

# **American foreign aid doctrines**

AMERICAN

FOREIGN AID

DOCTRINES

By

EDWARD C. BANFIELD

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# Contents

|                                                                  |    |
|------------------------------------------------------------------|----|
| INTRODUCTORY .....                                               | 1  |
| DOCTRINES JUSTIFYING AID BY NATIONAL<br>SECURITY .....           | 4  |
| The Doctrine of Indirect Influence .....                         | 4  |
| Aid May Not Raise Levels of Living .....                         | 6  |
| The Political Prospects .....                                    | 13 |
| Developed Societies Not Necessarily Peaceful .....               | 21 |
| The Probability of Success .....                                 | 22 |
| The Doctrine of Direct Influence .....                           | 24 |
| The Alternative to Aid .....                                     | 31 |
| DOCTRINES JUSTIFYING AID ON OTHER THAN<br>SECURITY GROUNDS ..... | 37 |
| Altruism as a Basis for Aid .....                                | 37 |
| World Community as a Basis of Aid .....                          | 42 |
| Aid "Because It Is Right" .....                                  | 45 |
| Aid for National Self-Improvement .....                          | 46 |
| AID DOCTRINE AND DEMOCRACY .....                                 | 49 |
| The Character of the Discussion .....                            | 49 |
| Why Aid Doctrine Is Confused .....                               | 56 |
| The Dangerous Goodness of Democracy .....                        | 61 |
| SELECTED BIBLIOGRAPHY .....                                      | 66 |
| * * *                                                            |    |
| AEI PUBLICATIONS .....                                           | 67 |

## AMERICAN FOREIGN AID DOCTRINES<sup>1</sup>

. . . it is folly in one nation to look for disinterested favors from another; . . . it must pay with a portion of its independence for whatever it may accept under that character; . . . by such acceptance it may place itself in the condition of having given equivalents for nominal favors, and yet of being reproached with ingratitude for not giving more. There can be no greater error than to expect or calculate upon real favors from nation to nation. It is an illusion which experience must cure, which a just pride ought to discard.

*Washington's Farewell Address*

### INTRODUCTORY

TECHNICAL ASSISTANCE and capital grants and loans to underdeveloped countries for non-military purposes ("foreign aid" or "aid") have in the last decade become a conspicuous feature of our foreign policy. In comparison with the total of defense spending the amount of aid has not been large (roughly 3 percent for the decade), and in comparison with gross national product it has been very small (less than 1 percent). But aid is nevertheless coming to be regarded as a principal instrument of our foreign policy. The use of it to supplement, and in some degree to substitute for, the traditional means of diplomacy is to be explained in part by the impracticability of using force or threats of force under the conditions that now prevail. Many people, however, believe it is in general a better way of achieving our objectives. In their widely read and

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<sup>1</sup>This is a revision of a paper which appeared in *Public Policy*, C. J. Friedrich and S. E. Harris, eds. (Cambridge, Mass.: 1961). I am indebted to the Graduate School of Public Administration of Harvard University for permission to reprint from it.

The criticisms and suggestions of Professors Milton Friedman and Hans J. Morgenthau of the University of Chicago, of Professors Carl Kaysen, Martin Meyerson, Thomas C. Schelling, and Raymond Vernon of Harvard University, and of Mr. Joseph S. Nye, also of Harvard University, were particularly helpful.

influential book, Millikan and Rostow, for example, say that "we have put relatively too much emphasis in recent years on pacts, treaties, negotiations and international diplomacy and too little on measures to promote the evolution of stable, effective, and democratic societies abroad," and they emphasize this by subtitling their book "Key to an Effective Foreign Policy."<sup>2</sup>

In view of this great and increasing importance, it is surprising that the rationale of aid has not been better worked out. Many aspects of the subject have been analyzed in a penetrating way by serious writers, to be sure; economists and others have made valuable contributions in technical articles and books and, especially, in behind-the-scenes advice to administrators and policymakers. Few serious writers have dealt comprehensively with the theory of aid, however, and none of the serious writing seems to have entered significantly into "enlightened" public discussion of aid.<sup>3</sup> The terms of such discussion have been set almost entirely by publicists. The doctrines put forward by the publicists, although expressed in confident, hortatory tones as if they were well-established truths, consist mainly of unverified, and often unverifiable, assertions.

The present study examines critically the premises of these doctrines as to both fact and value. This examination, which involves reference to literature in economics, sociology, and political science, leads to the conclusion that there is at least as much to be said against aid as in favor of it. The question therefore arises: why is

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<sup>2</sup> Max F. Millikan and W. W. Rostow, *A Proposal*, (New York: 1957), p. 4.

<sup>3</sup> A conspicuous exception is a paper by Thomas C. Schelling which was published by The American Assembly, Graduate School of Business, Columbia University, in *International Stability and Progress* (New York: June 1957); see also George Liska, *The New Statecraft* (Chicago: 1960); and Charles Wolf, Jr., *Foreign Aid: Theory and Practice in Southern Asia* (Princeton: 1960). A valuable collection of essays on foreign aid doctrines is soon to be published under the editorship of Robert A. Goldwin, director, Public Affairs Conference Center, University of Chicago, by Rand McNally and Co., Chicago. Among these essays is one by Max F. Millikan replying to some of the arguments of the present writer.

aid so confidently proposed by policymakers and so readily supported, or at any rate tolerated, by the public? This question requires consideration of the nature of American political culture and of democracy in general.

