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POLITICAL AND ECONOMIC POLICIES IN INTERNATIONAL RELATIONS

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It is my intention to show the connection between the position that the United States holds among the nations of the world and its economic policy of trade and aid linking it with them. I shall focus my attention on trade and aid as instruments of the United States to help insure its survival and its position of world leadership.

American foreign policy should be guided by four considerations. The first is that, while we must deal with the problems that press upon us each day with the means at our disposal at the moment, the relations between nations are a long-time affair.

Great problems do not have ready solutions that render unnecessary further consideration for the long future. Other nations will go on existing in the world for centuries, and they will be selfishly concerned with what they regard as their own national interests. We may have to adopt policies costing us money and lives now for distant ends, the shape and threat or promise of which we shall have to regard as a calculated risk—that is, the risk that our efforts and money may be wasted.

NO WORLD GOVERNMENT

Second, we have no world government that regulates the just and peaceful relations of nations, as the government in Washington regulates the behavior of every person who lives in America. The world of nations, all ninety of them, has no law-making body to do for them what Congress does for the 170 million Americans—that is, establish a universal rule of what is right and wrong in these matters where violent conflict is likely.

The UN is not a law-making body. Even insofar as it can make recommendations, its standards of right and wrong may be vetoed by any one of the Big Five—the United States, the U.S.S.R., Britain, France, China. Such a veto renders null and void the obligation of any other country to act.

In this country, when a gangster in Chicago (or a mob in Arkansas) takes the law into its own hands, there is a superior law to which it must bow. This is not so in international affairs. Each country is still a law unto itself—as may be seen from Russia's contempt for

the United Nations' resolutions on Hungary, India's disobedience in Kashmir, and even the United States' condonation of Nasser's violation of the Suez Treaty of 1888 because it was convenient to let him get away with a breach of international law.

Nor is there an international executive authority like the Executive Branch in Washington, which permanently sees to it that the laws are duly executed. The officials of the United Nations and of the specialized agencies do not have the direct executive authority possessed by the United States Government. Hence, even where treaties have been made or United Nations' recommendations adopted, their effectiveness is fragmentary and small.

Finally, the world of sovereign nations has no judiciary to which disputes between parties about the substance or the interpretation of the law *must* be submitted, with a decision of the court that is automatically binding on the parties. The Permanent Court of International Justice is an agency under which the parties are only voluntary subjects. Any nation that does not want to come under its jurisdiction cannot be judged by it.

Thus, there being no government in the world of nations, we fall back on nations. Nations are corporate bodies of people, inhabiting jointly tracts of land and claiming complete independence to do absolutely as they like—even if this means that their actions can be ruinous to other nations. They are sovereign. In other words, they can do as they like about the nature of their economy, letting people into their land or excluding them; making war or remaining neutral; stopping airlines and pipelines from crossing their territory; staying out of universally useful international agreements like the World Health Organization or the Food and Agriculture Organization; developing arms and armies that may menace their neighbors; and establishing a home political system that may strike fear into the hearts of all other nations as well as being brutal to their own people.

NATIONALISM IS THE VILLAIN

Third, nationalism is the heart of any foreign policy today. The nations have looked into the looking-glass of history and, like Narcissus, found themselves beautiful. They have fallen so deeply in love with themselves that they are determined to survive with all their faults, as well as virtues, no matter how noxious the former are to others, no matter how discredited the latter are elsewhere.

Nationalism is the villain of the piece. Its crudities are not likely to be moderated for generations. It is a blessing and a curse. It is a blessing because it gives the whole nation a spirit of patriotism which

keeps individuals and pressure groups in some harmony. Their selfish wills are subordinated to a common policy of right and wrong. It is a curse, in our age especially, because it is so intense, so touchy, so ready to hurt other nations, that it discourages any chance of a positive constructive world order.

The many nations recently released from "colonial" or "imperial" rule are especially virulent in their determination to flaunt their new-found national independence.

They are still in a stage of insecurity in their home government and in their status abroad. Most of them are economically poor. Most of them once boasted of a fine cultural and religious heritage. Most of them are vindictive to their former "masters" and to any other nation that will not grant them all of the demands they believe to be just, however extreme and poorly founded they may be. They have learned that acting independently or together, they are able to pit the U.S.S.R. against the United States, and by playing on the fears or hopes of each, to extract from one or both what they want—arms, economic aid, independence.

