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FOREIGN AID AND FOREIGN POLICY

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I. Introduction

It is perhaps a truism to say that foreign aid has always been an important economic instrument of foreign policy. Within a cold war context, however, the instrument has become a weapon. "Competitive coexistence," Soviet propagandists never tire of reminding us, is far from a discontinuation of the revolutionary class struggle. On the contrary, it is viewed, and here I quote a Soviet authority, as "a realistic plan envisaging a struggle against imperialism by methods which do not threaten mankind with catastrophic war and a plan which at the same time inevitably brings nearer the full triumph of Communism." If foreign aid has become the weapon of this new Soviet strategy, certainly the newly independent countries of Africa and Asia have become the places d'armes.

During the last years of Stalin's rule Western Europe, a major Free World stronghold and a prime Communist target, had proved invulnerable to subversion, intimidation and threats of force. His successors realized that any effort to take it by frontal attack would almost certainly have triggered a major nuclear war whose consequences threatened to destroy not only capitalism but 40 years of Soviet accomplishment as well. They sought instead, to outflank the West by moving the focus of their attention to the two thirds of the world's population just emerging into political and economic awareness and where, through a skillful exploitation of the resultant turbulence and change, they hoped to shift the precarious stability of the East-West balance in their favor.

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Thus the nuclear stalemate -- and the Western policy of deterrence -- have helped confine the East-West conflict largely to non-military channels. But they have also left the shape and resolution of the conflict open to manipulation by all means short of nuclear war. The Communist threat to our security is not only military but involves every area of human endeavor -- it is political, ideological, economic, scientific and it even extends into the cultural sphere.

## II. Beyond Deterrence

Western thinking about foreign aid rests on the assumption that the Communist threat has two dimensions: a direct military dimension and a political dimension. The less developed countries can be lost to Communism not only by Soviet Bloc military intervention, either direct or by proxy as in the Congo, but also by the loss of confidence among newly emerging countries that adherence to democratic processes are compatible with their continued economic progress.

Certainly a <sup>o</sup>~~p~~l<sub>A</sub>icy of deterrence against the Soviet military threat is a vitally necessary keystone of Western foreign policy. Deterrence requires that we muster all means at our disposal to convince the Soviet Bloc that neither overt nor "fuzzy" aggression will pay. In particular, it requires that we develop a capability to respond to local and limited pressure, if we so choose, by local and limited means. US forward defense military aid to eleven nations stretching along the southern and eastern perimeters of the

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Communist Bloc and the 3½ million men under arms supported by these countries, represent an increment of defensive strength which is essential to the security of the Free World. For by eliminating any hope of a quick, easy and cheap victory, it reduces the likelihood of a Communist attack.

Thus a major task of foreign aid is to maintain a stable balance of military power between East and West. Economic aid can contribute to this task insofar as it bolsters military strength and the will to resist Communist aggression. But above and beyond this task of deterrence, our collective national interest requires a positive policy toward the less developed and basically uncommitted nations. Specifically, Western aid strategy calls for a program of economic assistance to promote the self-sustaining growth of the less developed world. An effectively designed program of aid for economic development is the best instrument for encouraging the growth of politically mature, democratic societies; and a world in which such societies predominate is our best hope for peace.

Since the end of the Marshall Plan there have been recurrent waves of skepticism in the West that it would ever be feasible for foreign aid to do its work and come to an end in the less developed countries. But there is by now a large body of evidence to suggest that a properly designed program of economic aid can serve to catalyze self-sustaining economic growth in most, if not all, of the less developed countries. The question at issue, both for the

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Free World as well as the Soviet Bloc, is not whether growth will occur, but what political forms it will give rise to. Free World and Communist aid programs bear ample testimony to our mutual conviction that economic -- and military -- aid, if effectively used, can have a constructive effect on political behavior. It is our hope that if emergent nations achieve economic growth on the basis of expanding democratic institutions, their interests and those of the Free World will become increasingly identified. If the Soviet Bloc proves more effective in convincing recipient nations of the efficacy of Communist economic and social institutions, then we will have, in effect, lost the economic cold war.