It should be noted that *doctrines* are under discussion here, not programs or practices. Foreign aid programs and practices may, of course, be very different from what the doctrines attempt to justify. It should be noted too that only *non-military* aid is under discussion.

The study is organized in three main parts. The first discusses the doctrines which justify non-military aid mainly or ultimately on the ground of its contribution to our national security. The second discusses the doctrines that justify it on other grounds. The third appraises the character of the discussion of aid doctrines and tries to show why the nature of American democracy has led to a sentimental and unworkable approach to the subject.

## DOCTRINES JUSTIFYING AID BY NATIONAL SECURITY

MOST OF THOSE WHO write about aid justify it mainly or ultimately, but usually not solely, on the ground that it will contribute to national security. This position is based on one or the other of two largely incompatible doctrines.<sup>1</sup> One, which will be called the doctrine of indirect influence, asserts that national security will be promoted by using aid to transform fundamentally the cultures and institutions of the recipient countries. The other, which will be called the doctrine of direct influence, takes the cultures and institutions of the recipient countries as given and seeks to achieve the purpose (promotion of national security) by bringing influence to bear directly either upon the governments of the countries concerned or upon their public opinions.

### The Doctrine of Indirect Influence

A widely accepted doctrine asserts that foreign aid may serve the vital interests of the United States by setting off, or bringing about, fundamental changes in the outlook and institutions of the recipient societies and that these changes will lead to others—especially the spread of freedom and democracy—that will promote peace and thus, indirectly, serve our ultimate purpose, which is to increase our national security.

Those who advocate the doctrine of indirect influence differ about how this process will work, especially about the nature of the changes to be produced by aid and how these will yield the further effects (freedom, democracy, and peace) that are desired ultimately. One school of thought emphasizes economic effects. A marked rise

<sup>1</sup> The two doctrines are largely incompatible in three ways: (1) the rightness of one depends logically to some extent upon the wrongness of the other (e.g., if transforming the recipient society is necessary, then a method which does not transform it is wrong; similarly, if transforming it is not necessary, there is no justification for a method which transforms it); (2) the two approaches compete for money, time, and other scarce resources; and (3) the success of one approach may entail, or even constitute, the non-success of the other (e.g., the transformation of a society may render the society unamenable to direct influence).

in average income will change profoundly the outlook of the masses of the people in underdeveloped countries. People who have enough to eat and something to look forward to will be much less receptive to Communist and other extremist appeals. Prosperity and opportunity will engender a taste for democracy and peace as, presumably, they have in our own society. The one great need, therefore, is to bring about rapid economic development. All the other effects that are desired will follow automatically.

On this theory, aid should be distributed among countries solely on the basis of their ability to use it to increase incomes. In principle, Russia and China might be given the highest priorities.

Another school of thought, represented principally by Millikan and Rostow, says that increases in income will not of themselves produce the desired effects (freedom, stability, democracy, and peace). To be sure, "some" economic improvement is a necessary condition for achieving these effects. But Millikan and Rostow are severely critical of the "crude materialist" thesis that economic development will of itself either reduce revolutionary pressures or lead to orderly political development. They regard it as a serious misconception to think that the spirit of revolt spreads easily among people who are chronically destitute or that the mere creation of wealth can satisfy a people's expectations. In their view, aid is important principally because it will set off social, political, and psychological changes which will energize the society.

Even more important (than increases in income) are the confidence generated by the sense of progress, the social mobility, the outlet for leadership energies, the national unity, the consolidation of new individual and group values, and discovery of new sources of satisfaction and achievement which a concentration of social and economic development can bring.<sup>2</sup>

<sup>2</sup> Millikan and Rostow, *op. cit.*, pp. 25-26. Another version of the Millikan-Rostow doctrine appears in Senate Document 52, 85th Congress, 1st Session, July 1957, "The Objectives of United States Economic Assistance Programs" by the Center for International Studies, Massachusetts Institute of Technology. A reformulation of the M.I.T. position has recently been published: Max F. Millikan and Donald L. M. Blackmer, *The Emerging Nations: Their Growth and United States Policy* (Boston: 1961).

Since they insist that the desired effects can only be secured through certain social, political, and psychological changes, Millikan and Rostow might be expected to make suggestions for using aid to bring about these changes. They do not. All of their recommendations would be congenial to a "crude materialist." Whereas their first four chapters stress the crucial importance of non-economic factors, the remaining five chapters do not mention them. These later chapters refer to the purpose of aid as "economic development" and make recommendations that are all directed toward purely economic goals and that have little or no relation to (indeed, are probably somewhat in conflict with) the goal of setting off social, political, and psychological changes.<sup>3</sup> For example, the key recommendation is that the distribution of aid "be determined by absorptive capacity rather than by considerations of equity or politics."

Millikan and Rostow, then, not only say nothing about how the changes they regard as crucial are to be brought about, but, by laying out a program which looks entirely to economic objectives, they implicitly contradict the main point of their analysis.

