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A POLITICAL THEORY OF FOREIGN AID*

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Of the seeming and real innovations which the modern age has introduced into the practice of foreign policy, none has proven more baffling to both understanding and action than foreign aid. The very assumption that foreign aid is an instrument of foreign policy is a subject of controversy. For, on the one hand, the opinion is widely held that foreign aid is an end in itself, carrying its own justification, both transcending, and independent of, foreign policy. In this view, foreign aid is the fulfillment of an obligation of the few rich nations toward the many poor ones. On the other hand, many see no justification for a policy of foreign aid at all. They look at it as a gigantic boondoggle, a wasteful and indefensible operation which serves neither the interests of the United States nor those of the recipient nations.

The public debate on foreign aid has contributed little to understanding. In the spring of every year the nation engages in such a debate, carried on almost exclusively in terms of the amount of money to be spent for purposes of foreign aid rather than of the substantive purposes which a policy of foreign aid is supposed to serve. The Administration tries, as it were, to sell a certain amount of foreign aid to Congress, and Congress refuses to buy that amount. Congress generally appropriates about ten per cent less than what the Administration has requested, and the Administration spends what is appropriated as it sees fit within the general categories authorized. Only when glaring abuses and inefficiencies are uncovered, as for instance in our foreign aid to Laos, is the question of the substance of our foreign aid policy raised in public, and even then it is put in the negative terms of remedying the abuses and inefficiencies rather than in the positive terms of the purposes our foreign aid policy may be supposed to advance and the kinds of measures best calculated to serve these aims.

It is in fact pointless even to raise the question whether the United States ought to have a policy of foreign aid—as much so as to ask whether the United States ought to have a foreign political or military policy. For the

United States has interests abroad which cannot be secured by military means and for the support of which the traditional methods of diplomacy are only in part appropriate. If foreign aid is not available they will not be supported at all.

The question, what kind of policy of foreign aid we ought to have, can then not be evaded. As it has developed in recent years, the kind we have is fundamentally weak. It has been conceived as a self-sufficient technical enterprise, covering a multitude of disparate objectives and activities, responding haphazardly to all sorts of demands, sound and unsound, unrelated or only by accident related to the political purposes of our foreign policy. The United States, in short, has been in the business of foreign aid for more than two decades, but it has yet to develop an intelligible theory of foreign aid that could provide standards of judgment for both the supporters and opponents of a particular measure.

I. SIX TYPES OF FOREIGN AID

The first prerequisite for the development of a viable foreign aid policy is the recognition of the diversity of policies that go by that name. Six such can be distinguished which have only one thing in common: the transfer of money, goods and services from one nation to another. They are humanitarian foreign aid, subsistence foreign aid, military foreign aid, bribery, prestige foreign aid, and foreign aid for economic development.

Of these distinct types, only humanitarian foreign aid is *per se* nonpolitical. The aid which governments have traditionally extended to nations which are victims of natural disasters, such as floods, famines and epidemics falls in that category. So do the services, especially in the fields of medicine and agriculture, which private organizations, such as churches and foundations, have traditionally provided in Asia, Africa, and Latin America.

While humanitarian aid is *per se* nonpolitical, it can indeed perform a political function when it operates within a political context. The foreign aid that private organizations provide will be attributed for better or worse to their respective governments insofar as humanitarian aid emanating from a foreign country is recognized by the recipient country or its inhabitants to perform a political function. Thus the agricultural aid which the Rockefeller

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Foundation has provided for many years to certain Latin American countries is likely to take on under contemporary conditions a political function which it did not perform previously. The same has from the beginning been true of the work the Ford Foundation has been doing in India. By the same token, humanitarian aid extended by a government may have political effects.

Subsistence foreign aid is extended to governments, such as those of Jordan and Niger, which do not command the resources to maintain minimal public services. The giving nation makes up the deficit in the budget of the recipient nation. Subsistence foreign aid is akin to the humanitarian type in that it seeks to prevent the breakdown of order and the disintegration of organized society. But it also performs the political function of maintaining the *status quo*, without, however, as a rule, increasing its viability. Where a political alternative to a nonviable regime may exist, subsistence foreign aid diminishes the chances of its materializing.

