during the 1960's, which have been termed the United Nations Development Decade. This is considered the absolute minimum if the emerging nations with large annual population increases are to make any headway. Yet, there is no indication that even this minimum will be reached and maintained.

It should be noted that the Clay report, despite its support of foreign

aid, stated that the last program approved by Congress could have been cut by approximately \$500 million. In an apparent endorsement of such comments, President Kennedy submitted a message to Congress asking for some \$420 million less than he had originally requested for the coming year's foreign aid efforts. Many fear that Congress will slash still more from the foreign aid budget. Is this a proper time to cut down on foreign aid? Or should our aid efforts be augmented, as the one dissenting member of the Clay Committee recommended?

One World

The question of money aside, there are still other barriers which may block the development process. For instance, the close relationship between the economies of the developed and the underdeveloped nations is a factor which sometimes tends to cancel out the effects of aid.

A recession in the U.S. and Western Europe during 1957-58 depressed the demand for, and the price of, such products as coffee, tin and cocoa. This decreased the export earnings of the underdeveloped nations by some 7 percent. Since the prices of manufactured goods continued to rise, the underdeveloped nations lost about \$2 billion in import capacity. This was almost as much as all the economic aid they received during the recession year.

In some cases the trade practices of the developed nations add to the difficulties. Some industrialized nations heavily tax certain items from the underdeveloped countries; others impose import quotas on food and industrial raw materials; still others levy taxes on imports of raw materials if they are in slightly processed form. While these measures aim at protecting

domestic producers, they serve to weaken the development effort to the extent that they reduce the foreign exchange earnings of the emerging nations.

In effect, the industrialized nations extend aid and curb trade. As one foreign aid administrator commented, it is like beating a man with one hand and dressing his wounds with the other.

This suggests that a campaign to reduce trade impediments might be a more fruitful endeavor than increasing aid. According to a National Planning Association report, Latin America's export earnings would double if all restrictions against its primary products were to be eliminated by the U.S.

In recent years there has been an international effort to lower the obstacles to trade, but barriers remain widespread. However, a basic question remains. Does trade reform offer a better prospect for progress than foreign aid? Would the best kind of aid be the elimination of tariffs and import quotas?

Is Development Possible?

To describe some of the social, political and economic barriers in brief outline is not to suggest that progress is impossible. The story of our assistance efforts is replete with instances of positive achievements resulting from U.S. aid.

It is said that the hunger for education is second only to the hunger for food. Education can instill purpose and responsibility as well as help develop the skills a country needs if it is to move up the national income ladder.

The economic barriers, too, may be overcome. Savings, for instance, can be increased through tighter fiscal administration or through opening new revenue sources. Imagination can be applied so that relatively large increases in output can be achieved with relatively small inputs of capital. Use of a simple homemade metal plow, instead of a pointed stick, tripled sugar beet yields in Iran. The introduction of space-saving row-planting of corn in Ethiopia increased production from 18 to 30 bushels per acre.

Lessons of the Past

History has shown, too, that countries with few assets, except their people and their will, have been successful in the development process. Switzerland is an example. Japan, with limited resources and a rigid social structure, entered the ranks of the prosperous industrialized nations. If Japan could do it, why not India and Pakistan, especially since they do benefit from foreign aid? Why not Nigeria and Brazil? Why not Colombia and Tunisia? If a few countries in this decade, why not more in the next?

Certainly, the efforts of the individual nations are important. But many believe the role of aid is equally important: to provide technical and financial help in key areas at key times so that economic impetus can be generated. Foreign aid may thus be the significant difference between giving a nation a fighting chance and condemning it to stagnation without hope.

Spectator or Participant?

Whatever conclusions Americans may draw about the prospects of the emerging nations, one thing is certain. Nothing--neither withdrawal of

aid, nor economic crisis, nor even war--will weaken the desires and aspirations that have been awakened among millions of people.

With every advance in literacy, with every installation of a village radio, there is an increase in the number of those who believe that tomorrow can bring more than today offers. This belief, whether justified or not, cannot and will not be suppressed.

