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MAJOR PROBLEMS OF UNITED STATES FOREIGN POLICY

THE BROOKINGS INSTITUTION

Washington, D.C.

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MAJOR PROBLEMS OF UNITED STATES FOREIGN POLICY 1950-1951



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Foreword

IN 1946 the Brookings Institution inaugurated a broad program of research and education in the field of international relations, focused on the study of the current foreign policies of the United States. The general approach is the analysis and interpretation of the main developments in world affairs that give rise to these policies and of the major problems that confront the United States in connection with them. The program constitutes an expansion of the Institution's earlier efforts in the international field and is based on a continuing policy of selecting for investigation and study problems that have a direct bearing on the national interests of the United States.

In undertaking the program, the Institution has two primary objectives: to aid in the development of an informed and responsible American public opinion on foreign policy; and to contribute toward a more realistic training of the increasing number of American specialists in international relations that are required today in the Government, in business, and in other agencies operating abroad. The Institution hopes to play a part in meeting these objectives by providing in its publications a type of analysis of major problems of United States foreign policy that is not usually found in specialized textbooks and general treatises on the subject, and by arranging conferences designed to stimulate discussion based on this type of analysis.

For the purpose of carrying out the program, the Institution has organized a part of its staff into an International Studies Group, composed of specialists in various fields of international relations in general and of United States foreign policy in particular. The Group, which is directed by Leo Pasvolsky, is engaged in a series of investigations on major developments in the field of foreign affairs, the results of which are made available in the form of books and pamphlets. In addition, the Group prepares an annual analytical survey of the major problems of United States foreign policy, of which the present volume is the fourth, and a monthly summary of current developments in United States foreign policy. It also conducts in various parts of the country annual seminars and other conferences for teachers of international relations.

The scope of the program is made possible by special grants of funds from the Rockefeller Foundation and the Carnegie Corporation of New York, which supplement the Institution's own resources available for this purpose. Grateful acknowledgment is made of the assistance generously given by these foundations.

HAROLD G. MOULTON
President

Director's Preface

THE present volume is the fourth in a series of annual analytical surveys of the major problems of United States foreign policy. In these surveys, an attempt is made to present an over-all view of the world situation and of the position of the United States in world affairs, and to examine the main problems of foreign policy that loom ahead. The method of presentation has a twofold purpose: to illustrate a technique for the study of the foreign relations of the United States closely approximating that used by government officials in the formulation of foreign policies; and to furnish working materials as an aid to the reader in acquiring a knowledge of the nature of the policy-making process. It is hoped that the surveys may be useful in the teaching of international relations and, more particularly, in the training of competent American specialists in foreign affairs. It is also hoped that they may contribute to the achievement of a better understanding by the general public of the foreign policy of the United States, which is necessary for a more effective participation by the American people in the conduct of the foreign relations of the nation.

The complexity of the international problems that the United States must face, the development within the government of new facilities for research and analysis, and the necessity of staffing an increasing number of agencies dealing with foreign policy problems, have all created a demand in this country for greater numbers of specialists in international relations. Since such specialists must come primarily from the colleges and universities of the country, it is clear that if students are given some training in the policy-making process while they are perfecting their general and specialized knowledge, they will be more adequately prepared for participation in the conduct of foreign relations.

The primary responsibility for this training rests, of course, with the members of the college and university faculties. Many members of these faculties have served in the Government and have had an opportunity to familiarize themselves with the policy-making process. But there are a great many others who have not had this experience. It is highly important, therefore, to develop some forms of continuing collaboration between the teachers and the government officials and other practitioners dealing with foreign affairs. It is also important that materials should be available for studying the problems of foreign policy in a manner similar to that used by the Government in dealing with current issues of foreign relations. A knowledge of the policy-making process is necessary for teachers of international relations whether they offer courses to students who intend to

make foreign affairs their vocation or to those who do not, but who, as responsible citizens, must nevertheless be concerned with the foreign policies of their country.

In order to provide one means of contact between the teachers and the practitioners of international relations, the Institution has conducted a series of seminars on problems of United States foreign policy, held in different parts of the country in co-operation with various universities and colleges. Since 1947, meetings have been held at Dartmouth and Lake Forest Colleges and at Duke, Harvard, Princeton, and Stanford Universities. The participants in each case included teachers of various phases of international relations, government officials, officers of the armed services, and businessmen, labor leaders, and others from private life who are professionally concerned with international affairs.

The variety of background and experience of the participants made possible constructive and fruitful discussions of current problems of American foreign relations. The meetings also served as a test of the feasibility of reproducing, outside the government, the type of discussion that takes place within the Government in connection with the making of policy decisions.

The discussions at the seminars have been conducted largely on the basis of "problem papers" prepared by the staff of the International Studies Group of the Institution. These papers, revised in the light of such discussions, have hitherto been published in the annual surveys. Beginning with this year's edition, however, there will be only one problem paper in each survey, but several others will be published during the year as separate pamphlets. These survey volumes and the supplementary pamphlets are intended to serve as guides to the study of international relations in general and of United States foreign policy in particular. They are not textbooks in the usual sense of the term, although they may be used as such. They are designed mainly to help to focus on the essentials of the policy-making process knowledge that has already been or is being acquired from other sources.

While the materials presented in these publications are primarily intended for use in college and university training, they may also prove to be useful outside the classroom. Study and discussion groups may derive from them ideas or methods for stimulating a greater awareness on the part of the general public of the policy-making process and of the problems of foreign relations.

The technique employed in the preparation of the annual volumes and the supplementary publications is based on what may be termed the "problem approach." This consists primarily in placing the authors and the users in the position of government officials who, in discharging their

responsibilities in the solution of specific problems, must keep in mind the entire field of international relations, the interests and objectives of the United States, the various factors at home and abroad that condition American policy decisions, and the alternative courses of action that are open to the United States in the solution of a particular problem.

Accordingly, the present volume opens, in Part One, with a brief account of the key developments in United States foreign policy from July 1949 to June 1950; an analysis of the pattern of international relations since the end of the Second World War; an examination of the longer-range factors that affect American action in world affairs; and an indication of some of the tasks ahead. Part Two comprises a review of some of the main problems of foreign policy that confront the United States at midsummer 1950. The nature of these problems, the basis of selection, and the manner of treatment are described in the Introductory Note to that part of the volume. Finally, the volume contains a problem paper on the security and stability of southeast Asia, which is presented as a sample of the type of material prepared in the Government as a basis for policy decisions. The character of the paper and the nature of the treatment given to the problem involved are indicated in the Introductory Note to Part Three.

In order to facilitate the use of this volume a certain amount of bibliographical material has been included, consisting of a general bibliography at the end of the volume and lists of selected references following the problem statements in Parts Two and Three. Particular emphasis is placed on official documents which constitute the primary sources in studying the current foreign policies of the United States. There is also a general index.

It should be noted that the volume deals primarily with United States foreign policy. Hence the subject matter and the bibliographical material are focused largely on American action and on the American viewpoint. The policies, actions, and viewpoints of other countries, however, are brought into the discussion wherever they condition American policy and action.

The materials contained in the volume were prepared as of July 1, 1950, and the problems are treated as they confronted the Government of the United States on that date. As time goes on, however, the relative importance of the problems in Part Two and the issues they present may change. There are also bound to be occasions on which some of the more basic considerations of policy treated in Part One undergo modifications in the light of changing world events. In utilizing these materials in university teaching or in other study or discussion groups, periodical revision in the light of events may be necessary. This would call for a fresh application of the technique exemplified in the volume. The reformulation of the

problem selected for special treatment in Part Three or in one of the supplementary pamphlets, therefore, might be as suitable a task for class or seminar work in this field as the detailed treatment of some of the other problems in Part Two or of entirely new problems that were not an immediate preoccupation of the Government in the summer of 1950.

Many other methods of using the volume will doubtless suggest themselves in the course of experience. Whatever the method adopted, however, and whether the book is used in colleges and universities or in study or discussion groups, much of its value will depend on the extent to which it enables those who use it to place themselves in the position of responsible government officials who are actually dealing with matters of foreign policy. Only by so doing is it possible to acquire an understanding of the technique employed in the formulation of the general and specific policies involved in the conduct of foreign relations.

The volume is the joint product of the staff of the International Studies Group and of outside consultants. William Reitzel was primarily responsible for the general planning and preparation of the material. The following staff members contributed in their various fields of specialization: Robert W. Hartley, Redvers Opie, William Adams Brown, Jr., Joseph W. Ballantine, Charles J. Moore, Thomas R. Phillips, Ruth Russell, A. Mason Harlow, Suzanne Green, Don R. Harris, Clarence E. Thurber, and Helen Eilts. The bibliographies and the index were prepared by Jeannette E. Muther; and the maps and charts, by Louise Bebb. A. Evelyn Breck prepared the manuscript for the printer. The annual survey will continue to be supplemented, as heretofore, by a monthly summary of events, entitled *Current Developments in United States Foreign Policy.*

LEO PASVOLSKY
Director
International Studies Group

Washington, D.C.
July 1, 1950

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PART ONE

THE PRESENT POSITION OF THE UNITED STATES IN WORLD AFFAIRS

Chapter I

Key Developments from July 1949 to July 1950

AMONG the many major problems of foreign relations that confronted the United States at the beginning of July 1949, the following were of special significance in determining the course of American policy and action during the twelve months here under review: (1) the organization of the power of Western Europe; (2) the financial position of Great Britain; (3) the creation of the Western and Eastern German states; and (4) the upheaval in China. In one form or another, all these as well as numerous other, less comprehensive developments, were involved in the over-all problem of United States foreign policy—the state of relations between the United States and the rest of the Western world on the one hand, and the Soviet Union on the other.

On July 2, 1949, the Senate gave its consent to the ratification of the North Atlantic Treaty, after extensive hearings before its Committee on Foreign Relations. In recommending that the treaty be ratified, the Committee expressed the view that, as a result, the determination of the North Atlantic states to resist aggression would be increased, substantial savings in the European Recovery Program and in the outlays for the national military establishment might become possible, and the North Atlantic states would be stimulated to help themselves and each other and to co-ordinate their efforts to do so. The treaty was proclaimed as being in force by President Truman on August 24.

This event, though prepared by earlier action, was the foundation of an extensive major development in the succeeding twelve months. On the heels of the Senate ratification, the Congress was presented with a bill that would authorize military assistance to other nations. In September the North Atlantic Council called for by the North Atlantic Treaty met in Washington and set up the Defense Committee, instructing it to draw up "unified defense plans for the North Atlantic area." By the end of the same month the Mutual Defense Assistance Act of 1949 was passed.

But the Congress wrote two important limitations into the act: the use of 900 million dollars of the funds appropriated was contingent on the formulation of an integrated defense plan by the North Atlantic Council; and it was expressly stated that the economic recovery of Western Europe, because it was essential to international peace and security, was to have clear priority over the demands of rearmament. By early January 1950 an integrated defense plan had been prepared by the Defense Committee and approved by the North Atlantic Council.

These steps underlined the military alliance features of the North

Atlantic Treaty. Other of its aspects remained undeveloped. Questions of its effect on the United Nations and of its relation to the program for the economic recovery of Europe were momentarily left to one side.

In July 1949 the European Recovery Program had been in operation for a little over a year, and its course for the second year had been set. However, on July 6 the seriousness of the British financial position was revealed, and consultations were started with the Commonwealth finance ministers and with the governments of the United States and Canada. The problem was discussed in the Organization for European Economic Cooperation, and it overflowed into journalistic debates between the British and American publics on the underlying causes and the possible remedies for the situation. Americans tended to blame the policies of the British Labour Government or the improvident use of the American loan, and the British tended to put much of the blame on the alleged American failure to act as the major creditor nation of the world should have acted. On September 18, with no official previous indication, the British pound was devalued by 30 per cent. The economic and political adjustments that followed were world-wide.

In August 1949 the Economic Committee of the newly formed Council of Europe looked at the European economy and proposed as remedies for its condition a union of the member nations into one preferential tariff area, the free convertibility of European currencies, and reductions in the United States tariffs. Later the Consultative Assembly agreed that the goal of the council was "the creation of a European political authority with limited functions but real power." The integration of Western Europe, formally proposed by the United States as an objective in the European Recovery Program, now became an even more active topic.

On October 31 the administrator of the Economic Cooperation Administration declared that "nothing less than the integration of Western European economy" would suffice, and he visualized a single large market in which goods moved freely and monetary barriers disappeared. Under considerable pressure from American officials, who were, in turn, under heavy pressure from American opinion, the Organization for European Economic Cooperation attempted to satisfy this demand. The British, however, in view of their responsibilities to the Commonwealth and the sterling area declared that they could not enter into any integration that would prejudice these responsibilities. By the end of January 1950 two initial steps were taken in the purely economic aspects of integration: the reduction of import quotas, and the formulation of a plan for a European payments union.

Another basic factor that played an important role in some of these developments in Western Europe was Germany. The year 1948-49 had seen the partitioning of Germany grow from a possibility to a *de facto*

accomplishment. A high point of tension was reached in the Berlin blockade. On May 12, 1949 the blockade was lifted, but the subsequent meeting of the American, British, French, and Soviet foreign ministers failed to reach agreement on the German question. Just before this meeting, however, the basic law for a West German state was adopted, and on May 23 the Federal Republic of Germany was proclaimed. Almost simultaneously, a People's Congress in the Soviet zone adopted a constitution for a German Democratic Republic. The situation was at this point of stalemate from July until October, when the Eastern German Democratic Republic was proclaimed.

This event, which was preceded on October 2 by a Soviet note to the other three occupying powers denouncing the Federal Republic in the West, was the opening step in a development that is still going on. The new state in the East called for the restoration of German political and economic unity, the establishment of an all-German government, an early peace treaty, and the withdrawal of occupation troops. The Western powers asserted, for their part, that the Democratic Republic was without legal basis and was subservient to, and controlled by, the Soviet Union. Early in November the United States, Great Britain, and France, after consultation, agreed that the Federal Republic should be admitted to the Council of Europe, to promote German participation in international life, and to relax certain restrictions on the economy of the new state. Although the revival of at least Western Germany was initiated by these first steps toward giving the Federal Republic sovereign authority, France made it clear that it would oppose any German rearmament or the inclusion of the Federal Republic among the North Atlantic Treaty states. With the simultaneous creation of the East German state, the country was in effect partitioned.

In another part of the world, another highly significant development was taking form. The Chinese Communists began in the summer of 1949 to move into south China, and the United States Government issued a "white paper" on the Chinese situation. The essential conclusion of this document was that no further aid would be given the National Government. Nationalist resistance disintegrated rapidly. On October 1 the Chinese People's Republic was proclaimed and was immediately recognized by the Soviet Union; on October 17 the new Government claimed that it controlled the whole coast from Korea to Hong Kong; by December 10 the National Government had retired to Formosa; and by December 16 the People's Republic and the Soviet Union had begun to negotiate a treaty of alliance.

These events had widespread repercussions throughout Asia. Communism and national movements against foreign control were not clearly

distinguished. Burma, though torn by civil strife, some of which was fomented by Communists, recognized the new regime. Indian recognition followed. The People's Republic of China, for its part, recognized the Ho Chi Minh regime in Indo-China and thus encouraged it in its struggle with French authority. From the point of view of Great Britain and France, the whole of southeast Asia was suddenly and dangerously exposed to attack from Soviet-directed Chinese Communists.

This point of view was shared by the United States Government. In addition, public feeling was deeply stirred by the debacle in China and by what it considered the total failure of American policy. There were many facets in the debate that followed. There was a strong demand for the United States to do something to keep Formosa out of Communist hands. There was an equally strong feeling against recognizing the Chinese Communist Government, although Great Britain had announced on January 6, 1950, that it was ready to do so. The Department of State came in for violent criticism.

Secretary of State Acheson replied to the critics, saying that there was a revolutionary force let loose in Asia which the Communists had ridden to power, that the susceptibility of many states in the region to a force thus controlled could not be stopped by military means, and that American aid would have to be fitted to these facts. He acknowledged the threat to American interests and defined an American defensive perimeter that ran from Alaska to Japan and thence to the Ryukyus and the Philippines. The Secretary then added: "So far as the military security of other areas in the Pacific is concerned, it must be clear that no person can guarantee these areas against military attack. . . . Should such an attack occur, . . . the initial reliance must be on the people attacked to resist it and then upon the commitments of the entire civilized world under the Charter of the United Nations."

Meanwhile, Great Britain and the other members of the Commonwealth conferred at Colombo, Ceylon, in the middle of January. It was concluded that the economic development of south and southeast Asia was necessary to meet the challenge, and appropriate steps were recommended. The United States Government expressed its willingness to adapt its own efforts of economic assistance to the British Commonwealth plan. In the same month France, still heavily engaged against the forces of Ho Chi Minh, took steps to satisfy some of the nationalist aspirations of Indo-China. Three independent states—Viet-Nam, Cambodia, and Laos—were set up within the French Union. On January 31, however, the Soviet Union recognized the revolutionary regime of Ho Chi Minh. Within a week the United States and Great Britain recognized the three new states and thus identified themselves with the French-supported regime of Bao Dai. On February 14, 1950, the negotiations between the

People's Republic of China and the Soviet Union were completed, and a treaty of alliance was concluded. With this the lines were clearly drawn in southeast Asia. India, however, remained unmoved by these rapid developments and continued to keep an officially neutral and open mind about the future of China.

The adjustments of the West to the situation were, however, still far from complete. The Australian Minister for External Affairs proposed in March a defensive military arrangement for the area, based on the Commonwealth but with other countries, especially the United States, invited to associate themselves. The United States warned the People's Republic of China against "aggressive or subversive adventures" beyond its borders. A special economic aid program for Indo-China was recommended, and the existing program for Nationalist China was extended. The interests of the United States in the future of Japan underwent re-examination in terms of a "defensive perimeter," the Soviet success in China, and the possibility and requirements of a peace settlement with Japan without Soviet participation.

A quick glance back at the unfinished pieces of business noted above and at the new forms into which they developed after July 1949, will make it clear that they became linked in a new and more tense pattern of relations between the West and the Soviet Union. This must be kept in mind in order to understand the full significance of President Truman's announcement on September 23, 1949: "We have evidence that within recent months an atomic explosion occurred within the U.S.S.R." Insofar as it was the case that the United States and Western Europe had been basing their defense plans on the restraining influence of a unique American possession of atomic weapons, these plans had to be revised. The question of international control was reactivated, but it did not lead to any new developments. On October 26 the five major powers and Canada reported to the Atomic Energy Commission of the United Nations that a "fundamental difference not only on methods but also on aims" made further discussions useless until the character of international relations was basically improved.

In January 1950 President Truman announced that he had directed work to be continued "on all forms of atomic weapons, including the so-called hydrogen or super-bomb." A public debate was precipitated in the United States on the broad question of armaments. "A moral crusade for peace" was proposed, in which the United States would use two thirds of its annual defense appropriations to underwrite a "global Marshall Plan," contingent upon an international acceptance of a program to control atomic energy and an agreement by all nations to allocate two thirds of their arms expenditures to the same purpose. Another

proposal was made to call a world conference for disarmament and to "end the world's nightmare of fear." The official United States view was that such proposals dealt "with the end rather than the means to the end" and that agreements with the Soviet Union were of little real meaning unless they recorded "an existing situation of fact." By March 1950 the discussion had moved beyond the particular question of the atomic bomb to include the entire range of relations between the United States and the Soviet Union.

The defection of Yugoslavia from the Soviet orbit proved to be a factor of increasing importance. On the one hand, Yugoslavia announced that it had withdrawn its moral and political support from the Greek guerrillas. From that moment the Greek Government began to get the upper hand, and United States policy began to achieve its objectives in Greece. On the other hand, the Soviet Union moved to repair the damage done to its control over the satellite states. By August Yugoslavia was being diplomatically threatened, and there were rumors of preparations for war. Concurrently, the United States supported the election of Yugoslavia to the United Nations Security Council in opposition to Czechoslovakia, which had Soviet backing. The Soviet Union began vigorously to consolidate its position in the satellite states. There were mass arrests on political charges in Czechoslovakia. There were purges in the Polish Communist party, and a Soviet marshal was appointed Polish Minister of Defense. In Bulgaria a former Deputy Premier and other former Government officials were indicted for espionage and conspiracy. By the end of December, Soviet Foreign Minister Molotov was saying: "The time is not far off when the treacherous Tito gang . . . will be overcome by the shameful fate of dishonest hirelings of imperialist reaction"; and the new United States ambassador to Yugoslavia was saying: "The United States is unalterably opposed to aggression wherever it occurs or . . . threatens."

Since January 1950 it has become increasingly difficult for the United States to maintain diplomatic relations with the satellite states. American officials were named in treason trials. American nationals were arrested. Bulgaria requested the recall of the United States minister. Other states demanded reductions in the numbers of American diplomatic personnel. Satellite consulates in the United States were ordered closed in retaliation. The American assets of Bulgarian, Hungarian, and Rumanian citizens were frozen in February.

Thus relations between the Soviet Union and its satellites contributed to the growth of deteriorating relations between the United States and the Soviet Union. The keynote for this development was set in September 1949, when foreign Minister Vyshinsky presented a resolu-

tion to the General Assembly of the United Nations calling on the General Assembly to condemn American and British preparations for a new war, to endorse plans for the unconditional prohibition of atomic weapons, and to call upon the five major powers to conclude a peace pact among themselves. The United States and Great Britain introduced an alternative resolution, entitled "Essentials of Peace," that called on every nation "to carry out in good faith its international agreements." After a prolonged debate in the Political and Security Committee, the Soviet resolution was overwhelmingly defeated, and the Anglo-American one was adopted by a vote of 53 to 5.

In January 1950 the Soviet Union began to boycott meetings of the organs and agencies of the United Nations. When on January 12 the Security Council refused, at the request of the Soviet Union, to expel the representative of the Chinese National Government, the Soviet representative walked out of the meeting. After this, Soviet representatives withdrew from all meetings at which there was a representative of the Chinese National Government.

By the end of March 1950 the major lines along which international questions had developed from the previous July had all converged on relations between the West and the Soviet Union. On March 9 Secretary of State Acheson stated that the demands of a struggle that was "crucial from the point of view of the continued existence of our way of life" required of the United States a "total diplomacy." This phrase, coined by analogy with "total war," was intended to convey a sense of urgency, compelling the country to support a policy of concentrating on measures short of war for resisting Soviet aggression. In April he said that the United States was the "principal target" of Soviet communism and that it was obligatory to organize the free world for common action through the United Nations and such regional arrangements as the North Atlantic Treaty.

The months of April, May, and June were marked by rapid developments in these efforts, but the key point of activity was the North Atlantic Treaty and Western Europe. The events of the year had unquestionably moved faster than the machinery of co-ordination set up by the treaty had operated. In Germany, in the field of European economy, in the Far East, and in American and British politics, new circumstances were demanding new decisions.

Important action to meet these demands came with the meeting of the foreign ministers of the United States, Great Britain, and France on May 11. It was agreed then that Germany would be progressively incorporated in the community of free peoples, and that co-ordinated efforts would be undertaken to combat communism and to raise living stand-

ards in southeast Asia. It was also agreed to employ joint resources to maintain "social and material standards as well as the adequate development of the necessary defense measures."

Specific actions followed with some speed. A French proposal, originally made on May 9, to place the coal and steel industries of France and Germany under a single international authority went into the negotiating stage. The West German Federal Republic accepted an invitation to join the Council of Europe. The United States announced that it would extend economic aid and provide military equipment to Indo-China and France for use in "restoring stability and permitting these states to pursue their peaceful and democratic development." A committee of the British Commonwealth met at Sydney and called for a six-year program of basic economic development for south and southeast Asia.

The meeting of the three foreign ministers was followed on May 15 by a meeting of the Council of the North Atlantic Treaty organization. The problem before the council was in essence another form of the problem considered by the three ministers—the strengthening of free nations under the pressure of time and circumstances. The solution agreed upon was a combined military, economic, and political one. As Secretary of State Acheson reported to Congress on May 31, the purpose was "to build a common defense, to create a successfully functioning economic system, and to achieve unity of action on the major problems of foreign policy." He added that "this task will require close, cohesive, and sustained efforts on a partnership basis in all these fields." The methods proposed were: (1) the establishment of a body of working deputies under a permanent chairman; (2) the treatment of military forces and economic costs as a single problem; and (3) the creation of "balanced collective forces" for the defense of the North Atlantic area.

On June 25 a new factor was dramatically injected into the situation. Communist forces from North Korea made a planned, prepared, and well-directed attack on the Korean Republic. While it had long been known that the Communist regime in North Korea was using every possible subversive method to break down the government of the Republic, this attack represented a deliberate and open aggression against a legitimate authority. Furthermore, this authority had been democratically established under the aegis of the United Nations.