Bribes proffered by one government to another for political advantage were until the beginning of the nineteenth century an integral part of the armory of diplomacy. No statesman hesitated to acknowledge the general practice of giving and accepting bribes, however anxious he might be to hide a particular transaction. Thus it was proper and common for a government to pay the foreign minister or ambassador of another country a pension, that is, a bribe. Lord Robert Cecil, the Minister of Elizabeth, received one from Spain. Sir Henry Wotton, British Ambassador to Venice in the seventeenth century, accepted one from Savoy while applying for one from Spain. The documents which the French revolutionary government published in 1793 show that France subsidized Austrian statesmen between 1757 and 1769 to the tune of 82,652,479 livres, the Austrian Chancellor Kaunitz receiving 100,000.

The Prussian Ambassador in Paris summed up well the main rule of this game when he reported to his government in 1802: "Experience has taught everybody who is here on diplomatic business that one ought never to give anything before the deal is definitely closed, but it has only proved that the allurements of gain will often work wonders." It is worthy of note that the first appropriation act adopted by the first Congress of the United States in 1789 included a modest contingent fund for such purposes.

Much of what goes by the name of foreign aid today is in the nature of bribes. The transfer of money and services from one govern-

ment to another performs here the function of a price paid for political services rendered or to be rendered. These bribes differ from the traditional ones exemplified above in two respects: they are justified primarily in terms of foreign aid for economic development, and money and services are transferred through elaborate machinery fashioned for genuine economic aid. In consequence, these bribes are a less effective means for the purpose of purchasing political favors than were the traditional ones.

The compulsion of substituting for the traditional businesslike transmission of bribes the pretense and elaborate machinery of foreign aid for economic development results from a climate of opinion which accepts as universally valid the proposition that the highly developed industrial nations have an obligation to transfer money and services to underdeveloped nations for the purpose of economic development. Thus, aside from humanitarian and military foreign aid, the only kind of transfer of money and services which seems to be legitimate is one ostensibly made for the purpose of economic development. Economic development has become an ideology by which the transfer of money and services from one government to another in peace time is rationalized and justified.

The present climate of opinion embraces another assumption as universally valid: that economic development can actually be promoted through such transfers of money and services. Thus economic development as an ideology requires machinery that makes plausible the postulated efficacy of the transfer for the stated purpose of economic development. In contrast to most political ideologies, which operate only on the verbal level and whose effects remain within the realm of ideas, this political ideology, in order to be plausible, requires an elaborate administrative apparatus serving as an instrument for a policy of make-believe. The government of nation A, trying to buy political advantage from the government of nation B for, say, the price of 20 million dollars, must not only pretend, but also act out in elaborate fashion the pretense, that what it is actually doing is giving aid for economic development to the government of nation B.

This practice of giving bribes as though they were contributions to economic development inevitably creates, in the giver and the recipient, expectations which are bound to be disappointed. Old-fashioned bribery was a relatively straightforward transaction; services were to be rendered at a price, and both sides

knew what to expect. Bribery disguised as foreign aid for economic development makes of giver and recipient actors in a play which in the end they may no longer be able to distinguish from reality. In consequence, both may come to expect results in terms of economic development which in the nature of things may not be forthcoming. Thus both are likely to be disappointed, the giver blaming the recipient for his inefficiency and the recipient accusing the giver of stinginess and asking for more. The ideology, if taken for reality, gets in the way of the original purpose of the transaction, and neither side believes that it has received what it is entitled to.

For the past decade, military aid took the lion's share of the foreign aid programs of the United States. A shift in favor of nonmilitary aid occurred during the 1961 session when Congress appropriated somewhat over 2 billion dollars for military aid, while the total voted for all the other foreign aid programs ran in excess of 3 billion dollars. To the latter amount must be added the equivalent of approximately 1 billion dollars in foreign currencies, the proceeds of the sale of agricultural commodities abroad, to be used for economic grants and loans to purchasing governments.