The U.S. can sit on the sidelines and watch what happens with detachment. Or it can participate in the struggle for progress. One course leads to self-isolation, the other to continued involvement.

The Truman, Eisenhower and Kennedy Administrations have strongly favored participation. To quote President Kennedy, "The 1960's can be-- and must be--the crucial 'decade of development'--the period in which an enlarged community of free, stable and self-reliant nations can reduce world tensions and insecurity....Our job, in its largest sense, is to create a new partnership between the northern and southern halves of the world..."

Given the decision to participate, how can the U.S. obtain maximum effect from its aid money? What conditions, if any, should the U.S. attach to its use?

III. The Maze in Aid

It is safe to assume that the U.S. will be in the foreign aid business for some time to come. It is equally probable that there will never be complete agreement on the form or focus of aid.

Shall U.S. aid concentrate on the development of industry? Should agriculture merit first priority? Or should the human resources be

developed as quickly and as fully as possible? Would it be possible to attack all these areas at once? Or would intensive work in one sector provide a quicker route to self-sustained growth? There are experts who support each of these theories.

If one accepts the view that it is of basic importance to attack the inertia and resistance to change prevalent in most of the underdeveloped nations, then investment in people would appear to promise the greatest dividend in the long run.

This means that foreign aid might best apply itself to education programs, extension of library services and training projects of all kinds, as well as to hospitals, clinics and housing projects. It might help enlarge agricultural services and implement social legislation.

Every country need not possess steel mills and industrial parks. But it is necessary, say those who place priority on the human factor, that every country have a pool of skilled workers, professionals and administrators large enough for its needs.

"The Germans have built us a steelworks," said an Indian official, "but we are hostages of their technology. How can we get our people to replace them, without adequate elementary schools to give any grounding? Give me ten thousand teachers..."

Technical Assistance, Loans and Grants

Generally speaking, there are three ways to extend aid. It can be given through technical assistance, through loans or through grants. The basic argument in favor of technical aid is that the costs are relatively small and cease entirely as soon as the host country believes it has acquired sufficient know-how. It also provides for people-to-people contact

on a scale that other aspects of the aid program do not.

Technical assistance, however, cannot satisfy a country's capital needs. Sooner or later cash becomes indispensable. How shall the cash be given?

Shall it be as a gift or grant--which impose no financial obligation on the recipient country? Or shall it be as a loan--which must be repaid with interest over a specified period?

The case against grants, in the view of some, is that they encourage frivolous spending and financial irresponsibility. They are also resented as "charity." Loans, on the other hand, impose a degree of restraint likely to result in the careful utilization of aid money. On the surface, it would seem that a loan makes sounder business sense than a grant.

However, the amount a country can safely borrow is limited by its ability to earn through trade, tourism, or other means the currency of the lender or currencies convertible to it. Even if a grace period of some years is offered, the repayment schedule will impose a burden on a hard-pressed country. Some of the underdeveloped countries are, in fact, approaching what is considered the limit of their borrowing ability. Grants, then, may be a more appropriate form of aid to those countries unable to earn sufficient amounts of foreign currency.

Another possibility is that the borrowing country repay loans in its own "soft" currency rather than in the "hard" currency of the lender. Several U.S. and international agencies have been created in recent years in recognition of the increased need for such loans. These groups (such as the International Development Association--an affiliate of the World Bank) are empowered to make long-term "soft" loans at low interest rates.

Aid for Whom?

The argument over who shall be the recipients of U.S. aid has never ceased. Shall it be given to every needy nation which is not an outright enemy of ours? Or is aid to be given only to friends and allies?

The Clay report suggests that U.S. aid relate more specifically to U.S. interests. "We cannot believe," the report states, "that our national interest is served by indefinitely continuing commitments at the present rate to the 95 countries and territories which are now receiving our economic and/or military assistance."

Some who advocate greater selectivity in aid propose that assistance be concentrated on only a few countries, such as India, Brazil and Nigeria. This argument goes that if the U.S. should devote most of its aid dollars to three or four key countries, at least their chances of successful development would be vastly improved.