#### *Aid May Not Raise Levels of Living*

All who hold the doctrine of indirect influence agree that a significant (Millikan and Rostow say "some") improvement in levels of living is necessary to secure the effects that are ultimately desired. "Crude materialists" believe that the greater the improvement the more marked these secondary effects will be. To the

<sup>3</sup> "We have a very specific purpose in adopting such a program: to promote the economic growth of the underdeveloped countries. . . ." (p. 64). The criteria listed in Chapter 7 all assume the purely economic goal. The recent reformulation of the M.I.T. doctrine (Millikan and Blackmer, *op. cit.*) is less subject to this criticism: it makes (Ch. 10) a number of suggestions for bringing about the necessary social, political, and psychological changes. But here also the greatest importance is given to purely economic criteria. For example, "Those responsible for development aid allocations must base their decisions on economic criteria rather than on considerations of short-run political advantage. In the long run our programs will be more likely to have the political consequences we seek if they are based on reasonably strict economic criteria." *Ibid.*, p. 120.

extent that there is reason to believe improvements will not take place, confidence in these doctrines must be weakened.

The improvement that is necessary is in the income of the ordinary man, not in aggregate income. A large increase in aggregate income could leave most people in the society worse off than before if, for example, population grew faster than income or if the growth in income was accompanied by an increased concentration of income in the hands of a small elite or was siphoned off for military or other governmental purposes that did not raise standards of life. In order to bring about the necessary improvement in levels of living, therefore, a proper equilibrium must be achieved among three variables: the productivity of the economy, the size of the population, and the evenness with which income is distributed. Conceivably a satisfactory relationship among these variables might be secured by changing only one of them; in the usual case, however, it will be essential to change them all.

In most of the underdeveloped areas aggregate income has been increasing in recent decades. These gains, however, are being nearly offset, and in some cases more than offset, by growth of population. The rate of population growth is in most places enough to absorb the increase in aggregate income that will result from normal saving. Although their incomes are rising, the underdeveloped countries, with some exceptions, are not increasing their per capita food supply.<sup>4</sup>

<sup>4</sup> See A. J. Jaffe, "Population Trends and Controls in Underdeveloped Countries," *Law and Contemporary Problems*, Vol. XXV:3, 1960, p. 528. According to J. J. Spengler, "Getting a fertility-reducing process under way today probably presupposes a saving rate of something like 10-15 percent of a nation's net national product . . . and the conversion of a sufficient fraction of it into forms of capital which are strongly production-oriented." "The Population Problem: Yesterday, Today, Tomorrow," *Southern Economic Journal*, Vol. XXVIII:3, 1961, p. 206. See also Kingsley Davis, "The Political Impact of New Population Trends," *Foreign Affairs*, Vol. 36:2, 1958, p. 296. Raymond Vernon believes steady improvement in the quality of censuses in the underdeveloped countries has led demographers to overestimate the rate of population growth and that per capita incomes are increasing faster than is usually thought (personal communication).

Estimates by Professor P. N. Rosenstein-Rodan on very optimistic assumptions (e.g., that the underdeveloped countries will get all the aid they can absorb and that they will make reasonably good use of it) indicate that from 1961 to 1976 gross national product in the underdeveloped parts of the world may rise from an average of \$140 to \$192 per capita.<sup>5</sup> Whether an increase of this magnitude would suffice to change the political outlook of the underdeveloped countries decidedly is, of course, anyone's guess. (It must be kept in mind that an increase in average income does not imply a better distribution of income; this may be such that most people will be no better off—conceivably even worse off—than at present. It should be taken into account, too, that the aspirations of the people of the underdeveloped parts of the world may meanwhile rise even faster than their incomes.)

If the aid doctrine requires not merely *some* improvement in levels of living but the "modernization" of the economy, the outlook is even more discouraging. That aggregate and in some cases per capita incomes in these countries have been growing in recent years does not mean that they will continue to do so. The growth that has occurred so far may be in the nature of "taking up slack"; additional growth may be impossible without basic changes within the societies—changes that will not occur.

Some societies may never develop. The American Indian is a case in point. The cruelty, indifference, and stupidity of whites can explain only in part why many Indian cultures have not entered modern society after several hundred years of contact with it. In the last 30 years a vast amount of effort has been put forth on behalf of the Indians. The United States Government, for example, has spent several thousand dollars per Navaho to help them adapt, and has spent it with much intelligence and good will—as much, at any

<sup>5</sup> See Millikan and Blackmer, *op. cit.*, p. 154. A. J. Jaffe's conclusion, in the article cited above, was that "Under the best of circumstances, it will still take at least one generation, counting from the end of World War II, before there may be a decided slackening in the rate of population growth and a very significant improvement in the levels of living." (p. 534).

rate, as is likely to be found in any underdeveloped country. Yet the problem of the Navaho remains almost as it was a generation ago.<sup>6</sup>

Even those underdeveloped countries which are not primitive may lack certain cultural or other prerequisites of development. One such prerequisite is the presence in the society of at least a small class of persons having talents and incentives that lead them to organize, innovate, and take risks. Other prerequisites are traits which must probably be fairly widespread in order for such a class to arise, or to function effectively if it does arise. These include the desire for material improvement,<sup>7</sup> the belief that economic activity is worthy of respect,<sup>8</sup> willingness to concert activity for common purposes or at least to allow others to concert it without interference<sup>9</sup> and ability

<sup>6</sup> See Frank A. Tinker, "The Navaho Experience," *Challenge*, December 1960, pp. 26-30.