Foreign aid for military purposes is a traditional way by which nations buttress their alliances. Rome used to receive tribute from its allies for the military protections it provided. The seventeenth and eighteenth centuries are the classic period of military subsidies, by which nations, and especially Great Britain, endeavored to increase the military strength of their allies. Glancing through the treaties of alliance of that period, one is struck by the meticulous precision with which obligations to furnish troops, equipment, logistic support, food, money, and the like were defined. The loans which France extended to Russia after the conclusion of the alliance between the two nations in 1894 fall in the same category. This traditional military aid can be understood as a division of labor between two allies who pool their resources, one supplying money, matériel, and training, the other providing primarily manpower.

In contrast to traditional practice, military aid today is extended not only to allies but also to certain uncommitted nations. The military aid the United States has been giving to Yugoslavia is a case in point. The purpose is here not so much military as political. It seeks political advantage in exchange for military aid. It obligates by implication, the recipient toward the giver. The latter expects the former to abstain from a political course which might

put in jeopardy the continuation of military aid. Military aid is here really in the nature of a bribe.

What appears as military aid may also be actually in the nature of prestige aid, to be discussed below. The provision of jet fighters and other modern weapons for certain underdeveloped nations can obviously perform no genuine military function. It increases the prestige of the recipient nation both at home and abroad. Being in the possession of some of the more spectacular instruments of modern warfare, a nation can at least enjoy the illusion of having become a modern military power.

As bribery appears today in the guise of aid for economic development, so does aid for economic development appear in the guise of military assistance. In the session of 1961, for instance, Congress appropriated 425 million dollars for economic aid to strategic areas, and it is likely that in the total appropriations of over 2 billion dollars for military aid other items of economic aid are hidden. This mode of operation results from the reluctance of Congress to vote large amounts for economic aid in contrast to its readiness to vote virtually any amount requested for military purposes. Yet the purposes of aid for economic development are likely to suffer when they are disguised as military assistance, as we saw the purposes of bribery suffer when disguised as aid for economic development. The military context within which such aid is bound to operate, even though its direct administration be in the hands of the civilian authorities, is likely to deflect such aid from its genuine purposes. More particularly, it strengthens the ever-present tendency to subordinate the requirements of aid for economic development to military considerations.

Prestige aid has in common with modern bribes the fact that its true purpose, too, is concealed by the ostensible purpose of economic development or military aid. The unprofitable or idle steel mill, the highway without traffic and leading nowhere, the airline operating with foreign personnel and at a loss but under the flag of the recipient country—all ostensibly serve the purposes of economic development and under different circumstances might do so. Actually, however, they perform no positive economic function. They owe their existence to the penchant, prevalent in many underdeveloped nations, for what might be called "conspicuous industrialization," spectacular symbols of, and monuments to, industrial advancement rather than investments satisfying any objective economic needs of the country.

This tendency sheds an illuminating light upon the nature of what is generally referred to as the "revolution of rising expectations." We are inclined to assume that the urgent desire to improve one's lot by means of modern technology and industry is a well-nigh universal trend in Asia, Africa, and Latin America. Actually, however, this trend is universal only in the sense that virtually all underdeveloped nations want to appear as having achieved industrialization, while only a fraction of the population, and frequently only small elite groups within it, seek the social and economic benefits of industrialization and are willing to take the measures necessary to achieve them. For many of the underdeveloped nations the steel mill, the highway, the airline, the modern weapons, perform a function that is not primarily economic or military, but psychological and political. They are sought as the outward show of modernity and power. They perform a function similar to that which the cathedral performed for the medieval city and the feudal castle or the monarch's palace for the absolute state. Nehru is reported to have said, when he showed Chou-En-Lai a new dam: "It is in these temples that I worship." And the more underdeveloped and less viable a nation is, the greater is likely to be its urge to prove to itself and to the world through the results of prestige aid that it, too, has arrived in the mid-twentieth century.