In recent years there has, in fact, been a trend toward great selectivity. In 1962, almost half our economic assistance went to just six countries. In his April 1963 message on foreign aid, President Kennedy termed stricter standards of selectivity a key objective.

Greater selectivity, however, risks alienating the many for the sake of the few. It might also write off the hopes of millions of people as beyond the sphere of our concern. What is our responsibility toward the rest of the world? Is it morally right, even if perhaps politically expedient, to say we should concern ourselves only with helping people in those areas important to our security and vital to our interests?

Ties that Bind

If aid is really to serve U.S. interests effectively, most people would

contend, it must have certain strings tied to it. One problem in dispensing assistance, however, is to decide with what strings it shall be bound.

Wrong strings, according to some experts, are those which set the price of aid as allegiance or subservience to U.S. economic, political or military interests. It cannot be assumed, for instance, that support bought with gifts or loans will stay bought. Nor can it be assumed that a country currently unfriendly to the U.S. will continue to be hostile. The neutrals-- and perhaps the enemies--of today may be the friends of tomorrow.

Right strings, one author says, "are those which maximize the contribution of foreign assistance to sustained growth within a democratic political framework. . . . The one string on which the U.S. should always insist as a basis for economic assistance is that the recipient country should be able to use the assistance effectively."

Chester Bowles, formerly the President's Special Adviser on African, Asian and Latin American affairs, maintains that a country's eligibility for economic aid should depend on a number of factors--per capita income, fiscal policy, social development program, public support, etc. The analysis of these and other elements would determine how much and what kind of aid the nation needs and can absorb. Those countries which cannot absorb the aid because they lack the skills to make effective use of project assistance would be sent technicians and administrators so that the necessary abilities could be acquired.

Standards should be tough and exacting--but they should not, many insist, require any kowtowing to a foreign power. Foreign aid granted on the basis of such criteria, it is argued, can play a constructive role in world development.

This approach is not entirely compatible with some recommendations

of the Clay report. The report suggests a cut in aid to certain countries which are neither our allies nor deemed essential to our own or to free-world security--even if they could meet all other required standards.

Which approach would best foster U.S. interests? Should aid be closely tied to our military and economic interests? Or would U.S. interests be best served by distributing aid on a wider basis?

Public vs. Private Investment

One of the major points of controversy is the relative merits of public vs. private investment in the emerging nations. The Clay report, for instance, suggests that "...the U.S. should not aid a foreign government in projects establishing government-owned industrial and commercial enterprises which compete with existing private endeavors." President Kennedy has also called for measures aimed at increasing the role of foreign and domestic private investment in assisting the underdeveloped countries.

However, almost all the emerging nations are committed to some measure of state planning and centralized control. How will their leaders regard our favoring of private enterprise for their countries? Are they likely to be incensed by the traditional U.S. distrust of government intervention as being a step toward socialism--and socialism being a disguise of the devil? Should the U.S. have anything at all to say about the roles of public and private investment in the emerging nations?

Bilateral or Multilateral Aid?

Most U.S. economic aid has been channeled directly to the recipient country. Only a fraction of it has been given to UN agencies involved in development work. There are strong arguments, say some, for directing

more aid dollars to the UN.

The underdeveloped nations may prefer aid to come through international organizations or institutions--such as the UN or the World Bank. Such aid inspires less fear that strings of a political nature will be attached. It is also less likely to arouse resentment against the donor nation than bilateral aid, and would allow the burden of contributions to be shared more widely.

A few of the emerging nations, however, are said to prefer bilateral aid. They may prefer to work with aid missions of one nationality. They may also reason that because they are of military or economic importance to the aid-giving nations, more assistance would be forthcoming bilaterally than multilaterally. The UN, by contrast, must consider the applications of all members, and its aid money is spread thin.

Many in the U.S. also object to multilateral aid through the UN. They claim it may not serve the purpose for which it was intended since it would be impossible to attach strings which would serve specifically U.S. interests.

The Clay report favors both bilateral aid and certain forms of multilateral assistance other than through the UN. "...the interests both of the United States and of the developing nations," notes the report, "will be best served by the gradual shifting to effective international administration, free of the complications arising from membership of the Soviet bloc, of as large a share of the responsibility for developmental investment as the cooperation of other free-world aid-giving nations makes possible."