<sup>7</sup> Capital formation, Nurkse says, can be permanently successful only in a capital-conscious community. "Nothing matters so much as the quality of the people." Initiative, prudence, ingenuity, and foresightedness are the qualities particularly needed. Ragnar Nurkse, *Problems of Capital Formation in Underdeveloped Countries* (Oxford: 1953), p. 155. Professor Edward S. Mason has remarked that it is not clear that the people of southern Asia are uniformly and significantly motivated by a desire for economic betterment. *Promoting Economic Development* (Claremont, California: 1955), p. 41.

<sup>8</sup> In the newly developing states, according to Edward A. Shils, the nation is the sole locus of charisma; political leaders get their legitimacy from it. For development to occur, some ambition must be turned into economizing behavior and this can only happen as such behavior is seen as permeated by the sacred. In most underdeveloped areas there is no such tradition; "It cannot of course be created deliberately," Shils says, "but it can be helped to grow by the establishment of favorable conditions. Successful enterprise will help to create it, but so will a sympathetic and appreciative public opinion in the underdeveloped countries." Edward A. Shils, "The Concentration and Dispersal of Charisma," *World Politics*, Vol. XI:1, 1958, p. 18.

<sup>9</sup> See E. C. Banfield, *The Moral Basis of a Backward Society* (Glencoe: 1958).

to maintain at least that minimum of political stability that is essential in order for the Government to carry out certain critical tasks.

These and other prerequisites are not all present in any of the underdeveloped areas.<sup>10</sup>

Such factors are in general more important obstacles to development than are lack of technical knowledge or of foreign capital. If cultural and other conditions favor development, it will occur without aid. (Japan and Russia, to cite recent cases, did in fact develop without it.) If cultural conditions do not favor development, no amount of aid will bring it about. (Cuba and Haiti, for example, have received large amounts of both technical assistance and foreign capital without development taking place.) Probably no country is so poor that it cannot accumulate capital,<sup>11</sup> and the Western world could not if it tried prevent the wholesale borrowing of its technical knowledge by underdeveloped countries able to make use of it. Where populations have a "will" to limit births, the population

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<sup>10</sup> After listing four prerequisites of development "each as critical as capital" (viz., a substantial degree of literacy and that small number of people with knowledge and skills for managerial and technical tasks, a substantial measure of social justice, a reliable apparatus of government and public administration, and a clear and purposeful view of what development involves), J. K. Galbraith declares that "In practice, one or more of these four factors is missing in most of the poor countries." "A Positive Approach to Foreign Aid," *Foreign Affairs*, Vol. 39:3, 1961, pp. 444-57. Professor Simon Kuznets has observed that it is not the physical equipment of a country that constitutes the major part of its capital but rather "the body of knowledge amassed from tested findings and the capacity and training of the population to use this knowledge effectively." In United Nations, *Processes and Problems of Industrialization in Under Developed Countries* (New York: 1955), p. 5. See also T. W. Schultz, "Investment in Human Capital," *American Economic Review* Vol. LI:1, 1961, pp. 1-17. For discussions of the cultural conditions of growth, see Ralph Braibanti and J. J. Spengler, *Traditions, Values, and Socio-Economic Development* (Durham, N. C.: 1961).

<sup>11</sup> Cf. Simon Kuznets, *Six Lectures on Economic Growth* (Glencoe: 1959), pp. 80-81.

problem will solve itself; where they do not, there is nothing much that can be done.<sup>12</sup>

But even if all cultural and institutional prerequisites of growth were present, it might not be possible for certain underdeveloped countries ever to achieve levels of living even roughly approximating those of the West. A modern economy must draw upon a large complex of basic raw materials, including land, water, fossil fuels, and minerals of many kinds. Even with free international trade, shortages of some resource would set limits on the level of development that some of the most disadvantaged countries—India, for example—could achieve.<sup>13</sup>

It should not be surprising if a donor over-values his gift. American aid doctrine certainly exaggerates greatly the importance of both technical assistance and foreign capital in the development process. Only in the most backward countries can either kind of aid make a crucial difference, or perhaps even an important one. In the nature of the case, the greater the need of a country for aid, the less evidence there is that it has a capability to develop. The most prosperous and promising of the underdeveloped countries—Mexico, for example—may not require any aid in order to grow at a satisfactory rate. There is, to be sure, an important middle group of countries—India is a conspicuous example—which can absorb large amounts of aid and which offer some promise of developing. In time, too, some of the most backward countries may be brought by aid to the condition of this middle group. Nevertheless, despite these qualifications, there is a built-in perversity in the situation which makes it impossible to use large amounts of aid with effectiveness in most places.

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<sup>12</sup> The existence of a cheap and effective oral contraceptive does not put it within the power of governments to reduce population growth; a reduction will occur only as there is a widespread desire within the societies in question to limit births, and this will not arise except in consequence of general improvement in levels of living. See Robert C. Cook's article in the issue of *Law and Contemporary Problems* cited above, p. 387.

<sup>13</sup> See Richard L. Meier, *Science and Economic Development* (New York: 1956).

Although aid is seldom, or perhaps never, an indispensable prerequisite to economic development and although even under the most favorable circumstances it is not likely to be the "key" to development, it may, as both Milton Friedman and J. K. Galbraith have emphasized, do much to retard development if improperly used.<sup>14</sup> There is much that should be done by government in underdeveloped areas (e.g., provision of roads, elementary education, a monetary system, law and order), Friedman says, but there are crucial advantages in letting private business do as much as possible. One such advantage is that private individuals, since they risk their own funds, have a much stronger incentive to invest wisely. Another is that private individuals are more likely than state bureaucracies to abandon unsuccessful ventures. The availability of resources at little or no cost to a country inevitably stimulates "monument-building," i.e., investment in projects adding little or nothing to the productivity of the economy. Under these circumstances, he concludes, countries would develop faster without aid than with it.