The advantage for the giver of prestige aid is threefold. He may receive a specific political advantage in return for the aid, very much like the advantage received for a bribe. Also, the spectacular character of prestige aid establishes a patent relationship between the generosity of the giver and the increased prestige of the recipient. The giver's prestige is enhanced, as it were, by the increase of the recipient's prestige. Finally, prestige aid comes relatively cheap. A limited commitment of resources in the form of a spectacular but economically useless symbol of modernity may bring disproportionate political dividends.

The giver of foreign aid is therefore well advised to distinguish between prestige aid and aid for economic development, though both are justified by the prospective recipient in terms of genuine economic development. The prospective giver, if unaware of the distinction, is likely to fall into one of two errors. By mistaking prestige aid for aid for economic development, he may waste human and material resources in support of the latter when the purpose of prestige aid could have been achieved much more simply and cheaply. Or else he may reject out of hand a request for

prestige aid because he cannot justify it in terms of economic development, and may thereby forgo available political advantages. The classic example of this error is the American rejection of the Afghan request for the paving of the streets of Kabul as economically unsound. The Soviet Union, pursuing a politically oriented policy of foreign aid, did pave the streets of Kabul.

II. FOREIGN AID FOR ECONOMIC DEVELOPMENT IN PARTICULAR

None of the types of foreign aid discussed thus far poses theoretical questions of great magnitude; rather they raise issues for practical manipulation which can be successfully met by common sense tested by experience. Foreign aid for economic development has been the primary area for theoretical analysis and speculation, and these have been primarily of an economic nature. Economic thought, true to its prevailing academic tradition, tends to look at foreign aid as though it were a self-sufficient technical enterprise to be achieved with the instruments, and judged by the standards, of pure economics. And since Western economic development, from the first industrial revolution onwards, has been due to the formation of capital and the accumulation of technical knowledge, we have tended to assume that these two factors would by themselves provide the impetus for the economic development of the underdeveloped nations of Asia, Africa, and Latin America. This tendency has been powerfully supported by the spectacular success of the Marshall Plan, the political origins and motivations of which were easily forgotten in its justification as a strictly economic measure for the provision of capital and technological know-how. Yet it is not always recognized that this success was made possible only by the fact that, in contrast to the underdeveloped nations of Asia, Africa, and Latin America, the recipients of Marshall aid were among the leading industrial nations of the world, whose economic systems were but temporarily in disarray.

The popular mind, on the other hand, and, through it, much of the practice of foreign aid have proceeded from certain unexamined assumptions, no less doubtful for being deeply embedded in the American folklore of politics. Thus the popular mind has established correlations between the infusion of capital and technology into a primitive society and its economic development, between economic development and social stability, between social stability and democratic institutions, between democratic institutions and a peaceful

foreign policy. However attractive and reassuring these correlations may sound to American ears, they are borne out neither by the experiences we have had with our policies of foreign aid nor by general historic experience.

The first of these assumptions implies that underdevelopment is at least primarily the result of lack of capital and technological know-how. Underdevelopment is regarded as a kind of accident or at worst as a kind of deficiency disease, which can be taken care of through subcutaneous injections of the missing ingredients. Yet a nation may suffer from deficiencies, some natural and insuperable, others social and remediable, which no amount of capital and technological know-how supplied from the outside can cure. The poverty of natural resources may be such as to make economic development impossible. Nations such as Jordan and Somalia are in all likelihood permanently incapable of economic development for that reason. Many of the nations which are the perennial recipients of subsistence aid are likely to fall in the same category.

A nation may also suffer from human deficiencies which preclude economic development. As there are individuals whose qualities of character and level of intelligence make it impossible for them to take advantage of economic opportunities, so are there nations similarly handicapped. To put it bluntly: as there are bums and beggars, so are there bum and beggar nations. They may be the recipients of charity, but short of a miraculous transformation of their collective intelligence and character, what they receive from the outside is not likely to be used for economic development.