THE UNITED STATES IS NATIONALIST, TOO

America is a nation, characterized by nationalism, no less than all the rest. She, too, would not submit herself to the United Nations without the protection of the veto—and she is right. Why should she allow her way of life to be ruled by a coalition, say, of African, Asian countries, supported by the U.S.S.R.? Nor would the United States submit herself to the World Court in matters affecting her vital interests. Why should she accept the verdict of several judges appointed by other nations, in the absence of a universally applicable code of law, enforceable by the Court?

With the slightest of exceptions, nations are laws unto themselves. But this means also that they are not protected by a common government, as we individuals in the United States are by our governmental authorities. No nation owes any other nation its chance of survival or its wealth, by any law. It must seek its own survival, its own way of life, its own standard of living. It must seek its own defense. This is how the nations feel. This is their conviction. This guides their actions. This situation will continue for a very, very long time.

THE U.S.S.R. VS. THE UNITED STATES

Fourth, in this struggle of all against all, with tension all over the world, the greatest and most bitter tension is that between the U.S.S.R. and the United States. The Soviet Union has over 200 million

people. It has the atomic and hydrogen weapons and jet planes. It has successfully experimented with a missile that can reach America from Russian territory. It has the largest army in the world. It has the second largest navy. It has heavy industry and scientists and technologists that, from the destructive point of view, are superior to those of any of America's friends, and equal in lethal quality to America's. It can saturate the United States with explosive and radium fall-out. It has allies and satellites.

Above all, the U.S.S.R. has a Communist way of life which is entirely different from life in the United States. The Communists are not only hostile to our system, but contemptuous and hateful of it. They have declared their intention again and again to see it destroyed.

The U.S.S.R. itself covers one-sixth of the land surface of the globe; the area of its allies, like China, adds to its range and its resources and population. Whether its expansion comes from Marxism, or whether it comes from mere human hatred of Western people, or whether it comes from the power lust or defensiveness of its rulers and some of its conniving people, it is a most dangerous and ruthless enemy, a perpetual and determined enemy that never stops, never rests.

The U.S.S.R. is also a guileful enemy—proceeding now by advocating “peaceful co-existence,” now by “cold war,” now by open war (as in Korea, Indo-China, the Middle East), now by economic penetration or “ruble diplomacy.” It is a very clever, intelligent enemy, with dedicated servants at home and abroad. It plans decades ahead to plant its agents within the very governments of other peoples, as soon as a moment of weakness in them opens the chink through which they can infiltrate.

AMERICA'S FOREIGN POLICY PROBLEM

What, then, is America's foreign policy problem? It is to deter the U.S.S.R. and its friends from waging war on a large scale, and to be on the spot wherever Soviet pressure or guile threatens to take over any site which would add dangerously to Soviet strength and weaken that of the United States, for only the United States has the power to stop the U.S.S.R. from bending the whole world to its will.

The policy is to deter the U.S.S.R. from using her strength to harm us. It is also to be prepared to challenge her actions, not only on a limited scale, but on a world scale, if that, in the end, should be forced on us. What does this imply about the instruments of American foreign policy?

No one knows when war will come, if at all. No one knows exactly what kind of a war will be fought, if it does come. I say this, in spite

of the many guesses which our defense stratigists are making, and which the British made during the last year. A war may be a conventional war, on a large or small scale. It may be an atomic war, on a small tactical scale; or a large-scale war, with hydrogen bombs carried by planes and missiles and submarines. Invasions may be undertaken on a scale made possible by the experience of D-Day in Europe in 1944. America can be reached physically via Alaska, Scandinavia, Iceland, Greenland, or Canada.

A foreign policy would be criminal, from the standpoint of the national safety, if it were not designed in these terms of space and the future. A war may be a combination of the above-mentioned possibilities: conventional and atomic, large and small.

Whichever it may be, the need of this country is for its own domestic strength, the maximum number of friends, the minimum number of enemies, and the minimum number of neutrals likely to be used by the Soviet Union, by duress or occupation, to the disadvantage of the United States.