The Security Council of the United Nations met at once and adopted a resolution proposed by the United States calling on the North Korean forces to cease hostilities and to withdraw north of the 38th parallel. In addition, the member states were asked to render every assistance to the United Nations in the execution of the resolution.

On the basis of this resolution, President Truman announced on

June 27 that United States air and naval forces had been ordered to act in Korea "to give Korean Government troops cover and support." As a supporting action, United States naval forces were ordered to screen Formosa from any Communist attack, and the Chinese National Government was called upon to cease operations against the mainland of China. At the same time, directions were issued for increased military aid to the Philippines and Indo-China.

A further resolution was adopted by the Security Council within a few hours after the President's action. In it, the Council recommended that members of the United Nations furnish assistance to the Korean Republic to repel "armed attack and to restore peace and security." The Soviet Union continued to boycott both meetings of the Council and has since called the actions taken in its absence illegal. By the end of June the situation in Korea had developed to the point where a majority of the members of the United Nations had approved the use of military action in principle, and several had provided naval and air forces. The United States, in addition, had committed ground forces to the military operation.

As the period from July 1949 to July 1950 came to an end, the full implications of the new context in which international relations would develop became unmistakable. The United States was more deeply committed than ever before to take vigorous and effective action, in company with other members of the United Nations, to maintain the integrity of all free nations "in a common defense against aggression and in providing greater opportunities for advancement."

The developments that have just been described indicate the efforts of the United States over the period of a year to achieve its national objectives. These efforts have been limited by the means currently at the disposal of the Government and by the interests, objectives, and actions of other powers. An account of *where* the United States now finds itself is not, however, adequate for understanding the problems of foreign policy that confront the Government at midsummer in 1950 or that are likely to be presented for decision and action in the near future. Before an attempt is made to draw a balance sheet of the foreign policy operations during the preceding twelve months and to indicate the tasks ahead, which is done in Chapter V, it is necessary to look briefly at *how* and *why* the present position has been reached. This is done in the three chapters that follow.

Chapter II

The Postwar Pattern of International Relations

THE DECISIONS and actions taken by the Government of the United States in the conduct of the foreign relations of the nation during the twelve months reviewed in the preceding chapter must be considered, first of all, against the background of the pattern of international relations that had developed since the end of hostilities in the Second World War. Like all the major armed conflicts in history, the Second World War produced far-reaching modifications in the distribution of power and resulted in a concentration of that power in the hands of fewer nations than was the case before war broke out. The United States emerged from the war as the strongest national state, with vast and inescapable responsibilities of world leadership. It began to exercise this role of leadership while hostilities were still in progress, in a vigorous attempt to set a pattern of international relations for the postwar era that would offer a greater hope of peace and well-being for the whole world than had ever been attained before. The events of the postwar period have so far not vindicated this hope, and the pattern of international relations projected during the war has undergone many essential shifts, which have posed for the United States and for the whole world the vast and complicated problems with which the nations are grappling today.

THE EFFORT TO PROJECT WARTIME UNITY

It was recognized during the Second World War that the essential attributes of power—raw materials, industrial capacity, skilled man power, energy resources, and the control of strategic areas—would tend to become concentrated in the hands of the principal allies—the United States, Great Britain, the Soviet Union—and, to a lesser extent, China and France. It was further realized that the defeat of the Axis states and the other effects of the prolonged war might create power vacuums in some parts of the world. Finally, there was a realization that the new concentrations of power, when considered in terms of the relative strengths and particular attitudes of the major nations, could impede the peace settlement, and could make difficult the long-run maintenance of peace. The concept of an international organization growing out of the wartime unity of the principal allies was projected as a means of guarding against these dangers.

It was not expected that the resulting organization, the United Nations, would be able to control major states with so much concentrated power at their disposal. But it was hoped that power would be

so distributed that an equilibrium would emerge and that the national use of power would accordingly be capable of being harmonized. It was further hoped that the major possessors of power would exercise restraint in using it as an arm of national policy, and that the obligations they would assume as members of the United Nations would serve a regulatory purpose.

Unity of purpose and action was forced upon the principal allies during the war by the necessity of checking the bid that the Axis was making for world domination. The unity, however, was never complete. The Soviet Union was, at best, a suspicious and cantankerous co-operator. The Western powers had their reservations also, but the fatal lesson of their own prewar failures to achieve collective security led them to make conscious efforts to dispel suspicion. By and large, the Western allies took a generous view of Soviet susceptibilities and hoped that a structure of postwar collaboration could be built on a foundation of wartime unity.

No efforts were spared to convince Soviet leaders that the security of the Soviet Union and the well-being of its citizens could best be achieved in international co-operation. No opportunity was lost to kindle Soviet interest in the new political and economic machinery that was envisaged for international action to establish and maintain the peace and to promote economic well-being. The initiative in every case came from the West; the leader of the West was the United States.

Officially, the Soviet Union joined the United States and Great Britain in expressing an intent to carry the unity of their military alliance over into the period following victory. Beginning with the Atlantic Charter in 1941 and the Declaration by United Nations in 1942, the allied nations pledged themselves in a series of agreements to follow certain rules of international conduct and to construct an international organization for the maintenance of peace and security.

These pledges were first discussed by the United States, Great Britain, and the Soviet Union at a formal conference in Moscow at the end of 1943. At the end of the conference, China joined the other three powers in the Moscow Declaration, which stated that the four powers were "conscious of their responsibility . . . [and] that their united action, pledged for the prosecution of the war against their respective enemies, [would] be continued for the organization and maintenance of peace and security." They further agreed to act together in making the transition from war to peace and recognized "the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to membership by all such states, large and small, for the maintenance of international peace and security."

During the conference, plans were worked out for continuing tripartite consultations through diplomatic channels, and final arrangements were made for a meeting of the heads of government at Teheran. There, a month later, the United States, Great Britain, and the Soviet Union recorded their determination to continue to work together, convinced that their accord would result in enduring peace. They recognized that it was their responsibility to make a peace that would "command the good will of the overwhelming mass of the peoples of the world" and looked forward with "confidence to the day when all peoples of the world may live free lives, untouched by tyranny, and according to their varying desires and their own consciences."

The consideration of the formal structure of an international organization was begun at Dumbarton Oaks in 1944, where agreement was reached on its basic principles and general framework. It was recognized that the heart of the matter lay in concerted action on the part of the major powers. They would largely determine the future course of events, not only with respect to a future war and peace but also with respect to the peace settlements of the war still in process, the immediate problems of rehabilitation after the war, and the first steps in establishing stable international political and economic relations. It was further assumed that the major powers would recognize, with increasing clarity, their underlying community of interest in peace as well as in war and that, from this, the necessary unifying force would come.

Official resolves were repeated with some extensions at the Yalta Conference in February 1945. It was agreed there that a United Nations organization should be established as soon as possible. The general intent to co-operate was applied to a particular transitional situation in a special Declaration on Liberated Europe, in which it was agreed "to concert during the temporary period of instability in liberated Europe the policies of their three governments in assisting the peoples . . . to solve by democratic means their pressing political and economic problems." Machinery for regular consultations among the foreign secretaries of the three governments was set up. Later in 1945 at the Potsdam Conference, the Council of Foreign Ministers was created to provide a formal body for consultation among all five powers—France having been admitted to the inner circle. Between the Yalta and Potsdam conferences, the Charter of the United Nations organization was negotiated at San Francisco.

Before and during the San Francisco Conference doubt existed about the seriousness of the Soviet interest in international co-operation. During the conference lines of cleavage appeared between the larger and smaller nations present. Before and during the conference, press, public relations, and information activities were developed on a grandiose scale that

tended to oversell both the purposes and progress of the meeting. In spite of these difficulties, a charter was agreed upon.

The conference recognized that differences existed among the major powers. The problem was to accept this fact and to devise a realistic way of preventing it from disrupting the new international organization. Although the smaller powers acknowledged their inability to settle basic issues without the concurrence of the major powers, they resisted proposals that provided no restraints, beyond the obligations common to all, on the exercise of power. The major nations asserted that the ultimate responsibility for the maintenance of peace and security rested with them because they alone possessed the means of enforcement, and that therefore the entire structure rested upon their unanimity of judgment and action. The principle of unanimity, which subsequent events have made known under the popular name of the right of veto, simultaneously acknowledged the facts of power and the fundamental importance of unity among the major nations. Exclusive privileges, essentially concerned with maintaining a right to protect vital interests, were claimed by the five major powers and at last reluctantly accepted by the smaller nations. These privileges consisted of permanent representation on the Security Council and of special voting rights. The belief was expressed that the principle of unanimity would put the major powers under pressure from world opinion to resolve their own differences within the United Nations system, for the alternative was that the system would cease to function. Conversely, and by formal statement, the major powers solemnly undertook to use their privileges with moderation and restraint.

It is important to appreciate that these efforts to project wartime unity were not confined to the establishment of the United Nations, which was only one of several lines of action. Another was the search for methods of dealing with the problems of relief and rehabilitation that the defeat of the enemy would make pressing. Still another was concerned with such problems as economic revival and internal political adjustments in states disrupted by war. A very fundamental line was that which sought to anticipate the difficulties of effecting peace settlements between victors and vanquished by checking premature unilateral action until conflicting interests could be comprehensively considered and harmonized. And finally, because there were questions of the security of the major powers with respect to each other, methods designed to adjust them by consultation were initiated. Implicit in all these courses of action were two assumptions that concerted action by the major powers was the key to success, and that a wish to co-operate existed and could be translated into a solid body of practice.

POLITICAL AND ECONOMIC REALITIES OF THE POSTWAR ERA

When the war ended, the condition of Europe and the Far East was without precedent in modern history. The loss of material capital was enormous. The effects of the dislocation of traditional social forms, of the dispersal of populations, and of the disruption of industry and trade were profound and widespread.

In Europe a dearth of consumer goods was further aggravated in 1946 and again in 1947 by severe weather and poor crops. For millions of people the immediate preoccupation was survival. Governments were chiefly preoccupied with providing food, shelter, and clothing, and they were judged on this basis rather than on their willingness to provide political liberties. There was on the continent no remnant left of that older balance of power by which intervals of peace had been achieved and a semblance of security produced. The defeat of Germany was so conclusive that central Europe was a potential power vacuum. French power was practically nonexistent. Great Britain, though it strained its depleted resources to maintain a larger peacetime armed force than ever before in its history, was a relatively weakened power. The bulk of American forces was withdrawn and demobilized, and the United States returned the American industrial plant to peacetime uses. Only Soviet forces remained in Germany and in eastern Europe in great strength and in a state of wartime readiness. In western Europe, local Communist parties made political capital out of their wartime resistance records and out of the confused situation.

Postwar Asia bore very little resemblance to the pattern that had existed before 1940. In addition to the patent fact that Japan was removed for the time being as a significant power, that European influence was diminished, and that the United States and the Soviet Union were the centers of power with reference to which the political and economic adjustments of the region would be made, the entire area was swept into a violent process of political and social change. This process was nationalistic in the sense that it aimed at altering the colonial status in which the peoples of the region believed themselves held captive. It was also revolutionary in that it sought to shift political authority within the individual states of the region. Finally, the end of the war also revealed the extent to which the industrial plant of the region had been destroyed, its agricultural production disorganized and diminished, and its channels of trade dislocated. In consequence, the previously low standard of subsistence of Far Eastern populations was further reduced beyond the point of endurance and played a part in the insistent demands for economic and social change.

Within this framework China, with a weak government and confused by the shifting judgments of the United States, proved unable to exert the stabilizing authority of a major power, a role in which it had been theoretically cast by American policy. In addition, Great Britain, called on to implement its earlier promises on the political status of India, was drawn into a process that ended only with the establishment of the independent states of India, Pakistan, Burma, and Ceylon. British authority was reasserted, however, in Hong Kong and Malaya. France attempted a similar restoration in Indo-China and the Netherlands in the East Indies, but in these two cases the situation was more difficult. It was complicated by British action in the absence of Dutch forces in Indonesia, by the strong nationalist sentiment in both areas, and by American official and private sympathy for the aspirations of the native peoples.[1] In brief, the general situation was such that another power vacuum, more extensive if less immediately significant than that in central Europe, developed in the Far East.

The Far Eastern situation was also affected by the fact that the United States and the Soviet Union came face to face in Korea. The traditional definition of American security, which had long included the idea of a defensive frontier in the western Pacific, was affected by the new projection of Soviet influence into the area.

The situation in Asia and the situation in Western Europe mutually affected each other in ways that made it difficult for either to be stabilized. The economy of Western Europe had become linked in a hundred ways with that of the Far East, and these links could not be restored under the conditions that prevailed. The prolongation of unresolved tension in the Far East either delayed the economic recovery of Europe or forced it into new and artificial channels.

The Middle East, except insofar as it had experienced a war boom, suffered no significant economic dislocations. But the political unrest and the social instabilities of the region, which had been checked by the firm use of allied authority during the war, came quickly to the surface after the war ended. An important factor in both the political unrest and the social instabilities was the fact that satisfactory adjustments had not been reached between Arab nationalism and the West after the First World War. No solution had then been found that simultaneously satisfied the nationalist aspirations of the new Arab states and the strategic and economic interests that Great Britain defined as

[1] Although the political situation in the Netherlands East Indies has been resolved by the formation of the Republic of Indonesia, the situation in Indo-China has become progressively more acute. From the French and Dutch points of view, it is possible that the policy of the United States with respect to colonial peoples may have served to prevent a more vigorous effort to settle the problem by military means. See "United States Commitments in Indo-China" below, pp. 311-15, and "Indonesia," *Major Problems of United States Foreign Policy—1949-1950*, pp. 352 ff.

vital. During the Second World War, the United States came to share these British interests. At the end of the war, there was a general resurgence of Arab nationalism. Basically the movement sought to reorient relations with Great Britain and to move from a semidependent position to one of complete independence, but in view of the organized force of Zionism, it began to concentrate its attention more and more on the question of Palestine. Finally, the region quickly became the focus of competition between three major powers. Soviet pressure was early felt in the Balkans, in Turkey and in Iran, and the Anglo-American reaction was quick and sharp. In consequence, the adjustment of local aspirations and demands to the strategic and economic interests of Great Britain and the United States remained as far from basic solution as ever.

The situation throughout the world was such that ample opportunity was provided for every variety of disruptive force, and the problems of stabilization were immense and endlessly ramified. The probable existence of disruptive forces and the need for a policy of stabilization were, however, recognized before the war ended. UNRRA (the United Nations Relief and Rehabilitation Administration) was set up to deal with emergency relief and to provide the minimum basis for the restoration of economic activity. American policy attempted to forestall political disruption by insisting that territorial claims should not be settled by "sudden unilateral action taken in the flush of victory."[2] General economic problems were given consideration by a series of conferences. It was assumed that the many political and economic problems created by the war would be solved by agreement among the major powers. But the ability as well as the willingness of the major powers to work together proved to be less than had been hoped for. Over and beyond the internal political conflicts that the end of the war induced in individual states, the efforts of local Communist parties and of the Soviet Union to take advantage of fluid and unstable situations became increasingly apparent. The customary race between the forces of reorganization and the forces of disorganization, with which human history is so familiar, became a clearly defined conflict of interest between the major powers.

Even before the end of hostilities the Western democracies began to make serious reservations about the intentions of the Soviet Union. Evidence accumulated rapidly to the effect that the Soviet Union could not be relied upon to keep its pledges. Previous disagreements about eastern Europe and the Balkans, which had presumably been settled at Yalta by the Declaration on Liberated Europe, reappeared as fundamental

[2] Department of State *Bulletin* Vol. 12 (May 13, 1945), p. 902.

divergences. The Soviet Union stood on the position that eastern Europe was its security zone and hence was within its sphere of influence and control. It began to convert the countries of this region into satellite states, guiding local Communist parties into seats of political control and using the threat of Soviet force as an authoritative lever for the purpose. Protests from the United States and Great Britain were unavailing.

In both Italy and France the Communist groups that had played active parts in resistance movements during the war made their way into coalition governments. Their influence was on the whole exerted in the direction of weakening the governments of which they were members rather than in co-operating to solve pressing economic and social problems. The Chinese Communists, aided by the ineptness and weakness of the National Government and by the lack of decisiveness in the policy of the United States, prevented internal stabilization. And in other parts of the Far East nationalist movements were consistently supported against "Western capitalist imperialism."

In the face of these unpromising developments, the assumptions that underlay the efforts to convert the wartime alliance into a harmonious postwar association became increasingly questionable. Nothing showed this with more certainty than the forms of conflict that arose in connection with attempts to effect the peace settlements. Negotiations were begun late in 1945 on peace treaties with Italy and the defeated states of eastern Europe. They continued for over a year and were conducted in an atmosphere of bitter controversy. Although the drafts were finally completed and the treaties were eventually ratified, the negotiations made the United States and Great Britain acutely aware that they were involved in a genuine power conflict. In the attempts to negotiate treaties for Germany and Austria, the Soviet Union was intransigent, and Western suspicions were confirmed. The negotiations on Germany broke down at the London meeting of the Council of Foreign Ministers in December 1947, and were not renewed at the Paris meeting of May 1949. Similarly, no progress was made in agreeing even on a procedure for negotiating a peace settlement for Japan, nor could a previous agreement to establish an independent and united Korea be made effective.

Because the operations of the United Nations organization can do no more than reflect the general state of the world, these have also been conditioned by the character of existing relations among the major powers. The fundamental assumption, when the Charter was drafted, was that the major allied powers of 1945 would rapidly work out peace settlements and restore normal peacetime conditions throughout the world. The United Nations would then begin its work in the atmosphere of peace and stability that the concert of major powers had created

and would be able to function as the agent of adjustment, which was the principal role it was designed to fill.

The realities of international relations have not supported these assumptions, and the United Nations has in consequence been called upon on occasion to deal with situations that were beyond its capacity to handle satisfactorily and for which its machinery was never designed. Although it has been possible to use this machinery to adjust such differences as those arising in connection with Syria and Lebanon, Iran, Indonesia, Greece, Palestine, and Kashmir, the machinery of collective enforcement envisaged in the Charter has proved impossible to set up.

The Security Council in February 1946 directed its Military Staff Committee to examine the question of determining the forces, facilities, and other types of assistance that were to be made available to the Council to enforce the decisions of the United Nations. But in August 1948 the committee reported that it was essentially deadlocked, and no further reports have been made public.

The stalemate at this initial point was paralleled by developments in the regulation of armaments. In addition, it opened the way to a search for alternative methods of achieving security. This latter development has led on the one hand to various proposals for scrapping the present United Nations organization in favor of some form of supernational authority, and on the other to regional security arrangements at a level below that aimed at by a universal system of collective security.

Several regional security arrangements now exist. The Soviet orbit, welded together by force and not by agreement, is one such. The Rio Treaty, the Brussels Pact, and the North Atlantic Treaty, freely agreed choices of their signatories, represent other forms. In general, the latter were brought within the framework of the United Nations system by being referred either to Article 51 of the Charter, which authorizes arrangements for collective self-defense, to Article 52, which explicitly provides for regional arrangements as compatible with obligations under the Charter, or to both. The outlines of similar arrangements are beginning to emerge in the Middle East and Far East.

The close relation between the United Nations in practice and the state of the world is further shown by the tendency of states to use the organization as an extension of the "cold war" front. The Soviet Union was the first to do this, by using international machinery to create confusion and doubt in public opinion and to inhibit effective action on specific issues. The techniques of frustration were quickly developed. The veto was employed to obstruct collective action. Debates, which lent themselves to the techniques of propaganda, aimed not at the immediate audience, but at remote peoples—groups with nationalist aspirations, colonial dependents, domestic opinion, and discontented fringe

groups in all countries. The extension of these techniques produced reactions from the United States and Great Britain, forcing them, too, to use the structure of the United Nations as an adjunct of major power conflicts.

The year 1947 marked a turning point in postwar international relations. By that time, the Soviet Union was establishing its power in Eastern Europe; it had openly threatened Greece, Turkey, and Iran; and it had intensified Communist propaganda and activities throughout the world. It had identified itself, in the judgment of the non-Communist world, as the major disruptive force, contributing deliberately to the creation of fear and uncertainty and handicapping economic reconstruction and the establishment of social and political stability. The step from this judgment to a conviction that Soviet policy was aggressive and expansionist was a short one. The United States reacted to a Communist threat in Greece with the Truman Doctrine, ". . . a frank recognition that totalitarian regimes imposed on free peoples, by direct or indirect aggressions, undermine the foundations of international peace and hence the security of the United States." The reaction developed within a few months into a broad and comprehensive plan to restore the economy of Europe, the Marshall Plan. Between these actions and reactions, the pattern of international relations envisaged by the wartime agreements of the United Nations was replaced by a more or less frankly acknowledged conflict between major powers. The growth of regional groupings within the United Nations organization followed speedily from this situation.

The dangers that were anticipated in wartime planning for the postwar era have so far become in large measure the realities of the present moment. With some of its basic assumptions still unfulfilled, the machinery for guarding against these possible dangers has not proved to be adequate. Although there is a United Nations system that in many important respects functions, there has also been an increasingly definite organization of force in relation to the conflicting interests, objectives, and policies of the major possessors of power.

The intensification of conflict since 1947 has resulted in a greater emphasis on security considerations in the policies of both major and smaller states. In the case of the major states, policy has adjusted more and more to the hard facts of the international situation. In the case of the smaller states, adjustments have taken the form of testing the possibilities of neutrality, of entering into partial alignment with individual major states, of seeking security in regional association—preferably with a major state participating—and of attempting to use the machinery of the United Nations to check the growth of conflict.

The more significant adjustments of the major states have been those that represented shifts from one established policy position to another. The Soviet Union, after taking part in the effort to continue the wartime alliance into the postwar period, decided instead to exploit a uniquely favorable power situation in order to defend its security interests, extend its sovereign authority and influence, and disrupt the non-Communist world. Great Britain accepted the necessity of reducing its commitments to correspond to a decline in its power resources. The United States shifted to a policy of "containing" Soviet expansion and of countering Communist activities.

Chapter III

Interests and Objectives of the United States

THE INTERNATIONAL situation as it existed at the end of the Second World War and as it has developed since then has roots deeper than the events that have taken place since 1945. Behind these events lie the historical interests and objectives of the major as well as the smaller powers involved in them.

Until recently the national interests of the United States were traditionally defined in terms of a fortunate geographical location, remoteness from the power conflicts of Europe, the natural resources of the continent, and the philosophy of political and economic freedom for the individual. The security of the nation, which lay between two oceans, with friendly or weak states to the north and south, with its dominating position in the Western Hemisphere beyond practicable testing, was considered to require only the defense of an isolated continental position. Well-being was taken to consist of the development of the resources of the continent and the maintenance of an equality of commercial and economic opportunity elsewhere in the world.

Two wars in the twentieth century, in both of which the United States initially relied on a neutral position only to find itself militarily committed in regions far removed from its homeland, brought these traditional formulations of national interests into question. The formulation of the national interests has been demonstrably broadened. The security and well-being of the nation are now increasingly interpreted as being dependent on two sets of circumstances, neither of which was considered essential in earlier interpretations. The first is that the strategic frontiers of the United States lie in central Europe, the Middle East, south and southeast Asia, and the offshore fringe of Pacific islands. The second is that the well-being of the United States cannot be separated from the maintenance of peace and the development of well-being throughout the world.

This shift in focus, and its accompanying restatement of objectives and reformulation of policies, is drawing the United States into a power position not unlike that occupied by Great Britain for over a century. It still remains, however, for time to test this development against the general understanding that the American people have of what constitutes their national interests. An examination of the evolution of this understanding down to the Second World War, of the modifications

that were made during and since the war, and of the present objectives and principles of American action in world affairs constitutes the content of the sections that immediately follow.[1]

PREWAR EVOLUTION

The evolution of American foreign policy to its present form is marked by three stages that correspond to major periods in the evolution of the international position of the United States. The first, extending from the beginnings of colonial settlement to the year 1823, was marked by a struggle for power in that part of the North American continent which reaches from the Mississippi Valley to the Atlantic. This struggle represented one aspect of the perennial European power conflict, but the principal ultimate victor was a non-European nation, the United States, which secured its hold on the best part of the territory. The second period was marked by the expansion of the United States to the position of the dominant power in the entire Western Hemisphere. The third and unfinished period is that in which the United States has exerted the influence of a major world power. The third period has been marked by adjustments and by failures to adjust to the implications and demands of the position in the world that the United States is assuming.

The national history of the United States began in a network of great power relationships that involved competing European nations—

[1] An attempt to generalize material of this kind faces the same difficulties that arise in all analytical work in international relations. As in the social sciences generally, the absence of an exact terminology becomes quickly apparent. The need for such a terminology, however, must be balanced against the equal need to communicate effectively in the idiom of the day on matters of concern, not to the specialist alone, but to everyone. It is believed that greater clarity of analysis can be achieved if certain basic terms—at least as they are used in this volume—are defined and explained. There are five such terms: "interests," "objectives," "policies," "commitments," and "principles."

