

The debate over U.S. reconstruction aid to Indochina illuminates a larger, and perhaps incurable, folly

Indochina and U.S. Aid

O. Edmund Clubb

After the Paris peace conference formalized the end of American military intervention in Indochina, the normal expectation would be for the United States to turn to the work of reconstruction, at home and abroad, and to the longer-range task of peace. It is in fact committed to helping repair the damage it has done in Indochina; but, as we enter the Second Development Decade in the United Nations program, there is need for a much greater American contribution to the developing nations in the years ahead.

In estimating the future one is instructed by the past. Since the beginning of the century the United States has cherished the mythos that manifest destiny has determined that we shall be a Pacific power. Japan's defeat in World War II appeared to bring the anticipated "Pacific era" closer to realization; it was assumed natural that the United States, the world's greatest military and economic power, would dominate both the era and the region of the Pacific.

The core concept of the American Asia strategy as evolved after the "loss of China" was that the United States, as self-anointed "leader of the free world," was charged with preserving "free Asia" from further inroads by communism (meaning Asian revolution). The United States did fight for eleven long years to suppress revolution in Indochina. Now President Nixon is terminating the American military intervention—with a (Communist) Provisional Revolutionary Government in being in South Vietnam, where there was none when we undertook to combat "Communist aggression," and with the revolutionaries of Cambodia and Laos many times stronger than they were when Mr. Nixon extended the war to those two countries in 1970 and 1971 respectively.

The United States withdraws its military forces, but has Washington really discarded false premises

and shifted from a military strategy to one in which political and economic components will have a notably more important role? In January the Nixon Administration presented its 1974 defense budget; it had been increased by \$4.2 billion over fiscal 1973, to a total of \$81.1 billion. This could only be interpreted as a continuing commitment to major military pursuits. In important respects we remain tied institutionally and emotionally to the anachronistic cold war strategy.

And yet time has patently run out for the old policy of trying to suppress Asian revolution by force of American arms. This is especially true with respect to our Indochina war. The agreement and protocols signed by the four Vietnam belligerents on January 27 commits the United States to observance of the basic principles of the 1954 Geneva agreements, and in particular to respect for the neutrality of Vietnam, Cambodia and Laos; and the twelve-nation "Act" signed at Paris on March 2 further binds the United States, *inter alia*, to "strictly respect and scrupulously implement the [January 27] agreement and the protocols"—that is, it effectively commits it to a policy of nonintervention. It is to be tentatively assumed that Washington is reconciled to that commitment and is eager to avoid a new military adventure in Southeast Asia.

A fresh military undertaking *anywhere* would put the United States at a serious disadvantage in economic competition; and the economic factor may well have priority over the military in current American strategic calculations. Recent events in world trade and international finance have amply borne out the President's self-fulfilling prophecy of July, 1971, that there would be a new confrontation between five great *economic* powers—the United States, the Soviet Union, Japan, China and the European Community. That economic confrontation is now shaping up, and it must be assumed that, for Washington, the increasingly critical situation offers a persuasive reason

O. EDMUND CLUBB is a former Director of the Office of Chinese Affairs, Department of State.

to stay committed to the occupations of "peace" even while continuing to burden the nation with the production of new accoutrements of war.

But the Nixon concept omits one vital element, namely, the existence of what is effectively a *sixth* major factor in the world's economic relationships—the needy, restless, developing nations of the Third World. Literally hundreds of millions of the inhabitants of the Third World are always hungry. The needs of these developing countries are a matter of growing significance in the world economic arena.

The economic difficulties of various Asian nations have recently assumed crisis proportions. Unfavorable crop conditions in 1972 have aggravated already serious problems. India and Thailand suffered heavily from drought, the Philippines from both drought and floods; and their grain production fell correspondingly. Indonesia imported 1.5 million tons of rice to meet pressing needs. Not unnaturally, the Indochinese countries ravaged by the American war machine were in deepest distress. South Vietnam required \$660 million in U.S. aid to keep going; Cambodia, with many peasants converted into war refugees, reaped a rice harvest about one-third as large as that of 1969 (the year before the United States extended the war to that country), and U.S. aid was increased to approximately \$200 million, as compared with \$40 million in 1970. To support Laos, a country of three million people, whose economy has been disrupted by American warfare, the United States supplies \$50 million annually.

