

17. Ralph H. Smuckler and Robert J. Berg, "New Challenges New Opportunities, U.S. Cooperation for International Growth and Development in the 1990s" (East Lansing: Michigan State University), p. vi.

18. William Vogt, "Point Four Propaganda and Reality," *American Perspective*, iv, no. 2 (Spring 1950): pp. 125. The entire article is on pp. 122-129.

19. Judith Tendler, *Inside Foreign Aid*. (Baltimore: The Johns Hopkins University Press, 1975), p. 10.

INTERNATIONAL ASSISTANCE, FOREIGN POLICY, AND SECURITY POLICY

Where . . . avenues are closed—where the economic system will not give people bread, or where the political system will not permit them a hearing, or where the prestige arrangements afford them no chance of dignity—men will appeal to the sword.

Edmund Stillman and William Pfaff, *Power and Impotence*

Each [colonial] station should be like a beacon on the road towards better things, a center for trade of course, but also for humanizing, improving, instructing.

Joseph Conrad, *Heart of Darkness*

Interpreting Foreign Aid

Motives underlying foreign aid policy are complex and multifarious. In this chapter, we examine some of these, placing them within the context of diplomacy and security policy. Four different views of foreign aid are common:

- Exchange theory, a version of which is sometimes referred to as realpolitik
- Financial imperatives and commercialism
- Humanitarian impulses
- Moral imperatives for giving

We examine each in turn.

We begin with a caution. There is no single motivation explaining foreign aid policy. Rather, different motives are explicitly defined by elites and implicitly motivate those who advocate for and implement foreign aid policy over time. Since World War II, communications equipment has been linked to military alliances while commercial concerns have influenced food

assistance. Increased support for HIV/AIDS victims has been supported by humanitarian groups. Following from this, there is no single source of foreign and security policy values. Though the executive branch—including the White House, Departments of State (State) and Defense (Defense) and other federal agencies—account for much decision making, Congress is a major actor in foreign aid, and inputs into policy come from NGOs and other interest groups, foreign service officers, and other administrators, contractors, and the public. Additional pressures emanate externally from allies, international organizations, and advocacy groups.

Foreign Exchange as a Form of Diplomacy

The realist school of foreign aid sees development assistance as statecraft and an economic instrument of power politics.¹ Nations exchange money, goods, and services to influence behavior of other states. Historically, policymakers are informed by their view of national interest, and exchanges are made with the leadership of other nations to further that interest. Subsidies (either as grants or loans at sub-market rates) are a reliable means of influencing international behavior.

As a foreign policy, subsidies go back at least to Athens (and its rivalry with Sparta) and its system of allies during the classical Greek period (between 650 and 362 BC). In 402 BC, Thucydides argued that relations with other governments had to be based on self-sufficiency, even if it included economic exchanges. Exchange, as a pattern of interaction, evolved into the imperial system of the Roman Empire, a model that influenced both land-based imperialism and overseas colonialism after 1500.

Technical assistance, likewise, has a long history as an extension of social exchange among nations.² In 300 AD, in an early example of overseas technical assistance, Japan sent a number of Koreans to China to teach the art of weaving and preparing silk for production. Alexander the Great (336–323 BC) offered Egypt technical assistance during the founding of the great port city of Alexandria.

The earliest recorded instance of humanitarian assistance occurred in 226 BC when a huge earthquake devastated Rhodes. In response, nations around the Mediterranean sent food aid and other assistance to victims. There are examples of interterritorial assistance designed to solidify unity (and placate the gods) within the Roman Empire in times of war, famine, or natural disaster, such as droughts in Palestine, floods in Gaul, or the eruption of Mount Vesuvius.

During the Renaissance (1400–1600), steady exchanges of technical and cultural information throughout Europe cemented alliances and ensured support in war and trade. By the fifteenth and sixteenth centuries, the Medicis and the Tudor kings created alliances based on financial support as

an instrument of diplomacy.³ Niccolo Machiavelli, creator of realpolitik, advocated use of both the carrot and stick in international affairs.

The princely states of Italy—Milan, Venice, and Genoa—were characterized by stability and diplomatic astuteness that would later define the European nation-state system arising out of the Enlightenment (1650–1789). Exchange was central to that system. As Steven Hook points out:

Foreign assistance was not unknown to diplomats of the eighteenth or nineteenth centuries. Developed countries had long supplied allies with military equipment on concessional terms, and states often transferred funds overseas for disaster relief or other purposes. For example, French and Dutch aid to the United States was critical to U.S. success, in the Revolutionary War against Great Britain.⁴

Foreign aid, as a form of subsidy, presents not only a burden but also a privilege of leadership and power in world affairs. The subsidy relationship is “that of a quid pro quo; a subsidy relationship without reciprocity was unthinkable.”⁵ There is, as we will see in Chapter 3, a strong connection between the impact of foreign aid and Western imperialism.