Other nations are presently deficient in the specific qualities of character and intelligence that go into the making of a modern economic system, even though their general or inherent capabilities qualify them potentially for the necessary transformation sometime in the future. They are, to use a rough analogy, in a medieval stage of cultural development, still awaiting the equivalent of the moral and intellectual revolutions which in the sixteenth and seventeenth centuries created the cultural preconditions for the economic development of the West. Yet we tend to take the existence of these preconditions for granted, forgetting that without the secularization and rationalization of Western thought and society the industrialization of the West would not have been possible.

A civilization, such as the Burmese, which deprecates success in this world because it stands in the way of success in the other world,

puts a cultural obstacle in the path of industrial development, which foreign aid by itself cannot overcome. Saving, that is, the preservation of capital or goods for investment or future use, has become so integral a part of our economic thought and action that it is hard for us to realize that there are hundreds of millions of people in the underdeveloped areas of the world who are oblivious of this mode of operation, indispensable to economic development. We have come to consider the productive enterprise as a continuum in the betterment of which the individual owner or manager has a personal stake. Yet in many underdeveloped areas the productive enterprise is regarded primarily as an object for financial exploitation, to be discarded when it has performed its function of bringing the temporary owner the largest financial return in the shortest possible time. Foreign aid poured into such a precapitalistic and even prerational mould is less likely to transform the mould than to be forced by it, in ways hardly predictable in advance, into channels serving the interests of a precapitalistic or prerational society.

The economic interests which tend to prevent foreign aid from being used for economic development are typically identified with the ruling groups in underdeveloped societies, which derive their political power in good measure from the economic *status quo*. The ownership and control of arable land, in particular, is in many of the underdeveloped societies the foundation of political power. Land reform and industrialization are in consequence an attack upon the political *status quo*. In the measure that they succeed, they are bound to affect drastically the distribution of economic and political power alike. Yet the beneficiaries of both the economic and political *status quo* are the typical recipients of foreign aid given for the purpose of changing the *status quo*. To ask them to use foreign aid for this purpose is to require a readiness for self-sacrifice and a sense of social responsibility which few ruling groups have shown throughout history. Foreign aid proffered under such circumstances is likely to fail in its ostensible purpose and, performing the function of a bribe to the ruling group, to strengthen the economic and political *status quo*. It is more likely to accentuate unsolved social and political problems than to bring them closer to solution. A team of efficiency experts and public accountants might well have improved the operations of the Al Capone gang; yet by doing so, it would have aggravated the social and political evils which the operations of that gang brought forth.

Given this likely resistance of the ruling

group to economic development, foreign aid requires drastic political change as a necessary condition for its success. Foreign aid must go hand in hand with political change, either voluntarily induced from within or brought about through pressure from without. The latter alternative faces the giving nation with a dilemma. On the one hand, to give foreign aid for economic development without stipulating conditions that maximize the chances for success will surely maximize the chances for failure. On the other hand, to give aid "with strings" arouses xenophobic suspicions and nationalistic resentments, to be exploited both by the defenders of the *status quo* and the promoters of Communist revolution.

Furthermore, once one has decided to bring about political change in opposition to the ruling group, one must identify some alternative group as the instrument of political change. Sometimes, the only choice is among alternative groups which are equally unattractive. Sometimes, and not infrequently, the absence of any available alternative group leaves only the choice between creating one or doing nothing.

Finally, the promotion of drastic social change on the part of the giving nation may create the indispensable condition for economic development, but it also conjures up the spectre of uncontrollable revolution. In many of the underdeveloped nations peace and order are maintained only through the ruthless use of the monopoly of force by the ruling group. Determined and skillful foreign intervention may find little difficulty in weakening or even removing altogether the power of the ruling group. It is not so easy to finish what has thereby been started. While the interventionist nation may be able to control events up to the point of instigating drastic reform and revolution, it may well prove unable to control the course of the revolution itself. More particularly, a democratic nation, such as the United States, is greatly handicapped in competing with Communists in the control of a revolution. The revolution may start, as it did in Cuba, under the democratic auspices of unorganized masses dedicated to social reform and supported by the United States, and may in the course of its development be taken over by the highly organized and disciplined Communist minority, the only organized and disciplined revolutionary group on the scene.

