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FOREIGN AID: A STRATEGY IN THE COLD WAR

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THE CHALLENGE

Foreign aid, from its irresolute beginnings a decade ago, has remained a program to influence the mind of the non-industrialized world toward an acceptance of Western methods and Western philosophy in its quest for economic progress. President Truman phrased this purpose in his Point Four message of January 1949:

We proclaim to the world the essential principles of the faith by which we live and declare our aims to all people . . . we must embark on a bold new programme for sending the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas . . . the key to greater production is a wider more vigorous application of modern scientific and technical knowledge.

Foreign aid comprises a response to a challenge, and that challenge lies partially in the widespread poverty of Asia and Africa, and partially in the American concept of the cold war in the non-European world.

Throughout Asia and the Middle East the impact of the West is old. Since 1900, countless native sons of these areas have studied in Western universities and have returned home with the conviction that their countries can emulate the West successfully. They set out to develop their backward economies from the top downward and the outside inward. However, as late as World War II economic expansion was limited to some cities and a few large projects. Throughout the underdeveloped areas were pockets of economic development surrounded by seas of primitive rural cultures organized at subsistence levels.

Since World War II the impact of the West on the backward regions has been accelerated. During recent years millions of Asians and Africans have discovered, through radio and travel, that elsewhere the world has undergone tremendous economic development. This knowledge has been broadened by the efforts of the industrialized nations to advertise their wealth and create the illusion that any nation which adopts their economic organization can enjoy similar standards of living. Now the masses of Asia and Africa want the progress which their past leadership has been unable to achieve. This resulting demand for economic betterment, plus racial and political equality with the West, undergirds the revolutionary fervor sweeping the underdevel-

oped world. Nations such as the United States, having stimulated the desire of these regions for modern, industrialized living, now face the problem of helping them realize their economic dreams.

Under any circumstance the challenge of these vast, backward continents would be serious enough. The Soviet purpose to provide them with alternative concepts and methods for achieving their new aspirations heightens that challenge. Since 1956, the U.S.S.R. has entered the field of foreign aid on a broad scale and has revealed every intention of remaining there. The loans and barter deals made by the Soviet bloc have steadily widened from piecemeal beginnings to what appears to be a grand strategy. Moreover, both the Russian economy and Russian technology appear capable of sustaining an ever-widening scale of Soviet activity in Asia and the Middle East.

Russia has advantages over the West in penetrating the underdeveloped nations through policies of trade and aid. Having no tradition of "colonialism" in the regions of South and Southeast Asia or the Middle East, the Kremlin can make its pretense of "disinterestedness" appear exceedingly plausible. The Soviet leaders, moreover, need not stress self-interest to gain support at home for expensive foreign aid policies. Nor need they curtail their ambitions because of insufficient personnel to carry out their objectives. They need make no precise accounting for policies having primarily political rather than economic purposes. Lastly, Russia, unlike the United States and much of Western Europe, can actually use large quantities of what the underdeveloped areas can place on the world market. This situation permits Russia to make barter arrangements, which are far more satisfactory emotionally and economically to the selling nation than some system of foreign aid which has all the appearance of a hand-out. In such nations as Egypt and Burma the Russians have done well because they can use the cotton and rice which these countries produce in excess of domestic demand.

But the Soviet challenge is far more pervasive than Russian rubles and goods available for export would suggest. Every national economy requires a capital fund large enough to sustain its own economic expansion. Countries with primitive economic levels have no local surplus of capital for expansion of the economy. The U.S.S.R. has shown that a nation can build its economy through controlled production and consumption rather than awaiting the slow accumulation of capital through the profits of private enterprise. The Soviet system has accepted the sacrificing of the lives and comforts of many for one or several generations in the hope of building eventually a high-producing economy. It has accepted tyranny as the price of material progress.

The Soviet approach to industrial growth emphasizes cooperation and national purpose rather than individual wealth or individual freedom. The Communist way presents an approach to nations in a hurry and with an awakening national consciousness, but with insufficient resources to permit great capital accumulation through private economic activity. The power of communism to arouse revolutionary fervor in the Orient was demonstrated forcefully in both China and Indo-China during the immediate postwar years.