Stated broadly, *interests* are what a nation feels to be necessary to its security and well-being; *objectives* are interests sharpened to meet particular international situations; *policies* are thought-out ways of attaining *objectives;* and *commitments* are specific undertakings in support of *policy*. By way of example, the underlying (though by no means exclusive) *interest* animating the Truman Doctrine was the defense of national security. This interest was sharpened to a specific *objective*, that is, checking the expansionist policy of the Soviet Union. The *policy* that was designed to attain this objective was one of support and aid for free nations, and this in turn was implemented by specific *commitments* to aid Greece and Turkey financially and with military equipment.

Principles connote those rules of decent conduct that guide the actions of a nation or that a nation believes should guide its actions as well as the actions of other nations. In the example above, the attainment of our interests and objectives through designated policies and commitments was accomplished with the consent of the governments, and presumably of the peoples, of Greece and Turkey. Had the policies and commitments been thrust on them arbitrarily, a *principle* conditioning the conduct of our foreign policy would have been violated, namely, the principle that our objectives should be sought within the framework of international law and accepted diplomatic practice. For a detailed definition of these terms, see App. 1.

Great Britain, France, Spain, Austria, Prussia, and Russia. Three of these states—Great Britain, France, and Spain—had for over a century been especially concerned with the North American continent, and general European wars were invariably carried over to the Western Hemisphere. By the middle of the eighteenth century, Great Britain had become not only the dominant power in North America but a predominant influence throughout the world. The policy of the European powers, at whose expense this had been achieved, was directed to breaking down this superior position.

The rebellion of the thirteen British North American colonies in 1776 was not in itself related to European situations, but the achievement of independence in 1783 was made possible only by the assistance of European countries, especially France, which saw an opportunity of profiting from the British emergency. The newly freed United States of America, a very weak confederation in 1783, remained a minor factor in the game of European power politics. This fact was fully recognized by American leaders, who faced grave problems of national security for several decades after their achievement of formal independence. The United States, surrounded by the territories of the great powers of Europe, was helpless against their navies and ill-united against their intrigues. Yet it was still somewhat protected by their rivalries, which continued until they were merged in the French Revolution and the Napoleonic wars.

For the security of the United States, and even for its prosperity, this development was a godsend. The European wars were no longer primarily struggles for colonial territories in North America. For the most part none of the protagonists could spare the time or attention for aggrandizement at the expense of the United States. The power elements shifted in the course of the long struggle, and Great Britain became the head of an anti-French coalition. With the defeat of Napoleon, France ceased to be a dominant power in Europe and was reduced to being merely one factor in the continental balance of power. A continuing objective of British policy in Europe—to prevent any single power from achieving continental dominance—was accordingly reaffirmed. Elsewhere, British policy was concerned with organizing and maintaining the world-wide commercial and financial influence that opened before it. Sea power, unchallenged for the next hundred years, was the chief instrument of both courses. The success with which these policies were followed in the first half of the nineteenth century gave the United States the opportunity to develop, practically without opposition, into a continental American power. The development of a strong nation from a free but comparatively weak federation of states would have been in

continual doubt but for the favorable circumstances created by basic British policy.

EARLY POLICY FORMULATIONS

The early policy formulations of the United States Government generally took clear cognizance of the over-all power situation in Europe. Chief among these formulations was neutrality in the power struggle in Europe. The classic statement of this policy is that of President Washington in his Farewell Address: "Europe has a set of primary interests which to us have none or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns." This statement touched upon a very deep-seated American feeling—the colonial desire to escape from Europe, then to cut ties with it, and finally to remain isolated from it. A policy formulation admirably suited to prevailing circumstances gradually became a traditional description of a national interest of the United States.

A second interest, concerned with national well-being, was soon added. The prosperity of the United States was defined as depending upon the promotion of American trade. British efforts to monopolize this trade had been among the causes of the Revolution. Treaties of commerce and friendship with reciprocal privileges, firm insistence on the freedom of the seas and neutral trading rights, and tariffs to encourage and protect infant industries became the triple devices by which this objective was sought.

Concurrently with the development of these two concepts of the national interests, a principle of conduct was established. When President Washington, also in his Farewell Address, sketched a picture of peaceful relations and of good faith and justice among nations, his words met with general appreciation, for he spoke with a voice pitched to a widely acceptable code and to a general desire to live alone in peace with freedom under law. The conversion of this into a set of principles was rapid, and in the American conduct of foreign affairs, these principles have been more often acted upon than departed from. Constant reference to them has colored the American view of international relations.

Cardinal points were thus early defined. The security of the United States did not require permanent foreign alliances, though it did require a firm defensive posture and protective territorial expansion. The well-being of the United States required freedom of commercial intercourse and the means to develop national resources. Finally, both the security and the well-being of the United States could best be maintained if other nations shared and acted upon the moral principles that guided American action.

These interests, stated as objectives, were pursued with success during and immediately following the Napoleonic wars. They led to the development of policies that supported the southward and westward expansion of the United States and justified such actions as the Louisiana Purchase and the "no-transfer" formula with respect to Spanish territories. But in 1823 a new formulation of objectives was made. It reaffirmed that security depended upon detachment from Europe, and it simultaneously expressed the continental ambitions of the American nation. This reformulation was made in the Monroe Doctrine.[2]

Great Britain, concerned with maintaining the balance of power that had been achieved in Europe and interested in the commercial possibilities of a free Latin American market, firmly supported the intent of the United States to stand against intervention from Europe. In fact a joint Anglo-American declaration on this point had been proposed, but it was rejected by the United States. Some of the new Latin American republics also proposed that the doctrine be converted into a system of mutual alliances. This proposal was also rejected. The doctrine was a unilaterally declared objective of the United States and carried no commitment to act on behalf of, or with, any other nation. British support made the doctrine effective, and for seventy-five years the United States was free to complete its continental expansion, to organize its continental resources, to develop its foreign trade, and to consider the possibility of there being a "manifest destiny" toward which the nation was moving.

The growth of American foreign trade that accompanied continental expansion was phenomenal. With it came an accumulation of foreign interests and the problems of projecting national power in support of such interests. Traditional foreign commercial policy was the basis of continuing operations in this field. In the Far East the objective was to secure equality of treatment in the face of efforts of other states to obtain or retain exclusive trading privileges, a principle that was later formulated as the Open-Door Policy. Other proposals related to these interests were, however, less obviously derived from a traditional national interest. They concerned such matters as the acquisition of territory beyond the continental United States. The reasons advanced usually blended a commercial advantage with a vaguely expressed strategic consideration. Pressures in this direction, though they expressed the latent "imperialism" that had developed toward the end of the period of continental expansion, generally met with public and congressional apathy.

[2] The significant points were (a) no extension of territory or further colonization of either of the American continents by non-American powers; (b) no European interference in the affairs of the new states of these continents; (c) a firm intention on the part of the United States to stay out of European affairs.

By 1898, however, the tone of public feeling had perceptibly changed. There was a sense that the American destiny now consisted of more than a continental position; it consisted of being a world power as well. But this destiny led west across the Pacific and south toward Latin America, not east to Europe. It was accompanied by an appreciation of the significance of sea power. The blend of commercial and strategic considerations became less vague and was soon followed by plans for an isthmian canal and the description of the Caribbean and Hawaiian islands as its defensive outposts.

The policies that were developed in response to this feeling led in an inevitable progression into the existing network of world power relations. Germany was seeking footholds in the Pacific and Far East. Participation in great power rivalries in China was begun, and following from this, Japanese expansion in the Pacific was defined as a threat to both the security and the well-being of the United States. Yet none of the objectives of these policies was generally felt to fall outside the traditional framework of national interest, although actually, as will appear later, they laid the groundwork for the development of significant contradictions.

The power relations in which the United States now took part were very different from the network of power relations in which the United States had begun its existence as a nation. Great Britain, France, and Russia alone remained of the original contenders. Spanish power had declined, and the decay of the Austro-Hungarian Empire was apparent. A united Germany and a modernized Japan had emerged as vigorous claimants to places in the front rank. These alterations upset the balance of power in Europe and, by initiating a race for territorial possessions and commercial advantages throughout the world, made it increasingly difficult for Great Britain single-handed to maintain its *Pax Britannica*. Consequently, though the United States could still stand upon the objectives of its continental period as far as the Western Hemisphere was concerned, it could not effectively pursue these objectives on a world scale. Although the Monroe Doctrine might stand because the power of the United States was preponderant in the region to which it referred and because Great Britain was a silent partner in its maintenance, American commercial aspirations and principles of international conduct were more difficult to achieve; for the power of the United States could be projected in support of them only by the methods of power politics.[3]

[3] This was the period, 1890-1910, of the expansion of the United States into the Pacific and Caribbean islands, of intervention and political loans in the Caribbean region, of the development of a power position in the Far East, and of tentative excursions into European affairs as at the Conference of Algeciras.

THE FIRST WORLD WAR

Neither American opinion nor United States policy was brought face to face with the implications of the country's position until the First World War. Then the necessity for action was so pressing that the real meaning of that position could not be quickly grasped. The problem presented in 1914 was to understand what the imminent changes in the world structure of power meant to the interests of the United States. The entire historical context of American foreign relations was called into question, not clearly and sharply, but dimly and in such a manner as to produce uncertainty rather than decision.

Initially a neutral position was proclaimed, but it was then steadily undermined by events and by the fact that the scale of the war automatically involved American interests. By 1917 German action was cutting at an interest that was generally understood—the freedom of the seas and neutral trading rights—and the United States declared war. But after the American decision to go to war had been made, it was presented and generally accepted as the defense of the principle of good faith and justice as the basis for international relations. President Wilson, asking the Congress for a declaration of war, spoke of

> . . . the menace . . . to peace and freedom . . . in the existence of autocratic governments backed by organized force . . . accepting this . . . gauge of battle . . . for the ultimate peace of the world and for the liberation of its peoples. We have no selfish ends to serve. . . . We are but one of the champions of the rights of mankind. . . .

It will be well to recognize in these words a restatement of the moral conviction underlying the passage quoted above from the Farewell Address. The essence of the restatement is, however, that only by assuring the rights of *all* nations and *all* men to choose their way of life freely can a pattern of international relations be shaped to ensure the security and well-being of the United States.

The development of this principle of conduct into a group of objectives came in President Wilson's "Fourteen Points." These objectives were defined as the reduction of armaments, the removal of economic barriers between nations, the transformation of colonial dependencies into self-governing states, and the establishment of an international organization to maintain world peace and security. The United States Government undertook to lead the Paris Peace Conference to an international acceptance of these objectives. The peace conference, however, was primarily concerned with adjusting a new network of power relations, especially among the principal victorious Allied and Associated Powers. A League of Nations based on the idealism of President Wilson's

"Fourteen Points" and a peace settlement based on considerations of power simultaneously emerged from the conference. The relation between the two was never clarified for American opinion, and in consequence the unresolved oppositions in American feeling and policy led to a political crisis and to a reaction against the principle of international co-operation that President Wilson had formulated.

On the one hand, it was feared that an international organization would interfere with the freedom of action of the United States in the Western Hemisphere, that the Monroe Doctrine would be implicitly abrogated, and that the United States would no longer be the sole judge of what constituted its security in a region where such unilateral decision was a fixed tradition. On the other hand, the economic and territorial settlements of the peace conference had been demonstrably made in terms of major power interests and not as a basis for international co-operation and universal peace as contemplated by the League. The danger of fresh entanglement in European disputes was accordingly felt to exist, and the fear was widely voiced that American power could be committed to these disputes by an international body. The simplest possible description of this critical stage in American opinion and foreign policy is to say that the principle of international co-operation was rejected and that the rejection was rationalized as a return to the first principles of American foreign policy.

The United States after 1920 was in the ambiguous position of being a major power, unwilling to act as such, yet inevitably exerting on international relations the influence of a major power.[4] The initially prosperous condition of the country and the subsequent shock of a depression contributed equally to support this ambiguity—the first by seeming to justify a conviction of security and well-being, the second by concentrating attention on domestic affairs. Traditional national interests and traditional principles were vigorously reasserted in both these contexts. The practical difficulties, in relation to the actual power situation of the interwar period, of conducting a foreign policy derived from these premises were not, however, generally understood. The policy line consequently fluctuated between an avoidance of commitments, an insistence on freedom of action, and an effort to establish universal principles of international conduct. In conjunction with this last purpose,

[4] The industrial and commercial attributes of a modern major power, even when the possessor of them does not deliberately apply them to foreign policy ends, are a central element in international situations. Even if such a power holds itself isolated, its unilateral actions both permit and require adjustments in the power system from which it remains aloof, weakening the relative position of some components, strengthening that of others. Such adjustments ultimately have considerable bearing on the security of the isolated power. By 1940 the allied powers of 1920 were regrouped as Great Britain and France; Italy and Japan; and an isolated United States. A resurgent Germany and a reorganized Russia were placed to take advantage of the situation thus opened.

the United States often attempted to universalize its national interests and even some of its long-standing objectives, ignoring the fact that these were in part the product of its unique continental and hemispheric position.

THE INTERWAR YEARS

Against this background, the interwar years break into two periods. In the first, which lasted until the early thirties, the effort to secure universal acceptance of the American formula for achieving world peace and security was devoted to setting a good example rather than to participating in an international organization. The United States ignored its power position and pressed for a moral repudiation of "power politics," and it expressed a willingness to support programs that would lead to similar repudiations by other powers. It renounced war as an instrument of policy. It disarmed beyond treaty requirements. It pointed out that the real interests of the United States lay in being surrounded by a politically stable world and in conserving, not extending, the national territory. But although the United States sometimes followed courses of action identical with those undertaken co-operatively through the League of Nations, it did so in parallel and not in conjunction.

At the same time, the United States tended, in its international economic relations, to pursue policies that were fundamentally contradictory within themselves and in relation to its own political desires. On the one hand, this country, while insisting upon the repayment of the war debts, led the world in the growth of tariff protectionism, climaxing successive increases of its customs duties by the enactment of the Smoot-Hawley Tariff Act. On the other hand, vast sums of American capital went abroad in loans and investments of various types. These financial operations tended for a time to obscure not only the inherent discordance of American commercial and debt-collection policies, but also the pressing need everywhere for dealing with the basic economic maladjustments of the postwar era. These maladjustments became fully revealed when foreign lending ceased with the onset of the depression at the end of 1929.

Under the impact of the depression, which was world-wide, economic difficulties rapidly accumulated in all countries, and social unrest and political fermentation began to appear in some. All this produced a rapidly growing disintegration of international political and economic relations. The growth of expansionist policies in Nazi Germany, Fascist Italy, and militarist Japan, combined with lack of unity and energy in the peace-seeking states, set into motion the forces that at the end of the thirties plunged mankind into the Second World War.

Face-to-face with this situation, American political leaders began the slow and laborious task of shifting the emphasis of basic national policy in international relations. The essence of the shift was clearly illustrated

in Secretary of State Hull's address to the nation shortly before the Munich Pact of 1938:

> . . . All nations have a primary interest in peace with justice, in economic well-being with stability, and in conditions of order under law. . . . Each of these objectives is today seriously jeopardized . . . appalling manifestations of disintegration seriously threaten the very foundations of our civilization . . . the reestablishment of order under law in relations among nations has become imperatively necessary.

The Secretary then listed the objectives of the United States, noting that they formed a program in which international co-operation was urgently needed and in which the United States should join. These objectives were the maintenance of the basic principles of international law, of respect for treaties and observance of them; co-operation to abstain from force as an arm of policy and to limit and progressively to reduce armaments; co-operation to reconstruct world economic activity; and the attainment of the freest possible intellectual interchange between peoples.

The new note here was international co-operation in the re-establishment and maintenance of certain principles of international behavior. This feature of policy had been developed, slowly and in specific instances, by the United States before the Secretary made the generalized statement quoted above. It substituted organized co-operation under the inter-American system for unilateral action and dominance in Latin America. It was implicit in the commercial policy that led to the Trade Agreements Act of 1934.[5]

The change, however, was too late to "check and reverse the present ominous drift toward international anarchy." The concept of continuous international co-operation was not firmly enough rooted to meet the increasingly severe tests of the years immediately preceding the war. Immediate objectives and short-term courses of action could not be clearly derived from it in the presence of a continuing and widespread isolationist sentiment. Around this slowly developing policy, opinion fluctuated between isolation, pacifism, continental defense, and the recapitulation of principles. It found a brief point of rest in the Neutrality Acts of 1935 and 1937, with their clauses forbidding loans, credits, and the sale of arms to belligerents. The Neutrality Acts were indicative of the total withdrawal of opinion from realistic contact with circumstances. They provided no objectives, they led to no adequate formulations of policy, and in the judgment of the officials who were obliged to conduct under their

[5] Secretary Hull had no doubts on this matter: "To me, unhampered trade dovetailed with peace; high tariffs, trade barriers, and unfair economic competition with war . . . if we could get a freer flow of trade—so that one country would not be deadly jealous of another and the living standards of all countries might rise, thereby eliminating the economic dissatisfaction that breeds war, we might have a reasonable chance for lasting peace." *The Memoirs of Cordell Hull*, Vol. 1 (1948), p. 81.

terms the foreign relations of the United States, they were more likely to negate than to protect national interests. In consequence, they checked effective action without resolving public uncertainties.

MODIFICATIONS DURING AND AFTER THE WAR

With the fall of France in 1940, though public opinion continued to be confused and to fluctuate in the ways already described, official thinking and action became focused on assistance to other nations, on self-defense, and on the strategy, the industrial organization, and the general preparations for a possible involvement in the conflict. Although the national interest and the major objectives of United States policy were still caught up in an unresolved debate, war plans moved from their traditional emphasis on hemispheric defense to a form that envisaged a global war conducted far from American shores. The attack on Pearl Harbor checked the public debate, imposed an objective—to win the war—and initiated action within a strategic design already set.

It is always an open question what changes a war will make in the accepted formulation of the objectives of the foreign policy of a nation. Unanticipated international positions are established by military action, and objectives tend to become limited and subject to rapid change. In addition, the retention or rejection of the objectives and positions that remain at the end of the war depends on the working of obscure factors in public feeling. There may be an irresistible urge to revert to safe and traditional definitions of the national interest, or the new configuration of power that the end of a war usually reveals may be so striking that it produces exactly the opposite effect.

THE BROAD OUTLINES

As far as changes in the historical understanding of the interests and objectives of the United States are concerned, certain basic documents stand out after 1940—the Lend-Lease Act, the Atlantic Charter, the Declaration by United Nations, and the Four-Nation Declaration. These contain assertions of principle and imply basic objectives. They were drafted in terms of the effort to universalize at least some of the fundamental aspirations of American policy, and in them certain general principles were projected as objectives of enough importance to provide the taking-off point for any formulation of war aims or for any postwar policy planning.

In the Atlantic Charter and again in the Declaration by United Nations, the political and economic objectives set up conformed with the statements of Secretary Hull that were quoted in the preceding section. Essentially they were "peace with justice," "order under law," and "economic well-being with stability." They were elaborated as (1) the right of

all peoples to choose the form of government under which they will live; (2) the access of all states, on equal terms, to the trade and raw materials of the world; (3) the fullest co-operation in the economic field to secure economic advancement and social security; (4) the establishment of a peace that would give all nations the means of living safely within their boundaries and all men the assurance that their lives might be lived in freedom from fear and want; and (5) the abandonment of the use of force, and pending the establishment of a permanent system of general security, the disarmament of aggressor nations.

The economic objectives of the Atlantic Charter were worked out in still greater detail in the master Lend-Lease Agreement with Great Britain. In the crucial Article VII, it was agreed that

> the terms and conditions . . . shall be such . . . [as] to promote . . . the betterment of world-wide economic relations . . . open to participation by all other countries of like mind, directed to the expansion . . . of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in [the Atlantic Charter].

By the spring of 1943, the United States had taken the initiative in urging the planning of postwar co-operation in the economic and social fields. Problems of food, relief, and finance were considered less controversial for initial international consideration than problems of security. Early American proposals were formulated in terms of separate functional agencies. The first conference was that on food and agriculture. Another, held at Bretton Woods, dealt with the creation of international financial institutions. Still another was devoted to co-ordinating relief activities in the immediate postwar period. The thread that linked these proposals was the American judgment that it was not too soon to consider jointly the basic economic problems that would confront the world nor to give "practical application to the principles of the Atlantic Charter."

In August 1943, during the Anglo-American conference at Quebec, Secretary Hull presented a draft of a four-nation declaration on postwar arrangements for peace and security. This document, which later became the Moscow Declaration, asserted the intent to co-operate for the maintenance of peace and security and to establish a general international organization for this purpose. It thus supplemented the Atlantic Charter with a specific commitment on the part of the United States to assume the responsibilities of continuous international co-operation. Until this commitment was made, there had been no significant extension beyond well-established principles of policy. At this point, however, a fundamental addition was made.

It is possible to sum up developments at this point by noting that the following positions had been formulated by the United States: (1) Certain principles of political rights and international behavior were postulated in universalized forms; (2) certain objectives of economic and social well-being, also in universalized forms, were defined; and (3) an intent to enter into an organized international system was stated. But although these represented guide posts for policy decisions, they did not always correspond with the decisions and actions taken in accordance with military necessity.

Military operations in the Mediterranean Theater led, in the ordinary course of events, to military government. The economic and political administration of large areas became the responsibility of the United States and Great Britain, and it required every variety of governmental policy and decision. The same process was repeated in connection with the liberation of the rest of Europe and still again in the defeat and occupation of Germany and Japan. An equivalent extension of economic and political control accompanied the movement of Soviet armies in both Europe and Manchuria. In fact, United States policy, however unwillingly, found itself concerned with territorial questions, with problems of controlling the political actions of other states, and with inter-allied negotiations of immediate and practical significance.

The broad outlines of policy in such matters were clear. Enemy states were to be jointly occupied by the major powers in accordance with principles previously agreed upon. Friendly states were to be free to re-establish their political, economic, and social structures with the joint help and guidance of the major powers. Territorial issues were to be frozen in their prewar patterns until solutions could be freely negotiated. And essential relief and the revival of economic activity were to be jointly directed in the interest of preventing social disorganization and political change by force.

These positions were affirmed unilaterally by the United States on many separate occasions. They formed the basis of the American position in many tripartite negotiations. They appeared in various forms at the Moscow, Teheran, Yalta, and Potsdam conferences, in the discussions of the European Advisory Commission, and in bilateral relations with Great Britain, the Soviet Union, France, and the smaller states.

But the strategy of the war inevitably resulted in Soviet control of Eastern Europe, Anglo-American control of the Mediterranean and the Middle East, Soviet control of Manchuria, and American control of Japan. Only in occupied Germany and liberated Austria was authority divided and shared.

Thus from 1943 through 1946, two lines can be noted in American policy. One tended to follow the daily demands of the war, the immediate

impact of the war on the national interest, and the shifting conflicts of allies within a military alliance. The other led in the direction of developing methods for harmonizing the interests and actions of major powers in a system of continuous international co-operation. The second line was designed to fit two anticipated periods in postwar relations: an initial period in which co-operation would be immediately aimed at reconstruction and peace settlements, and a subsequent period in which stability and security and peace would be organized on a long-term basis. The interweaving of the lines in the actual conduct of policy became extremely complex. Generally, however, the detailed postwar plans of the Government tended to develop separately from the *ad hoc* decisions of the operational agencies, and their functions of mutual support became at times tenuous.

The broadest and most apparent progress was along the line of seeking to harmonize the actions of the major powers. Negotiations and conferences proceeded from Dumbarton Oaks to the drafting of the United Nations Charter on the one hand, and through a series of meetings of the foreign ministers of the major powers on the other. In addition, the United States conducted bilateral negotiations, especially with Great Britain. One of the major lines of action was the formulation of a comprehensive United States foreign economic policy, designed to free world trade from the accumulated restrictions and controls of the past thirty years and to provide a foundation for carrying out the economic and social purposes of the Atlantic Charter. In effect, this policy proposed to continue the prewar Hull program of bilateral trade agreements in a multilateral form. The intent of this policy was written into the British Loan Agreement of 1945 and fully expounded in the American "Proposals for Consideration by an International Conference on Trade and Employment."