Even if it does begin, economic development may not last very long or get very far. Continued growth, David McCord Wright has pointed out, involves discovery and use of new ideas.<sup>15</sup> The developing society must produce a social outlook, institutions, and economic organization which, generation after generation, will bring to the fore men who will produce new ideas. That such men come to the fore in one generation, Wright observes, is no guarantee that they will in the next. The long-run economic prospect, therefore, is very uncertain in any society, including, of course, a highly developed one like our own.

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<sup>14</sup> There is a striking agreement between Friedman and Galbraith with respect to most of these points. See Milton Friedman, "Foreign Economic Aid: Means and Objectives," *The Yale Review*, Summer 1958, and J. K. Galbraith, *Economic Development in Perspective* (Cambridge: 1962).

<sup>15</sup> David McCord Wright, "Stages of Growth vs. The Growth of Freedom," *Fortune*, December 1959.

### *The Political Prospects*

But even if economic growth does occur it will not necessarily lead to the spread of freedom and democracy. In the literature on aid these terms are usually left undefined. One cannot tell which is meant: wide distribution of power, rule of law, regard for civil liberties, free elections, consumers' choice, national independence, a distribution system favoring the poor, or something else. Obviously these need not all go together (e.g., national independence is compatible with dictatorship). Obviously measures that promote democracy or freedom in one meaning may inhibit them in others.

If by democracy and freedom are meant "respect for the individual" and its corollary "government by discussion" (however these principles are expressed institutionally), there is certainly little basis for optimism. Respect for the individual is unique to the Judaeo-Christian tradition. In those parts of the world which do not participate in this tradition, the idea is unintelligible or nearly so. That a conception so fundamental might enter into and transform alien cultures would be highly improbable under the most favorable of circumstances. That this particular conception—of the sacredness of the individual—might enter into and transform alien cultures in those parts of the world where the worthlessness of the individual human life is a conspicuous fact of everyday experience (a circumstance which indeed constitutes the very problem that aid seeks to solve) is so improbable as to be incredible.

The prospects are better if democracy is defined to mean merely government through institutions that are in some sense representative (i.e., which take account of the wants and interests of the major elements of the population and which by a peaceful process like an election can be made to respond to public opinion). But democracy even in this restricted sense will have a slow and fitful growth in most of the underdeveloped world. The political institutions of the West cannot be copied, as its technology can, by people whose ways of thinking and valuing are fundamentally different. It took several hundred years for the West to arrive at its very imperfect democracy.

The underdeveloped countries, although they may learn something from our experience, are not likely to do much better.<sup>16</sup>

The possibilities for development of societies that share our most fundamental ethical premises are probably best in Latin America, which has participated in Western civilization for four and one-half centuries. But even there the long-run outlook for democracy is very uncertain.

Even if mere "political stability" (i.e., the absence of change brought about by violence) is taken as the goal, the prospect is not good. Economic development, by hastening the decay of tradition and other forms of authority, will create ferment and disorder. The spread of literacy, an indispensable condition of self-sustaining growth, is especially likely to do so. As Millikan and Rostow say:

The education which accompanies economic change contributes to unrest. People who can't read can't be subverted by literature. Once they can read, the process of widening knowledge and changing ideas of what the world is like and what is possible in it proceeds with great rapidity.<sup>17</sup>

Urbanization, another indispensable condition of growth, also tends to produce political instability. According to Bert F. Hoselitz: . . . the greater degree of literacy and the much greater degree of exposure to mass communication media make urban populations more susceptible to various forms of political propaganda. Thus, at present, the cities of underdeveloped countries, and above all their primate cities, are the centers of nationalist sentiment and political

<sup>16</sup> Seymour Martin Lipset concludes a valuable analysis of some of these questions with a quotation from Max Weber: "The spread of Western cultural and capitalist economy did not, *ipso facto*, guarantee that Russia would also acquire the liberties which had accompanied their emergence in European history . . . European liberty had been born in unique, perhaps unrepeatable, circumstances at a time when the intellectual and material conditions for it were exceptionally propitious." Lipset believes that, despite this dim outlook, encouraging the spread of democracy "remains perhaps the most important substantive intellectual task which students of politics can still set before themselves." "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review*, Vol. LIII:1, 1959, p. 103.