Successful foreign aid for economic development may have similarly unsettling political results. Economic development, especially by way of industrialization, is bound to disrupt the social fabric of the underdeveloped nation.

By creating an urban industrial proletariat, it loosens and destroys the social nexus of family, village and tribe, in which the individual had found himself secure. And it will not be able, at least not soon, to provide a substitute for this lost social world. The vacuum so created will be filled by social unrest and political agitation. Furthermore, it is not the downtrodden peoples living in a static world of unrelieved misery who are the likely protagonists of revolution, but rather those groups that have begun to rise in the social and economic scale have not enough to satisfy their aroused expectations. Thus, economic development is bound to disturb not only the economic *status quo* but, through it, the political *status quo* as well. If the change is drastic enough, the social and political effects of economic development may well bring about a prerevolutionary or revolutionary situation. And while the United States may have started the revolutionary process, it will again be uncertain under whose auspices it will be ended.

The United States faces a number of formidable handicaps in trying to control social and political change in the underdeveloped nations either as a prerequisite for, or a result of, foreign aid for economic development. First of all, as a Western capitalistic nation, the United States is a conservative power both domestically and internationally, and must appear particularly so to the underdeveloped nations. Both in its civilization and its social and economic structure, it belongs to that complex of nations which until recently were able to hold Africa, Latin America, and the outlying areas of Asia in a condition of colonial or semicolonial dependency. It has military alliances with these nations, and while it has generally shunned and even opposed outright colonial policies, it has actively and successfully participated in the semicolonial exploitation of backward nations. Thus the resentment against the former colonial powers attaches also, to it and its policies of foreign aid are frequently suspect, as serving in disguise the traditional ends of colonialism.

Furthermore, the United States, by dint of its pluralistic political philosophy and social system, cannot bring to the backward nations of the world a simple message of salvation, supported first by dedicated and disciplined revolutionary minorities and then by totalitarian control. In the nature of things, the advantage lies here with the Communist powers. They are, as it were, specialists in exploiting a revolutionary situation, which is bound to cause us embarrassment. For while the Communists are able to direct a revolution into the desired

channels through their use of a disciplined minority, we, even if we are convinced that revolution is inevitable and therefore do not oppose it, tend to look on it with misgivings since we cannot control the direction it will take.

The Communist powers have still another advantage over the United States in that, at least on the surface, their problems and achievements are more meaningful to the underdeveloped nations than ours. The Soviet Union has achieved, and Communist China attempts to achieve, what the more enlightened underdeveloped nations seek: a drastic increase in national output through rapid industrialization. The Communist powers use totalitarian control as their instrument and Communist doctrine as rationalization. Seeking the same results, the underdeveloped nations cannot help being attracted by the methods which brought about these results elsewhere. In contrast, the slow process, stretching over centuries, through which the nations of the West achieved a high standard of living through industrialization must appeal much less to them. That appeal is further lessened by the economic processes of the free market and the political processes of liberal democracy through which in large measure Western industrialization was achieved. For these processes require a degree of moral restraint and economic and political sophistication which are largely absent in the underdeveloped nations. The simple and crude methods of totalitarianism must appear to them much more congenial.

Thus we arrive at the disconcerting conclusion that successful foreign aid for economic development can be counterproductive if the social and political goal of the giving nation is the recipient's social and political stability. In some cases at least, the failure of American aid for economic development may have been a blessing in disguise in that it did not disturb a stable *status quo* whose continuance was in our interest. Such aid, intended for economic development, actually performs the function either of a bribe or of prestige aid. Here again, however, these functions are likely to be impaired by disappointed expectations of economic development on the part of the giving and the recipient nation.