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III. Communist Aid Strategy

Soviet interest in less developed countries and their ultimate amalgamation with world Communism have always been accorded high priority in Communist strategic thinking. The current Soviet interest in less developed countries is unique only in relation to Stalin's postwar policies; it has a doctrinal ancestry which dates back to an early Communist perspective that envisaged the growth of the world revolution as essentially a centripetal historical process in which a growing federation of "socialist" republics draws newly "liberated" countries into its orbit largely, although not exclusively, by force of "economic attraction." What is new is that Soviet leaders apparently believe current conditions enable the USSR to proceed with a policy objective which, when it was first formulated, must have seemed far out of reach.

Communist theoreticians have visualized the transformation of less developed countries to socialism as a two-stage process. In the first stage, socialist countries and local Communists support "nationalist" elements in their fight to achieve political independence from colonial powers; in the second stage, Communists actively encourage a progressive polarization of class forces within these countries with the expectation that a militant proletarian-peasant based alliance will ultimately assume control.

While political independence, i.e., the first stage, in the national liberation process is regarded as "an accomplished fact"

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for many less developed countries, Soviet policy makers much to the chagrin of their Chinese comrades, seem reluctant to press on with the more militant efforts implicit in the second stage. Instead, Soviet ideologists have accused the West of neo-colonialism and have given greater priority to encouraging the economic independence of new states without which, they assert, political sovereignty would be a fiction. Consequently, in the Soviet view, the nationalist leaders of new states "have not yet exhausted" their "progressive" role and it is both practically and theoretically correct for such "revolutionary democrats" as Ben Bella or Nasser, with Communist material support, to guide their countries along the road of economic independence from their former "exploiters."

That the USSR envisages this cooperation with non-Communist regimes in less developed countries as a lengthy one is reflected in its steadfast insistence that a "national democracy" and not a full fledged "peoples democracy" is the most likely transitional form for most countries traversing the road to socialism. Moscow's concept of a national democratic government, briefly, is to comprise a "national front," a ruling coalition embracing elements of the working class, the peasantry and the so-called national bourgeoisie. Significantly national democracy does not pose as its immediate goal the liquidation of all exploiting classes or the construction of Soviet-style socialism. Collectivization and other more refined aspects of Soviet socialism are omitted in an apparent attempt to establish a program pallid enough to be acceptable to

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a number of non- "scientific" but "socialist" parties in the less developed world. To date no "national democratic" states have been recognized as such but Soviet spokesmen have consistently pointed to Guinea, Ghana and Mali as the most promising candidates.

This more gradualist formula for the transition of less developed countries to a "non-capitalist" path of economic development was invented by the USSR largely with Cuba in mind. However, Castro's excessive revolutionary zeal and his haste to proceed to a socialist stage led to Cuba's evident rejection of the formula and to Moscow's reluctant acknowledgement of the regime as in the process of "building socialism." Castro's self-proclaimed adherence to the Communist community of nations and his increasing dependence on the USSR for economic and military support may have proved to be a mixed blessing for Moscow. The victory of Communism in Cuba, paradoxically, may have impelled Moscow's repeated admonitions against precipitate haste to those seeking more immediate establishment of Communist regimes in countries where the "objective conditions" -- and by implication, Soviet resources -- are not yet adequate for such transformations.

For some time Kremlin theoreticians have been uncomfortably perched on the horns of the dilemma created by Moscow's support for anti-Communist regimes in less developed countries and by its need to champion the interests of local Communist parties in these countries. Undoubtedly, Peiping's growing challenge to Soviet

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and Nehru's successors will continue to be the beneficiaries of Soviet largesse as long as India remains an effective political counterweight to Chinese ambitions in Asia. Moreover, the Soviets seem to be acting on the conviction that well conceived and effectively implemented Soviet aid programs in the developing countries will serve to bolster economically the newly achieved political independence of new states; sever or disrupt their economic ties with the West; encourage existing socialist predispositions toward more Soviet-oriented forms of economic and social organization; promote the development of the state sector to the eventual exclusion of private enterprise; enhance the growth of a class conscious proletariat; and more generally, to help create the social and material conditions and the cadres deemed essential prerequisites for a later, more activist, stage of Soviet policy. So conceived, Soviet foreign aid to "transitory" bourgeois governments in less developed countries is viewed over the long run as helping to build up economic systems which ultimately will become the legacies of Communist regimes.

But foreign aid for the Bloc, no less than for the West, is at best a calculated risk. There is cumulative evidence to suggest that despite its modest levels, foreign aid, when viewed against the backdrop of increasing domestic problems over the allocation of resources and the absence of any clearly demonstrable political pay-offs in the less developed countries, has generated an increasingly vocal "anti-give-away" sentiment among Communist party elements at home and abroad.