Unfortunately the United States cannot serve as a model for Asia and Africa. This nation grew up in a spacious and richly laden continent; its system and achievements cannot be duplicated anywhere. As Walter Lippmann wrote recently:

We cannot beat the Soviet example by our example. For we are not an example that backward peoples can follow, and unless we can manage to create an example which they *can* follow, we shall almost certainly lose the Cold War in Asia and Africa, and perhaps elsewhere.

Can the West demonstrate to the poverty stricken that they can achieve economic progress without resort to sacrifice and tyranny? If the nations of Asia and Africa are to avoid this cost, they must either abandon their national goals or seek outside capital to build up productive capacity until local income creates capital to replace that from abroad. At some point an expanding economy will attract private investment, and thus enter the circle of modernized, advanced, and industrial societies. In the long run, a program for sustained economic growth should be self-liquidating, but this is feasible only where resources and governmental administration are adequate.

Certainly the Eisenhower administration has recognized the challenge of the Communist example. Its most ambitious effort to promote a sustained foreign aid program came in February 1958, when it called a foreign aid conference in Washington. This hand-picked group of business and political leaders was addressed by both the President and the Secretary of State, as well as by such leaders of the political opposition as former President Harry Truman and Adlai Stevenson. The tone of the conference was non-partisan, but Truman queried:

Why haven't we come forward with some new ideas, ideas to compare with Point Four, the Marshall Plan, the Atlantic Treaty? . . . We live today in a dearth of ideas. The clock has been turned back to the 1920's. Let's run the hands of the clock up to date with new ideas to meet today's problems.

Stevenson appealed for a "sustained, thought-through, and coordinated" foreign aid program which would help underdeveloped countries to "economic and social health and self-reliance without military strings."

India will demonstrate whether a country can raise its standard of living in the face of the normal and traditional handicaps of backwardness and poverty. India is a vital region for the West. If it should follow the example of China, the two greatest nations of Asia would be Communist dominated. The danger is that India, impatient like the rest of Asia, may decide to pay the Communist price for progress. To reach the point of economic take-off, India requires about eight to ten billion dollars over the next five to ten years. Her present Five-Year Plan calls for about one billion a year over the next five years. This money is required for agricultural expansion, dams, electric power, fertilizer factories, and the exploitation of resources in oil, iron, and other metals.

India can achieve its goals if any Asiatic nation can, since it has good administration and an educated leadership. The United States at least partially has the power to spare India a generation of sacrifice by giving it a democratic solution. Through the Marshall Plan the United States provided foreign aid to help Western Europe break through the "sound barrier" of sustained investment. Lack of financial means is not the obstacle that prevents the United States from developing a sustained program for Asia. As Barbara Ward has written, the reason is "simply a paralysis of imagination, a crisis in energy and will."

EVALUATION OF PROGRESS

If the foreign aid program of the United States has faltered, the impediments have run deeper than cost and execution. First of all, the building up of a backward economy, even with foreign capital and technology, is not a simple task. Too often foreign aid is based on the false assumption that if the rich nations export some of their excess capital and know-how, the poor recipients will also become rich. Industrial nations have grown wealthy because of a favorable combination of climate, leadership, and resources. Those countries which have industry turned to it early because they had people with initiative and energy, and who desired riches. The incentive did not come from government; it came from the people themselves. The government eventually stepped in only to regulate and direct the energies and ambitions already present. Underdeveloped countries are poor because they have lacked either resources or leadership or both. Unless these two necessary ingredients for economic development exist in some measure, foreign aid, even if properly applied, is not likely to produce any startling results.

For the past ten years Western capital and know-how have poured into Asia. Yet, as in the prewar years, progress is still limited to small pockets. The problem is not alone that too little has been spent. Per-

haps in some areas too much has been spent, because people are not prepared to use what they have. Technological progress must be accompanied by developments in education, administration, organization, and public services.

In many areas of Asia and the Middle East organization and leadership are needed more than capital. Throughout these backward regions extensive capital is already present in the millions of pairs of strong hands. Unfortunately, this form of capital has little relationship to American financial institutions. Big projects employing millions of dollars and dozens of engineers often create political instability. Programs that build pockets of progress but build no bridges to the remote village economies merely develop appetites which the programs themselves cannot satisfy. For that reason, both foreign technology and local leadership must be concerned with the small, financially unattractive industries which exist in the villages. Development of these requires incentive, organization, and simple tools—not engineers, tractors, cranes, and bulldozers. The Romans, with superb organization, built flourishing communities in regions that are poverty stricken today. At some point economic progress must, like that of the West, progress from bottom to top rather than from top to bottom. In much of Asia and the Middle East, American free enterprise is not required so much as local governments harnessing the energies of the native population.