The report stresses its belief that the U.S. has been sustaining an unfair burden in foreign assistance, even though the other industrialized

nations are now giving a total of \$2.5 billion in bilateral economic aid. It recommends that the international consortia and coordinating groups for such countries as India, Turkey and Pakistan greatly improve the terms of their loans. If they do not, warns the Clay report, then these recipient countries may be saddled with "impossible debt-service requirements and U.S. aid funds would pay for these short-term and shortsighted debts."

New Directions

There are still other means by which the developing nations could be aided. Of great potential significance are various possibilities for improving the trade position of the underdeveloped countries by lessening their vulnerability to price swings in the international commodity market. An International Coffee Agreement, signed last September, attempts to support prices by assigning quotas to coffee-exporting nations. The document also calls for a reduction in coffee production to reduce world oversupply. Commodity agreements, however, provide no magic cure. While steadying export earnings makes planning easier, it does not necessarily mean that the average level of earnings will be raised.

Some economists have recommended consideration of long-term loans to the underdeveloped countries to make up for sharp reductions in exchange earnings due to a drop in the price of a basic commodity. There has even been a suggestion for a wide application of one-way free trade. Under this arrangement, certain key products of the underdeveloped countries would be accepted duty-free by the industrialized nations. At the same time the developing nations would maintain tariffs to protect their "infant" industries. These conditions already exist for certain products traded between the Common Market and associate African members.

Which of the many forms of aid are best suited to the needs of the time? Should the U.S. consider turning from bilateral to multilateral aid? Should it allocate a greater percentage of its aid budget to the UN? What should the U.S. do if the other industrialized nations do not assume their fair share of the aid burden?

IV. Spectre in the Wings

The profound dislocations brought about by the development process offer tempting prospects to the Communists. Communism, in fact, has been called the "disease of the transitional period." The Communists believe, one author comments, "that their techniques of organization, based on small disciplined cadres of conspirators, are ideally suited to grasp and to hold power in these turbulent settings. They believe that the weak transitional governments one is likely to find during this modernization process are highly vulnerable to subversion." Indeed, there are many who maintain that Communist totalitarianism, unhindered by democratic checks of any sort, is better able to achieve results in an underdeveloped nation than is a middle-of-the-road government.

It is no secret that the dogmas of Marxism, which blame all the evils of backwardness on the alleged imperialists and the exploiters, have a seductive appeal to an articulate minority in the underdeveloped nations. The attraction of communism lies chiefly in its claim that it offers a complete and easy-to-follow blueprint for development. For any given problem, the blueprint appears to have a ready-made Communist-style solution.

One writer sums it up this way: "Where land is needed, it is taken; where workers are needed, they are moved; where opposition occurs, it is

liquidated; where dissent arises, it is suppressed. In place of entrepreneurs who may hesitate for fear of losses, it provides factory managers who are given orders to build. In lieu of a government which must accommodate the claims of the old order against those of the new, it establishes a government whose only orientation is to the future."

Furthermore, the economic achievements of communism are impressive to some in the underdeveloped nations. In certain industrial sectors, Communist China is cited as having grown faster than democratic India during much of the 1950's. (Agricultural output in China has lagged so badly that its over-all economic growth has apparently not exceeded India's.) Comparisons which highlight Communist industrial achievements, however, usually ignore the appalling human costs that have accompanied economic growth.

A Many-Sided Battle

The struggle for development is a fight for progress against poverty. It is a struggle that proceeds on many fronts. It may lead to a relatively peaceful and orderly progression resulting in political and social evolution. But the turmoil that stems from development may also lead to violent upheaval.

In offering aid the U.S. offers hope that the vision of a better and richer world is not a Utopian dream. Aid is quite obviously no cure-all, no panacea. But many believe that U.S. aid can help men in the underdeveloped world shape a more promising future. Americans must decide whether they wish to continue to support the revolution of rising aspirations taking place in the underdeveloped nations and what policies are best suited to achieve this difficult and delicate task.