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Always vociferous claimants to a substantial share of Soviet economic largesse, several Bloc countries have expressed some resentment over the increasingly proportion of Soviet foreign aid resources which is being directed to non-Communist regimes. The Chinese Communists, of course, have registered the strongest objections to Soviet policies in less developed countries, including its foreign aid program. Yet the small but rapidly increasing Chinese effort would seem to suggest that its objections to Soviet aid policies center more on the question of which regimes are to be aided and to what degree rather than on the issue of whether or not to extend aid. Peiping obviously has been influenced by what it believes to be its own regional and national needs when it loudly denounces large-scale Soviet aid to India, but actively seeks to compete with Soviet aid efforts, for example in Africa.

As economic strains have increased in the USSR, the Soviet leadership has been obliged to explain their foreign aid in a more effective fashion. For if Soviet foreign aid expenditures themselves do not cut deeply in the aggregate, the broad front of Soviet activities in less developed countries may now increasingly compete, if only at the psychologically important margin, with many other claimants for available Soviet resources, both human and material. Soviet planners are now obliged to program the export of goods on credit -- largely machinery and equipment for complete plants -- of about \$375 million annually, against a supply of investment goods stretched tight by competing demands of military and space technology and the needs of the Soviet consumer. Thousands

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of specialized and highly trained technicians, designers and engineers leave each year for work on Soviet construction projects abroad, amid increasing competition at home for such critically needed skills in missile and space programs and to improve technology and quality of product in industry and agriculture. And amid increasing friction with the local population, sizable numbers of students from less developed countries are studying on scholarships in Soviet universities, whose academic facilities and housing accommodations are already heavily taxed and where many capable Soviet teenagers, directed into the labor force by government educational policies, are denied admission.

Within this context it is interesting to note the persistent reports from Moscow that one of the many charges levelled against Khrushchev was his lavishness with foreign aid, particularly aid to the UAR. In his television speech to the nation on his return from the UAR in the spring of last year, Khrushchev admitted that "when the Soviet Union helps the young developing countries, giving them a portion of the wealth amassed by its own labor . . . it is limiting its own possibilities for a certain period of time." But he added that "we would be poor Communists, poor internationalists, if we thought only of ourselves." Moreover, he assured his listeners that "the assistance we are giving to the peoples of the developing countries will be repaid a hundred-fold," and that "each of us well understands the meaning of the expression: 'Better to have a hundred friends than a hundred rubles.'"

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Khrushchev's efforts to rationalize Soviet foreign aid should strike a responsive chord in any American Congressman who has tried to explain to his own constituents the need for the US aid program.

IV. Congo and Vietnam -- The Battle Lines

The world's trouble spots -- the Congo and Vietnam -- dominate, and probably will continue to dominate, the headlines for some time to come. These areas bear testimony to the fact that the Communists, while rejecting global nuclear wars and even local wars, fully support -- when the risks seem manageable -- the so-called wars of national liberation which we know from bitter experience as guerrilla wars and insurrections. The Chinese Communists are even more militant in their support of armed aggression as an instrument of foreign policy. Indeed, one of the major differences in outlook between these two Communist powers is the degree of risk which each believes should be taken in pressing their expansionist policies.

Our assistance to the Congo is a vital element in the fulfillment of Free World policy objectives in Central Africa. The overall long term Western foreign policy objective remains the establishment, under a moderate central government, of a unified and viable independent nation, capable of maintaining political

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stability, internal security, a reasonable rate of economic and social development and of resisting Soviet Bloc and Communist Chinese influences.

If less than a year ago cautious optimism could be found in the economic and military outlook, now the Congo seems to be rapidly deteriorating into a condition far from optimistic in terms of the future. In the waning weeks of 1964, several radical African states (Algeria, Ghana and the UAR) began supplying arms to the Congo rebels. To date more than 300 tons of Soviet and Chinese manufactured supplies have been shipped to Juba in southern Sudan for transit across the Congo border, an undetermined quantity of which has already reached rebel hands.