A number of these countries must be considered virtually destitute. The situation requires substantial sharing by the rich nations of technology, development capital, industrial equipment and even accumulated goods—that is, of social wealth. Pope Paul VI, in his 1967 encyclical *On the Development of Peoples*, held that the duty of human solidarity requires rich nations to aid the developing countries; and he voiced the ultimate thought: "The superfluous wealth of rich countries should be placed at the service of poor nations. . . ."

Historically, Washington has been officially concerned with the sorry conditions under which the less fortunate sectors of humanity live. At the U.N. Conference on Trade and Development (UNCTAD) in 1964 it was the United States that proposed that the developed countries should eliminate all trade barriers, including tariffs and import quotas, for goods from the developing nations, and that primary exporting countries should be given access to international funds to offset deficits in their earnings due to circumstances beyond their control. The Johnson Administration grandly proposed that the American Great Society be extended to Asia.

The vision, if battered by the Vietnam war, survived up to the first Nixon Administration. In early January, 1969, the President's General Advisory Com-

mittee on Foreign Assistance Programs, reporting to President-elect Richard M. Nixon, said: "The committee feels compelled to point out that it would be dangerous for the U.S. to ignore the development concerns of the less developed countries." It offered a prescient political analysis:

The new Administration faces a grave danger that the Congress and the general public will turn so far inward that they will disavow concern for the less developed world.

The tendency to do so has increased in the last few years—partly because of the strains of the Vietnam war, partly because of a newly vivid recognition of urgent racial and social problems in American life, and partly because of an altered political balance between the President and Congress.

Aware of the domestic political difficulties, the Committee nevertheless recommended that total U.S. economic aid in all forms be restored to the 1965 level of 1 per cent of the national income (approximately \$5.52 billion) and warned that "if we fail to cooperate in the drive to improve the lot of two-thirds of the world's people, we would deserve to lose the respect of both poor and rich nations for having forsaken our responsibilities."

The President, in expounding the "Nixon Doctrine" that July, said the United States should render economic assistance to help build up the economies of "free Asia." Addressing the U.N. General Assembly in September, 1969, he remarked that "we can see with chilling clarity the gap that already exists between the developed economies and the economies of the developing countries and the urgent need for international cooperation in spurring economic development." He observed that the United Nations, as it approached the beginning of its Second Development Decade, faced "a time of enormous challenge but enormous opportunity."

Mr. Nixon did not, however, commit the United States to any expansion of its share of aid. And when the Organization for Economic Cooperation and Development (OECD) in November submitted a set of proposals to UNCTAD for special tariff preferences, an American escape clause was attached: American industries that might suffer under the competition of products from developing countries in the American market might demand restrictions on such imports—with the U.S. Tariff Commission empowered to rule on the validity of the individual claims.

In his first annual foreign affairs report of February, 1970, Mr. Nixon struck a note that would be repeated: The purpose of economic aid to Asia, he said, "is to encourage self-reliance, not dependence." And when, on August 15, 1971, he announced drastic economic measures designed to force our chief trading partners to adjust the deficit in the American balance of payments, his rationale omitted any suggestion of

concern for the poor nations. The United States, it would appear, was the needy one: "Now that other nations are economically strong, the time has come for them to bear their fair share of the burden of defending freedom around the world." The argument was, of course, addressed to other developed countries of the "free world." But the new 10 per cent American import surcharge hit imports from developing nations as well, and it was estimated that the losses sustained by the poor nations from devaluation of the dollar might total as much as \$950 million.