IMPACT OF SOVIET POLICIES

While the line that sought to harmonize the actions of the major nations was being followed, and perhaps being overpublicized, the operational line increasingly reflected certain detailed disharmonies. After the end of the war, serious questions began to arise in connection with divergent estimates of relations between the United States and the Soviet Union. Earlier adjustments, such as those made at Yalta, came more and more to be viewed as concessions, as weakenings of important policy positions, as departures from fundamental principles. Early in 1946, as divisions of interest and purpose became increasingly sharp, the terms "Western bloc" and "Soviet bloc" began to be used. In spite of the mounting evidence of basic divergence, the United States continued to make it clear that it still considered adjustments worth making if an essential

harmony of major power interests could be maintained. The reality of continuous and profitable international co-operation depended upon its maintenance.

Finally, however, the inference was drawn that Soviet actions were a deliberate implementation of Soviet policy and that this policy was not aimed at harmony but at the national aggrandizement of the Soviet Union and at supporting the political growth of communism. At this point, the actual disparity of power between the Soviet Union and the Western democracies became painfully apparent. The restraining force that the United States had in Europe in 1945 had been withdrawn and dispersed while the Soviet army was still mobilized. The relation between national power ready for use and national policy was never more clearly illustrated.

Within a short time Senator Vandenberg broke out the "tough line," stating that "there is a line beyond which compromise cannot go—even if we once crossed that line under the exigencies of war." Secretary of State Byrnes, under the pressure of the opinion to which Senator Vandenberg had given sharp expression, immediately brought the official American view into conformity and specified the situations in which the United States would maintain a firm position. They were (1) when force or the threat of force was used contrary to the United Nations Charter; (2) when troops were retained in sovereign states without the free consent of the states affected; and (3) when the methods of a war of nerves were used to gain strategic ends. And finally, Churchill made his "Iron Curtain" speech at Fulton, Missouri.

The full implications of the new reading of Soviet purposes were gradually brought to bear on American policy. Although the United States was obliged to accept many Soviet actions as accomplished facts because it lacked the power either to prevent or alter them, there were no further instances in which the United States accepted Soviet proposals in the interest of adjusting differences to maintain harmony. Areas of international organization continued to be explored, and broad economic objectives continued to be pursued, but a more deliberate use of available national power in the interests of national security came to the fore in the policy formulations and action decisions of 1947.

As the major sources of disagreement about the control of Germany were revealed, as the situation in China deteriorated, as the unsatisfactory treaties in Eastern Europe became practically meaningless, as deadlocks were reached in the Atomic Energy Commission of the United Nations, United States policy concentrated more and more on immediate power problems. Prior to June 27, 1950 the so-called "cold-war" developed steadily from the Truman Doctrine, through the Marshall Plan, the Brussels Pact, the Berlin Blockade, and the North Alantic Treaty,

to the Mutual Defense Assistance Act. The actions and reactions between a Soviet pattern of aggressive expansion and a United States pattern of defensive containment, appeared to be leading to a comprehensive redirection of American policy. Co-operation in an international organization seemed to have become secondary, a deferred, limited, and contingent objective, or one that was followed mainly in order to use the United Nations to organize world opinion against the Soviet Union.

This apparent tendency was dramatically reversed when, in response to open communist aggression in Korea, the United States ordered its military forces to be used in support of resolutions of the Security Council of the United Nations. Operating jointly with a majority of the members of the United Nations in this action, the United States is again placing its principal emphasis on maintaining international peace and security by collective action taken under the United Nations.

Chapter IV

Other Factors Conditioning United States Policy and Action

Action by the Government of the United States in the conduct of foreign relations takes place within a framework of national interests, defined objectives, and accepted principles. The nature and development of these bases of current American action were reviewed in the preceding chapter and will be examined in greater detail in the chapters in Part Two. But action is also conditioned by a large variety of other domestic and external factors. Of the purely domestic factors, the most important are the national power of the United States relative to that of other nations and the character of the American political and social system. In particular, the power position of the United States is frequently a decisive factor in determining its ability to carry out its policies successfully. Subordinate, though also important, are some of the characteristics of the internal political and social system, including the governmental mechanisms for formulating and executing foreign policy and the influences exerted by the racial, national, and cultural diversities of the American people. Of the purely external factors, the most important are the interests, objectives, and policies of other countries, especially those of the other major states, as well as the internal factors that condition the ability of these states to accomplish their purposes.

All these continuing domestic and external factors bear on the freedom of action of the United States in carrying out its policies, and they therefore condition the formulation of policy and even the determination of the objectives sought. They are frequently interrelated. Some of them are discussed in this chapter.

DOMESTIC FACTORS

The concept of national power, which is relevant to both the domestic and external conditioning factors, is used to express the sum of the social, moral, and political forces of a state, its actual and potential economic capacity, and its existing and potential military strength. The significance of national power in any one state depends on the world distribution of power and on the relations among states possessing some form of power. Each state, large or small, seeks to develop and use national power in relation to an estimate of what is required for its national security and other objectives. The conscious and deliberate use of power is, however, most striking among the major nations.

POWER POSITION

With its enormous industrial capacity, its vast natural wealth, and its large body of highly trained man power, the United States has no equal in economic resources, which are an essential element in national power. By mobilizing its economic resources during World War II, the United States was able to create the greatest military establishment that the world has ever seen and at the same time to act as the "arsenal of democracy" in extending material assistance to its allies in the struggle against the Axis.

The United States was the only major nation to emerge from the war with its economic resources not only intact but on the whole increased because of the expansion of much of its physical facilities for production. As soon as the war ended, the productive capacity of the nation was turned to civilian uses, and national production soon rose to an all-time high. American economic resources that had sustained the "arsenal of democracy" during the war were now available for the processes of reconstruction. This favorable position has given the United States much greater freedom to maneuver diplomatically than would otherwise have been the case. It has enabled the nation to exert considerable influence in support of objectives other than the purely economic.

In contrast to maintaining and even increasing its economic strength, the United States permitted its wartime military strength to decline abruptly soon after the end of hostilities. At the same time, except for the Soviet Union, the other principal victors in the war, weakened by their war effort, were compelled to bring their current strength down to somewhere near their own reduced capacity to maintain it. The Soviet Union, on the other hand, retained much of its wartime military strength. The result of these changes was that a striking disparity of national military strengths occurred in favor of the Soviet Union at the time when the major nations were just beginning to put into effect the arrangements made during the war for their joint assumption of responsibility for the maintenance of international peace and security.

The disparity of military strengths would have been of less consequence if it had occurred without disunity among the major powers. In the absence of unity the disparity in armed strength was a great source of danger to world peace.

The first and by far the most important step to be taken in restoring a world equilibrium of power was to reconstitute the current military strength of the United States. This process has now been going on for more than three years. In view of the state of tension prevailing today and of the current military strength of the Soviet Union, however, the reconstitution of some measure of current military strength in at least

some of the countries now allied with the United States is of equal importance. This is the second important step in restoring an equilibrium of power, and economic and military aid from the United States is essential to enable it to be taken. The willingness of the United States to bear the burden of assistance to its allies is an important factor in determining its own relative power position. At this point, the strain on the domestic economy introduces an additional internal factor conditioning United States action.

Important though military and economic strengths may be, they are far from being sole components in the power position of the United States. Moral factors must also be taken into account.

American foreign policy has always carried a strong flavor of moral conviction regarding the benefits of the democratic way of life. In advocating the cause of personal liberty, political freedom, and equality of economic and social opportunity, the United States increases its prestige among like-minded nations and thus adds to its own over-all power. But in supporting its views in dealings with other nations, it has to contend with the tactics of the Soviet Union in condemning, with a complete disregard for truth, existing democratic institutions and in blaming them for all the economic and social misfortunes of peoples with low standards of living. Among such peoples the Soviet Union may gain in power and prestige by appearing as the champion of a new form of society in which it alleges these misfortunes no longer exist; or at least it may infect a sufficient body of opinion to create social unrest and political instability, which are powerful aids of the Communist fifth column.

The Western powers therefore cannot afford to take the Soviet propagandist effort lightly. They must be prepared to bear the cost not only of countering Communist propaganda and fifth column activities, but of more positive action in explaining the moral values in the Western philosophy to the whole world. The strength of the moral position of the United States in world affairs depends on its ability to demonstrate convincingly that personal liberty, political freedom, and equality of opportunity are likely to contribute more to human welfare than the tenets of the totalitarian or authoritarian systems that deny these fundamental rights. It depends also on demonstrating that the democratic tradition is capable of development and of orderly adaptation to changes in social values and is therefore a force making for progress. Success in this ideological struggle is essential to the exercise of political influence by the United States in countries where authoritarian regimes have not yet been established and to the strengthening of the belief in democracy in countries where they are already entrenched.

Another aspect of the moral factor in national strength is equally important. The United States has accepted an idea that it had con-

sistently rejected throughout its history—the desirability of peacetime alliances with like-minded nations when faced with danger to its own and world security. The new conception is derived from the moral conviction that the preservation of international peace and security, based on justice and good will, is the greatest common interest that binds all nations together, and that it must be the common and joint responsibility of all nations, irrespective of their size and strength. By steadfastly adhering to this conception, and by giving proof of its determination to make its full contribution to realizing it, the United States can exercise a great moral influence in the world. This may well prove to be a decisive factor in convincing the Soviet Union of the wisdom, in its own best interests, of returning to the rules of international behavior that it solemnly accepted when it ratified the Charter of the United Nations. Insofar as the example of the United States inspires other nations to adhere fully to this conception, it will greatly enhance its own security and its ability to play an increasingly important role in the establishment of a peaceful world order.

INTERNAL POLITICAL AND SOCIAL SYSTEM

The internal political and social system of the United States contains elements of both strength and weakness from the point of view of formulating and implementing American foreign policies and of determining the role that the United States plays in world affairs. An important influence is exercised by the diverse racial and cultural groups within the United States. Common bonds of race, religion, and culture form a basis for organized minority pressures in the interest of a particular course of action in foreign relations. Pressure groups may cause the United States to assume a certain position in foreign affairs, even at the cost of inconsistency with other policy objectives, or to refrain from taking a position that might arouse opposition.

Another conditioning factor is introduced by the difficulty of getting the public to understand that foreign policy is continually subject to the processes of change. Although policies represent the crystallization of national interest at a given time, they evolve in response to changing events and forces, and they require restatement and re-evaluation as they are applied in specific cases. When a change is required, particularly in major policies or in those that have become surrounded with an aura of tradition, public opinion may not respond as rapidly as the circumstances require. On the other hand, public opinion may perversely react very rapidly to a new complex of circumstances and demand immediately a policy that it will not support in the long run. There is thus a gap between governmental decision and public support that often gives

rise to uncertainty abroad and causes reluctance on the part of foreign governments to give full support to American actions.

The nature of the American two-party system is such that it is not always possible to distinguish significant doctrinal differences, particularly on foreign issues. In the past, foreign policies have often been the subject of partisan differences; but except on economic issues, which may be an important reservation, there is little choice between the two parties today. The prospect of continuity in policy is now much greater in the United States than it has been for some time. The so-called bipartisan approach, although a temporary expedient, may indicate basic party agreement on most foreign issues.

Certain other features of the American political system, however, make foreign policy formulation and execution difficult at times, such as in a presidential election year. At these times, domestic political activity is intensified, and great maneuvering for political advantage takes place. In the Congress this means closer attention to domestic minutiae and a general reluctance to act on highly controversial matters. Among the public at large it means a concentration on domestic issues and personalities and relatively less attention to foreign relations, except as they may become involved in campaign issues. For the President it means greater emphasis on the partisan aspects of his office to the detriment of his functions as the acknowledged spokesman of the nation in foreign affairs. The result may be a kind of national paralysis at a time when swift and decisive action would best serve the national interest. It is at such times that special-interest groups assume an importance out of all proportion to the influence they normally exert on political processes. Public opinion and political influence become strongly localized in an election period. The system for electing either the President or a new Congress makes electoral victory in a few large states a matter of crucial importance, and increases the influence of special groups whose voting power may be decisive.

Quite apart from the effects of the forces indicated above, there is one factor that persistently conditions the formulation and execution of foreign policy in the United States, no matter what the content of the policy may be. This is the operation of the governmental mechanism for the formulation and execution of policy, including its relation to international organizations in which the United States participates.

The United States must operate under the handicap that the governmental mechanism leaves final authority in policy determination on many questions diffused and uncertain. The constitutional structure divides responsibility and authority for the conduct of foreign relations to an extent that hampers the efficient handling of foreign policy problems.

Moreover, the executive branch has developed in a way that multiplies the possibilities for confusion and uncertainty in the policy-making process. Only some of its main features are considered here.[1]

The President has much of the responsibility and authority for policy formulation; but in certain specific matters the Congress has final authority. Congressional authority is increasing, at least at present, as United States foreign policies come to depend more and more on appropriations of funds and to touch on matters where congressional legislative authority is clear. The President, however, is the sole channel of contact with foreign nations, and the Congress for the most part exerts its authority after the President has taken a position. But the Congress may also act independently, either to give the President a wider authority or to restrict the area in which he may make policy decisions.

The sole responsibility of the President in the executive branch and the nature of his office in relation to the American governmental scheme do not make for close co-operation within this vast establishment. Policy decisions may be made by the President himself or by units in the executive branch without the knowledge or advice of all who have a legitimate interest in the decisions. To avoid confusion, a co-ordinating structure has been developed, but this is now expanding to the point of possibly defeating its own purpose. The relations of the President and the whole executive branch with the Congress are vital in the formulation and execution of foreign policy, but they rest on constitutional arrangements that make them dependent at any given time on the extent of party unity within the Government and the personal standing of the President with the Congress.

The foregoing factors make the formulation of consistent foreign policies difficult and subsequent action uncertain. This situation leads friendly nations to discount to some extent American power and influence in foreign relations, and it gives unfriendly nations an important potential advantage in negotiations.

The entrance of the United States into the United Nations system introduced a new element into the policy-making process, and one that restricts the limits within which national policy can operate. There is nothing new in the idea of restrictions on national policy, for they have been imposed by treaties, by traditional policies, and by the limitations of national power in any given situation. The new element is the broad commitment to a set of internationally accepted principles and to a method of operation for formulating international policy with other nations. The effect is to carry the policy-making process one step above

[1] This subject is treated in detail in a pamphlet entitled *Governmental Mechanism for the Conduct of United States Foreign Relations*, by the International Studies Group of The Brookings Institution (1949).

the national level. On occasion this may profoundly affect national policy determination by introducing into the process elements arising from continuing commitments, thus placing a greater responsibility on the national policy-making authorities. It is also much more difficult to change a policy that is formulated through an international organization than one formulated at the purely national level. However, as the counteraction to Communist aggression in Korea showed, there is also a factor of advantage in conducting policy through an international organization. In this instance, the United States, by acting in response to a call by the United Nations, was enabled to act with great speed and with the assurance that its action was being accepted as a contribution to collective security.

Apart from influences on common action in formal international organization, foreign governments may also affect in other ways the domestic factors that condition action by the Government of the United States in the pursuit of its own policy. This happens, for example, when they abandon policies that have been of significant value in creating world conditions favorable from the American point of view. The United States Government must then re-evaluate its own policies in the light of the new situation to see if its interests require a new policy. Actions or statements of other governments may also indirectly affect American policies through their effects on American public opinion. A striking illustration is the resumption by the Soviet Union of its prewar role as the spearhead of a world Communist revolution.

The freedom of action of the American Government may also be curtailed by its own previous actions and commitments. Sometimes changed conditions point to a change in policy that requires the reversal of or release from previous commitments. In such circumstances the obstacles to change are likely to be especially great, with consequent delays before the Government is free to take action in a new direction.

One such obstacle to rapid change arises from the fact that often, in attempting to gain public support for its programs, the Government indulges in overstatement, promising too much from certain measures. The result is an excess of public enthusiasm, followed by disillusionment when performance fails to equal promise and difficulties continue despite the policies that had been expected to eliminate them. This sometimes causes a loss of public support and magnifies the difficulties of the Government in exercising American influence in international relations.

On the other hand, the opposite tendency sometimes creates difficulties. When the Government understates problems until they reach the point of urgency, or fails to state at all problems that should be seen approaching, the failure to build advance support by developing ade-

quate congressional and public appreciation of the difficulties involved may cause unnecessary delay in obtaining action in the application of policies. At the same time, even when all essential facts are fully and forcefully presented by the Government, native American skepticism and the well-known reluctance to face unpleasant or disturbing facts often prevent people from believing what they read or hear. The result has frequently been failure to appreciate the broad significance of a foreign policy that was evolved from the steady march of international events.

All these factors constitute important limitations on the ability of the Government of the United States to act effectively in foreign affairs. On occasion they impede the attainment of basic objectives. Perhaps their greatest danger, however, lies in the fact that they may mislead aggressive foreign powers to assume that the United States, with all its actual and potential power, will not take decisive counteraction even under the greatest provocation. This grave error was made by Germany during the First World War and by both Germany and Japan during the Second World War. It is of the utmost significance to the position of the United States in world affairs to make unmistakably clear to the outside world that the fundamental principles and objectives of American foreign policy command the support of the nation, no matter how imperfectly they may on occasion be applied.

One of the most significant advantages that the United States enjoys in international relations is political stability and a constant devotion to democratic principles at home. Although divisions of opinion resulting from normal political activities abound, there is no substantial disagreement on the fundamentals on which the democratic system is based. The widespread and enduring faith of the American people in the democratic ideal provides a solid foundation for policy decisions and offers the best hope of developing internally an increasing awareness of the role of the United States in world affairs.

THE INTERESTS AND OBJECTIVES OF OTHER NATIONS

The fundamental reason for the existence of external limitations on action by the United States is that national power, which is the chief support of action, is always relative, never absolute or unlimited. An American course of action cannot, therefore, follow a straight line from decision to achievement, because of the modifying effect of the action that other states, particularly the major powers, are similarly taking in their own interests and toward their own objectives. The actions that others take may support or impede the implementation of United States policy. They may at times constitute limitations on the actions of the

United States. This truism, though familiar to policy-makers, is often overlooked by public opinion. Behind the actions of other states can be found a structure of interests, objectives, policies, and principles, as complex as that described above for the United States, including the limitations imposed by American action.

During the period that includes the rise of the United States to its present position as the most powerful single state, history records continual and at times violent fluctuations in the distribution of power. These changes are indicated by the rise of states to positions of relative eminence and by their relative decline. With each change the United States has found its position modified—frequently to its advantage, sometimes to its disadvantage. But in general, the success of the United States in conducting its international relations has depended on the accuracy with which its policy-makers have estimated the distribution of power in the world and have understood the limitations of that share of power available to the United States.[2]

Within this shifting pattern, certain focuses of power were gradually defined. The first of these to develop was in western Europe and the British Isles. It was based on the maritime expansion of this region and then on its industrialization. The powers of this region contested repeatedly either for the domination of Europe or the control of overseas territories. Of these contestants, Britain, France, and later Germany were powers with world-wide interests, and their conflicts had extensive repercussions.

The second focus of power was the Russian Empire. Russia and the states of western Europe came into conflict on the border that ran from the Baltic Sea to the Dardanelles, in the Middle East and central Asia, and finally in Manchuria, where Russian power also came into a conflict with that of Japan. The resources of the old Empire have been reorganized under the Soviet regime into a modern focus of power.

The third focus of power was defined in the Western Hemisphere at a later date, when the United States completed its continental expansion and began the full-scale exploitation of continental resources.

[2] A possible evaluation of the position of the major powers that were effective in international relations during the past 250 years would be as follows:

1700—France, Great Britain (rising); Holland, Spain, Turkey (declining).
1750—Great Britain (established); France (declining); Russia (rising).
1800—Great Britain (established); France (revived); Russia (rising).
1850—Great Britain, Russia (established); Germany (rising); France (declining).
1900—Great Britain, Germany (established); United States, Japan (rising); France, Russia (declining).
1920—Great Britain, United States, Japan (established); France (declining).
1940—United States, Great Britain, Japan (established); Germany (revived); Soviet Union (rising).
1945—United States, Soviet Union (established); Great Britain, France (declining).

By the opening of the twentieth century, the strength of the United States began to make itself felt outside the Western Hemisphere. The Spanish-American War, which began in a hemispheric interest of the United States, ended by bringing American power into the Far East and into conflict with that of Japan and of Russia.

At the end of the nineteenth century, the meeting point of all three of these power complexes was China, and especially Manchuria. Although their mutual pressures were felt at the time, the possible long-term implications of their conjunction in this area were not fully grasped. On the contrary, attention was diverted for the following forty years to preventing Germany and Japan from establishing threatening new centers of power between those already established. The anticipated consequences of such a development were sufficient to draw the United States, Great Britain, and Russia together for the express purpose of countering so fundamental a challenge. Thus, without any change in the basic relations of the three focuses of power, they came together to defeat Germany twice and Japan once. But with the removal of the threat, the essential pattern of an increasing concentration of power was in each instance reverted to.

The salient features of the present-day objectives of the two powers most important for United States foreign relations—Great Britain and the Soviet Union—and of some of the factors conditioning their action are discussed below. Consideration is also given to the capacity of smaller states to exert an influence in current international relations.

GREAT BRITAIN

Great Britain early reached the position of a "satisfied" power. This position consisted of a relatively superior productive capacity, the control of sources of raw material, an easy access to markets in selling its products, and the means to counter threats to its security. The position was fully developed by the close of the nineteenth century. From that time the interest of Great Britain has been to maintain that fully developed position. British policy, like United States policy and for similar reasons, has been based on the conviction that its abiding interest lies in the maintenance of peace. In British thinking, peaceful relations between states and the negotiated adjustment of differences have long been identified with security. The over-all success, between 1815 and 1914, of the actions that followed from this broad policy was based in large measure on the police power of the British Navy and resulted in what has become known as *Pax Britannica.*

The British position was made up of economic, strategic, and political elements, some of which were geographically dispersed; and the maintenance of it called for continual adjustments in a very wide func-

tional and geographical field. Consequently, within the framework of the over-all objective, limited objectives have always bulked large and have sometimes seemed to replace the continuing objective to which they were in reality subordinate.

Two of these limited objectives have had a life sufficiently long to be described by well-worn phrases: the maintenance of a balance of power in Europe and the defense of imperial communications. For centuries British policy has been concerned with preventing any single power from dominating the Continent of Europe. Success in this policy was the measure of national security, and it was, in addition, regarded as the necessary basis of peaceful international relations. If such domination were ever achieved, not only would a direct and powerful threat develop to the security of the British Isles, but the British imperial system and its economy would be endangered. British policy consequently sought to preserve a freedom of action in relation to Europe that would permit British power to be used to check the development of a serious unbalance in the distribution of continental power.

The other limited objective, the maintenance of strategic and commercial communications, though linked with the maintenance of a balance of power in Europe, also had a separate existence. In itself, it was concerned with the whole problem of ensuring the movement of food and raw materials into the British Isles and the movement of goods and the projection of power beyond the British Isles, a problem that would have existed even in the absence of an overseas empire. Diverse policies developed in relation to this objective, and their form and emphasis shifted in accordance with the particular situations they were designed to meet. The most familiar and persistent form has been that which defined the Mediterranean and the Middle East as an area of vital importance. In accordance with this formulation, Great Britain steadily sought to keep any other major power from securing a firm foothold in the area.[3]

Less familiar forms of policy were developed with respect to other parts of the world—India, Africa, the Far East, and Latin America. The element common to all, however, was the definition of British interests as requiring the exercise of influence in those areas to create political and economic stability as a contribution to the security and well-being of the British people. The smooth operation of this influence was a complex process and called for fluid policies. It covered the interests of the states and territories included in the British Empire and Commonwealth. It covered an empire won by conquest and by commercial activities. It operated in regions like Latin America, where earlier strategic and

[3] Imperial Russia was checked by the Crimean War and again by the Congress of Berlin. German attacks were twice beaten off. Italian claims were resisted to the utmost.

colonial interests had been converted into financial and commercial influence, and in regions like China, where the maintenance of trade was inseparable from the diplomacy of power.

The situation of Great Britain at the end of the Second World War did not require a fundamental re-examination of the basic objectives of British policy. Even before the First World War, British thinking had applied the concept of a balance of power indivisibly to the world as a whole. The bid for world domination by the Soviet Union, however, is now alleged to present Great Britain with the choice of identifying itself more closely with the Continent or with the globally dispersed members of the Commonwealth. British relations with the Continent have traditionally included an isolationist—in this case, an insular —element. In the case of military defense, the choice has already been made; but in other spheres of association with Western Europe, new British objectives have not yet been clearly defined.

It has been easier to redefine or to modify specific British objectives in other parts of the world. The decisive fact here has been the decline of British power resources relative to the accumulated commitments of Great Britain and to the power resources of the United States and the Soviet Union. In the Mediterranean and Middle East British policy now works in terms of a joint responsibility with the United States for maintaining the security and improving the stability of the region. In south Asia nationalist aspirations and the new political structures to which they led have been accepted, and British policy now seeks to realize its basic objective of peace and the maintenance of the British position by co-operating in a common interest rather than directing the activities of dependencies. In the Far East, the concentration of policy on the preservation of financial and commercial interests puts this region on the same level of interest to Britain that South America was on in the nineteenth century. Strategic interests have been deliberately left to the United States and Australia. Only in Malaya has an effort been made to maintain unchanged a position and a commitment.