<sup>17</sup> *Op. cit.*, p. 22.

action. But to the extent that aspirations for economic advancement are not fulfilled or fulfilled only inadequately, urban populations may become a very responsible element for radical propaganda of various sorts and may easily be induced to support forms of totalitarian policies on the left or on the right.<sup>18</sup>

In India, Asia, Africa, and Latin America the more economically developed regions have been more prone to violence than the less developed ones.<sup>19</sup>

If aid raises the level of expectation in a country without affording a steady accompanying increase in actual satisfaction, it is, perhaps, more likely than not to create discontent and revolution. This is the implication of an analysis by James C. Davies. According to him:

Revolutions are most likely to occur when a prolonged period of objective economic and social development is followed by a short period of sharp reversal. The all-important effect on the minds of people in a particular society is to produce, during the former period, an expectation of continued ability to satisfy needs—which continue to rise—and, during the latter, a mental state of anxiety and frustration when manifest reality breaks away from anticipated reality. The actual state of socio-economic development is less significant than the expectation that past progress, now blocked, can and must continue in the future.<sup>20</sup>

In most parts of the underdeveloped world the real question is not whether there can be created a political system that is democratic or stable, but whether there can be created one capable of modernizing the country at all. "No new state," Edward A. Shils has written, "can modernize itself and remain or become liberal and democratic without an elite of force of character, intelligence and high moral qualities." Very few of the underdeveloped countries, he says, have such elites; those that do have them may under favorable circumstances enjoy democracy that is to some extent tutelary,

<sup>18</sup> Bert F. Hoselitz, *Sociological Aspects of Economic Growth* (Glencoe: 1960), pp. 228-29.

<sup>19</sup> For an illuminating discussion of these matters with respect to India, see Bert F. Hoselitz and Myron Weiner, "Economic Development and Political Stability," *Dissent*, Spring 1961.

<sup>20</sup> James C. Davies, "Toward a Theory of Revolution," *American Sociological Review*, 27:1 (February 1962), p. 6.

and in time, if the elite has a very powerful will to be democratic, the enormous gap between it and the masses of the population may be overcome. The less democratic and much more probable alternatives will not, he thinks, provide stable government at all:

The alternatives are disorderly oligarchies, each promising and aspiring to maintain order and to modernize, but doing so only by sweeping the disorder temporarily into a box from which it recurrently springs out into full strength. The totalitarian oligarchy by the ruthlessness of its elite and by the vigor of its party machine as well as by the organizational and material aid which it would get from the Soviet Union, would appear to have the best chance to maintain itself, once it gets into power. But it too would have to compromise markedly with the human materials which traditional society gives it. It could build monuments and suppress open dissatisfaction but it could not realize its idea.<sup>21</sup>

The expansion of state activity which aid engenders tends in some ways to discourage the growth of democracy. In a prosperous and politically experienced society, democracy and extensive governmental participation in economic affairs may coexist. But the situation of the underdeveloped countries precludes this. The best choice open to many of them is between governments that are not incompetent and ones that are not tyrannical; the possibility of having

<sup>21</sup> Shils describes "components" and "preconditions" of five possible courses of political development in the new states: A. Political democracy ("civilian rule through representative institutions in the matrix of public liberties"); B. Tutelary democracy (political democracy adapted to provide a greater preponderance of the executive); C. Modernizing oligarchies (civilian or military cliques reduce parliament to a ratifying role, depend upon the civil service, and do not tolerate an independent judiciary); D. Totalitarian oligarchy (oligarchy with democratic airs and a doctrine); E. Traditional oligarchy (a firm dynastic constitution, buttressed by traditional religious beliefs). With respect to each of these, he discusses the following preconditions: a. the stability, coherence, and effectiveness of the ruling elite, b. the practice and acceptance of opposition, c. the machinery of authority, d. the institutions of public opinion, and e. the civil order. See his two articles on "Political Development in the New States," *Comparative Studies in Society and History*, Vol. II (1960). The quotations are from the second article, pp. 407 and 410.

governments that are *neither* incompetent *nor* tyrannical does not exist. Aid, by encouraging governments to undertake tasks beyond their capabilities, is likely to lead to waste through the incompetence of the recipients, to the extension and hardening of governmental power—or, perhaps most likely, to both at once.<sup>22</sup>

Development at what is now in the underdeveloped areas considered to be a reasonable rate will require much more saving than is likely to occur voluntarily. Governments can secure some of the needed saving by defrauding their populations through inflation, the use of government marketing boards, and other devices. To the extent that fraud does not suffice, they are likely to use force; as the required amount of savings increases (i.e., as the desired rate of development increases), the amount of repression will probably also increase. According to Sir Robert Jackson:

Heroic measures of internal saving (and 15 percent of national income is heroic when consumption is marginal and population growing by 2 per cent a year) demand a ruthless political discipline which liberal systems can hardly employ and still remain liberal. Totalitarian dictatorship can thus appear not simply the short cut but the only route to economic growth.<sup>23</sup>

<sup>22</sup> "Perhaps the greatest unsolved problem of the Indians is to find some way to insure efficient public entrepreneurship under the general aegis of a parliamentary government." J. K. Galbraith, "Rival Economic Theories in India," *Foreign Affairs*, July 1958, p. 596. "Under the general aegis" may perhaps be interpreted to mean "under the nominal control of." E. S. Mason, *op. cit.*, p. 49, writes: "The magnitude of the role assumed by the state in promoting economic development raises the question of whether the governments of southern Asia are up to the job."

<sup>23</sup> Sir Robert G. A. Jackson, *The Case for an International Development Authority* (Syracuse: 1959), p. 40. Egypt is a case in point.

"Unless it is resigned to a continuance of the decline of the living standards of the masses, the government of Egypt must find the means for sharply increasing the accumulation of capital and directing it into productive channels. This is likely to require deficit financing and a program of forced savings. In other words, Egypt must curtail present levels of consumptions, or even depress them, in order to achieve even a modest rate of economic development." Frederick Harbison and Ibrahim Abdelkader Ibrahim, *Human Resources for Egyptian Enterprise* (New York: 1958), p. 34.