The third session of UNCTAD, held in Santiago, Chile, in April-May, 1972, shed clear light on the American policy. President Allende of Chile, opening the conference, said that UNCTAD's basic mission was to seek "replacement of an economic and trade order which is outdated and radically unjust by a fairer one based on a new conception of man and of human dignity, and the reformulation of an international division of labor which is intolerable for the backward countries because it obstructs their progress while favoring only the rich nations." He held that the poor countries, by their resources and labor, subsidized the prosperity of the rich. He came up with some striking figures: The developing nations, with 60 per cent of the world's population, disposed of only 12 per cent of the gross world product; between 1960 and 1969 their share of international trade had dropped from 21.3 per cent to 17.6 per cent of the total.

The United States was largely isolated from Third World sentiment at the third UNCTAD session. The generous American vision of earlier years had been set aside, and the developing countries readily appreciated the changed situation. When President Nixon in his second inaugural address admonished Americans that, instead of looking to the government for aid they should see what they could do for themselves, it could easily be deduced that his Administration had radically amended official American thinking also on the subject of international aid.

Final confirmation of the realities of the American economic policy came shortly after the inauguration. In February the President suddenly announced another dollar devaluation and a radical new trade program designed, he said, to obtain for American business a "fairer shake" in world trade. The drive for aggressive trade practices and protectionism would operate quite as forcefully against manufactured goods of the poor nations as against those of the rich. The selfish American interest would take categorical precedence over the broad human interest. Let the poor compete with the rich—it's only "fair."

But of course there are exceptions to the rule that Asian countries should practice self-reliance. Again elements of the old strategy emerge. The military factor permits the United States to service the presumed needs of favored client regimes in such places

as Saigon, Vietiane, Phnom Penh, Bangkok, Manila and always Taipei. Under pressure of a revelation that the United States in 1969 had given \$157 million worth of "surplus" military equipment to Taiwan, the State Department in March, 1970, admitted that "allied" governments had received \$3.4 billion in such surplus arms over a period of nineteen years. The chief beneficiaries in 1969 were Greece, Turkey, Taiwan and South Korea. (South Vietnam, doubtless a heavy beneficiary of free arms, did not figure in the report.) In June, 1971, it was reported that the United States proposed to increase its aid to twenty-five countries of Asia, Africa and Latin America to help them deal with subversion and guerrillas. South Vietnam's police force was to be increased that year from 100,000 to 124,000 men, chiefly for action in Operation Phoenix—charged with ferreting out and killing suspected Communist sympathizers. Given the "Communist insurgency" in Thailand, the United States planned to step up its police aid to that country to a total of \$9 million.

Upon occasion the benevolent intent of existing law has been distorted to serve martial ends. In January, 1971, the General Accounting Office informed a congressional subcommittee that, over the preceding five years, various foreign countries had been enabled to purchase \$693 million worth of military equipment *under the provisions of the Food for Peace program*. Senator William Proxmire termed this weird episode an "Orwellian operation." But perhaps the most striking example of American military largesse occurred at the end of 1972 when Washington rushed vast quantities of heavy military equipment to the Saigon regime, knowing full well that the projected cease-fire provisions would prohibit future qualitative and quantitative increments to the armaments of the Vietnamese belligerents. One feels safe in predicting that American economic reconstruction in Indochina will not be undertaken with the same dispatch.

Now, as the revolutionary struggles in South Vietnam, Cambodia and Laos are permitted to become domesticated, the whole "aid" problem takes on a new complexion. The United States is charged by the Paris agreements with making a major contribution to the reconstruction not only of South and North Vietnam, but of Cambodia and Laos as well. The obligation is in the first instance moral: In violation of both law and morality the United States waged war in Vietnam and finally extended the warfare to Cambodia and Laos—all in such manner that the three countries have suffered widespread devastation. The obligation is also legal: The January agreement provides that "the United States will contribute to healing the wounds of war and to postwar reconstruction of the Democratic Republic of Vietnam and throughout Indochina." Washington had patently desired to enlist other countries in the enterprise, thus ostensibly to "internationalize"

the moral obligation as well as to reduce our share of the economic burden, but at the Paris twelve-nation conference Hanoi would have nothing to do with that transparent device. The March 2 Act provided for no change in the projected approach to the task of reconstruction, not even for a separate conference (as once suggested) for consideration of the problem: the United States alone stands legally bound.