The acceptance of the assumption that a rough identity exists between the basic objectives and the global security interests of Great Britain and the United States is the essential reason for these modifications. Without this assumption, the modifications, if they had occurred at all, would have represented a series of forced withdrawals. With it, they represent a process of adjustment to new concentrations of power. The most important objective of British policy is consequently to secure Anglo-American co-operation on the broadest possible scale. These changes, however, imply no reformulation of the national interest. They

are realistic adjustments on an intermediate level of policy, not fundamental shifts. Thus, although Great Britain accepts the influence of the United States as a force for maintaining peace and security in the world, British policy remains unconditionally directed to the maintenance of an international position that will ensure the vitally necessary importation of food and raw materials and that will permit the equally vital exportation of manufactured goods and services.

There are many similarities between the methods of conducting foreign affairs in the United States and Great Britain. In both states foreign policy is formulated and carried out in terms of a freely expressed public opinion; political interests are democratically organized in a pattern of majority responsibility and minority opposition; appropriation of public funds for the execution of policy is a legislative function; and in both states and within a given administration, departmental interests are competitive and personalities exercise shifting degrees of influence over the policy-making process. In Great Britain, however, both the Government and the political party from which it derives are relatively compact and unified, and both operate within a political system so traditionalized that many of its features are beyond controversy.

The main differences in the British system are that (1) the Cabinet has joint responsibility for the total operation of government; (2) a minister, though individually responsible for the policy of his department, must either convince the Cabinet of the rightness of his policy, accept a collective Cabinet decision, or resign; (3) the executive and legislative functions of an administration are an organic whole, in which the same individuals play double parts; and (4) a system of close party discipline has been developed. To these should probably be added a fundamentally different view of the role and power of legislative committees—a view that does not see such committees as devices by which a minority can cut into the authority of a government.

Central control over the formulation of policy is concentrated in the Cabinet. The composition of the Cabinet, however, which is determined only by the judgment of party leaders of what is necessary to ensure political effectiveness, reflects the balance of political opinion and power within the party in office. It is therefore the party that establishes the broad framework of policy. This concentrated influence is kept effective by joint Cabinet responsibility for all Cabinet decisions and for all administrative actions.

Further practical effectiveness is gained from the fact that Cabinet members and other ministers have a legislative as well as an administra-

tive function, for they are elected members of Parliament in addition to being appointed departmental heads. Consequently, executive proposals are legislatively supported by a disciplined party under the leadership of the directing group that had approved them originally.

By and large, the British system gives the Government control over all aspects of policy as long as it has the confidence of the electorate. The relation of foreign policy decisions to public opinion does not create the same difficult problem of adjustment in Great Britain that it does in the United States. The conduct of British foreign policy is less susceptible to minor fluctuations of public feeling, and it is traditionally considered as a matter of nonpolitical administration. Consequently, only basic differences of opinion, usually reflected in a shift of public confidence, become politically significant. Nor is the problem of organizing public opinion in support of foreign policy a major one in Great Britain. It is simplified by the existence of a smaller, more compact, and more culturally uniform population. Public relations can therefore be conducted with greater emphasis on informing the public and less on persuasion and special pleading.

The combined operation of the mechanisms, the political system, and public feeling serves to give a high degree of continuity to British policy. The same factors that produce continuity, however, can also work to slow down the rate of adjustment to new situations, and the general outlines of British policy consequently may at times become difficult to redraw.

THE SOVIET UNION

It is difficult for the outside world to understand the basic objectives of Soviet foreign policy. In the almost complete absence of free intercourse with the Soviet Union, surmises cannot be easily checked. A few essential points, nevertheless, can be noted.

The Soviet Government appears to follow two sets of objectives: the aims of Russian nationalism, and the aspirations of international communism. The Government is, on the one hand, a Russian authority, inheriting some of the aspirations of preceding regimes. It is, at the same time, the major exponent of an international ideology with a rigid formula for interpreting events, a fixed pattern of expectations with respect to the future, and a fanatical and disciplined body of adherents.

Where Russian aims end and Communist aspirations begin, or the point at which Communist ideology becomes subordinate to Russian national interests, cannot be stated with certainty. It can be said, however, that the Soviet Government, by using international communism to protect and add to the power of the Communist mother state, simultaneously advances the interests of the Russian national state. Con-

versely, the growing power of the Russian national state serves to increase the strength, influence, and appeal of the international Communist movement.

There is little doubt that when the Communist regime was established in Russia in 1917, its leaders assumed that world revolution was imminent. Some, in fact, argued that the new regime could survive only in relation to an expanding revolutionary movement and that it was essential for Communist Russia to be the spearhead of an international seizure of power and the directing influence in it. An effective world revolution did not develop, yet the revolution in Russia was consolidated as the Soviet Union.

Soviet leaders were thereafter committed to a dual principle of action by the doctrine that underlay the argument and by the conditions under which they perpetuated their regime. On the one hand, there was the national need to reorganize and then build up the internal power of Russia. On the other hand, Russian policy needed to maintain outside Russia the revolutionary dynamic of communism as a check to the growing threat of counter-revolution inside Russia.

The first objective was given a policy form in a series of five-year plans, beginning in 1928. Its pursuit required the establishment of relatively normal relations with non-Communist states in the interest of getting economic aid for the success of the plans. The second objective was sought by sharpening the Communist International (the Comintern) into an instrument, not for the normal conduct of foreign relations but for the implementation of another aspect of a dual purpose. Although the concept of world revolution as imminent was laid aside, the use made of this instrument suggests that the concept of world revolution as inevitable was retained. These dual principles of action and dual objectives of policy operated for the next decade in spite of the practical difficulties and contradictions to which they often led—dissensions within the Soviet Government, purges, and tactical zig-zags in relations with other countries.

In the thirties, with the rise of the Nazi party in Germany and the stepping up of Japanese aggression in the Far East, a threat to the security of the Soviet Union was felt, and the relative emphasis given to the two elements of a dual purpose apparently underwent a change. Policy took the single form of seeking joint action with non-Communist states, of advocating collective security through the machinery of the League of Nations, of playing down world revolution, and of directing Communist parties to participate in a united front against political reaction and dictatorship.

Soon after collective security failed with the Munich Agreement in

1938, this policy came to an end. A more decided shift of emphasis was made, and policy was focused even more exclusively on the security of the Soviet Union. Calculated bargains were made with both Germany and Japan, often at the expense of the doctrine and discipline of international communism. The only element of earlier purpose left was the concept that Soviet neutrality would lead to a long and exhausting war between capitalist states and that this war would end in social upheavals favorable to the renewal of a revolutionary advance on a global front. This policy failed too, when the Germans attacked the Soviet Union in 1941. Then, in self-defense the Soviet Government joined the anti-Axis coalition, officially dissolved the Comintern—that is, ostensibly abandoned one of its objectives—and even took part in planning a postwar world in which Communist and non-Communist states would collaborate in the maintenance of peace and security.

Opinions differ and will continue to differ about the degree of sincerity with which the policy of collaboration was developed. The line between the inherently suspicious character of Russian leaders and the deliberate tactic of deceit used by Communist authorities cannot be clearly drawn. It is a fact, however, that at the end of the war, the Soviet Union found its international position unusually favorable. Communist parties in Eastern Europe, helped and guided by Soviet intervention, rapidly achieved political control and, by providing subservient regimes, protected Soviet security interests. Soviet-guided Communists were operating with some success against established governments in Greece, Iran, and China. In Western Europe Communists had emerged from local resistance movements organized and ready for vigorous political action. In addition, the Soviet Union alone of all the victorious powers kept its wartime military strength fully mobilized and strategically disposed.

Consequently, instead of being committed by necessity to continuing a policy of joint action with non-Communist states, the Soviet Union was free to choose between that course and returning to the older dual purpose of building up Soviet power and restoring the dynamic of international communism in deliberate opposition to its non-Communist allies. That the latter course was chosen has been made clear by events.

The return to the dual purpose was reflected in a series of overt threats against Greece, Turkey, and Iran; in the uncompromising position taken while negotiating peace treaties with Italy and the Axis satellites; in obstructing the agreed principles of occupation and control in Germany, Austria, Japan, and Korea; and in the use of the procedures of the United Nations to prevent adjustments rather than to secure them. Fundamental differences between the purposes of the Soviet Government and the aims of capitalist states were rediscovered and insisted on. A cultural intolerance of the "decadent" West was officially developed, and all

avenues of cultural interchange were abruptly closed. In 1947 some of the features of the Comintern were revived in the Communist Information Bureau (the Cominform) for the purpose of planning and co-ordinating an attack on the efforts of the United States and Western Europe to improve economic and to stabilize political conditions in the non-Communist world.

In short, the dynamism of world revolution was again positively joined with the national power of Russia. It is no easier than it formerly was to distinguish with finality the comparative weight of the two objectives in any particular situation or to decide which objective is being most consistently pursued. It is possible that no clear distinction is made by Soviet leaders. There are indications, however, that the security of the Soviet Union as a national state and the development of its power in relation to a possible combination of non-Communist states takes precedence whenever a choice has to be made.

In addition, many of the actions that the Soviet Government has taken since the war can be described as following naturally from objectives whose roots were deep in the interests of imperial Russia. They are the actions of a national state eager to protect what it holds and ready to expand in directions marked out by the aspirations of previous regimes. Thus the territorial interests of the Soviet Union in the Baltic states, in Eastern Europe and the Balkans, in the Middle East, and in central Asia, Mongolia, and Manchuria can be taken entirely out of a context of communism and world revolution and seen as the routine continuation of a policy of strengthening Russia against traditional opponents—Germany in Europe, Great Britain in the Middle East, and Japan in the Far East.

But the existence of the dual purpose makes judgment difficult. The satisfaction of national territorial interests is also presented as the triumphant advance of world communism. The Soviet Government can take a purely national pride in achieving traditional Russian aims; it can also take a prophetic pride in advancing Communist aspirations. Thus it can work toward multiple objectives with a single motion. Imperial Russia, restrained by the concerted opposition of European powers and lacking a world-wide ideological instrument, never approached the potentially dominating position on the continent of Eurasia that the Soviet Union is now creating.

So far as can be determined, the policy-making aspects of foreign affairs cannot be clearly separated from the policy-making aspects of internal affairs in the Soviet Union. The same set of mechanisms deals with both. Essentially, Communist leadership appears to recognize no valid difference between external and internal goals except that imposed by timing and comparative importance. On the contrary, it is

considered that a mechanical separation of functions is politically artificial. The central directing authority considers itself committed to watching the interplay of internal and external forces and to adjusting the balance between them in terms of domestic requirements, the power and intentions of the outside world, and the objectives of the Soviet state. Foreign policy decisions and actions emerge merely as part of a total process. The mechanisms used for this purpose were developed, not by long historical evolution, but by trial and error and conscious and deliberate choice over a short period of thirty years. They are part of the Communist concept of the exercise of political authority. The only special context that marks off foreign affairs as a field of state activity is still that given by Stalin in 1938: "We live not on an island but in a system of states, a considerable number of which are hostile."

Structurally, the Soviet Union is organized into two socio-political hierarchies—a Communist party hierarchy, which has a monopoly of political authority; and a hierarchy of Soviets, which are primarily executive, administrative, and policy-ratifying bodies. These hierarchies are pyramidal and parallel. The apex of the party structure is the Secretariat and the Politbureau; that of the Soviets is the Presidium of the Central Executive Committee and the Council of Ministers. Theoretically, the two summits are separate organs. Actually, and by a process of amalgamation completed in 1941, they are one and the same body in all essential respects. In addition, there is a high degree of interpenetration at all levels of the parallel structures: The party exerts direct guidance and influence in the Soviets, and the Soviets, as channels of public feeling, exercise indirect influence on the decisions and actions of the party.

The party appears to be the supreme political authority and to regulate the balance of all other forces within the state as well as the position of the state in a world system. It has deliberately developed an elaborate network of governmental links and organs for the express purpose of tapping opinion, finding facts, adjusting differences, promulgating patterns of action, and drawing wide sections of the nation into some form of public activity. The whole, however, is controlled by the fairly stationary peak of the party structure—the managerial directorates, the Politbureau, the Orgbureau, and the Secretariat.

The entire Soviet mechanism of government can, if required, be brought to function in relation to foreign policy. Usually, however, foreign policy and the conduct of foreign relations employ only a small segment of the machine. The Central Committee of the Communist party and its working organs, the Politbureau and the Secretariat, are the initiators of policy—unless policy is initiated by Stalin himself. The Politbureau maintains a close, direct and continual relation with the Ministry of Foreign Affairs (an organ of the Supreme Soviet) in controlling imple-

mentation. The lower levels of the party and the Soviets, though theoretically free to question the reports on foreign policy submitted to them from above, normally do no more than note and accept such reports and thus ratify decisions already taken.

The more mechanical aspects of foreign relations—conduct of diplomatic intercourse, conclusion of treaties, public representation of the Soviet Union—remain in the hands of the Supreme Soviet and its organs, as do questions of the execution of foreign financial and commercial policy. The Council of Ministers is formally in charge of supervising current work. At this highest level, however, it is improbable that any distinction exists between the party policy-maker and the Soviet administrator. Decision and action must be in very close conjunction, for policy and execution are inseparable.

It must be at this highest level that objectives are defined, relevant policy is formulated, and the essential pattern of executing it is laid out. Decision emerges in the form of instructions to executive organs at all levels involved. There are no detailed reports on policy either to the All-Union Party Congress or to the Supreme Soviet. Only the general pattern, usually in the form of a description of the world situation, the position of the Soviet Union in that situation, and a general statement of what is being done to guard that position, is presented. If the occasion requires, this accounting can be publicized through controlled opinion-forming channels until it reaches the lowest and broadest levels of both the party and the Soviets and calls forth a calculated, standardized response.

The Communist leaders of Russia also have at their disposal an equivalent set of mechanisms that operate throughout the whole structure of world communism. The top organ of international communism—formerly the Comintern, now the Cominform—is the visible focus of another system of centralized control. Its mechanisms of policy formulation and execution are likewise available to the Russian Communist Politbureau and Secretariat for the development of policies to further world communism, to supplement the foreign policy objectives of the Soviet Union, or to advance on both lines simultaneously.

In pursuing its objectives, the Soviet Union has developed an authoritarian organization, which is designed to control human beings but places no value on the freedom and security of the individual. Decision is confined to a small group. Implementation proceeds through controls that combine a tight chain of command with a state apparatus for forming opinion at home and influencing opinion abroad. The system has significant general weaknesses. As in all highly centralized systems, a hard drive toward an agreed end can be developed and maintained, but mistakes at the policy-making level cannot be quickly uncovered and cor-

rected. Tight control in a few hands prevents the valuable corrective effects of critical discussion from coming into play and makes the pattern of execution inflexible.

THE POSITION AND INFLUENCE OF SMALLER STATES

It has been common usage since 1947 to speak of the "polarization" of world power. Insofar as this is a catch-phrase meaning that the United States and the Soviet Union are the two strongest nation-states at the present time, it can be accepted. But if it implies that either of these states is so powerful that its freedom of action is unrestricted, then the phrase conveys a mistaken notion of the world power structure. There are great sources of power at the disposal of Great Britain and the Commonwealth. France remains a significant element in the power constellation of Europe. Both Germany and Japan remain important repositories of potential power. In addition, there are many middle and small states with resources and capabilities the disposition of which might be of decisive importance in altering the relative strength of the major powers. For this reason, even the smaller states, however precarious their security may appear to be and however inadequate their national power may be in relation to their aspirations, occupy positions in the international scene from which they exert significant influence.

It is more accurate to regard the present power situation as consisting of several major and still amorphous complexes of power, in geographical contact with each other only at a limited number of points. Chief among them are, of course, the United States, with an industrial base on the North American continent; the Soviet Union, with an industrial base in almost the middle of the Eurasian continent; and Great Britain and the rest of the Commonwealth. The relative strength of the United States, the Soviet Union, and the British Commonwealth is markedly affected by the comparative influence that each is able to exert elsewhere in the world.

Latin America, which includes two locally superior powers—Argentina and Brazil—is an important factor in the United States concept of hemispheric defense, and it is intimately tied in with the economy of the United States. These facts, especially in view of the concerted action that defense agreements imply, have given the states of the region, either individually or in combination, a marked capacity to influence United States objectives and to force modifications of United States policy. This influence is exerted through commercial and diplomatic channels, through a variety of technical and cultural organizations, and through such international systems as the Organization of American States and the United Nations. It is not always easily observed, but its accumulative weight cannot be ignored.

Africa, north of the Sahara, is still a projection of Europe, though this condition may be in process of changing as the spirit of Arab nationalism makes itself more generally felt in Tripolitania, Tunis, Algeria, and Morocco. South of the Sahara the continent is, except for the Union of South Africa, Ethiopia, and Liberia, a colonial area. In this sense Africa has a double claim on Great Britain and on those states of Western Europe that control its resources. As a source of raw materials it becomes economically essential. As a problem in government it makes demands on the financial, the political, and the moral resources of the mother states. Many of their objectives and many of their policies are inevitably conditioned by these two basic requirements. Mention should also be made of the fact that Africa occupies a strategic position in world communications, a position that was defined in the Second World War and has become even more significant since. This serves to make it more essential for the interested states to meet the requirements noted above.

But obviously, in view of the present distribution and concentration of power in the world, it is the countries of Europe, the Mediterranean, the Middle East, and south and southeast Asia that are most capable of influencing the actions of the major nations. Many of these countries are in strategically significant locations, many are important sources of raw materials that are essential to the maintenance of the great power complexes, and many command important human resources. As single states or as combinations of states, they are an inevitable focus of interest, and consequently "it will be the vital interest of each stronger power to prevent the other from controlling . . . and each will pursue this interest in one of two ways, according to its strength: either by seeking to establish its own control . . . , transforming it [the region] into a protectorate or a frontier province, or by maintaining its neutrality and independence."[4]

Fifty years ago, the "in-between" belt was more effectively organized than it is now. What was then an effective projection of the industrial, military, and political power of Great Britain and Western Europe into spheres of influence, protectorates, colonies, and empires, is now diversified into the three regions of Western Europe, the Middle East, and south and southeast Asia. Each of these regions and each of the individual states in each region now stands as a separate and often contradictory claimant

[4] M. Wight, *Power Politics,* Royal Institute of International Affairs (1949), p. 50. Attention is called to the fact that the Soviet Union has converted the states of Eastern Europe into what is essentially a group of frontier provinces, and is apparently engaged in a similar development in Mongolia and Manchuria in the Far East. Simultaneously, the United States has worked to ensure the independence of Greece, Turkey, Iran, and the nations of Western Europe and is presumably engaged in a similar development in southeast Asia.

on the objectives, policies, and commitments of the United States, Great Britain and the Commonwealth, and the Soviet Union. When it is further remembered that these regions, in spite of their present diversification, are still linked to each other by older economic, political, military, and cultural practices, the complexity of the influence that is brought to bear on the major powers almost defies analysis.

Although the "in-between" states may often overestimate the degree of influence that they can exert in any situation, a general and entirely valid sense of having influence exists. This feeling has been a source of various ideas about neutralizing certain sectors of the "in-between" area or about reorganizing them into self-sufficient power systems. Certainly the human resources of the "in-between" area are great; its raw material resources are enormous, varied, and in some respects—petroleum, vegetable oils, and non-ferrous metals—of essential strategic significance; and its industrial resources and resources of mechanical energy, though unequally developed, represent an item of present importance and of considerable potential value.

Politically, however, these resources are now extremely difficult to concentrate. Not only have the aspirations of the formerly subject-peoples of this belt developed into conflicts of interest between the new and emerging states in the east and their former colonial authorities in the west, but the growth of political independence has tended to outrun their economic means of maintaining independence. If to these difficulties is added the strategic considerations that arise from the fact that external power complexes compete for position and influence in the region, the possibility of organizing its resources into a secure and stable power complex in its own right recedes into the remote future.

Yet in spite of these signs of weakness, the "in-between" states are able to play a positive role in international relations. The bases of their capacity to exert influence are many and varied. In some instances, the basis consists of a manifest local superiority of power, as in the case of India. In others, it is the result of the cohesive effect of a common culture, as in the Moslem states. In still other instances, it is as producers of essential materials or food that they may exert a maximum effect with a minimum of power. And finally, by virtue of having sovereign authority in strategically important regions, small and even weak states find themselves in a valuable bargaining position when there is more than one bidder for their favors.

Although small states act on these grounds with considerable effect, each is conscious of its individual weakness and hence is sensitive in matters of security. A general question is constantly before them—the question of whether or not the elements of power, now dispersed through a number of sovereign states, can be brought together and effectively em-

ployed for a common purpose. They have become so sensitive to their "in-between" position that certain patterns of action are beginning slowly to show in their policies. These can be noted first, as seeking to enhance individually inferior power resources by entering into regional groupings for mutual defense; second, as seeking to link such regional groupings by treaty arrangement with the superior power resources of the United States, Great Britain, or the Soviet Union; third, as exploring a wide range of functional agreements—financial, commercial, and social; and fourth, as developing minor power blocs in the United Nations and its specialized agencies. Indications of these patterns can be seen in the Benelux agreement, in the Brussels Pact, in the Council of Europe, in proposals for an integration of national economies within the Arab League in the Middle East, and in a host of tentative proposals for a Mediterranean pact, a Moslem bloc, an Asiatic bloc centered on India, and a Pacific pact.

The United States has entered only one of these regional groupings, that covered by the North Atlantic Treaty.[5] It is, however, encouraging such developments and is exploring vigorously the co-ordinating and security value of foreign economic aid programs, military assistance programs, and direct grants. From the American point of view, these devices for pulling together the diffused resources of the region are all on the credit side of the ledger.

The Soviet Union for its part is equally alert to the implications of these tendencies, and its policy reflects the characteristic reactions of a major power to unfavorable developments in a region of vital interest. It has entered into various types of relations, ranging from overt and covert threat (in Turkey, Iran, and Afghanistan) through protectorates (in the satellite states of Eastern Europe), to alliances (in the People's Republic of China). In addition, it has used local Communist parties (in France, Italy, Greece, and southeast Asia) to create economic and political impotence in states of the "in-between" belt.

There is one other respect in which smaller states have a modifying effect on the policies of major states: in international organizations of all kinds. The principle of the sovereign equality of all members of the United Nations, with the concomitant of one vote for each member in the General Assembly, has made it possible for smaller states to form voting blocs and, in this way, to bring the pressure of their opinion to bear with at least some effect. In other kinds of international organization, as in the Inter-American system or the North Atlantic Treaty Council, the influence of smaller states is felt differently but no less importantly.

Enough has been said to indicate that any significant shift in the relative positions of the major powers, or any stabilization of power between

[5] The Western Hemisphere grouping under the Rio Treaty is not considered here. It has a different historical origin.

them, will probably depend for the next few decades primarily on developments in the "in-between" area. It is also indicated that the "in-between" states will continue to play an important part in determining the comparative strength of major states. These conclusions mean that smaller states have a far from negligible role in conditioning the objectives and actions of the United States, the Soviet Union, and Great Britain.

Chapter V

The Outlook

IN THE LIGHT of the events, developments, and factors discussed up to this point, the position of the United States in world affairs in the midsummer of 1950 and the tasks that lie ahead need to be reckoned in relation to the objectives that the country has been pursuing and to the progress that it has achieved in attaining the ends sought. During the past twelve months, the Government of the United States repeatedly stated and restated the basic objectives of American foreign policy. These are (1) to develop a world of sovereign states, each one of which is politically stable, and all of which are able and willing to harmonize their interests by continuous co-ordination and co-operation through an international system, and (2) to prevent the Soviet Union and its adjuncts—the satellite states, the Soviet-allied nations, and the apparatus of international communism—from defeating this purpose by aggression, subversion, and sabotage.

The comprehensive methods, or policies, by which these objectives have been pursued can be identified as (1) the rapid re-creation of national military strength for the double purpose of meeting unilaterally the threat of Soviet aggression and of supporting collective security arrangements; (2) the encouragement of the growth of regional defense arrangements, designed to build up a maximum capacity for self-defense in regions directly exposed to the threat of Soviet Communist aggression; (3) a foreign economic and commercial policy, designed to increase production, liberalize trade, and improve standards of living; and (4) the maintenance and even expansion of the national economy for the double purpose of keeping the well-being of the nation at the level required by American expectations and of providing the means for carrying out the three preceding policies.