Some underdeveloped countries may have to adopt totalitarian methods in order to meet the threat presented by neighboring countries which have adopted them and are developing faster than they.<sup>24</sup>

The exigencies of development, then, will tend to bring into existence repressive or totalitarian regimes. But even without these exigencies, the same effect might arise from other causes. The rulers of the underdeveloped countries are discovering that the technology of mass communications affords them the possibility of rule by propaganda. This is something new in the history of the world. In very poor societies it was formerly uneconomic, if not altogether impossible, to maintain rule by force over a large area. Consequently government was mostly village or tribal and rested largely on traditional authority. The situation has now changed fundamentally. The technology of communications makes it feasible to govern by talk rather than by force, and to do so over an almost limitless area at a cost that is trivial even by the standards of a poor society.<sup>25</sup> Even if rulers did not need to increase their power in order to hasten

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<sup>24</sup> Barbara Ward Jackson finds that the Congress Party of India is well suited for the give-and-take of democracy. "But it is not a very suitable instrument for rallying vast unified popular effort or for exacting great public sacrifice. It follows that India cannot mobilize savings and direct energies as the Chinese Communists claim to do, and Congress as a political party can survive only so long as really heroic sacrifices are not needed from the Indian people." "India on the Eve of its Third Plan," *Foreign Affairs*, January 1961, p. 265.

<sup>25</sup> The following dispatch was carried by Reuters, datelined Panama, May 6, 1961:

Portable transistor radios are becoming a key factor in Latin-American politics, according to leading radio and television executives in Panama.

Their role is to bring politicians' messages, appeals and, upon occasion, speeches to hundreds of thousands of peasants who never had any form of direct communication with the politically-active cities.

The core of the role played by these transistor radios in bringing about this change is the flashlight batteries on which so many of the sets operate.

The humblest country store stocks them for countryfolk who live far beyond the end of the last power line. A recent survey showed that one-third of the population of Latin America comes into this category.

economic development, they would probably find the opportunity for rule by propaganda irresistible.

Rule by propaganda requires a constant supply of program material, of ideas exciting or challenging enough to stir the masses into a state of mind that will make them amenable to control. "Positive" appeals for "constructive" action—appeals, say, for great national crusades against poverty, disease, and ignorance—may serve the purpose. In general, however, appeals to hate and fear will probably work better. The example of Castro suggests that excoriating the capitalist, the colonialist, the foreigner, the Yankee, and (although not in Cuba) the white man is likely to be the cheapest, easiest and most dependable way to rally the people, make them cohere as a nation, and secure possession of their energies and loyalties.

Where propaganda is to be the basis of governmental power, the West is at a great and probably hopeless disadvantage. It is identified (unfairly, of course, in the case of the United States) with the hated system of colonialism, the horrors of which increase with every retelling and the virtues of which have already been forgotten. The great principles for which the West stands, such as the worth of the individual, are unintelligible to the masses in the underdeveloped areas; the meaning of democracy, it need hardly be said, cannot be shouted over the radio to a street mob. The Communists, on the other hand, are under no such handicaps. The Marxist ideology is, as Adam B. Ulam has remarked, the *natural* one for backward societies to adopt.<sup>26</sup> It provides people who are undergoing transition from a pre-industrial to an industrial society with a doctrine that makes sense of what must otherwise appear to them a senseless world. The Soviet Union, moreover, is an underdeveloped country that has "made good," whereas the United States, the richest country by far, is the conspicuous symbol of all that is hateful and threatening.

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<sup>26</sup> Adam B. Ulam, *The Unfinished Revolution* (New York: 1960), Ch. VII. See also Zbigniew Brzezinski, "The Politics of Underdevelopment," *World Politics*, Vol. IX:1, 1956, p. 63 and *passim*, and the contrasting views of Alex Inkeles, "The Soviet Union: Model for Asia?" *Problems of Communism*, Vol. VIII:6, 1959, pp. 30-38.

In some countries of Africa, the Middle East, and Latin America, leaders and followers alike are stirred less by desire for improvement of living standards than by the emotion of nationalism—by the desire to create a mystic bond among a chosen people marked by some sacred stigmata and to exalt the power and the glory of the nation. This is an expression of a primordial urge to be in contact with the sacred and to feel awe and reverence. Economic development, where nationalism is strongest, is valued less for itself (it may even be thought intrinsically undesirable) than as a means of symbolizing, or of asserting, the power and glory of the nation. To people intensely moved by the religion of nationalism, those who do not belong to the nation are beyond the pale: their mere presence defiles the sacred places. The existence of the nation as a mystic body depends upon maintaining this radical distinction between those within and those without.

These reasons for hating the West, the capitalist, the white, and the foreigner exist in some degree in most of the underdeveloped countries. They account in part for the hostility often manifested toward the United States by the leaders of countries which have no "objective" grounds for hostility. In such countries, it may be much more important to the ruling clique, and perhaps also to the whole nation, to have us for enemies than for friends.