While Moscow has not directly supplied arms to Congolese insurgents, it has encouraged African states to provide weapons and other support and quite probably agreed to replace UAR and Algerian stocks. In contrast, Peiping has dealt directly with the rebels mainly through the Chinese Communist embassies in Brazzaville and Bujumbura. To date they have given modest sums of money and offered guerrilla warfare advice and propaganda. Despite numerous reports, there is no firm evidence that Chinese advisors are operating in the Congo. The fear persists, however, that if the rebels succeed in consolidating a major portion of Eastern and Northeastern Congo, official recognition will be hastily extended to this government by leftist African countries as well as Communist powers. This recognition would then open the door to a major incursion of "technicians," etc., from China and other Communist countries.

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US military aid to the Congo has been substantial -- about \$180 million for the fiscal years 1961-64. All but \$10 million, however, has been channeled through the UN. In addition, Belgium supplies arms and military advisors; Italy is now training Congolese pilots; and Israel gives paratroop training to the Congolese Army.

The US, of course, has now replaced Belgium as the Congo's major source of economic assistance. During the fiscal years 1961-64, US economic and technical assistance totaled about \$240 million. This aid is almost exclusively tied to the economic stabilization program and is closely coordinated with other donors and the UN. Aid from other Western sources has also been considerable, Belgium provides about \$30 million and the UN almost \$17 million annually in economic aid. Belgium also services about \$35 million of the Congolese debt.

In Vietnam where the sheer survival of a country is at stake, the US economic aid program directly supports the military effort. We are putting first things first and for the time being development must be subordinated to the immediate problem of supporting the war effort.

If we have learned any lessons from Vietnam it is that a war against insurgency is so different in character from a national war against an external enemy or even a <sup>civil</sup> cold war within a country that static traditional concepts of conventional warfare or foreign aid are of little value in dealing with problems as vast, complex and fluid as those facing us in Vietnam. While the counterinsurgency

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task currently receives paramount attention in Vietnam, the longer-term elements of Western foreign policy vis-a-vis this country, and indeed the success of counterinsurgency itself, call for a sustained and production effort of nation building. Given the importance of psychological factors in the present struggle -- to pacify an area is only a prelude to commanding popular support through programs of improved governmental administration and economic and social development -- plus the hard economic facts of national existence, the need to strengthen the economic foundation of the country cannot long be laid aside as of lesser significance, even while the counterinsurgency measures are being expanded and reinforced. Indeed, it is this very duality of task that confronts both the government of Vietnam and the West at the present time.

The US has carried the principal burden of economic and military assistance to South Vietnam. Since 1960, the US has supplied about \$1.2 billion in economic aid, almost \$1 billion in military assistance. Recently, the President has asked Congress for more than \$500 million for fiscal 1966 for military and supporting assistance to meet the frontal attack in Vietnam and Laos. More than \$100 million in economic aid has been extended by other Free World countries, primarily by France and Japan. Since the appeals by President Johnson and General Khanh to "show more flags" in Vietnam, most of the present aid donor countries have offered to increase their aid and several other countries will make new contributions. Among these are Taiwan, the Philippines, Iran, Thailand, Italy and Austria.

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The Communist role in supporting the Viet Cong is not as amenable to quantification. There is little doubt, however, that most of the regular Viet Cong units were trained and supplied with their initial weapons, clothing and money by North Vietnam and then infiltrated into South Vietnam. It is estimated that over 30,000 Viet Cong regulars have entered from North Vietnam and that a small, but continuous supply of essential weapons and materiel is coming from the North. As you know, North Vietnam, in turn, is heavily dependent on other Communist countries for economic and military support. During the past decade, the Soviet Bloc and Communist China have delivered more than \$900 million in economic aid to North Vietnam; and the North Vietnamese military establishment has been equipped primarily through Chinese and Soviet military assistance programs.

V. Magnitudes of Western and Communist Assistance Programs

Perhaps at this point we might pause for a moment to review the magnitude of the East-West economic and military aid investment in the less developed countries.

As our challenges have changed so has our assistance program. Ten years ago, most of our aid was military assistance: in 1954, 60 percent of the US aid program went for military equipment and training. Today the great bulk of our aid is economic: nearly 70 percent of the total for fiscal 1965.

Another major change that has taken place over the past 15 years has been the steady transformation of Free World aid

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recipients into aid donors who share with us the burden and the challenge of helping the poorer countries develop. Eleven of these other donors (ten of whom once received US economic aid) are members, with the US, in the Development Assistance Committee of the OECD and now conduct aid programs of their own. These 11 countries account for about 95 percent of the bilateral aid from sources other than the United States.