The first three of these comprehensive policies are by their nature concerned with foreign relations and not domestic problems. The development of all of four, however, has been conditioned by the Communist challenge. Consequently, security considerations have been prominent in their development. This emphasis has in the large been dictated by circumstances over which the United States has had little or no control, namely, the actions of the Soviet Union. These actions have taken the form of pressures applied in western Europe, in the Far East, and in the Middle East, as Soviet choice has decided. In each instance the

United States has been committed to carrying on an immediate holding operation against Soviet Communist pressure in order to provide the minimum basis for developing a stable free world with an expanding economy.

In western Europe positive advances were made in industrial production and in laying the basis for a greater co-ordination of economic and military efforts. The political stability of the region was also improved in the particular sense that the influence of Communist parties was reduced. However, the general objective of liberalizing trade and establishing an expanding economy was less perceptibly advanced. Restrictive practices were only slightly relaxed, less than was expected a year ago, and delays occurred in the liberalization of trade by breaking down the European system of bilateral payments. It was not yet clear that American economic objectives were firmly regarded as desirable in the long run or safely acceptable in the present.

Throughout the year Great Britain and France shared with the United States the anxiety and the material consequences of increasing Soviet pressure in Germany and in the Far East. Consequently, there was a more rapid development of the military aspects of the North Atlantic Treaty than might otherwise have been the case. The problems of co-ordinating and maintaining the power needed to put Western Europe in a stronger position of self-defense are more generally grasped by the American public than they were twelve months ago. Furthermore, the machinery now exists for handling the military and economic aspects of these problems in a unified way. The consequences of the understanding and agreement thus achieved have been felt in other regions.

In the Mediterranean and the Middle East, in spite of obviously unsettled issues such as Arab restlessness in French North Africa and Arab-Israeli relations, there is evidence of a more co-ordinated approach to the region on the part of the United States, Great Britain, and France. The states that lie on the borders of the Soviet orbit are, with the exception of Iran, more settled than at any time since the war. But although Soviet pressures have been effectively resisted in the Middle East, the more permanent objective of the United States has scarcely been forwarded at all in this region. It continues underdeveloped, financially weak, and politically unstable.

In south Asia, after a long period during which relations between India and Pakistan remained tense, their differences have been brought under control. The United States, Great Britain, and the United Nations all contributed to bring about this result, but the major effort was made by the Indians and the Pakistani themselves. Although political relations appear to be more stable, both nations are so deeply committed to na-

tional solutions of their economic and financial problems that the next stage in their relations remains uncertain. Their economic requirements are so extensive, however, especially when cast in terms of social improvements, that they are claimants on United States assistance for their economic development.

In the Far East the establishment of a Communist regime in China fundamentally changed the position of the United States. The major initial adjustment was for the United States, Great Britain, and France to draw together and to co-ordinate their actions and resources in order to keep communism out of southeast Asia and in order to develop plans for strengthening the region politically and economically. It also forced a reconsideration of United States policy with respect to Japan, drew the United States into more precise commitments in southeast Asia than had been previously thought of, and obliged the United States to re-examine extensively its military security. The slow process of adjustment was brought to an abrupt conclusion by the Communist attack in Korea, for this imposed the necessity for making new comprehensive policy decisions. The basic decision was to resist this aggression to the full within a framework of joint action under the auspices of the United Nations and in the interest of a collective maintenance of international peace and security.

The position of the United States in the Western Hemisphere has perceptibly improved. The collective machinery of the inter-American system, when tested by threats of aggression in the Caribbean area, worked quickly and effectively; and there was a general feeling of satisfaction. But the economic difficulties of the South American countries have not been solved, and the expectation of economic assistance has again come to the fore.

In general, the objective of checking the extension of Soviet influence is given precedence over the objective of achieving economic stability in an expanding world economy. The long-range economic policies, and particularly the specific programs that have been developed from them, have been more and more tailored to meet the needs of worsening relations with the Soviet Union. Nevertheless, the more comprehensive objective has not been abandoned. On the contrary it has been increasingly emphasized because it is still considered to be the only permanent basis for stable peace and security.

This review of the position of the United States is not complete without looking at the internal condition of the country. Productive capacity has again surpassed the estimates. The national income has remained high, and the claims of foreign programs on that income have been met without reducing American consumption or imposing controls. Politically, however, instabilities have developed, especially in public attitudes. They appear to have been traceable to the unaccustomed strains of

the so-called "cold war." The Soviet atomic bomb and the collapse of the National Government of China were read as Soviet victories. Four debates developed from these circumstances: on the national military strength of the country; on the weaknesses of the official foreign policy; on Communist sympathizers and their alleged influence on policy; and on whether the country could stand the cost of its foreign policy. All were conducted bitterly, and one with astonishing vituperation. The over-all appearance was of a public opinion confused, alarmed, and uncertain about the courses that should be followed. Agreement was general on only one point of policy; that of the necessity for meeting any threat of Soviet aggression. There was, however, no agreement on a method for meeting such a threat or even on how to prepare to meet it. These debates were suddenly resolved by the decisive action taken on June 27, 1950 to deal with a deliberate Communist aggression in Korea.

Looking ahead, the long-run task of United States foreign policy still remains as it was described by Secretary of State Acheson on June 13, 1950. He began with the question, "What is the objective of our foreign policy?" and gave the answer, "We want a peaceful world." He defined peace as "a condition of fruitful and harmonious relationship among the people of this world," and the American objective was accordingly restated as follows: "to help establish the conditions necessary to this kind of peaceful world."

The Secretary listed the obstacles that stand in the way. They were (1) the destruction of older economic, political, and social patterns by the war; (2) the existence of large areas where "people are in rebellion against hunger, poverty, and illiteracy," and which were consequently "breeding grounds of conflict"; (3) the emergence of nationalism in Asia, with the consequent need to direct this force into "constructive and creative channels"; and finally, (4) the difficulties imposed by the Soviet Union, which manipulated and intensified these problems for its own purposes.

This last obstacle presented a double challenge. The vast expansion of Soviet armed forces and military capacity was a threat to the world. The international communist movement, subverting the capacity and destroying the will of non-Soviet nations to resist Soviet ambitions, was likewise a threat to the world. This did not, however, imply an immediate danger of war, the Secretary said, although the possibility of war could not be excluded.

Various methods were available for dealing with this situation, he added: isolation, appeasement, preventive war, peaceful negotiation of differences, and co-operation with other nations. He ruled out isolation

and appeasement. Preventive war "would not solve problems; it would multiply them." It was, in fact, the task as well as the consistent policy of the United States to solve problems in co-operation with other nations.

The situation was, however, wholly changed by the attack on Korea. In his pronouncement on June 27 President Truman said: "The attack upon Korea makes it plain beyond all doubt that Communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war."

The President, in these circumstances, ordered the air and sea forces of the United States to support the troops of the Korean Republic. Notice was thus formally served that priority of attention and effort would be committed to dealing with the obstacles that the Soviet Union put in the way of achieving a "condition of fruitful and harmonious relationship among the people of this world."

Furthermore, the effort was being made within the framework of a policy of co-operation with other nations to solve a problem. The action of the United States was made part of a design of collective security operating through the United Nations, and was not part of a unilateral United States policy of "containing" the Soviet Union.

Thus, although an immediate task of the utmost gravity has been interposed—that of meeting armed aggression in the name of international peace and security, the long-run task of United States foreign policy remains the same. The context in which this long-run task must now be carried on has plainly been altered; but when the pressing problem has been dealt with, the basic objective of United States foreign policy will still remain to be accomplished.

With this in mind, the general task can be defined. It is to supplement the principle of international co-operation by "a program for strengthening the free world." This program involves the development of the military strength of the free world to the extent necessary "to deter Soviet leaders from any rash adventures." But it equally involves the development of other elements of strength—economic, political, and moral, for "a continued improvement in living standards, and continued progress in social gains in the free world," are essential to resisting both an external military threat and an internal communist threat.

The general task involves many specific ones. These correspond very closely to the items of unfinished business as of July 1949, which were listed in Chapter I and which in modified forms are still the main items of unfinished business in July 1950. These specific tasks, however, now have a common focus in the immediate threat to international peace and security that has been posed in the Far East. At the same time the necessity remains of co-ordinating these specific tasks with the over-all

objectives of establishing and maintaining a peaceful world.

The organization of the power of Western Europe requires the fulfillment of the military, economic, and political agreements of the May meeting of the three Western foreign ministers and of the subsequent meeting of the North Atlantic Treaty Council. This, in turn, means the development of a detailed defensive strategy, the provision of the military means to execute it, and the modification of the European Recovery Program into a plan of economic support and the preparation of an agreed program that will take up where the Marshall Plan ends. These two aspects develop into still more specific requirements: to persuade Great Britain to adjust its policies to the demands of the general task; to adjust the development of the West German state to the demands of the general task and to persuade Western Europe to incorporate such a state; to secure the maximum integration of Western Europe without pressing for unrealistic solutions and without accepting proposals that may lead to further restrictions on an expanding free world economy.

The achievement of security and stability for the free nations of the world outside Western Europe comes down to the two-fold task of checking further Soviet and Communist expansion while developing economic and social programs whose beneficial effects can be felt only in the long run. This breaks down into three specific undertakings: the provision of military assistance, including the use of United States forces; the establishment of immediate programs of economic assistance; and the implementation of developmental programs. The way has now been opened for many of these to be carried out under the aegis of the United Nations and its agencies, and with the particular support of Great Britain, France, and the governments of the countries requiring assistance.

Finally, and perhaps the most important of all, is the domestic task. This is to persuade the American people of the validity of the objectives that have been defined and of the necessity as well as the effectiveness of the methods that are being used to achieve these objectives. This task is very closely linked with the question of costs, with the efficiency and reliability of governmental agencies, and with judgments about the capacity of the American economy to support the policies that have been initiated.

PART TWO

CURRENT PROBLEMS

INTRODUCTORY NOTE

IN THE DAY-TO-DAY conduct of foreign relations, the Government of the United States is confronted with a continuous stream of problems great and small. These problems vary in importance and urgency.

Decisions on all types of problems must generally conform to the broad national interests that American foreign policy is designed to advance. Unless they do so they do not carry conviction to the American people, and they will ultimately lose the popular support that is needed to carry them out. They must also conform to the objectives that particular policies are seeking to achieve, or alternatively they must at least be clearly recognized as modifying such objectives. Both requirements are essential to efficient operation, and the second is also essential to the achievement of fluidity in the conduct of foreign relations without creating confusion and uncertainty.

Finally, decisions are limited by checks on the absolute freedom of action of the United States Government in world affairs. These consist, in practice, of domestic political and other considerations, of obligations assumed in international organizations, of commitments entered into by treaty, and of the fact that the interests, objectives, and policies of even friendly states cannot be wholly squared with those of the United States. These limiting factors have been generally described in Part One of this volume and are given more detailed illustration in Part Two. In addition, Part Two takes up the major problems of foreign policy that either confront the United States in the summer of 1950 or are likely to come up for consideration in the ensuing year.

These problems are here considered as arising out of broad functional problem fields or in geographic problem areas. Four functional fields have been defined: the political, the economic, the military security, and the field of international organization. Five geographic problem areas have been defined: Europe, the Mediterranean and Middle East, east and south Asia, Africa, and the Western Hemisphere. In addition, it is recognized that there are groups of problems that are closely linked in fundamental respects though their occurrence is geographically dispersed. These have been defined as problems of the Soviet Union and its periphery and as problems of Great Britain and the Commonwealth.

In each case, the problem field or area is described in the introductory section of the chapter dealing with it. In the course of this introduction, the range of problems is indicated, though by no means all the problems noted are later examined in detail. After the introduction, selected problems are stated and briefly analyzed. The problems that have been chosen for analysis have been selected by the International Studies

Group of The Brookings Institution because they are under public consideration at the present moment, because it is judged that they are likely to require consideration within the term of the present volume, or because they are valuable as case histories.

There will be disagreement about the particular problems chosen. Readers may believe that some problems have been excluded that are more urgent and important than the ones that have been given a place. There may also be differences of opinion about the particular form in which the selected problems have been stated. It was recognized that the statement of a problem represents an estimate of the probable context in which the problem will arise. Thus the problem statements also represent a judgment by the International Studies Group. Furthermore, the problem statements have been deliberately phrased to emphasize the fact that they are being analyzed entirely in relation to the national interests and objectives of the United States; for the problems are viewed as arising in the particular forms noted, either because policies of the United States impinge on the objectives of other states, or because the policies of other states impinge on the objectives of the United States.

Specific problems come up for decision under conditions which deserve noting:

(1) Problems do not arise spontaneously and cannot be solved independently. They develop out of a background of previous decision and action.

(2) A full range of existing problems cannot be given orderly and complete decision. Attention is focused as urgency demands or as circumstances permit.

(3) The conduct of foreign relations is a comprehensive activity carried out in a multiplicity of dynamic situations. It does not permit isolated or absolute decisions.

The problems discussed below have a significant feature in common. They are essentially problems of adjustment to the redistribution of power in the world during and since the war. Considerations of national security bulk large in many of them and are close to the surface of nearly all. This emphasis on national security may seem undue, but it is one that has been imposed by the prevailing tone of the international situation. It has been accepted by the International Studies Group in the interest of giving full reality to its survey.

Chapter VI

The Political Problem Field

THE political problem field comprises a special type of policy problems that are comprehensive and impose over-all considerations on a wide range of particular functional and regional problems. Two kinds of situations seem to give rise to this all-inclusive type of policy problem. One is the situation in which all interests and objectives appear to be centered on a particular aspect of international relations. A conspicuous example is the situation that has been produced by the breakdown of co-operation between the United States and Great Britain on the one side and the Soviet Union on the other. From this has developed a relationship so comprehensive in its effects on policy that many distinctions between security, economic, and social objectives are wiped out and geographic boundaries become of secondary importance.

The other type of situation is one in which a traditional body of doctrine or an established principle of action has to be applied in such a wide variety of actual circumstances that inconsistencies develop and judgment becomes uncertain and confused. This is illustrated by the difficulty experienced in applying the doctrine of recognition in circumstances as different as those prevailing in South America, in the satellite states of Eastern Europe, and in China and the Far East. Another is the difficulty that develops in trying to maintain the principle of the right of all peoples to govern themselves while at the same time trying to maintain stability in the colonial areas of the world where the assertion of this right is often a major source of instability.

The essential characteristic of political problems is that they are constantly concerned with choices of ways and means and that they tend to arise from the difficulty of co-ordinating a large number of actions taken in particular situations—functional or regional—and for specific short-term purposes, in order to progress toward a comprehensive, remote objective. The objective of organizing and strengthening the free world as a defense against the Soviet Union and communism calls for an immense range of particular decisions, economic, security, and regional. All these decisions are complexly related to the over-all objective, and each of them can bring the attainment of that objective nearer or can check it.

THE OVER-ALL PROBLEM

Most of the significant current political problems confronting United States foreign policy can be traced to the breakdown of relations between

the United States and the Soviet Union. It cannot be concluded that if harmony and co-operation were restored among the major powers, peace, security, and prosperity would immediately prevail in the world. But it is true that harmony and co-operation would make it easier to deal with political, social, and economic problems. Instead, a situation has developed that is widely described and accepted as a "cold war" and that the Secretary of State has bluntly characterized as one "where we could lose without ever firing a shot." A fundamental conflict has consequently been defined between two opposing systems.

Insofar as the American people are concerned, there can be no compromise between their way of life and the contrary theses of communism. Internationally, however, the possibility has not been excluded that the two systems may be able to exist side by side, although it is clear that from the point of view of the United States their peaceful coexistence depends almost wholly on the policies and actions of the Soviet Union.

On this basis, it has been officially declared that the United States must have a foreign policy with two interrelated branches. First, it must be prepared "to meet wherever possible all thrusts of the Soviet Union." Second, it must attempt to establish in the areas of the world that are not under Soviet domination "those economic, political, social and psychological conditions that strengthen and create confidence in the democratic way of life." The objective is to rebuild the strength of the free nations and to create unity and determination on their part. Both lines of action are designed to persuade the Soviet Union that its power is not adequate to achieve its objectives. This gained, the United States and the other free nations will then be able to evolve with the Soviet Union "working agreements" that will permit the two systems to coexist peacefully.

This is essentially a peace-seeking policy on the part of the United States and the other free nations. In the United States the requirements of this policy are viewed as a mobilization and a focusing of our resources in a "total diplomacy" comparable to the conduct of a "total war." The ultimate aim, however, is to avoid the cataclysm that would ensue if the cold war turned into a hot one. There is nevertheless the possibility that in spite of all the efforts of the free nations to avoid it, a third world war might occur in which the United States and the Soviet Union would be the leading protagonists. Official thinking in the United States does not—nor can it—rule out this possibility. Neither, however, does this thinking regard such a conflict as inevitable.

The broad alternative to this policy has been succinctly described by Secretary of State Acheson as "to allow the free nations to succumb one by one to the erosive and encroaching processes of Soviet expansion."

The end product of such a process, Communist control of the population and resources of Europe and Asia, would menace the peace and security of the American people just as surely as a direct attack tomorrow on American territory. The American people have already fought two wars in this century to prevent a comparable concentration of power from being arrayed against them.

The foregoing is the over-all political problem of United States foreign policy. Its ramifications extend into the economic and security fields, into the United Nations system, and into every geographic area of the globe. Only one of its features is taken up in this chapter, the question of the adequacy of economic programs as the basic support for the total diplomacy envisaged. It comes up again specifically in connection with the broad United States economic objective of breaking down the barriers to international trade and of generating an international pattern of expanding economy in connection with American military security, in connection with the United States position in the United Nations, and in every geographical problem area.

In pursuing a course of total diplomacy, the United States bases its actions in the political field on the objectives and principles that are rooted deep in American history. The most important of these objectives, and indeed the supreme goal of all United States foreign policy, is the attainment of a world order in which all nations, large and small, will live in peace and security, and under which their peoples will enjoy a growing measure of well-being. This objective is one that the United States seeks in its own self-interest, for it is only in such a world order that the United States itself will be free and safe and will enjoy peace and prosperity. This objective also corresponds with the expectations of a society based on democratic institutions.

The goal of a peaceful world order can, in the American view, best be attained if all nations accept certain rules of conduct in their international relations. These rules recognize both the rights of nations and their duties and obligations to each other and to their individual citizens. They contemplate an international community of nations that lives and acts on the same principles of mutual respect, self-restraint, fair and equal treatment, adherence to the pledged word, and peaceful co-operation that enable individuals to live and work together in a democratic community. The attempts of the United States and the other free nations to uphold and enforce respect for such rules have led to the most profound and irreconcilable of their current clashes of interest with the Soviet Union. On the other hand, if working agreements are to be evolved so that the free nations and the Soviet Union can coexist peacefully, it is mandatory for the Soviet Union not only to accept such rules but also to demonstrate

its willingness to abide by them. A brief review of the principles that the United States holds to be indispensable to political relations among nations is therefore necessary in the discussion of the broad political problems now confronting United States foreign policy.

BASIC PRINCIPLES OF ACTION

The right of each nation to govern itself has been the most traditional of all principles in American thinking. It embodies two others of equal importance. The first is that every nation has the inherent right of *both* individual and collective self-defense in the event of attack. Insistence on this principle has been consistent from the outbreak of the American Revolution, through the evolution of the Monroe Doctrine, the adoption of the Lend-Lease Act during the Second World War,[1] and the reservation made under Article 51 of the Charter of the United Nations. The second traditional principle is that independence or self-government should be granted to all dependent peoples who are qualified to govern themselves. In accordance with this principle, American sympathies have always run strongly in favor of the aspirations of colonial peoples for independence.

A corollary to these principles is that sovereign rights and self-government should be restored to peoples who have been forcibly deprived of them. The modern application of this principle in United States foreign policy dates from the First World War and President Wilson's "Fourteen Points." During the Second World War, it was again proclaimed in the Atlantic Charter and in the Declaration by United Nations.[2]

Another corollary is that diplomatic recognition should not be extended to a government forcibly imposed upon a nation by a foreign power, a principle formulated in 1932 by Secretary of State Stimson. It is clear that it might be impossible at times for the United States to prevent such forceful impositions, but it is the declared policy that the United States will not extend diplomatic recognition to any such government.

The right of a nation to govern itself carries with it the concomitant

[1] The philosophy underlying the act, as stated by Secretary of State Hull, was "As an important means of strengthening our own defense . . . this country is affording all feasible facilities for obtaining of supplies by nations which, while defending themselves . . . are thus reducing the danger to us. . . . Any contention, no matter from what source, that this country should not take such action is equivalent . . . to a denying of the inalienable right of self-defense." Department of State *Bulletin*, Vol 3, Oct. 26, 1940, p. 336.

[2] For future reference in this connection, it should be noted that several nations lost their independence during the war and have not yet regained it, and that many of those that were freed from enemy control have since lost their right to govern themselves by becoming satellites of the Soviet Union.

right of its people to choose freely the form of government under which they wish to live. This principle is also basic in the American tradition, and American feeling has historically interpreted it as "a right to revolution" in order to establish free and republican forms of government. The modern official interpretation is more in keeping with the concept of a stable world order and peaceful change, which the United States now advocates, and the contemporary form of the principle is that the choice should be freely and, if at all possible, peacefully made by democratic processes. Nevertheless, the assumption still is that if given a free choice, no people would willingly vote itself into servitude.

It is also the American view that the rights of a state are not unlimited, but carry with them certain obligations toward other states and, currently, to an international community of states. It is basic in the American view, moreover, that such obligations are in the first instance a series of self-denying ordinances that a state imposes upon itself. These are generally considered as analogous to the golden rule for individuals—a fundamental precept of Christian ethics. The application of them to international relations represents a moral principle that, though basic to Western civilization, is not necessarily universal.

The minimum obligations that the United States believes states should accept rest on another principle: each nation, large or small, must recognize the sovereign equality of all other nations. Two major obligations are involved, and they have been set forth in the Charter of the United Nations. First, each nation must settle its disputes with every other nation by peaceful means and in such a manner that international peace, security, and justice are not endangered. Second, all nations must refrain from the threat or use of force against the territorial integrity or political independence of any nation. Both imply that all nations will live by a code of international morality and law under which all obligations they may undertake will be carried out in good faith.

It is obvious, however, that certain courses of action must be specifically renounced if these minimum obligations are to be reflected in national actions taken in the international field. All states will have to give up any further territorial ambitions, a renunciation that the United States made early in the twentieth century. Future territorial changes will have to follow only the freely expressed wishes of the peoples concerned. All nations must renounce war as an instrument of national policy, a step the United States took in the Kellogg-Briand Pact of 1927. More recently, as a result of the war crimes trials, aggressive war and its planning have been decreed a crime against humanity. Finally, all states will have to agree not to intervene in the affairs of other states. This principle of nonintervention was slow to be accepted even by the United States, but today it has no stauncher advocate. And it may be that the

American refusal to retreat from this one principle, coupled with the refusal of Soviet communism to abide by it, will in the end provoke the armed conflict that United States policy seeks to avoid.

In the American view states have duties and obligations to individuals as well as to each other. Americans believe that the guarantee of human rights and freedoms contained in the Constitution of the United States should serve as a model for similar undertakings on the part of other governments toward their people. These rights derive from a belief in the fundamental worth of the individual and in the social value of a free interchange of ideas. Although they are the product of a religious, social, and political tradition that is far from universal, acceptance of them by all states is considered by the United States to be the essential foundation for a free and peaceful world order.

The United States has been active since the Second World War in encouraging respect for human rights and freedom, especially freedom of expression and freedom of religion. The support of these freedoms by the United States, particularly in Eastern Europe, has been linked to its support of the right of peoples freely to choose the form of government under which they wish to live. This is in line with traditional United States policy, for the American people firmly believe that the very basis of democracy, the right of opposition, depends on the right to question and to expound ideas even when they differ from those of the government in power. Confronted by a violent and hostile campaign of Communist propaganda, the United States has also been a leading supporter of the principle of full and free exchange of information internationally. Freedom to obtain and publish information is one of the most cherished rights in the United States, and conversely it is the one most firmly denied by all totalitarian governments.

The existence of these principles in American thinking and the projection of them into the international field have gradually resulted in a comprehensive conviction about the conduct of international relations. It is that the establishment of the rights of all states and the acceptance of the mutual obligations necessary to maintain these rights depend upon continuous and habitual international co-operation. The development of such international co-operation consequently tends to be asserted as the ultimate objective of United States foreign policy.

This was not always an objective generally acceptable to American opinion. The isolationist elements in American thinking had deep roots, and the desire to avoid "foreign entanglements" is one of the oldest in the American tradition. Even after the First World War, the most that American opinion would admit was that a peaceful world order could be created if every nation accepted the necessity of restraining itself in the exercise of its absolute sovereignty without accepting the principle of con-

tinuous international co-operation. Although in specific situations the United States frequently adopted policies parallel with those of the League of Nations, the feeling against "entanglement" remained strong among the American people.