OUR DEFENSE NEEDS

First, America and her friends must further develop their arms. This inevitably means provision by the United States of military aid, in arms of all kinds, experts, men, ground and site installations. But further support is needed, for the scale on which America asks her allies to participate, e.g., a nation like Turkey in NATO, is often beyond their means. The industrial and administrative supports, the budgetary provisions, perhaps even a change in economic pursuits, are economic matters which must be accompanied by what has come to be called defense support, e.g., roads for the movement of weapons.

Second, America needs certain supplies, for which alternatives or synthetic materials can be substituted only with difficulty. Some of these materials are tungsten, cadmium, bauxite, copper, zinc, lead, cobalt, manganese, platinum, asbestos, nickel, mica, tin, quartz, rubber. The attention of the world has been most acutely focused on oil. The United States has about 17 years' reserve on her own mainland—only 17 years' supply. Her Western allies have almost no supplies at home. Europe, and especially Britain, Germany, and France, depend to the extent of 20 percent on oil for machine energy and power. By 1965, they will depend on oil for as much as 40 percent of their energy and power. Their standard of living, their military capacity, their industrial and transport efficiency, and the operation of much of their agricultural machinery depends on this oil.

The United States is reluctant to use its own reserves faster than necessary. She and her allies have obtained oil from the Middle East, which has two-thirds of the world's supply. The United States needs friends there—so intensely that despite any doubt of benefits, it must pay a high price. This again implies military support, defense support, plus economic aid and mutually beneficial trade. It may mean, if those lands are socially, economically, and politically in a state where economic development of their resources is nationalistically desirable to them, assistance to develop in alternative ways, which will be discussed later.

Fourth, the United States needs bases abroad. If the offensive reach of the U.S.S.R. is so long, by air, missiles, penetration, and submarines, then, like a good boxer, the United States must get under that reach, as close as possible to Russia's industrial and governmental centers. The United States is already encircled by scores of bases—from Iceland to Canada to England to France, the Mediterranean countries, Turkey, Saudi Arabia, Pakistan, Formosa, etc. This establishes a deterrent by "massive retaliation." The radar and early-warning system, going over the North Pole, also are protections and deterrents. They are on other peoples' soil—we must pay for them. A bargain must be made between peoples equally anxious to be free. The cost of maintaining an American soldier abroad, without including weapons, has been estimated at \$5,900 a year; whereas the cost to the United States in aid, etc., per foreign soldier, with weapons, is only \$744.

Finally, the United States needs to be economically strong, and to have strong friends. Strength lies in wealth, and moral satisfaction in comradeship. This implies that U.S. foreign trade should be maximized. This means that the trade of her friends, indeed, all the world, should be maximized. The freer her own trade, the better the position of her suppliers, the better customers they will be. Wealthy economies are better buyers of American goods than are poor ones.

Our friends prefer trade to aid, because they do not like to feel that they are beggars, nor do they like to be forced to accept American policy without a strong say in its objectives and its tactics. Most of them are in the first line of Soviet missiles and planes. Most of them have been bombed or invaded, as America has not. In view of their previous sufferings they do not like to be submissive even to a friend. Such feelings must be respected.

Since World War II, the United States has moved strongly in the directions suggested in this paper. What has been said has itself been largely drawn from American practice.

From 1945 to 1956, total American assistance to other countries was about 57 billion dollars. Of this, 18 billion was for military aid and 39 billion for economic assistance of various kinds. Of the 39 billion for economic assistance, Europe received 26 billion, Japan 2.4 billion, and the underdeveloped lands of the world, 10.6 billion. The European share went first to serve the needs of the hungry, distressed, and displaced and homeless after World War II. The Marshall aid built up the economies of those Western nations threatened by internal Communism. Later, defense support was given. Gradually, the United States shifted her effort to military assistance for the West, to building NATO and strengthening the member nations, after the demonstration of Russian and Chinese ill will in Korea. The Middle East, the Pacific, and the Far East have become the beneficiaries of economic assistance in recent years.

Of the total aid, some 46 billion dollars have been direct grants, and 11 billion loans.