Loans under preferential conditions came to life as an instrument of foreign policy after the 1850s. Loans meant a country would be admitted to a group with foreign securities deemed reliable enough to be listed and traded on major foreign exchanges. Access was often controlled by major powers through their national banks.

During the premodern period, specie money—precious metals such as gold and silver—undergirded the international monetary system. From the late 1700s, subsidies still meant cash in gold, not long-term credits.⁶ Foreign loans were later used to build railroads and other capital construction projects in North America, Eastern Europe, Latin America, Asia, Africa, and the Middle East. The United States adopted British models of lending, which changed it from a debtor to a creditor nation after World War I.

War and the threat of war—often defined in imperial terms overseas, especially in Europe—have long characterized perceptions of unequal exchange. Loans and subsidies were an extension of the spoils of war, functioning as a form of state bribery, and serving as an alternative to armed conflict. According to George Liska, “Modern foreign aid derives from subsidies and loans to allies in fluid political and military conditions.”⁷

Subsidies of absolutist statecraft in the 1600s and 1700s crystallized in the political economy of the nineteenth and twentieth centuries. Foreign loans in the liberal diplomacy of the pre-World War I era came next but did not replace subsidies. After World War I, both reparations and subsidies became part of the peace process, combining with other elements of

what came to be called foreign aid. These became tools of the Western countries after 1945.

Financial Inducements and Commercialism

From a political economy perspective, foreign aid is a support mechanism for the donor country's trade and commercial interests. There is the neo-Marxist school that extends this logic and sees foreign aid as part of a historical underdevelopment process that impoverished underdeveloped countries. For many critics, foreign aid is, at best, little more than a palliative that furthers the current international economic system. Use of financial inducements in international relations goes back hundreds of years in diplomatic intercourse. By the 1850s, technical assistance was a way to gain a foothold in the markets of Asian, African, Caribbean, and Latin American countries.

At the end of World War II, foreign aid would become one of several tools available to promote foreign policy. "What we call foreign aid," according to Hans Morgenthau, "stands largely in direct succession to what in previous periods of history, went by the name of subsidies."⁸ Having seen reparations against the Axis powers destroy the peace twenty years after the Treaty of Versailles, focus after World War II was on reconstruction in Europe, a process that refined the principles of foreign aid. We will explore this in Chapter 5 when discussing the origins of international assistance in the wake of World War I.

It is no doubt true that the "development objectives of aid programs have been distorted by the use of aid for donor commercial and political advantage."⁹ When donors offer official development assistance, they often use aid to compel support for their own interests. Donor countries often require that foreign aid be used to purchase their own services and goods, a procedure known as *aid tying*.

To many, it was the precepts of the "Protestant ethic" through economic reforms that would be central to the success of foreign aid.¹⁰ That said, economic interests probably do not always constitute a dominant influence in foreign aid policy; rather, they are a continuous secondary concern. Commercial and trade interests have been a part of the broader political and security environment of foreign aid.

Humanitarian Impulses

Charity as a motivation retains a role in international assistance and foreign aid "even in a world with aid re-conceptualized in 'development compacts' or regimes of human rights" (as defined in democracy and governance programs).¹¹ Many scholars focus on issues of charity, religion,

and humanitarianism. Motivations of those in the field, as well as the average citizen, often frame foreign assistance from a philanthropic, or in some cases, religious (faith-based) perspective.

Humanitarian concerns were important justifications for international assistance after World Wars I and II. Carol Lancaster points out that foreign aid after 1948 was also justified as a "response to world poverty which arose mainly from ethical and human concern[s]."¹² Humanitarianism began with the early influence of charity and compassion on international assistance in the 1700s through 1800s.

Initial concern for international assistance was on humanitarian and religious assumptions of philanthropic organizations of the sixteenth century. Humanitarian and development assistance had its origins in the eighteenth century and the Enlightenment, where many of the assumptions about underdevelopment, culture, and international ethics were formed. Many of these also evolved from the imperialism of the 1800s and early 1900s in which the United States had a tangential but significant role.

It was religion, and specifically proselytizing Christianity, that linked humanitarianism with missionary work into the twentieth century. From its modern origins in the early nineteenth century, and harkening back to the antislavery movement, it was philanthropy and NGOs that defined international assistance agendas until 1945.

Until after 1919, government-sponsored aid addressed humanitarian problems essentially charitable in their assumptions. Those who identified charity and philanthropy as motivations saw these as "grounded in puritan . . . concerns with self-improvement through self disciplining and partial renunciation" of worldly goods.¹³

Policymakers in more developed countries—especially the United States—tended to see their actions as generosity and justified foreign and military aid, including the use of force, to meet Cold War ideological and developmental goals. This trend continues in post-September 11.