The Second World War convinced the overwhelming majority of the American people that a peaceful world order was possible only if it were based on constant co-operation among the peace-loving states, preferably through a world organization of all states. Under the leadership of President Franklin D. Roosevelt and Secretary of State Cordell Hull, the United States Government therefore became one of the foremost proponents of an organized system of international relations for maintaining world peace and security. Support of the United Nations system and of international co-operation is today the cornerstone of United States foreign policy.

The principle of international co-operation, for which the American people now stand so wholcheartedly, implies a willingness on the part of major nations to assume the special responsibilities for world leadership that their great power and resources have brought to them. These special responsibilities the American people have also assumed, and the United States has been a leading participant in all endeavors during and since the Second World War to bring about the peaceful world order that the American people desire. The United States has also applied the principle of international co-operation with new vigor in the Western Hemisphere and has even extended the application of it to Europe, an area that heretofore was regarded as peculiarly suitable for the application of the old American principle of nonentanglement.

MAIN CURRENT PROBLEMS

The course of events since the end of the Second World War has not been such as to make it possible to apply completely the underlying principles of United States foreign policy. The situation created by Soviet actions made it inevitable that some of these principles would be given a new application. In the countries of Eastern Europe, for example, it became plainly impossible to restore sovereign rights and self-government to people who had been forcibly deprived of both by Soviet influence. It was equally impossible to ensure that these peoples would have the opportunity to choose their form of government free from foreign interference. Consequently, the United States could do no more than reaffirm its principles. When, however, Soviet policy threatened to create similar situations elsewhere in the world, the Truman Doctrine was announced. Proclaimed with special reference to Greece and Turkey and later extended to cover all comparable situations, the doctrine stated that free peoples, resisting subversion by armed minorities or subjugation by outside

force, would be supported by the United States. The implications of this doctrine ramified so rapidly, especially in the Far East prior to the attack on Korea, that it was given a limiting restatement to the effect that American aid would be furnished only when it provided "the missing component" in a situation in which other components, such as the will to resist, were already present.

Out of this type of situation and this form of reaction has grown the most comprehensive of all the political problems confronting the United States: to decide the strategy and tactics of conducting the cold war into which the breakdown of universal international co-operation had developed. The essence of the problem was to formulate policies that were firm and consistent enough to convince Soviet leaders that, although the continuing objective of the United States was peace and stability, there were clear limits to the price that would be paid to achieve this objective. On the other hand, the same policies had to be flexible enough to convince relatively weak and insecure free nations that they were not being drawn into an avoidable conflict by hasty and demanding United States courses of action. Furthermore, these policies would have to be conducted within the framework of co-operation between like-minded nations. And, finally, these policies could not close the door to negotiations if the Soviet Union should at any time satisfy the necessary conditions for such negotiations.

This comprehensive political problem has been made more complicated by the fact that Soviet policy was also being projected through organized international communism. Thus the strategy and tactics of countering Communist subversive activities came into the picture on a world-wide scale. The United States relied heavily on economic aid and political support as countermeasures, but the success of the Communists in China threw doubt on their efficacy. It was obviously more costly for the United States to improve the living conditions of large masses of people than it was for the Soviet Union to disrupt conditions and use disorder as a basis for revolutionary agitation. Growing demands for United States aid raised the very pointed question whether even the resources of the United States could stand the strain of indefinitely conducting a cold war by the provision of economic assistance.

Some of the problems that have here been mentioned are examined in later chapters, and an examination of economic measures as a counter to communism is made below. These particular problems are illustrative of one of the two types of political problems described at the beginning of this chapter.

The other type of political problem, that in which a traditional body of doctrine has to be applied in a wide variety of actual circumstances, is illustrated by the difficulties attending the application of the doctrine

of recognition. Although this kind of problem often appears in forms that seem needlessly technical, it is no less important than the all-inclusive type, for it invariably introduces new complexities and unexpected contradictions. The problem of applying the general doctrine of recognition in the context of the all-inclusive problem of United States-Soviet relations is examined below both because it involves matters of urgency and because it is an excellent illustration of a particular type of political problem. Other examples of this type of problem, such as American attitudes toward colonial peoples or the United States doctrine of intervention, have not been singled out for analysis. They will, however, come into play in various of the problems that are discussed in later chapters.

THE DOCTRINE OF RECOGNITION

From the historical standpoint, it was at the time of the French Revolution that the United States was first confronted by the problem of determining the general policy it would follow in recognizing new governments. As first stated by Thomas Jefferson, who was Secretary of State at that time, the general doctrine started from the premise that the United States "cannot deny to any nation that right whereon our own Government is founded." That right was declared to be that every nation "may govern itself according to whatever form it pleases, and change these forms at its own will." It followed, therefore, that a nation "may transact its business with foreign nations through whatever organ it thinks proper, whether king, convention, assembly, committee, president, or anything else it may choose." Emphasis was placed on the principle that "the will of the nation is the only thing essential to be regarded."

During the century and a half that has since passed, the problem of applying this doctrine has frequently recurred in the foreign relations of the United States. The doctrine has been refined, reinterpreted, and supplemented in the light of new conditions and situations encountered by the United States. The most important supplement evolved late in the nineteenth century, when the American decision to recognize a new government began to be based more and more on another consideration—the ability of the government to respect the foreign obligations of the state that it claimed to represent.

Much of the reinterpretation of the doctrine, especially during the past hundred years, has revolved around the method of determining when the will of a nation has been truly expressed. Must that will be expressed through democratic institutions that provide a free choice of the people concerned, or is any type of revolt overthrowing the existing government—even if an authoritarian regime should come into power—to be regarded as expressing the will of a nation? On this point there have been wide fluctuations in United States policy, particularly in respect to Latin America.

Yet much of the basic doctrine still stands. This is well illustrated by Secretary of State Acheson's statement in September 1949. Although the Secretary spoke in the context of inter-American relations, it was clear that a general application was intended:

> We maintain diplomatic relations with other countries primarily because we are all on the same planet and must do business with each other. We do not establish an embassy or legation in a foreign country to show approval of its government. We do so to have a channel through which to conduct essential governmental relations and to protect legitimate United States interests.
>
> When a freely elected government is overthrown and a new and perhaps militaristic government takes over, we do not need to recognize the new government automatically and immediately. We can wait to see if it really controls its territory and intends to live up to its international commitments. We can consult with other governments, as we have often done.
>
> But if and when we do recognize a government under these circumstances, our act of recognition need not be taken to imply approval of it or its policies. It is a recognition of a set of facts, nothing more. . . . Since recognition is not synonymous with approval . . . our act of recognition need not necessarily be understood as the forerunner of a policy of intimate cooperation with the government concerned.

Since this statement was made, several events have occurred that bring into question the universal applicability of the doctrine that was outlined.

The problem is to re-examine the United States doctrine of recognition and its applicability in the present world situation.

During the winter and spring of 1950 there has been a great public debate in the United States on the question whether diplomatic recognition should be withdrawn from the Chinese National Government and extended to the Chinese Communist Government. This special feature of the general recognition problem was brought forward by the complete collapse late in 1949 of Nationalist resistance on the Chinese mainland and, simultaneously, the establishment of a Communist Government at Peking. The latter is now competing with the remnant of the National Government on Formosa for international recognition as the government of China.

Those Americans who oppose the recognition of the Chinese Communist regime base their arguments generally on two allegations: The Communists represent a minority group that seized power illegally and by force of arms; and, because the Soviet Union actively supported the Chinese Communists in their fight for power, the latter are and will continue to be a puppet regime that lacks any of the essential attributes of a sovereign and independent state. Opponents of recognition also re-

peatedly stress their belief that the Soviet Union will interpret American recognition of the new Chinese Communist regime as a sign of weakness and as an invitation to undertake similar interventions in the Far East or other parts of the world.

Americans who support recognition of the Chinese Communist Government argue that such an act would be in line with traditional American policy and would not imply approval of the Communists or of the methods by which they came to power. The proponents of recognition also claim that if the United States refuses at the outset to recognize the Chinese Communists, and thus fails to adopt a friendly, correct attitude toward them, it runs the risk of ruining chances that might later occur for encouraging any Titoism that is latent in the Chinese situation.

So far, the United States has not taken direct official action. Nor has France recognized the Peking regime, primarily because of the situation in Indo-China, where France is fighting a Communist insurrection not unlike the one the National Government faced in China. Great Britain has offered diplomatic recognition to the Chinese Communist Government, but the offer has not yet been accepted. If an irreconcilable split should develop among the three major Western democracies on the Chinese recognition problem, their division might have repercussions elsewhere, particularly in the North Atlantic area, and would give the Soviet Union a situation to exploit. For its part, the Soviet Government has not only recognized the Chinese Communists, but in February 1950 it also entered into a treaty of friendship and alliance with them.

The United States and other nations that have not yet recognized the Chinese Communists have refused to assent to their representing China in the United Nations, and the Soviet Union and its satellites have boycotted the various agencies of the organization, beginning with the Security Council in January 1950. The Communist-dominated states have moreover declared they will maintain their boycott until the Chinese Nationalist representatives are unseated and replaced by the Chinese Communist representatives. The increasingly intransigent Soviet attitude in this and similar situations both inside and outside the organization has also caused demands to be made, most notably by former President Hoover, for a reorganization of the United Nations that would exclude the Soviet Union and its satellites.

In the Security Council, the United States has taken the position that although it opposes the seating of the Communist representatives, it will abide by an affirmative decision of any seven members, primarily on the grounds that the question is a procedural one involving credentials. This official American attitude raises, however, the vital issue whether a decision by the Security Council on the question is, in fact, a

procedural matter or whether, because of the vast political implications of the problem, it is a substantive matter of the highest importance. Whether the United States should use its veto power in this instance depends upon the policy it intends to follow later regarding recognition of the Chinese Communists.

If, despite the opposition of the United States, the Chinese Communist representatives are seated in the United Nations, the United States will face the problem of determining whether it should adjust its recognition policy accordingly and transfer diplomatic recognition from the National Government to the Communist Government. A major factor influencing such a decision might be the foreseeable consequences of an interpretation that could be placed on the provisions of Article 23 of the United Nations Charter. That article specifies that one of the five permanent members of the Security Council shall be the "Republic of China." If, therefore, the Communist representatives replace the Nationalist representatives on the Council, the United Nations organization will, by that act, give international recognition to the Communist regime as the legal government of the Republic of China. The National Government will then be placed in the international status of rebels. Any members of the United Nations, such as the United States, that might continue to recognize and aid the National Government could then be put in the uncomfortable position of being charged with supporting aggression against a fellow-member.

The American decision on the specific problem of Chinese recognition is being influenced by the difficulties the United States is now encountering in maintaining normal diplomatic relations with the Soviet Union and its satellites. The Kasenkina incident in New York in the summer of 1948 led to a closing of Soviet consulates in the United States and of American consulates in the Soviet Union. Unfounded Hungarian charges of American espionage and Hungarian persecution of American citizens led to a retaliatory closing of the Hungarian consulates in the United States in January 1950. Similarly, unwarranted charges of American intervention in Bulgarian internal affairs caused a complete break in relations between the United States and Bulgaria in February 1950. During the ensuing months Czechoslovakia and Rumania have been demanding a reduction in the United States diplomatic personnel and activities in these countries because of alleged espionage activities. As a retaliatory measure, the United States has closed Czechoslovak and Rumanian consulates in this country.

In the background of these controversies is the fact that although the United States had maintained diplomatic relations with Bulgaria, Rumania, and Hungary, it has successfully opposed the admission of these three countries as members of the United Nations, on the grounds

that it doubted their ability and willingness to carry out the obligations of the Charter. On the other hand, the United States has never offered to maintain separate diplomatic missions in the Byelorussian and Ukrainian Soviet Socialist Republics, despite the fact that both were admitted with American consent as separate members of the United Nations and thus were accorded international recognition as independent and sovereign states.

The United States has continued to recognize the diplomatic representatives accredited to it by the old governments of Lithuania, Latvia, and Esthonia, even though these three countries were forcibly absorbed by Soviet Russia and were constituted as separate republics in the Soviet Union. Formal relations do not exist between the United States and either Albania or the Mongolian Peoples Republic, although the Communist regimes in both these countries claim that they represent independent and sovereign states. The United States has refused to recognize the Communist-dominated Democratic Peoples Republic of Korea, recognizing instead the Republic of Korea, which was established under the auspices of the United Nations. The United States has also refused to recognize the Communist-inspired regime of Ho Chi Minh, which is fighting for control in French Indo-China, but it has recently recognized the three states of Laos, Cambodia, and Viet-Nam, which were created under French tutelage as self-governing members of the French Union.

Some sectors of American public opinion now demand that the United States break relations completely with the Soviet Union and its satellites as a mark of disapproval of communism and all its works. Such an action would, in effect, be a repetition of that pursued by the United States in respect to Russia from the end of the First World War until 1933. During that time, the continuing policy of not recognizing the Soviet Union was based on two grounds: (1) The Soviet regime was not in power by reason of the will or consent of the majority of the Russian people but represented only a minority that, by means of ruthless oppression, remained in control; and (2) the Soviet regime was "based upon the negation of every principle of honor and good faith and every usage and convention underlying the whole structure of international law; the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or individuals."

At the present time the United States pursues a policy in respect to Latin American nations in which diplomatic recognition does not imply approval of a government or of its policies. This was not always the case, for in the past the United States often refused to recognize a Latin American regime that had attained power by force and in de-

fiance of local laws and constitutions. President Wilson's application of this form of the doctrine produced the imbroglio with Mexico in 1913. Many jurists and statesmen contended, however, that to make recognition conditional upon approval of a new government or its methods constitutes an act of intervention, and starting in 1933, United States recognition policy in Latin America began to shift. This country accepted the principle formulated at the Montevideo Conference that "no state has the right to intervene in the internal or external affairs of another." This shift became complete when the United States accepted Resolution 35 of the Inter-American Conference at Bogotá in 1948. That resolution stated that "the establishment or maintenance of diplomatic relations with a government does not imply an opinion on the domestic policy of that government."

In line with this policy, the United States has recently recognized several new governments in Latin America, which came into power by *coups d'état,* even though, in some instances, notably in Venezuela and Panama, authoritarian regimes have supplanted democratic and popularly elected ones. In some of these instances, however, the United States has emphasized that it did not find the matter coming under Resolution 32 of the Bogotá Conference, by which outside intervention or other interference to bring about internal changes in an American state was condemned. It should be noted that although there is an established procedure for consultation among the American states prior to the recognition of a new government in any one of them, such consultation does not bind each state to follow a course of action preferred by a majority. It should be further noted that the recognition of a new government by some American states but not by others does not interfere with the continued representation of that new government in the Council of the Organization of American States.[3]

A recognition policy similar to that in Latin America is now being advocated in the case of Spain. Many of the other American republics, along with the United States, are currently proposing the repeal of the United Nations General Assembly resolution of 1946, which recommended that members of the United Nations withdraw their chiefs of missions from Spain as a mark of their disapproval of the Franco regime. Not only did the political pressure contemplated by the United Nations resolution fail to bring about the desired result—the downfall of Franco —but also the United Nations action was represented in Spain as an unwarranted interference in Spanish internal affairs. This was publicly admitted by Secretary of State Acheson in January 1950, when he called for a reversal of the United Nations action. Such a reversal is certain to be vigorously opposed in the General Assembly by Communist-

[3] See "Political Stability," pp. 324-28 below.

dominated states. It may also be resisted by many of the socialist governments in Western Europe that are now allied with the United States in the North Atlantic Treaty.

The experience of the United Nations in the Spanish situation has brought forward once again the whole question of whether diplomatic sanctions are effective means to coerce a recalcitrant nation into following an accepted pattern of international or national behavior. The United States is currently a party to not only one but two international instruments—the United Nations Charter and the Rio Treaty—that contemplate the use of diplomatic sanctions in this way. The provisions of these treaties must be taken into account in any re-examination of the position of the United States in respect to its doctrine of recognition. Under both treaties it is conceivable that collective diplomatic sanctions could be applied against a new government that came into power in any country if, through the procedures established by the two treaties, the government was deemed, by the very fact of its existence and for no other reason, to be a threat to international peace and security.[4] Under the United Nations Charter, however, the United States could not be bound, because of its veto power in the Security Council, against its will to apply such sanctions and thus, in effect, to withhold or withdraw recognition from a government. But under the Rio Treaty, the United States can be *bound* by a two-thirds vote of the parties to the treaty to take such action even though it is opposed to it.

The United States has had little opportunity to test the collective use of diplomatic sanctions, but it has had experience in the use of diplomatic sanctions by an individual nation. The refusal of the United States to recognize the Communist regime in Russia between 1917 and 1933 did not lead to the overthrow or collapse of the Soviet Government. Nor was the prestige of the United States sufficient to keep other nations from resuming normal relations with the Soviet Union.

The Stimson Doctrine of 1932, which refused recognition to a government forcibly imposed by a foreign power, provided another set of experiences. The next decade of American refusals and warnings not to recognize territorial conquests did not check the expansionist policies of Japan in the Far East, Italy in Africa, Germany in central Europe, or the Soviet Union in eastern Europe. On the other hand, after the war started in Europe in 1939, the American practice of continuing to accord diplomatic recognition to governments-in-exile was undoubtedly of great moral and political value in maintaining the spirit and hopes of conquered peoples. The value was even greater after the United States

[4] The obligations under the North Atlantic Treaty would not apply in such a hypothetical situation because they do not become operative until an armed attack occurs.

became involved in the war in 1941, for the governments-in-exile proved useful in fostering and aiding resistance movements, and in many cases they were essential to the rapid restoration of normal political and economic life after liberation. The basic elements of the Stimson Doctrine were reaffirmed by President Truman in October 1945: "We shall refuse to recognize any goverment imposed upon any nation by the force of any foreign power. In some cases it may be impossible to prevent the forceful imposition of such a government. But the United States will not recognize any such government." Since there has been no official indication that this policy has been changed, the current situation in China poses the question whether the Stimson Doctrine should be applied when American economic aid under the Truman Doctrine has proved ineffective. That is to say, when American aid fails and free peoples *are* subjugated, as many argue has been the case in China, does the situation fall automatically under the Stimson Doctrine of recognition? Thus, consideration of the general political problem of recognition is brought back to the specific problem of Chinese recognition.

The general problem currently appears to have four principal issues, with several subsidiary ones. The central principal issue is that of determining the fundamental basis for a United States recognition policy.

One alternative would be for the United States not even to consider recognizing a government unless the form and policies of that government generally meet with American approval. This alternative raises, in turn, the subsidiary issue of what form of government and what policies would meet with the approval of the United States. One position that could be taken would be to require a republican form of government, with adequate guarantees of human rights and freedoms to the individual. Another position that could be taken is that the exact form of government does not matter as long as it is freely chosen by the people it governs. A third position would be to deny recognition to all Communist-dominated governments on the ground that peaceful coexistence with such governments is out of the question.

A second alternative would be to follow the traditional American doctrine, based on the right of each nation to govern itself as it sees fit. A subsidiary issue raised by this alternative is, Under what conditions should the United States recognize a government? Any one or a combination of several tests provides alternatives under this subsidiary issue. Obviously, one test would be whether sufficient United States political, economic, or cultural interests are involved to warrant entering into and maintaining diplomatic relations with the state in question. Another would be to determine whether the government actually controls the territory and people it claims to represent. Another would be to determine whether the government can live up to its international obligations.

Closely related to the central issue is the question of whether the

United States should, as a general policy, continue the use of diplomatic sanctions as a form of political pressure against another nation. There appear to be three alternatives under this issue. One would be for the United States to abandon altogether the use of diplomatic sanctions unless they are a prelude to, or a concomitant of, the application of more stringent measures, such as economic sanctions or armed force. This alternative implies that diplomatic sanctions are by themselves not only an ineffective means of coercion but also a form of intervention. The second alternative would be for the United States not to use diplomatic sanctions unilaterally but to support their collective application on the grounds that a diplomatic quarantine by the community of nations has great moral and political value. The third alternative would be for the United States to use diplomatic sanctions both individually and in concert with other nations, as it has done.

The next two principal issues are inextricably linked. The first is the degree to which the United States should bind itself by consultation with other interested governments to follow a particular recognition policy in respect to a particular state. One alternative of course would be for the United States not to consult at all. This would, however, be an unrealistic course in view of the current position of the United States in the world and of its existing international commitments. A second alternative is for the United States to consult with other governments, but not to bind itself to an agreed course of action that is not acceptable to it. The third alternative would be for the United States not only to consult but also to accept a decision of some specified majority.

The final principal issue is the extent to which the recognition policy of the United States should be interrelated with its policy regarding membership in various international organizations of which the United States is a member. One alternative is to keep the two policies completely separated and thus to retain the maximum freedom of action for the United States under both policies. If the United States should extend diplomatic recognition to a government, it would not under this alternative be committed to supporting the applications of that government for membership in various international organizations. And conversely, if the United States did not recognize a government, it would not be committed to opposing the membership applications of that government. The second alternative is to tie the two policies together. Under this alternative, the diplomatic recognition of a government by the United States would imply that it was of the opinion that the government in question should be accepted as a member of the community of nations and thus be eligible for membership in international organizations. And conversely, if the United States refused to recognize a government, it would oppose the admission of that government into an international organization of which the United States was a member.

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THE EFFECTIVENESS OF ECONOMIC MEANS IN COUNTERING COMMUNISM

It is the view of the Government of the United States that the Soviet Union and the international Communist movement have selected the United States as "the principal target of their attack." Secretary of State Acheson has declared, moreover, that "the Soviet authorities would use, and gladly use, any means at their command to weaken and to

harm us." One of the principal methods used by the Soviet Union for this purpose has been to try to pick off, one by one, the individual members of the free community of nations, particularly those whose political and economic instabilities make them especially vulnerable to the Communist tactics of infiltration, subversion, and seizure. These efforts, if successful, produce a variety of interim results favorable to the Soviet Union, but the major long-term result would be to alter the distribution of power between the Soviet Union and the United States in favor of the former. The ultimately disastrous consequences of such a change have, in the American view, justified the United States determination to assist in countering communism in unstable and disorganized countries throughout the world.

Since the declaration of the Truman Doctrine in March 1947, it has been the policy of the United States to rely heavily on economic means for this purpose. This method has, in some cases, also served to contain Soviet territorial ambitions. In doing so, the United States has acted on the principle of the right of both individual and collective self-defense, just as it did prior to American entry into the Second World War, when under the Lend-Lease Act, the United States supplied economic aid to nations whose defense was deemed "vital to the defense of the United States." The principle has been extended in recent years to include American aid to such regional groupings of nations as are organized on the basis of self-help and mutual aid to defend themselves against Soviet threats—all this short of an armed attack.

American economic aid has been used in two ways: first, to provide the weapons, military supplies, and other equipment needed to combat Communist-led insurrectionary movements or threatened thrusts of Soviet imperialism; and second, to assist in the restoration and reconstruction of national economies by furnishing commodities, raw materials, machinery, and equipment. In some cases, notably those of Greece and Turkey, the two forms of assistance were initially combined in one program. In other cases in Western Europe, for example, United States assistance for economic recovery constituted the primary program, to which a program of military assistance was added two years later.

Three years of experience with the use of economic aid have raised some general questions about its feasibility for the intended purpose. It has obviously been relatively more costly for the United States to provide such aid in order to restore and maintain stability and security in Western Europe, the Middle East, and the Far East, than it has been for the Soviet Union to foster instability and insecurity by Communist subversive tactics and bellicose diplomatic threats. A growing realization of this fact has led many Americans to argue that the United States, in view of the limits to even its great power and resources, can-

not rely primarily or indefinitely on economic means to conduct a cold war. At the same time, however, it is realized that the over-all demand for American aid may actually be increased by the development of unfavorable situations, as in southeast Asia.

The problem is to review the experience in using economic means to counteract communism in politically unstable and economically disorganized regions and to examine the other means that the United States might use for the same purpose.

The economic aid programs that have been undertaken by the United States during the past three years have met with varying success. By reason of the nature of the situation they were designed to meet, these programs have been primarily developed in areas on the periphery of the Soviet orbit.

There appears to be no doubt that United States aid has been a major factor in the economic recovery of Western Europe, and that without such recovery the region would have remained susceptible to Communist exploitation. This is true especially in France and Italy, where, as economic recovery has progressed, the strength of communism has measurably waned. But American contributions to the European Recovery Program are scheduled to end in 1952, and no one can foresee with assurance whether the economies of Western Europe will then be strong enough to maintain the level of recovery that has been achieved. United States economic aid under the European Recovery Program was not enough in itself to give the peoples of Western Europe that sense of security and confidence that they needed in order to withstand the threat of Soviet communism. The United States in 1949 consequently entered into the political and military commitments of the North Atlantic Treaty by agreeing to aid in the defense of Western Europe against an armed attack. The United States also agreed to provide assistance in order to rebuild the military strength of the Western European nations to the point where a direct aggression against them would be a risky undertaking. The number of years the United States may have to continue the military assistance program is not yet definitely known. Some observers believe it will be a relatively long period.