Can the United States afford aid on this scale? Indeed, yes—and easily. The 57 billion dollars is only 1.7 percent of the gross annual product. Objectively, it is less than 2 cents on the dollar. In 1956, aid amounted to only 1.1 percent of gross annual product. But, subjectively, it hurts every special and local interest that can make a claim for more appropriations for itself—e.g., more for the deepening of the Cal-Sag waterway in Chicago.

Let us summarize the amounts spent in 1956 for foreign aid. One portion was for direct military aid. The other was for economic assistance, which can be divided into:

Technical assistance	\$ 150,000,000
Defense support	1,100,000,000
Economic development	250,000,000
Special grants	185,000,000

Technical assistance means experts, trainers, teachers, scientific equipment, etc. In some cases, countries could not even begin to improve their economies or their defenses without surveys, schools, and the most elementary forms of skill, in laboratories, clinics, warehouses, plants, on the land, etc.

Defense support has already been discussed above.

The special grants are from funds at the disposal of the President for emergencies like a crop failure among our friends, a rising as in Jordan, a Communist seizure as in Guatemala.

THE DRIVE FOR ECONOMIC DEVELOPMENT

The portent of economic development assistance is much greater. By far the largest part of the population of the world lives on an annual per capita income of less than \$100 per year. They usually have resources capable of a much larger return. They have been encouraged by American claims, by GI's, by American films, etc., to believe that a high standard of living is a most desirable objective.

At the very least, they are human enough to want to earn their bread by the use of machines and not their ever-aching muscles. At the very least, they would like to see more hope for education and a life for their children above that of the beasts of the field.

The generation of post-adolescents have learned all about the possibilities of modern science and technology and sees the wonders produced by them for the common man. They are restless for outlets for their talents. What are they to do with their energies and ambitions if they do not have a chance for economic creativity (not merely wealth) in their own country? They could be fodder for the Soviet Union and could develop a vitriolic, vindictive nationalism, directed against those who are wealthy and callous.

Various studies have shown what might be done if these lands could be assisted by about 2.5 to 3.5 billion dollars a year (of which perhaps only one-half would be used). With a peak of about 5 billion dollars in 10 to 15 years' time, they would be well on the way to a better standard of living, and improvement would be progressive. These first investments would have started the process of exploration, fundamental equipment, education, training in specific skills, etc., at an investment rate of something like 15 percent of the national product of these lands. Thereafter, the first fruits would be multiplied manifold by the savings progressively possible.

I do not have the time to distinguish the various studies and give my critical opinion of them. Nor can I detail the various measures that would have to be taken by the nations concerned to develop their economic and educational plans, under the help and guidance of experts of world repute.

Some of these things are already being done in various countries. This is the most urgently pleaded for request of those who might be our friends, who might be dissuaded from becoming neutrals, or, if neutrals, might be dissuaded from being a *place d'armes* and a market for the Soviet Union. The U.S. Secretary of State has asked for 500 million dollars, instead of 250 million, for the year 1958, and asks that the appropriation be increased in the future to 750 million. This is not too much for the purpose in view.

AID PROGRAMS CAN DRAW UPON AGRICULTURE

Many of the items of aid to foreign countries, ever since 1945, have been agricultural products. In the period 1954-57, total agricultural exports of the United States were 11.3 billion dollars, or 12 cents out of every dollar of produce marketed. Three billion dollars of these agricultural surpluses were exported under Public Law 480.

In 1956-57, total exports were some 4.7 billion dollars, and 40 percent of this was surplus exported under Public Law 480.

Both figures have since risen. The program for using surpluses for purposes of aid has been well designed and extremely useful. Without trying to be exhaustive, we might say they have been used for barter for American stockpiles. They have been used to obtain local currencies that the United States needs for various purposes. They have been used as loans to nations which are short of foods, or which are undertaking investment for economic development and need imports of supplies to combat inflation. They have been used to buy local commodities which have been sold, given, or loaned to other lands.

The very serious international problems arising out of the sale of surplus are these: We want to help other countries as much as possible. We want to help our own agriculture. But any amount of United States produce used in this way beyond the normal amount entered in the world market must in some measure hurt the exports of nations who are our friends and allies. The problem is to win some friends without hurting and losing others. Evidently this requires surplus marketing, and where inevitably our friends in the world are adversely affected, we must have a tactful and forceful diplomatic explanation.