It is equally a moot question whether successful foreign aid for economic development is conducive to the development of democratic institutions and practices. Without stopping here to examine the complexities of the relationship between democracy and economic development, it is enough to observe, as recent history has made clear, that no necessary

causal relationship exists between the two. The most impressive example is the Soviet Union. Its rapid economic development has gone hand in hand with totalitarian government, and a case could well be made for the proposition that the former would have been impossible without the latter. It is more likely than not that where the intellectual and moral preconditions for economic development are lacking in the population at large and are present only in a small elite, as is true in many of the underdeveloped nations, the imposition of the will of that small minority upon the majority of the population is a prerequisite not only for the start of economic development but also for sustained economic growth.

As concerns the promotion of a peaceful foreign policy, economic development is likely to be counterproductive if a political incentive for a belligerent foreign policy is present. The contrary conclusion derives from the popular, yet totally unfounded assumption that "poor" nations make war on "rich" nations for economic advantage and that "rich" nations are by definition peaceful because they have what they want. In truth, of course, most wars have been fought not for economic but political advantage, and, particularly under modern technological conditions, only economically advanced nations are capable of waging modern war. We did not consider the Soviet Union a military threat as long as it was economically underdeveloped; it became one when its economic development had transformed it into a modern industrial power. Similarly, Communist China today, except to its immediate neighbors, is only a potential military threat by virtue of its economic potential, both likely to be activated by economic development.

Foreign aid for economic development, then, has a very much smaller range of potentially successful operation than is generally believed. Its success depends in good measure not so much upon its soundness in strictly economic terms as upon intellectual, moral, and political preconditions, which are not susceptible to economic manipulation, if they are susceptible to manipulation from the outside at all. Furthermore, the political results of successful foreign aid for economic development may be either unpredictable or counterproductive in terms of the political goals of the giving nation. In any event, they are in large measure uncontrollable. Foreign aid proffered and accepted for purposes of economic development may turn out to be something different from what it was intended to be, unless it is oriented toward the political conditions within which it must operate. Most likely, it will turn out to be

a bribe or prestige aid, or else a total waste. To do too much may here be as great a risk as to do too little, and "masterly inactivity" may sometimes be the better part of wisdom.

III. CONCLUSIONS FOR POLICY

The major conclusions for policy to be drawn from this analysis are three: the requirement of identifying each concrete situation in the light of the six different types of foreign aid and of choosing the quantity and quality of foreign aid appropriate to the situation; the requirement of attuning, within the same concrete situation, different types of foreign aid to each other in view of the over-all goals of foreign policy; and the requirement of dealing with foreign aid as an integral part of political policy.

The task of identifying concrete situations with the type of foreign aid appropriate to them is a task for country and area experts to perform. Can country A not survive without foreign aid? Is its government likely to exchange political advantages for economic favors? Would our military interests be served by the strengthening of this nation's military forces? Does this country provide the non-economic preconditions for economic development to be supported by foreign aid? Are our political interests likely to be served by giving this nation foreign aid for purposes of prestige? Can a case be made for foreign aid in order to alleviate human suffering? What kind and quantity of foreign aid is necessary and sufficient to achieve the desired result?

To answer these questions correctly demands first of all a thorough and intimate knowledge and understanding of the total situation in a particular country. But it also requires political and economic judgment of a very high order, applied to two distinct issues. It is necessary to anticipate the receptivity of the country to different kinds of foreign aid and their effects upon it. When this analysis has been made, it is then necessary to select from a great number of possible measures of foreign aid those which are most appropriate to the situation and hence most likely to succeed.

In most cases, however, the task is not that simple. Typically, an underdeveloped country will present a number of situations indicating the need for different types of foreign aid simultaneously. One type given without regard for its potential effects upon another type risks getting in the way of the latter. One of the most conspicuous weaknesses of our past foreign aid policies has been the disregard of the effect different types of foreign aid have upon each

other. Bribes given to the ruling group, for instance, are bound to strengthen the political and economic *status quo*. Military aid is bound to have an impact upon the distribution of political power within the receiving country; it can also have a deleterious effect upon the economic system, for instance, by increasing inflationary pressures. Similarly, the effect of subsistence foreign aid is bound to be the support of the *status quo* in all its aspects. Insofar as the giving nation desires these effects or can afford to be indifferent to them they obviously do not matter in terms of its over-all objectives. But insofar as the giving nation has embarked upon a policy of foreign aid for economic development which requires changes in the political and economic *status quo*, the other types of foreign aid policies are counterproductive in terms of economic development; for they strengthen the very factors which stand in its way.