Perhaps Western civilization has elements more basic than technology that should be exported to these areas. During the first half of this century the young men of Asia who studied in Western universities were as concerned with law, history, and philosophy as they were with engineering and agriculture. Today these students, under various programs, come in ever increasing numbers, but their energies are limited almost exclusively to the study of engineering, science, and other technical fields. This training is useful and admirable, but it gives the impression that the great achievements of democracy are material rather than spiritual and intellectual. It tends to adopt the Communist standard that the system that achieves the most materially is the best system. This concentration on technology does nothing to destroy the Soviet illusion that the Russian sputniks and luniks are the measure of the superiority of the Soviet system.

As the Orient develops in the coming decades, the more fundamental and unique qualities of Western civilization must be known and taught by the philosophers, teachers, and writers of Asia. These men, in the long run, will shape the opinions of their people. Charles Malik, the Lebanese Ambassador to the United Nations, stressed the

importance of philosophical concepts to his region's future development when he spoke before the World Council of Churches at Evanston in the summer of 1954:

For all their intricacy, the political, social and economic problems of Asia and Africa are nothing compared to the intellectual and spiritual problems. For we can already see with some assurance that if people are not yet fully able to exploit their own resources, they are on the way to doing so; and if social discrimination and injustice still prevail, the one pronounced temper of the age is precisely to attack them. In these fields we can see ahead, albeit more or less dimly.

But what is going to happen to the mind and soul of Asia and Africa? —that is the question. Nor is it true that once people have achieved their political independence, once they have attained economic plenty, and once they have brought about social justice, the spirit then will take care of itself. This is the greatest fallacy of the present age, that the mind, the spirit, the soul of man, the fundamental bent of his will, is derivative from, subordinate to, a function of, his economic and social existence.

American foreign aid programs have suffered from a certain political aimlessness. Too many supporters of such programs regard them as self-sufficient technological enterprises that have but a tenuous connection with the over-all foreign policies of the United States. Foreign aid has seldom been tied to the interests of the United States except in vague and sentimental terms. But purposeful economic policies are difficult to develop when the fundamental political objectives of the United States in Asia, the Middle East, and Africa have never been clearly defined. Too often the American response is still determined by conflicting economic interests at home.

Since the economic aspect is only one element of a nation's structure, and fundamentally not its most important, too often Americans have overestimated the potentials of economic policies. Many Americans attribute all instability in the Orient to poverty and assume, therefore, that economic progress will bring stability and lasting peace. The widespread assumption that foreign aid raises standards of living and promotes democracy, and that democracy, in turn, promotes pro-American attitudes in the cold war is not necessarily valid. Actually foreign aid does not touch the vital issues of war and peace in the world. American security is threatened by the more highly developed areas. The issues that divide the United States from Russia and China can set off a general war, but our way of life is threatened by Soviet power rather than by the philosophy of the U.S.S.R. As long as Russia was an underdeveloped country, it presented no problem to the rest of the world.

Industrial development in Asia and the Middle East may lead to ambition and aggression instead of to stability. This is particularly true if any of these nations should be permitted to add atomic weapons

to their meager arsenals. The economic development of Asia and Africa may easily create such enormous tensions that the American people will rue the day they ever contributed to that development. Certainly the new China, the product of intense nationalism and economic change, has become, with its new energy and organization, an unprecedented threat in the Orient.

To the extent that foreign aid has become a strategy in the cold war, its purpose has been to prevent change in Asia and the Middle East under the assumption that all change is Communist inspired. The Eisenhower Doctrine for the Middle East, with its foreign aid program, is designed to prevent further changes by Arab nationalism. This approach to foreign aid denies the existence of an indigenous nationalism that lies outside the Soviet system or Soviet purpose. The United States can hardly prevent change in the underdeveloped world because it is no longer dormant. Moreover, regarding every change as a Communist triumph and a threat to American security will keep this nation involved in affairs which have little actual relationship to American interests and which can be controlled only at great price.