This circumstance makes it all the more difficult to get the Congress to appropriate the necessary funds, especially for North Vietnam. President Nixon, in a press conference on March 2, argued not unreasonably that an economic aid program for North Vietnam would be "in the interest of creating lasting peace and stability in the area." Unfortunately, many members of Congress recall other official statements that presented Vietnamese affairs in a distinctly different light.

An additional and important factor is that the United States is not the solvent, affluent economic power of yesteryear. Only a decade ago, in 1964, the United States enjoyed a favorable balance of \$6.6 billion in its foreign trade. It could meet with other states in the UNCTAD session of that year to study the needs of the developing nations in the growing conviction, as the Final Act of the session put it, "that the economic aims of the [U.N.] Charter would best be furthered by a bold new programme of international economic cooperation."

But now, after squandering \$136 billion of the national wealth in warring against revolutionary forces in Indochina, the United States has not only lost prestige and friends, it has wasted the substance of power. Its trade in 1971 ran a deficit for the first time since 1894, and in 1972 the unfavorable trade balance mounted to \$6.3 billion—with the deficit in the international balance of *payments* much greater still. The American dollar has changed from symbol of strength to a mark of national decline.

Gone astray both philosophically and economically, the United States today is not in the mainstream of world economics. Unconsciously revealing of the official set of values was the President's answer on March 2 to the question of where the money for reconstruction work in North Vietnam might come from. He said it would come out of "the national security budget, which will mean the area of foreign assistance and defense both." Institutionally speaking, the two areas of activity have become closely linked in Washington's thinking.

At the end of February the Congress, which had found itself unable to pass a new foreign aid bill in 1972, resolved to extend temporary financing of the aid program through June 30. This suggests the increasing difficulty in formulating and financing foreign aid programs. The size of the foreign aid commitment is also significant: the temporary fund-

ing for fiscal 1973 provides a total of \$3.6 billion. The budget proposal for fiscal 1974 is for \$1.55 billion in development assistance—and \$1.5 billion in "international security assistance." As suggested above, American "aid" wears many disguises. It may be that, when the time comes, the Administration will find in the "national security" budget the \$7.5 billion informally suggested as the U.S. contribution toward reconstruction in South and North Vietnam (rehabilitation in Cambodia and Laos is in addition to this). When and if Congress makes provision for these undertakings it is unlikely, given congressional concern for the fate of domestic social programs, to be of a mind to extend American aid to many additional countries, whether directly or through contributing to cooperative international programs. The poor of the earth can perhaps reasonably hope for a grant of free wheat if, like Bangladesh, they face actual famine; but they cannot expect development assistance from the United States on the scale proposed by UNCTAD, nor even a lowering of American tariffs for their exports.

Speaking in Copenhagen in September, 1970, to the annual meeting of the International Bank for Reconstruction and Development, its president, Robert S. McNamara, said: "It is inconceivable to me that the American people will accept for long a situation in which they—forming 6 per cent of the world's population but consuming almost 40 per cent of the world's resources—contribute less than their fair share to the development of the emerging nations." He noted that among countries providing aid the United States ranked eleventh in terms of percentage of Gross National Product. Referring to the industrialized countries, he commented: "That 20 times more should be spent on military power than on constructive progress appears to me to be the mark of an ultimate, and, I sometimes fear, incurable, folly."

The American "Official Development Assistance" to the economic well-being of needy nations stood at the low level of .31 per cent of the country's GNP in 1970; Mr. McNamara foresees that it will stand at about .24 per cent in 1975. The United States will doubtless channel much of this to its Asian dependencies, to give them the oft-advertised "reasonable chance of survival." It is correspondingly less probable that the Nixon Administration will mount brave new aid programs for the developing nations generally. For this would mean an extension of international economic cooperation, even if it amounted to only a minuscule sharing of the national wealth. Washington's present set of national priorities puts the expansion of armaments and the prosperity of American business ahead of humankind's pressing need for a better life.