

COMMUNIST BLOC TRADE AND AID ABROAD¹

I. The Situation

We now have over a hundred nations in the world, approximately forty of which have come into existence since World War II. Most of these newly established nations are developing countries with "rising expectations" and some of the older nations are also in the development stage. The leaders of all these nations are looking for the best ways of developing their countries and utilizing aid from the more developed countries.

Some of these countries are attempting to select ideas from both the East and the West. Many developing nations appear to be leaning to private enterprise in the agricultural and small business sectors and to the nationalizing of large enterprises.

In assisting these countries, Russia is concentrating on the development of special projects such as steel plants, dams, stadiums, and the training of students in their country. They have been successful in securing use of resources from many other communist states in helping the countries in which aid and technical assistance are being concentrated.

The U. S. policy is to help these countries develop in such a way as to encourage personal initiative and promote dignity of the individual. Emphasis is given to the nations' rights to self-determination. Emphasis is also placed on the containment of the Communist Bloc.

Aid and technical assistance from both the East and the West constitute an important element in the development of many nations. By maintaining a neutral or near neutral position, some developing countries force competition between the two blocs.

Shortly after World War II we debated what our broad national policies to meet the communist threat should be. At that time four proposed policies were considered:

1. The militarist position that time is on the side of the Communists and that we should fight a preventive war now.
2. The pacifist position that we resolve our conflict by arbitration and negotiation and take the lead in disarmament.

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3. The isolationist position that the United States can and should avoid foreign entanglements and not be concerned with power struggles or economic well-being in the rest of the world.
4. Collective security which involves great enough balance of power to meet the communist threat.

The United States selected the fourth alternative and enlisted the support of other free countries to meet the communist threat.

II. Objective and Methods of the Communist Bloc

The major objective of the Soviet Union and associated countries is to extend their control and to dominate the world. Methods used by the Soviet Union and associated countries include:

- A. *Military seizure*. This is the method used in Eastern Europe, Tibet, etc.
- B. *Support and encouragement for extreme reform and revolutionary groups*. Leaders of these groups are trained in the communist philosophy and revolutionary tactics either in local communist cells or by bringing them to Moscow or Peiping for training. Communist agents and money are then provided to assist these leaders when they go among their own people.
- C. *Arms aid to countries where a communist beachhead may be established*. Planes, guns, tanks, bombs, ships, and men to train local military forces are the more common forms of military aid in such places as North Vietnam and Cuba. However, men to help do the fighting were provided in North Korea. Principal recipients of communist military assistance have been the U.A.R., Indonesia, Cuba, Laos, and Iraq.
- D. *Propaganda to win the minds of men everywhere*. The Communists attempt to make local people dissatisfied with their conditions, convince people that the communist system is superior, and pretend to be the true advocates of peace, while they carry on "Hate America" campaigns at home. They use books, films, radio programs, exhibitions, trade fairs, theatrical performances, sidewalk agitators, and undercover agents. They also participate in many types of conferences and organizations to extend their influence.
- E. *Furnishing technicians to developing nations*. This program is expanding. In late 1960, 8,000 Bloc technicians were working in 23 countries compared with 4,000 in 17 countries two years earlier. This number has been further increased. Some serve as advisors

to key officials such as heads of state and national planning commissions.

- F. *Extension of credit lines to less-developed countries at favorable interest rates.* Interest rates are low (0 to 2.5 percent), but the total cost is difficult to assess since repayment is in commodities. Credits are supplied for survey and design work, purchase of machinery and equipment for construction mostly of such things as the Aswan Dam, a steel mill in India, a road through Afghanistan, military purchases, etc. In each of the two years prior to July 1, 1960, credits and grants of the communist orbit were increased to 1 to 1.5 billion dollars. Communist China has extended total credits of 60 million dollars to African nations in recent years.
- G. *Increased Bloc trade with developing nations.* This trade tripled from 1954 to 1960. Exports include mostly machinery, petroleum products, metal products, and food to countries such as the U.A.R., Iran, Ghana, Guinea, Turkey, Ceylon, India, Indonesia, Malaya, Argentina, Brazil, and Cuba. Imports include rubber, cotton, wool, hides, coffee, cocoa, rice, tea, and sugar.
- H. *Educational efforts emphasizing training as well as indoctrination of students from developing nations in Russia.* Efforts are largely directed toward potential leaders.

III. Objectives and Methods of the U. S.

The major objectives of the U. S. and the West include protecting the right of self-determination of each nation and protecting our way of life in the United States. Methods used by the United States and associated countries to meet the communist threat include:

- A. *Alliances with other groups of nations* to warn Russia and China that encroachment beyond a certain point is cause for our going to war.
- B. *The sending of American forces* to countries threatened by attack from the Sino-Soviet Bloc.
- C. *Economic aid* to relieve suffering from starvation and disease, help develop the economy, and assist in resisting aggression. This has involved P. L. 480 funds and other types of economic assistance.
- D. *Arms aid* which will enable countries to resist Sino-Soviet domination and control.
- E. *Educational assistance* to help countries develop their resources.

- F. *International trade* policies consistent with the development of cooperation among nations of the Free World.
- G. *Ideological programs* against imperialism and communism in the free countries of the world and penetration into Iron Curtain countries.
- H. *Private investment* in foreign countries is encouraged by the U. S. government to further develop their economies. This is accomplished by agreements with companies that guarantee the investment in case of expropriation or nationalization of industry.

IV. Some Possible Modifications in Our Foreign Programs

Our experiences lead us to make the following suggestions for consideration and study.

- A. Give increased emphasis to education and training at all levels in developing countries. Specifically our efforts should be directed to encourage and assist in the development of programs which will provide:
 - 1. Universal education beginning at the primary level.
 - 2. Technical training in agricultural trade and business.
 - 3. Adult education of the extension type.
 - 4. College training for additional foreign students in the U.S.A.
 - 5. College education for more students in their home countries.
 - 6. Formal and informal training programs for people in government service.
- B. Through our technical aid program, encourage the establishment of practical demonstrations where the individual may collect the fruits of his own labor and capital.
- C. Carefully analyze aid projects that might effect the shift of resources from the United States to the Sino-Soviet Bloc. For instance, the shipments of P. L. 480 wheat can result in the shifting of resources from wheat to cotton production, and the use of this cotton in paying off Russian debts.
- D. Encourage the investment in the developing free nations of U. S. private capital for the establishment of productive plants which will create new job opportunities. One method is to selectively provide United States government guarantees against loss from expropriation and nationalization. The promoting of competition and the limiting of monopoly power should be considered.

- E. Establish large capital using projects only when the evidence clearly shows that this is the most productive use for achieving United States objectives. This applies equally to large continuous commitments of our farm products under P. L. 480 programs.
- F. Encourage policies that enable developing nations to participate in world and U. S. trade. This requires continuous evaluation of world trade as well as our foreign and domestic policies.
- G. Shift informational emphasis in the ideological struggle to areas which publicize our successes. For instance, our agricultural productivity and the success of the free enterprise system should be more fully understood and appreciated.

PART II

Agricultural Policy
Issues