Successful application of the doctrine of indirect influence (supposing this to be possible) will require concentration of aid efforts on the most promising and amenable countries, and this, of course, will almost certainly create disaffection among those that are not favored. It is quite likely that the promising and amenable—and hence favored—countries will be ones of little strategic importance to the United States and that the disfavored—and hence disaffected—ones will be of great strategic importance.<sup>27</sup>

<sup>27</sup> Chester Bowles, a special adviser to the President, proposed publicly on August 14, 1962 that the Agency for International Development classify applicants in four priority categories according to their ability and willingness to make use of aid. Bowles went so far as to list particular countries he thought might be included in the two top categories. He acknowledged that the exigencies of Cold War (or other) politics might require giving

### *Developed Societies Not Necessarily Peaceful*

If the underdeveloped countries were to become fully developed and "modernized," they would not necessarily be peaceful. As Rupert Emerson has observed:

The great wars which have seriously threatened mankind in recent history have taken place within the fraternity of the rich and developed states. Can there be any clear assurance of a gain for peace in the multiplication of well-to-do, industrialized states, modeled precisely after those which have been the principal warmakers of modern times?<sup>28</sup>

The disparity between the richness of some nations and the poverty of others does not, as is so often asserted, tend toward war. Poor, pre-industrial nations do not attack rich, industrial ones, much as they might like to. Nor does being "undemocratic" incline one nation to attack another if the attack cannot possibly be successful.

By the same token, any nation, however developed or democratic, may be aggressive. Millikan and Rostow have no basis for their confidence that democratic societies "can be relied upon not to generate conflict because their own national interests parallel ours and because they are politically healthy and mature."<sup>29</sup> On the contrary, it may be taken for granted that in the long course of history the interests of any nation are likely to conflict with those of any other, including, of course, the United States, and that when this happens the relative power of the nations, not their political "health" or "maturity," will determine the outcome.

Millikan and Rostow assert that as underdeveloped countries gain confidence they will become easier to deal with.

Once they see that they are wholly capable of standing on their own feet, they can afford to be less quixotic and nervous in their foreign

aid to countries not qualifying by the "economic and social" criteria. These would be "exceptional cases," he said, and might be financed from the Special Contingency budget. The approach he recommended was "tough-minded," he said, and conservatives would "applaud and support" it.

<sup>28</sup> Rupert Emerson, *From Empire to Nation* (Cambridge: 1960), p. 415.

<sup>29</sup> *Op. cit.*, p. 4.

policies. A confident nation, making progress at home, is likely to conduct its foreign policy with poise and good sense.<sup>30</sup>

This also overlooks the fact of power. The Soviet Union is a confident nation, but it is nevertheless infinitely dangerous to us. Twenty-five years ago, when its confidence was much less, it was no danger at all. The difference is that its power has increased. What counts is not the confidence of nations but their power. The peace of the world would be perfectly safe if the underdeveloped nations (and the others also!) were utterly without confidence, providing they were also utterly without power.

Finally, if the countries in question were to become entirely peaceable, our national security would not necessarily be increased and it might even be decreased. It would not be increased if we possessed deterrents sufficient to prevent any nation, warlike or peaceable, from attacking us, and it might be decreased if countries now willing to risk war in support of our policy were (having become peaceable) no longer willing to do so.

### *The Probability of Success*

The degree of confidence that one has in the doctrine of indirect influence will therefore depend upon how one judges four probabilities: (a) that aid will increase per capita incomes significantly, (b) that this increase, by itself or with other energizing changes, will make societies more democratic, (c) that their being more democratic will make them more peaceable, and (d) that their being more peaceable will add to our security. The probability of the outcome that is ultimately desired, viz., greater national security, is the *product* of these four separate probabilities. Hence (to assign numbers for illustrative purposes only) if there is one chance in ten that per capita incomes will increase significantly, one chance in ten that this will make the societies more democratic, one chance in ten that this will make them peaceable, and one chance in ten that their being peaceable will increase our security, there is one chance in

<sup>30</sup> *Ibid.*, p. 32.

ten thousand of achieving our ultimate aim in the manner the doctrine prescribes.

Along with the probability of achieving the effect that is ultimately desired must be considered another: that of achieving it *in time*. The peril to America exists now and in the immediate future; it makes little difference to us how peaceful the presently underdeveloped countries will be 100 years from now, or even 30 years from now, if by then we will have been destroyed. One unit of present advantage is worth much more to us than many units of advantage 30 years hence, and more, perhaps, than any possible number 100 years hence. It is certainly wildly optimistic to believe that the underdeveloped areas may become "mature" and "healthy" democracies within a generation, but even if they did, success might come too late.

The rate of technological and other change is so great that the present crisis of relations between the West and the Soviets is very likely to have been resolved one way or another in less than 30 years. If our objectives can be achieved simply by inspiring the underdeveloped countries to "confident" and "constructive" efforts—if, that is, we need not first raise their incomes substantially—this problem of timing is less urgent. But it is very hard to believe that our objectives *can* be achieved in this way.

Whatever the benefits that may be judged probable on this basis, account must also be taken of the costs. One cost which may not be obvious is the possibility of making matters worse. We may, for example, set off armaments races and wars between the underdeveloped countries. Indeed, there is reason to suppose that we have already done so. Israel's attack on Egypt was probably made possible by American aid, for, although the aid was non-military it freed foreign exchange for the purchase of armaments. In time, perhaps, our non-military aid to Egypt will enable that country to attack Israel. The arms competition between India and Pakistan is largely financed by us. By giving India non-military aid we make it possible for her to buy arms (Indian expenditures for arms have for several years equalled the value of the aid received from us) and this causes Pakistan to demand ever-larger amounts of military