Perhaps the chief impediment to the full development of a foreign aid program has been this nation's refusal to recognize nationalism rather than communism as the great force for change in the Afro-Asian world. Foreign aid has been developed less to meet the demands of nationalism or the needs of humanity than to bring Asia and the Middle East actively into the cold war for the purpose of building centers of opposition to the Soviet-Chinese bloc.

American expenditures in Asia and the Middle East have been used primarily to underwrite the American alliance system. When Secretary of State John Foster Dulles, at the February 1958 conference in Washington, spoke for expanded foreign aid, he pointed out that it would assure this nation of military bases around the world and would help maintain retaliatory forces in strategic areas. This approach to foreign aid stood in sharp contrast to that of Anushan Agafonovich, Director of the Soviet Institute of World Economic and International Relations, who assured the delegates at the Afro-Asian conference at Cairo in December 1957 that no military or political strings were attached to Russian aid. "We do not ask you," he said, "to join any blocs or change governments or change internal or foreign policies." In recent years only a small percentage of the total American foreign aid budget has gone into technical assistance or economic development programs. The vast bulk has gone into "defense support."

This military aid has bought little defense in Asia or the Middle East. Much of the military equipment lies around, wasted. Too often

the financial support has created armies too large for the size of the population or the wealth of the region. This has been most obvious in Korea and Formosa; but even in Vietnam, President Diem has admitted that the money spent on armies could better go into programs of land reform. If these armies of Southeast Asia and the Middle East are designed to stop an aggression of Chinese or Soviet forces, their significance is not apparent. Such allies are weak reeds upon which to build cold war policy in the Far and Middle East.

If the alliance of the United States with Japan is sound, it is much harder to find any benefit at all in either the SEATO or the Baghdad pacts. These alliances are supposedly based on common interests—opposing an open attack from the Soviet bloc. Actually, Asian leaders believe the danger of such aggression is so remote as to be almost non-existent. The SEATO pact requires nothing of the Asian members—no common objective, policy, or action—beyond an avowed opposition to communism at home and abroad. The Asian allies, for example, could not differ more completely from the United States on any issue than they do on China policy. Yet for the United States this pact is a major commitment and requires specific policies and actions in behalf of the Asian members. For the United States, the alliance comprises a unilateral burden.

Asian members regard membership in SEATO as constituting a special claim upon the American Treasury, American weapons, and American political support for the groups in power. The prime minister of one Asian ally went so far as to equate his country's membership in SEATO with membership in the United Nations. How such an alliance can contribute anything positive to American defense or how it can help in taking concerted action in any major crisis is difficult to see. The political liability it creates is almost beyond calculation, for it denies the role of nationalism in change and seems to prove the Soviet contention that any nation can obtain American aid through alliance with the United States. SEATO, moreover, offends the neutral nations of Southeast Asia, such as India, Ceylon, Burma, and Indonesia, who believe that the alliance is a needless source of tension and have refused to join it.

This American tendency to emphasize defense in its foreign aid program poses a further intellectual dilemma. The single-minded search for those who oppose communism leads to the support of any regime that claims to be anti-Communist under the assumption that such a regime must be democratic. Under this theory, any political leader becomes a defender of liberty by joining the Western bloc. This would make Hitler the greatest of all democrats. The United States, in its search for allies against the Soviet Union, ignores the fact that

“anti-communism” is not synonymous with the Soviet Union. Chiang Kai-shek has demonstrated the falsity of the former; Gomulka of Poland, Tito of Yugoslavia, and Mao Tse-tung of China have demonstrated the falsity of the latter.

CONCLUSION

Foreign aid is one of many policies available to a wealthy nation. Like any other policy, its success hinges on the validity of the assumptions on which it is based. If its ultimate impact on world stability is uncertain, it need not endanger American security. On the other hand, foreign aid is no panacea. Its employment as national policy must always reflect the best evaluation of American interests in terms of the conflicting forces in areas where it is applied. The nation must recognize that no country can annex another or even gain control of its foreign policy through trade or investment, any more than one nation can destroy the national sovereignty of another through a Communist revolution.

It is reassuring to reflect that the U.S.S.R. has not annexed any territory except through the presence of its armies. Through subversion and revolution it has acquired nothing except a temporary ally in China and perhaps a portion of Indo-China. All nations have goals and interests of their own, and in any crisis they will make those decisions which best serve their national interests. Allies are won in a crisis by the over-all quality of a nation's foreign policy, not by the amount of its past economic or military aid, or even the nature of its economic system.