In 1963, the total flow of long-term financial resources from DAC to less developed countries added up to the rather impressive figure of more than \$6 billion. Since 1956 such countries invested more than \$60 billion in less developed countries, of which nearly \$40 billion was public and \$20 billion private transfers which although not foreign aid in the strictest sense certainly have contributed to economic development. (See Chart 2)

A decade ago, what assistance the European countries were able to provide went exclusively to colonies. Today less than 10 percent does, although, of course, much French, British, Belgium, Dutch, and Italian aid does go to former colonies that are now independent states. Indeed some two-thirds of all development assistance in Africa today is now provided by the Western European nations. Three of the major donors -- Germany, Canada, and Japan -- have no colonial connections. Nevertheless, Germany has a world wide program and in the past 3 years has made loan pledges to 65 less developed countries and provided technical assistance to 70.

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The disproportionately large political impact of the Soviet Bloc aid program has been more a tribute to the skill with which its propaganda value has been exploited than to its size, which is, on the whole, still extremely modest compared to Western standards. Since 1954 the Soviet Bloc has extended about \$5.6 billion in economic aid to less developed countries. But as you know, there has been a wide gap between Soviet Bloc aid pledges and actual aid disbursements. In terms of aid disbursements, the Soviet Bloc has expended through 1964, little more than \$2 billion, or about 36 percent, of its promised aid and almost two-thirds of this has been concentrated in a few key sectors of the strategic landscape, namely India, Afghanistan and the UAR. (See Chart 1) Actual Soviet Bloc aid then has amounted to only one-twentieth of Free World public transfers, and, if we include Western private transfers, one-thirtieth. (See Chart 2)

The discrepancy between Western and Soviet Bloc military aid programs in less developed countries has not been as great. The US has extended more than \$13 billion in military aid to these countries -- <sup>almost \$10</sup> ~~more than \$9~~ billion of which was extended since 1956. The major category of US military aid -- the so-called "Forward Defense" category comprises the grant aid military assistance programs for 11 nations stretching along the southern and eastern perimeters of the Communist Bloc -- from Greece and Turkey in the Eastern Mediterranean to Korea in the Western Pacific. These 11 countries -- Greece, Turkey, Iran, Pakistan, India, Thailand,

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Vietnam, Laos, the Philippines, the Republic of China and Korea -- account for about two-thirds of our fiscal 1965 military assistance program.

By comparison, since 1956 the Soviet Bloc has agreed to supply about \$3.4 billion worth of military hardware to 14 less developed countries, on credit and often at substantial discounts. The USSR has accounted for almost 89 percent of the total. Indonesia, the UAR, Syria, Iraq, and Afghanistan have been among the largest recipients. (See Chart 3)

The Communists have been well aware that aid programs facilitate an all-important access to leaders and local elites in the developing countries. Sheer access, while it does not ensure control, is indispensable for the Communists as for the West as a means of extending the influence of the donor nation. The number of Bloc economic technicians in less developed countries has grown along with the increase in aid drawings. In 1956 there were about 1,000 Bloc technicians present in less developed countries; in 1960 there were 5,000 and in 1964, more than 12,000. Since the inception of the program the Bloc has sent more than 52,000 economic technicians abroad for a month or more; more than 70 percent of them came from the USSR. In addition, more than 15,000 Soviet military technicians and advisors have trained indigenous forces in less developed countries and about 18,000 military personnel have undergone similar training in the USSR.

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VI. The Communist Outlook

Although skeptics within the Soviet Bloc who raise pragmatic as well as ideological objections to Moscow's foreign aid policies can, at times, make a compelling case, foreign aid cannot have been a totally unrewarding or unprofitable venture for the USSR. While it is true that, despite substantial outlays in aid, the program has not succeeded in definitively aligning new countries with the Communist Bloc (Cuba became a recipient of aid only after its political affiliation with the Bloc), it is unlikely that the Soviet leadership ever anticipated that economic assistance alone could, within the relatively brief span of ten years, exert any decisive influence on the economic and social order of developing countries. Through the aid mechanism, however, the USSR has introduced men, materials, and ideas into less developed countries, thus impinging on the hitherto almost exclusive Western political and economic preserve. By its willingness to undertake such major impact projects as the Aswan High Dam in the UAR and the Bhilai Steel Mill in India, it has enhanced its prestige not only in the recipient countries but more generally in the less developed areas. It has sought, and not without some success, to convince the new states that it would be safe and advantageous for them to invest their economic future with the USSR along with other highly industrialized societies, both as a source of industrial equipment and as a "model" for economic development. Through military aid and training programs for middle-grade officers, the Soviets now have established important relationships with a number of military establishments.