Such surpluses as the United States has indicates faulty economics. Better economics would seek a readjustment of manpower and resources between farming and industrial-commercial pursuits. But some surplus is desirable for reserves in the event of a war of unknown character, and to supply those who are friendly to us. Korea, Pakistan, India, Vietnam, Formosa, Italy, Turkey, Spain, Brazil, Israel, Iran, Thailand, Egypt, Jordan, and others truly have a reason for a warm feeling toward American farmers and American taxpayers.

WHAT DOES AMERICA GAIN?

The question remains, are we sure that all this aid will be to our benefit? We cannot be sure, at all. If other lands grow stronger they may grow independent of us. If they become more self-sufficient and eat better and have more leisure, will they become or remain democratic? This is not certain, either. Their own domestic situation, their traditions, their religion, their class structure may militate against democracy as we know it.

But, if they are assisted to become better educated, in their own way, and economically abler to meet life's demands, why should they go Communist or be tolerant toward the ambitions of the Soviet Union?

Will they fight on our side? Some will, and some will not, depending upon whether they think it is their fight, for spiritual and material reasons. At least, America and the West can make the material aspect a reason for attachment to us, or at any rate a reason for neutrality. By our bearing and dignity, and a regard for their dignity and culture, we may make them our friends in the spiritual sphere also.

Since 1953, the Soviet Union has embarked on the diplomatic path of economic aid. So far, the amounts involved are small. From 1953 to 1956, she spent a total of 1.5 billion dollars on aid. Of this, one-third was for arms.

The U.S.S.R. needs only to enter as a "spoiler" the fields plowed by the United States, and she has accomplished what she wants—namely, disturbance, trouble, and insecurity for American bases or potential bases.

Her principles are interesting. She attaches no "strings," political or otherwise, when she gives aid. She sends no general missions, military or economic, but only managers and experts for the particular projects. She is very ready to barter, thus assisting lands with weak currencies. Yet she is coy in making offers. She has given little in consumption goods, and most in productive facilities, e.g., iron and steel plants. She has sent technicians to 14 countries, she is lavish with promises (which she does not have to keep). She can act swiftly, without any unpleasant public or parliamentary protest against the proposed aid, without expressions of a grudging spirit whatever her politicians may have in their hearts. She has given poor countries an example of "operation bootstraps," because she did this, however brutally and murderously, out of her own capital.

THE LONG-RUN VIEW IS IMPORTANT

The United States evidently has a competitor. It does not have to compete in the Soviet way or return each specific Soviet stroke. Our general policy is good. It can be supplemented by more loans as by the Export-Import Bank and by the Bank of Reconstruction and Development on easy terms rather than by grants. It can be assisted by private investment.

We have to take a very long-run view. All our aid might be lost, but it is a very small proportion of our national income in relation to the potential good it might do for America. It gives this country a moral boost also.

Who can tell what troubles we might be facing now in these areas of the world if we had not aided them economically when they were in distress: in Italy and France, threatened with Communism in 1945-47; in Greece and Turkey, directly menaced by Russia in 1946-47; in Iran, when the treasury was bare owing to the dispute with the British oil companies?

If China and Russia had not been resisted in Korea, Japan would now be threatened. Suppose we had not supported the recrudescence of British and French strength? Suppose we had been earlier than the Russians in offering to buy Ireland's fish supplies which the British had banned from importation? Suppose we had left Formosa to wither on the limb? Suppose we had assisted Egypt with the Aswan Dam—or if not, that we had gone on to see that Nasser honored his treaties, instead of letting him monopolize the most economical route for transporting oil supplies to the West? Suppose Jordan had been allowed to fall entirely in the Syrian domain? Is not the American base in Spain worth the aid that country receives? Who would dare say no? Pitt said that what is gained by a costly war may be “all that might have been lost by not fighting it!” This is the kind of criterion which, for want of a better one, must be our guide in foreign relations.

To all this, I must add, that as I hope to be judged a humane man—I think the rich have a duty to assist the poor.