

# Today and Tomorrow... By Walter Lippmann

## "Foreign Aid"

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AS ONE of the old hands who has been writing about foreign aid since President Roosevelt invented what was called "lend-lease," I find myself wondering why the whole subject has become so stale. Some kind of vital spark has gone out of the argument. The annual plea for appropriations becomes increasingly a repetition of tired slogans.



Lippmann

Yet, I am satisfied that the reason why foreign aid has become so boring is not at all that it is useless. It is not at all, as Representative Passman and the other bitter-enders say, that it is a way of throwing good money down a rat hole. It is not that we can stop giving foreign aid now or for generations to come.

What we must dwell on is that the problem is ceasing to be that of providing emergency relief for friendly countries in time of war and its aftermath. It has become very largely the problem of helping the less developed countries build the foundations of their own well-being. This is a less exciting and a slower effort, and it is asking a lot that each year a Congress, elected from constituencies where public money is very short, should allocate about 3½ per cent of the Federal budget to foreign aid.

In a democratic government there has to be some compelling and obvious reason for doing so unnatural an act as giving money away to foreigners. When President Roosevelt pushed through lend-lease in 1940, he was able to do this because public opinion insisted upon it, enough of the people having realized that the measure was necessary to prevent the disaster which would have come from the fall of an indispensable and gallant ally. When President Truman asked the Congress to authorize the appropriation of some \$17 billion for the Marshall Plan, the country knew that if Western Europe could not recover and be reconstructed, we would be left alone without strong friends and allies in a world convulsed with misery. This was all relatively easy to understand.

THE AIM of foreign aid has changed radically but the rhetoric employed to persuade a reluctant Congress of its necessity has changed little. We are still assuming, twelve years af-

ter the Marshall Plan, that the effective way to get the money from Congress is to use the ideas and the slogans of the Marshall Plan. As we had put money into Britain, France, Germany, Italy, and the Low Countries to stop the advance of the Soviet Union, so we should now put money into South Korea, Taiwan, South Viet-Nam, India, Pakistan, Greece, Turkey, and Latin America. In a fashion the tactic has paid off. Since the collapse of the Nationalists on the Chinese Mainland in 1949, there has been no important advance of Communism except in Cuba, which seems to have been impelled into the arms of Red Russia because everybody concerned with Cuban policy seems to have made every possible mistake.

What is wearing thin and becoming tiresome is the argument that these funds must be handed out to various governments in order to protect the short-term security of the United States. There is, of course, something in the argument that all great powers have always used funds to promote their influence. Thus, a quite considerable amount of the foreign aid money goes to keep the armies in several of the beneficiary states contented and on our side of the fence. A certain amount goes into subsidizing weak but friendly governments. It is all not very inspiring, especially in view of the public money we do not seem to be able to raise in order to rebuild rat-infested schools in our own slums. But we must realize that this isn't all there is to foreign aid.

THE MODERN problem of foreign aid confronts us because about two-thirds of mankind is poor, has become aware that this is not inevitable, and is determined to overcome its misery and its immemorial servitudes. At the same time, the drop in the death rate, brought about by advances in public health, has caused the poor to increase in number. These are the elements of the great revolutionary movement of our era. It has created a complex confrontation which is triangular in shape as between the various Communist, the various non-Communist, and the various underdeveloped peoples.

The crucial question is how the countries with a backward economy are to find the capital, which includes know-how and organization, to develop. A century and a half ago the United States was an underdeveloped country. Al-

though it started out with great natural resources and an adult population educated abroad, it could not have developed so fast had it not been for huge investments of European capital. By 1913, \$4 billion of British money was invested in the United States. Three quarters of the capital required to build our railways came from Great Britain. I have seen it estimated that if the United States today were to invest abroad as heavily in proportion to national income as did Great Britain in the 19th century, we would make loans in one way or another approaching \$30 billion a year.

At the present time, the total flow of capital—of grants, government loans, and private foreign investments—from the advanced to the backward world is only about \$8.5 billion a year. In another few years this will be not nearly enough to do the job, especially in view of the declining prices of the agricultural and mineral products which represent 90 per cent of the export earnings of the less developed countries.

THUS, the real problem of foreign aid is not the one that President Johnson and Representative Passman are wrestling with. It is the problem of devising ways, by which rich countries can help meet the capital needs of poor countries. In one way or another Congress is bound to support one of the variations of the idea that the richer countries should find a generally accepted way to transfer capital to selected backward countries. This principle is followed rather well in the proposed AID budget: two-thirds of the loan money is to go to six countries to promote their long-term development.

Until a few years ago, the United States had been very nearly the sole supplier of low-cost capital to the non-Communist world. The best way to dilute our responsibility and to share the financial burden is by supporting international institutions, such as the World Bank and its affiliate, the International Development Association, known for short as IDA.

The House recently and without enough consideration cut off our contribution to IDA and it did so in a way which is embarrassing and indeed humiliating to this country. It is also against our real interests, and the refusal will certainly have to be reconsidered.