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Thus Afghanistan's armed forces are completely dependent on the USSR for military equipment and training. In addition, the Soviets, by strengthening the armed forces of such countries as the UAR and Indonesia, have disrupted regional balances of forces and have greatly stimulated tensions with neighboring countries and the West. Perhaps more importantly, the Kremlin has created the basis for lasting rapport and contact which, it is hoped, will facilitate its efforts to influence at shape, at its own pace, the developing economic and political orientation of the newly emergent nations.

It is nonetheless true, however, that as Kremlin policymakers assess the returns from more than a decade of investment in foreign aid, they can reckon their dividends in most part only in the soft currency of enhanced prestige. If the novel venture of planning and executing foreign aid programs has not been a discouraging experience, it must certainly have been a sobering one. With few notable exceptions, Soviet foreign aid administrators have encountered frustrating delays in implementing their aid projects, often as much from their own ineptitude and inexperience as from the administrative inefficiency of aid recipients in marshalling domestic resources and financing local costs. Many leaders of new states have exhibited a disconcerting lack of gratitude for Soviet aid by preserving their nonaligned status and accepting aid from both East and West; and even those leaders who are sympathetic to the USSR draw a sharp distinction between the Soviet Union as a benefactor

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and local Communists who threaten party or governmental control and authority.

Despite some misgivings of this kind, we believe that the new leaders intend to sustain a vigorous policy in the less developed areas. They almost certainly believe that these areas -- particularly Africa, the Middle East and Asia in that order -- are the main arenas in the contest with the West as well as with China. Pressure from China alone requires the most effective use of the various propaganda, economic and political instruments of Soviet policy. Even those Soviet leaders most skeptical of foreign aid may now have been persuaded that the USSR really has little alternative. Any drastic curtailment of new aid extensions would not only forfeit advantages already won, but would involve a loss of Soviet international prestige. Such a move would also seriously damage what has been one of Moscow's most effective weapons in the struggle to counter Peiping's bid for influence in Asia and Africa.

In some cases, where the risks appear manageable, the Soviets may exploit revolutionary situations more intensely, especially through proxies as in the Congo. Relations with existing nationalist regimes will be tightened whenever possible, and ideological gaps are likely to be bridged by further revisions in Soviet thinking. Finally we believe that military aid will continue to be important levers of policy, though their expensive disappointments

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in Cuba and Indonesia will probably recommend caution. Present trends suggest that the USSR will expand the list of advanced arms and weapons systems available to non-Bloc customers and will provide the technical support and training programs which such complex equipment makes necessary. The Soviets probably hope that this program will have particular influence on military elements in the recipient countries and that such influence will promote Soviet aims, especially where the military is likely to have a substantial influence on the orientation of existing governments and on the choice of their successors.

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VII. The Challenge to the West

Seventeen years of economic assistance has not relieved us of the need to make difficult foreign policy choices, the need to maintain our defenses, or the need to work out new patterns of trade and international order. The world remains a difficult place.

Foreign aid as an instrument of foreign policy is at best a calculated risk. At times it is difficult not to feel discouraged that economic development, contrary to our best intentions, has not been paralleled by diffusion of power and freedom. But we must take the long view that what we are doing, if successfully pursued, will create a world environment conducive not merely to the Free World's continued survival but to its continued evolution as a free society. We must be patient enough to exclude as measures of success such short term political objectives as gratitude, friendship and the unqualified acceptance of the current <sup>als</sup> goals of Western foreign policy. I think this is a lesson the Communists have learned well. The Soviets have learned that they are most likely to blunder when they try to get too many results too fast, as they did in Syria and Guinea.

Finally, there seems no alternative to continued reliance on foreign aid as an integral part of Western foreign policy. This is not a matter of choice between alternative tools. Foreign aid is the key tool in achieving several major policy objectives. Perhaps President Johnson summed up the challenge of foreign aid

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most cogently when he said: "If we default on our obligations, Communism will expand its ambitions. That is the stern equation which dominates our age, and from which there can be no escape in logic or in honor."

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