This problem is particularly acute in the relations between prestige aid and aid for economic development. The giving nation may seek quick political results and use prestige aid for that purpose; yet it may also have an interest in the economic development of the recipient country, the benefits of which are likely to appear only in the more distant future. Prestige aid is at best only by accident favorable to economic development; it may be irrelevant to it, or it may actually impede it. What kind of foreign aid is the giving country to choose? If it chooses a combination of both it should take care to choose an innocuous kind of prestige aid and to promote economic development the benefits of which are not too long in coming. Afghanistan is the classic example of this dilemma. The Soviet Union, by paving the streets of Kabul, chose a kind of prestige aid that is irrelevant to economic development. The United States, by building a hydroelectric dam in a remote part of the country, chose economic development, the very existence of which is unknown to most Afghans and the benefits of which will not appear for years to come.

It follows, then, from the very political orientation of foreign aid that its effect upon the prestige of the giving nation must always be in the minds of the formulators and executors of foreign aid policies. Foreign aid for economic development, in particular, which benefits the recipient country immediately and patently is a more potent political weapon than aid promising benefits that are obscure and lie far in the future. Furthermore, the political effects of foreign aid are lost if its foreign source is not obvious to the recipients. For it is not aid as

such or its beneficial results that creates political loyalties on the part of the recipient, but the positive relationship that the mind of the recipient establishes between the aid and its beneficial results, on the one hand, and the political philosophy, the political system, and the political objectives of the giver, on the other. That is to say, if the recipient continues to disapprove of the political philosophy, system, and objectives of the giver, despite the aid he has received, the political effects of the aid are lost. The same is true if he remains unconvinced that the aid received is but a natural, if not inevitable, manifestation of the political philosophy, system, and objectives of the giver. Foreign aid remains politically ineffectual—at least for the short term—as long as the recipient says either: "Aid is good, but the politics of the giver are bad"; or "Aid is good, but the politics of the giver—good, bad, or indifferent—have nothing to do with it." In order to be able to establish psychological relationship between giver and recipient, the procedures through which aid is given, and the subject matter to which it is applied, must lend themselves to the creation of a connection between the aid and the politics of the giver which reflects credit upon the latter.

The problem of foreign aid is insoluble if it is considered as a self-sufficient technical enterprise of a primarily economic nature. It is soluble only if it is considered an integral part of the political policies of the giving country—which must be devised in view of the political conditions, and for its effects upon the political situation, in the receiving country. In this respect, a policy of foreign aid is no different from diplomatic or military policy or propa-

ganda. They are all weapons in the political armory of the nation.

As military policy is too important a matter to be left ultimately to the generals, so is foreign aid too important a matter to be left in the end to the economists. The expertise of the economist must analyze certain facts, devise certain means, and perform certain functions of manipulation for foreign aid. Yet the formulation and over-all execution of foreign aid policy is a political function. It is the province of the political expert.

It follows from the political nature of foreign aid that it is not a science but an art. That art requires by way of mental predisposition a political sensitivity to the interrelationship among the facts, present and future, and ends and means. The requirements by way of mental activity are two-fold. The first is a discriminating judgment of facts, ends and means and their effects upon each other. However, an analysis of the situation in the recipient country and, more particularly, its projection into the future and the conclusions from the analysis in terms of policy can only in part be arrived at through rational deduction from ascertainable facts. When all the available facts have been ascertained, duly analyzed, and conclusions drawn from them, the final judgments and decisions can be derived only from subtle and sophisticated hunches. The best the formulator and executor of a policy of foreign aid can do is to maximize the chances that his hunches turn out to be right. Here as elsewhere in the formulation and conduct of foreign policy, the intuition of the statesman, more than the knowledge of the expert, will carry the day.