A Moral Imperative

There has been one constant defining foreign aid for the last fifty years. At least part of the motivation for foreign aid has been ethical or moral in nature: to help people who have suffered economically through war, natural disaster, or structural underdevelopment.

The idealist school sees foreign aid as a moral issue, arguing that the developed world has an obligation to assist underdeveloped countries. Foreign aid was considered a moral obligation after World War II, although few scholars have examined foreign aid from an ethical viewpoint.

The key policy and ethical issue facing advocates of foreign aid is the extent to which it can and should be used to promote income redistribution, egalitarianism, or social equity.¹⁴ Foreign aid's presumed influence on income distribution has been largely normative.¹⁵ Recent evidence suggesting that foreign aid can assist the middle class and the working poor but not the poorest of the poor contradicts this. The bottom end of the social system is largely untouchable in the foreign aid process. At issue is whether support for the middle class in a developing country is enough to justify foreign economic and social assistance.

A related controversy revolves around values. To many, idealism is based on a more optimistic view of the world, as developed by Immanuel Kant (1724–1804) and later Woodrow Wilson (1856–1924). Following World War II, it was still the eighteenth-century Kantian views that influenced thinking on foreign aid. These assumed that the highest level of development required democratic societies with developing economies, freedom of dissent, and the protection of political rights and freedom of conscience.

Ultimately, policy problems and moral ambiguities have plagued aid, especially technical assistance, since 1945. These are rooted in the evolution of foreign aid policy during the last half-century but also in ethical, economic, and cultural assumptions, antecedents of government-to-government foreign aid. Thus, the next four chapters of this book go back to the period prior to 1948 to examine these antecedents.

Conclusion

Several factors have had an impact on the foreign aid process during the last two hundred years. Going back to the origins of the nation-state, there was always statecraft and commercial motives involved in international humanitarian assistance. In international relations, there are both a “realist paradigm in international relations theory . . . and cosmopolitan, cooperative, or altruistic strains” based on idealism, which operate in tandem.¹⁶

There are two broadly defined schools of foreign policy and foreign aid: a “hard” school and a “soft” school. The hard school focuses on security assistance and commercial concerns, and it is both costly and politically risky. The soft school takes the classical path of foreign aid with soft power being more effective than the use—or threat—of force in securing influence in international relationships.¹⁷

Soft power calls on well-endowed states to improve public health and education; introduce modern agricultural technologies; encourage small-scale industries; and carry out a wide range of agrarian reform, from land redistribution through the organization of cooperatives and provision of rural credit and farm inputs.

Foreign aid humanitarian and development goals sometimes become distorted through the use of aid by donor countries for commercial, military, and other political purposes. Prior to 1989, foreign aid, in large part, centered on Cold War influences between and among the super-powers. In the post-Cold War period, foreign aid often was offered as a carrot to tempt conflicting sides in civil strife into accepting mediation or as a component of the war on terror.

Beyond security concerns, all nations, large and small, have links between foreign aid and trade policies, and the private sector plays an important role in providing both commodities and services to foreign aid recipients. Humanitarian, and even moral arguments, justified foreign aid, but in the end, it was systems of international intercourse that framed the parameters of foreign aid. All of these factors, as perceived by political leaders, interest groups, and administrators in the field, helped define foreign aid into the twenty-first century.

For almost 500 years, it was the imperial system that began in the fifteenth century and the industrial revolution beginning in 1800 that defined global international relations and political economy. We turn to these issues next.

Notes

1. The classic is Hans J. Morgenthau, *Politics among Nations: The Struggle for Power and Peace* (New York: Alfred A. Knopf, 1948).
2. The next two paragraphs are taken from Carol Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics* (Chicago: University of Chicago Press, 2007).
3. George Liska, *The New Statecraft: Foreign Aid in American Foreign Policy* (Chicago: University of Chicago Press, 1960), p. 37.
4. Steven W. Hook, *National Interest and Foreign Aid* (Boulder, CO: Lynne Rienner Publishers, 1995), pp. 5–6. On the impact of nineteenth-century diplomacy see Henry Kissinger, *Diplomacy* (New York: Simon and Shuster, 1994).
5. Liska, *The New Statecraft*, p. 341.
6. See Robert Gilpin, *The Political Economy of International Relations* (Princeton, NJ: Princeton University Press, 1987), pp. 119–120 and Albert Fishlow, “The Debt Crisis in Historical Perspective,” in *The Politics of International Debt*, Miles Kahler, ed. (Ithaca, NY: Cornell University Press, 1986), pp. 37–70.
7. Liska, *The New Statecraft*, p. 24.
8. See Hans J. Morgenthau, “Forward,” in Liska, *The New Statecraft*, p. viii.