In the eastern Mediterranean, American aid to Turkey has undoubtedly been a major factor in increasing the ability of that nation to resist Soviet aggression and thus to deter Soviet ambitions in the Turkish Straits. Aid to Greece also undoubtedly saved that nation from succumbing to the Communists, although the defection in 1948 of Yugoslavia from the Soviet orbit may also have been a powerful factor. With the Greek civil war ended, however, the United States found it neces-

sary to threaten to discontinue its aid unless the Greek Government took basic steps toward the real economic reconstruction needed to prevent a resurgence of communism. At the same time, both Turkey and Greece have been contending, by implication, that American economic aid has not been enough to check the Communist threat. Both have been advocating a politico-military arrangement for the eastern Mediterranean similar to that in the North Atlantic area.

By way of contrast with the situation in Western Europe and the eastern Mediterranean, United States aid to counter communism in the Far East has not been marked by success. In spite of assistance, the Nationalist regime in China was decisively defeated by the Communists in a long civil war. There are, of course, many Americans who maintain that United States aid was too little and too late, and that with proper amounts of aid given at the right time, this defeat could have been prevented. But the official attitude of the United States Government has been that no amount of economic aid could have saved the National Government because the Chinese people had lost confidence in Chiang-Kai-shek and with it their will to resist the Communists. It is moreover asserted that only direct American military intervention in the civil war could have saved the situation.

An internal situation, not unlike that which existed in China, has now developed in French Indo-China. The United States decided in May 1950 to extend economic aid to the country in order to help France and the new states of Laos, Cambodia, and Viet-Nam suppress a Communist insurrection led by Ho Chi Minh. Many observers also fear a similar situation in the Philippines, where the large amounts of American aid given since the Second World War have not yet produced political and economic stability nor successfully put down the Communist-supported Hukbalahap rebellion. And in Korea, where an armed attack from the outside was recently launched, United States economic and military assistance had not created a capacity to withstand the initial assault.

Because American economic aid was not an entirely successful instrument for countering communism, the formula of the Truman Doctrine by which it was granted was officially modified in the past year. Economic assistance will now be given only when it is "the missing component in a problem which might otherwise be solved." Unless it appears that there is a reasonable expectation that economic aid will be of direct use in checking communism in a given country, it will not be given. Even with this modification, the demands confronting United States policy are enormous. In the Far East alone, for example, Communist China poses a threat to a vast arc of nations in Asia beginning with Japan and Korea in the northeast and swinging southward and westward to Pakistan and Afganistan.

The mixed record to date of success and failure raises the issue of whether, even under the modified Truman Doctrine and its corollary policies, aid for countering communism should be given wherever there is a Communist threat, or whether it should be reserved for nations whose strategic locations are absolutely vital to the defense of the United States. Hitherto, under the general theory of containing Soviet communism, it has been generally assumed that American aid would be given everywhere. If it is to be given only to selected strategic areas, which areas should be selected? For example, if a choice must be made between Western Europe and southeast Asia, by what yardstick is their comparative importance to the defense of the United States to be measured? Are there key points within these areas that should be selected to the exclusion of others? If so, what are they? Is the defense of Great Britain, for example, more important than the defense of Western Germany? And if it should come to pass, as it did in China, that more than economic aid is necessary in such strategic areas, what other means are available to the United States? In fact, whether the policy is a universal countering of communism or resistance to communism in selected areas, there is still the question of what means other than economic aid can and should be used.

A wide variety of means other than economic aid are available to the United States for carrying out this policy in situations where external armed aggression has not taken place. They range from propaganda and psychological warfare to the direct use of military means. It must be borne in mind that, even in the absence of external aggression, the use of American armed forces may in the end be the only alternative that will be effective.

A greater use of psychological weapons is being strongly supported by those who believe that the battle with communism begins in men's minds. These means have the advantage of being much less costly than direct economic aid. On the other hand, it is argued, they are not effective in areas where the rate of literacy is low or where the standard of living is such that media of mass communication—radio receivers, newspapers, and motion pictures—are not widely available.

There are also political means that can be used. These include diplomatic sanctions, commitments on the use of armed force or the provision of military assistance, and intervention. The advantages and disadvantages of using diplomatic recognition as a weapon against communism are discussed elsewhere in this chapter.[5] Commitments, involving a threat to use armed force, are of several kinds. Some are less

[5] See "The Doctrine of Recognition," pp. 81-89 above.

expensive than direct economic aid *provided it is never necessary to carry them out.* It is argued, however, that the political effectiveness of such commitments, especially when a potential aggressor like the Soviet Union is involved, depends on a military force in being. The cost of maintaining such forces is no less in the long run than the short-term cost of direct economic aid. Political intervention, if undertaken by the United States alone, would be contrary to the United Nations Charter and to other international obligations that the United States has undertaken. Collective intervention is possible under several existing international arrangements, but unless it is accompanied by a show of armed force, it is arguable whether it will be successful.

There are several forms of economic action other than direct aid that can be used. For example, the United States could employ economic sanctions to counter communism, provided that the actions were supported by the other free nations. In Europe, however, this would mean a complete cessation of East-West trade, and the United States would probably have to assume the economic burdens that this would impose on the Western European economy. Another type of economic action is embodied in the Point IV Program of providing technical assistance to underdeveloped areas. Help in improving economic and social conditions in such areas, so it is argued, will work to eliminate the hunger, misery, and despair that provide a political climate for communism. A program of technical assistance has the advantage of costing less than a program of direct economic aid. But whether any significant economic improvement could be achieved without the investment of capital on a large scale is questionable.

Technical military assistance, involving the dispatch of American missions to foreign nations or the training of foreign nations in the United States, also has the advantage of costing less than military assistance in the form of weapons and other military equipment. But even a well-trained and disciplined national army cannot, without modern weapons, resist long against a well-armed Communist minority. Nor can technical military assistance ever adequately replace American command of, and responsibility for, military operations that ultimately may affect vitally the security of the United States. This last especially is argued by some who believe that American direction and control of the Chinese Nationalist armies would have prevented the debacle that occurred.

The choice of the means that should be used in countering communism in unstable and disorganized areas is clearly a general political decision of the greatest importance for United States foreign policy. It is also evident that the determination of whether economic aid alone will be successful in general or in a particular situation cannot be made without an evaluation of the possible effectiveness of the other means

available. Nor can that determination be made by the United States alone, for the very nature of the problem and its world-wide scope involve at one stage or another practically every one of the free nations.

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Chapter VII

The Economic Problem Field

THREE elements enter into any fruitful consideration of the major problems of foreign economic policy of 1950-51: first, a review of the progress already made toward basic objectives; second, an examination of the impediments that have limited that progress and introduced inconsistencies into over-all policy; and third, an identification of the new circumstances that have to be taken into account and of the still unresolved conflicts between different aspects of economic policy. By the middle of 1950, the foreign economic policies of the United States were being subjected to comprehensive re-examination. Although one of the most pressing objectives, that of restoring the productive capacity of Western Europe, was being achieved, international trade in most of the world remained subject to the quantitative restrictions and exchange controls that it was a general objective of United States policy to reduce. The network of multilateral trade that was essential to this reduction had not been restored. The United States consequently was continuing by transactions with other countries to build up claims that could not be met by the existing mechanisms of international financial settlement, and a large part of its export trade continued to be financed by gifts and grants. Under these circumstances, the review of foreign economic policy became increasingly concerned with the problem of balancing the international accounts of the United States.

The international economic and political situation added to the difficulty of solving this central problem. Large segments of international relations had, for two years, been conducted in a cold war. Political disorders in the Far East hindered the renewal of production in that part of the world. It was impossible, both economically and politically, for the Far East to resume the important part it had played in a world system of multilateral trade.[1] Many other links in the multilateral system were still missing, and the necessary adjustments in production, price relationships, investment, and marketing that were needed to forge these links were as yet only partially made.

The magnitude of the balance of payments problem is indicated by the following table:

[1] See Chap. 15, "The Asiatic Problem Area."

	1942-45 (Average)	*1946*	*1947*	*1948*	*1949*
	(In millions of dollars)				
Export of U. S. goods and services	16,566	14,146	18,667	15,528	14,586
Imports of foreign goods and services	7,805	6,951	8,236	10,190	9,535
Balance	8,761	7,195	10,431	5,338	5,051
Investment Income (net)	377	604	847	972	1,032
Total to be settled	9,138	7,799	11,278	6,310	6,083

The net claims on foreign countries shown in this table have been met by a series of foreign aid programs, by public and private credits, by drawing on the gold and dollar assets of foreign countries, and by gold purchases on the part of the United States Government. The choice and use of these various methods of settlement have been conditioned not only by such basic factors as the waste and destruction of war, the limitations of available resources and man power, and the vagaries of nature, but by the political, social, and economic aspirations and intentions of the governments concerned. The large question is whether the methods adopted to obtain a balance will be likely to lead to a large volume of transactions, or whether, in order to balance the accounts, restrictionist methods will be accepted.

The over-all objective of American foreign economic policy is to achieve this balance with as large a volume of transactions as possible. Policy has consequently sought to expand trade by reducing trade barriers and by eliminating discriminatory practices. It has also sought to reestablish a maximum degree of exchange stability, to return as soon as possible to freely convertible currencies, and to revive the processes of international lending. It has emphasized that trade and investment should be returned to private hands. These precise objectives of commercial and financial policy have from the beginning of the Second World War been implicit in the pattern of American economic policy and have colored many aspects of the policy of foreign economic assistance.

The foreign economic policy of the United States has gained continuity from the steady pursuit of these objectives. At every stage, however, it has been necessary to take account of other policy objectives, to reconcile the competing claims of various domestic interests, and to accept necessary modifications in order to meet changing circumstances and the often conflicting needs, policies, and attitudes of its principal trading partners. This is the soil in which the main problems of foreign economic policy have developed from year to year and in which the current problems are rooted.

SITUATION BEFORE AND DURING THE WAR

The structure of the trading and investment system of the nineteenth century was badly shaken during the First World War. For the next decade a sustained effort was made to restore some of its characteristic features. In the field of finance, the effort was directed to recreating a system of stable, freely convertible currencies linked together by the international gold standard, and to reviving private foreign investments. In the field of trade it was directed toward the stabilization of tariff rates and their progressive reduction, the rehabilitation of the most-favored-nation clause, and the elimination of prohibitions and quotas. The depression of 1929 brought new factors into the picture and significantly modified policies and attitudes.

Hardly had the international gold standard been re-established than it began to disintegrate. After the pound sterling had been detached from gold in 1931, it was followed by other currencies that were in more or less stable relation with it. There was thus formed a monetary group known as the "sterling bloc." It included countries that had for many years kept their bank reserves in London and a few other countries with close economic ties with Great Britain. In 1933 and 1934 the United States further disturbed international exchange rates, first by going off the gold standard itself, and then by returning to it in a way that created severe deflationary pressures in European countries. It became fashionable to attribute unemployment to the deflationary forces to which a country was compelled to submit when it was rigidly tied by fixed international exchange rates. Governments sought to free their internal economic and social policies from the restrictions imposed by having regard to the stability of the exchanges, even if this meant indifference to the international consequences of domestic policies. Some countries questioned the desirability of a freely convertible currency and favored national systems of exchange control as instruments of policy.

The prospect of unstable exchange rates and inconvertible currencies, combined with political instability, caused large movements of "hot money" and flights of capital that further disrupted the exchange markets and made the spread of exchange control inevitable. These abnormal capital movements confused the regular processes of international investment, which were already disturbed by the wave of defaults that followed reckless foreign lending.

After the failure of the London Economic Conference in 1933, regionalism, discrimination, and bilateralism became the order of the day. In many countries economic nationalism and self-sufficiency became the accepted objectives of trade policy. Under German and Italian

leadership, or in retaliation, these objectives were increasingly pursued through new administrative techniques of clearing, payments, and compensation agreements; through the use of quotas as bargaining instruments; and through the manipulation of exchange rates.

The recovery of the mid-1930's led to a flicker of hope that a more rational economic system might be re-created. This was encouraged by a change in United States commercial policy, symbolized by the passage of the Reciprocal Trade Agreements Act of 1934. Twenty-one agreements were negotiated under this act before the Second World War. The United States thus undertook to counteract a world trend toward trade restrictions. The leadership that was then assumed has been continued. From the beginning, however, this leadership was exercised under two substantial handicaps. In the first place, the Trade Agreements Act was not permanent legislation, and the executive procedures that were developed under it were attacked whenever the act came up for renewal. In the second place, the policy of supporting domestic agricultural prices was formally established. As a result, tariff reductions on agricultural products were difficult to negotiate, and in addition, import quotas, subsidies, and surplus-disposal programs were used as the adjuncts of domestic agricultural policy.

Policies were also being developed in the field of shipping, to assure that a greater portion of American commerce would be carried in American vessels. This had been the aim of the merchant marine acts of 1920 and 1928. Security considerations, and in particular the desire to preserve a minimum continuous flow of work through American shipyards to preserve shipbuilding skills against a future emergency, greatly influenced this legislation. Moreover, during the depression, ship construction in the United States had virtually ceased. In 1936 therefore a new merchant marine act was passed that included subsidies both for the construction and operation of ships. These were intended to absorb within certain limits the differences between American and foreign costs.

The successful pursuit of a liberal commercial policy by the United States therefore ran into restrictive practices already created by domestic policies. Although the contradictions and conflicts inherent in this situation appeared before the Second World War, they have carried over and still impede the achievement of the objectives of postwar economic policy. Finally, the financial policies of foreign governments further impeded the success of a liberal commercial policy. Of these impediments, a critical attitude toward fixed exchange rates and free convertibility was the most significant. Although an attempt was made in the late 1930's to attack monetary and financial problems, the trend toward exchange control was so generally developed that it could not be easily reversed. With the outbreak of war, a regime of generalized ex-

change controls appeared. It was made up of four distinct monetary groups—the United States dollar, the British pound, the German mark, and the Japanese yen.

During the war the United States continued to express a strong interest in a postwar return to liberal trading principles. These were proclaimed in the Havana Resolution of 1940, in the Atlantic Charter of August 1941, and in the Declaration by United Nations of 1942. The trade agreements program was also expanded. It was, however, through agreements with countries receiving lend-lease assistance for the prosecution of the war that the real foundations were laid for a new and effective multilateral approach to commercial policy problems.

Beginning with the period of its neutrality, the United States extended aid to the whole allied world. Well remembering the disturbing effects of the war debts left by the First World War, it wished this time to avoid as far as possible the creation of comparable debts as a result of its assistance. Aid was therefore given on a lend-lease basis, and in February 1942 a mutual aid agreement to govern the granting of it was negotiated with Great Britain under the Lend-Lease Act. This became the prototype of similar agreements with the other countries. Article VII of these agreements provided that in the final settlement:

> . . . the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous relations between them and the betterment of world-wide economic relations. To that end they shall include provisions for agreed action [by the United States and the United Kingdom] open to participation of all other countries of like mind, directed to the expansion by appropriate international and domestic measures, of production, employment and the exchange and consumption of goods . . . to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers. . . .

By the end of the war, the policy commitments of the mutual aid agreements were already bearing fruit. In the spring of 1943 a conference on food and agriculture, which led to the establishment of the Food and Agriculture Organization (FAO), was held under the aegis of Article VII. In the autumn of the same year, American and British representatives met to determine the means of attaining the broad commercial policy objectives of Article VII. The first step toward achieving the closely related financial policy objectives was taken at the Bretton Woods Conference of July 1944, where the Articles of Agreement of the International Monetary Fund and of the International Bank for Reconstruction and Development were drafted.

It was recognized that a period of transition was inevitable, and one feature of that transition was of particular importance for postwar policy. At the outbreak of the war Great Britain had established a sys-

tem of exchange control that formalized the relations of the members of the sterling bloc, and Great Britain became the holder of a central pool of dollars on behalf of the whole group, which was then called the "sterling area." During the war, countries of the sterling area, as well as some other countries, built up huge sterling balances in London, which were in the nature of quasi-compulsory loans to finance the British war effort.

As the war against Germany drew to a close, important courses of action were developed to ease the immediate shock of transition to peacetime conditions. The United Nations Relief and Rehabilitation Administration (UNRRA) was established, beginning its period of active operation in 1945. The support thus given to the civilian populations of liberated countries was supplemented by a large-scale distribution of civilian supplies by the United States armed forces. A tentative agreement was reached in 1944 with the British concerning a readjustment of mutual aid during the period between the end of the war in Germany and the end of the war against Japan. It was expected that this period might last eighteen months, and the time was to be used to modify lend-lease arrangements in a way that would give Great Britain reasonable opportunities to restore nonmilitary production and recover its export trade.

In March 1945 the inter-American system was reorganized at the Mexico City Conference, and on June 26, 1945 the Charter of the United Nations was signed at San Francisco. These two instruments greatly broadened the area in which the United States committed itself to a multilateral consideration of international economic problems. In July 1945 just before V-J Day further specific steps were taken to complete the wartime preparations for the implementation of a postwar economic policy. The Export-Import Bank was for the first time made a permanent independent agency of the Government, and its lending powers were increased to 3½ billion dollars. The Bretton Woods Agreement Act was passed, and the United States adhered to the fund and the bank. In addition, the National Advisory Council on International Monetary and Financial Problems (NAC) was set up to co-ordinate the lending and foreign exchange policies of the Government.

POSTWAR SITUATION—FIRST PHASE

Although the economic costs of war did not cease at the moment of victory, the Congress had been repeatedly assured that lend-lease would not continue into the postwar period. Accordingly, the President felt compelled to proclaim on August 21, 1945 that it would cease immediately. The shock of this sudden termination imposed a great strain on European countries and particularly on Great Britain, for the plan

to taper off lend-lease had to be abandoned. For some countries the strain was eased by the United States contribution to UNRRA, which rose from 589 million dollars in 1945 to 1,589 millions in 1946. Early in 1946, however, the administration of UNRRA in Eastern Europe came under fire, and in December President Truman informed the Congress that with the completion of the first half of the 1947 program, future relief would be given unilaterally by the United States and other assisting countries. The strain of transition was also eased by the distribution of civilian supplies by the armed forces (871 million dollars in 1945 and 539 millions in 1946) and by credits extended in connection with the settlement of lend-lease accounts.

The first and most important of these settlements was incorporated into the Anglo-American Financial Agreement of 1945. As part of this agreement, a loan of 3,750 million dollars was granted to Great Britain. This was regarded as a special case by NAC, and similar loans were not linked with other lend-lease settlements. It was expected that all further aid for international reconstruction would be through the Export-Import Bank and the International Bank.

The Anglo-American Financial Agreement provided for more than a loan and a settlement of lend-lease and surplus property accounts. It also obligated Great Britain to begin the dissolution of the sterling area by abandoning the dollar pooling system, to make arrangements for the gradual release of wartime sterling balances, to avoid discrimination in the application of quotas, and to make sterling convertible for current transactions. In addition, Great Britain gave its full approval to the main points of a document—largely American drafted—entitled "Proposals for the Expansion of World Trade and Employment." These proposals were designed by the United States to give effect to the commercial policy objectives of Article VII of the mutual aid agreements.

In October and November 1946 the Preparatory Committee for the World Conference on Trade and Employment, established by the Economic and Social Council of the United Nations, began drafting the charter for the International Trade Organization (ITO) on the general lines of these proposals. Its sixteen members were invited by the United States to enter into multilateral tariff negotiations at the second session of the committee, which began in April 1947 to complete the drafting of the charter.

While the United States in co-operation with other countries was devising these new methods of advancing its long-term economic objectives, the true nature and extent of the economic dislocations of the war were only gradually being realized. The International Bank had begun to make loans for reconstruction, the fund was making substantial amounts of foreign exchange available to its members, and Great

Britain was not drawing excessively on its loan. The assumption was made that no further special assistance would be needed to assure a successful transition to a peacetime economy. This proved to be over-optimistic. The winter of 1946-47 was extraordinarily severe in Europe, and the essential economic weakness of many European countries was for the first time clearly disclosed. Many of them began to experience serious difficulties with their recovery programs. Great Britain was compelled to reduce its foreign political commitments and to announce in February 1947 the cessation of its assistance to Greece. Political considerations consequently cut into economic policy, and in March President Truman made the statement on aid to Greece and Turkey that pledged the United States to assist countries threatened by totalitarian aggression. By the spring of 1947 it had become clear that a reappraisal of the whole foreign aid program was required, and in June Secretary Marshall proposed a new basis for future assistance to Europe. The key was European co-operation in a joint recovery effort.

POSTWAR SITUATION—SECOND PHASE— SPRING 1947 TO SPRING 1948

Plans for such an effort were drawn up by the Committee of European Economic Cooperation (CEEC), which was formed in response to the Marshall proposals. The Soviet Union, however, refused to participate or to allow its satellites to participate. Aid did not begin to flow to Europe under this recovery program until April 1948, but meanwhile assistance continued to be furnished through other channels. The United States contribution to the final UNRRA operations in the first half of 1947 amounted to 543 million dollars, and this was followed by post-UNRRA aid amounting to 218 millions. The distribution of civilian supplies by the armed forces in 1947 amounted to 980 million dollars. Interim aid was extended to France, Italy, and Austria in the amount of 546 millions to tide these countries over until March 1948. The total of this assistance was 2,287 million dollars, a figure that represented only a fraction of the deficit of 22,400 millions that the CEEC report estimated for the participating countries at the end of a four-year joint recovery effort.

While the CEEC report was being prepared, new problems of currency convertibility arose in Europe. The assumptions on which the British had undertaken to make sterling convertible proved to be wrong. British industrial recovery was insufficient. The bilateral agreements made by Great Britain could not be administered in a way that would distinguish between sterling deposits arising from present and from past transactions, or that would adequately control capital movements. Great Britain was, therefore, compelled to suspend the converti-

bility of sterling in August 1947. Later, in October 1947, a subcommittee of CEEC reached the conclusion that the system of bilateral payments used in intra-European trade could no longer finance expansion or even maintain the levels already attained. A program was therefore developed for restoring the interconvertibility of European currencies by stages. As a first step an agreement on multilateral monetary compensation was negotiated in November 1947, but this was subject to so many technical limitations that it had very little practical effect.

In December 1947 the President presented to the Congress a European Recovery Program (ERP). After extensive debate the omnibus Foreign Assistance Act of 1948 was passed. Title I, known as the Economic Cooperation Act, governed aid to Europe and established the Economic Cooperation Administration (ECA). The other titles governed grants to the Children's Fund of the United Nations and aid to Greece, Turkey, and China.

The objectives defined in the Economic Cooperation Act were both political and economic. They were to restore and maintain "principles of individual liberty, free institutions and genuine independence," which, it was recognized, depended "largely upon the establishment of sound economic conditions, stable international relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance." It was the judgment of the Congress that concerted European efforts were necessary to achieve these objectives. Each participating country, in addition to adhering to a multilateral convention to guarantee the joint action of the recovery effort, was required to conclude a bilateral agreement with the United States in which certain undertakings were entered into. Among these were undertakings to increase domestic production, to restore monetary stability, and to co-operate in reducing trade barriers. In addition, the agreements contained pledges to make effective use of all resources, to help the United States in its stockpiling program, and to establish local currency accounts equivalent to the aid received as grants and to use these funds as grants for purposes agreed with the United States authorities.

While the debate in Congress was proceeding, the governments of sixteen participating countries and the commanders of the Western zones of Germany signed a convention for European Economic Cooperation containing the required multilateral pledges. In addition, they established the Organization for European Economic Cooperation (OEEC) to carry them out.

The passage of the Foreign Assistance Act of 1948 coincided almost exactly with the signature of the Charter of the International Trade Organization (ITO) at Havana, by the representatives of fifty-three countries. Three months earlier, nine countries, including the United States, had put into provisional effect the General Agreement on Tariffs and

Trade (GATT), which had been signed in Geneva on October 30, 1947. This agreement contained schedules of tariff concessions covering about 45,000 items that accounted for roughly one half of world trade and two thirds of the import trade of the signatory countries. This first major step toward the reduction of trade barriers was linked with the code of international commercial conduct defined in the charter. It was hoped that all the principal trading countries of the world would co-operate under these two instruments to achieve a multilateral, nondiscriminatory world trading system.

The negotiation of both instruments was influenced by the same circumstances that had required a substantial reinterpretation of the foreign exchange and commercial policy commitments of the Anglo-American Financial Agreement and that had led to the European Recovery Program. The major principles and objectives of the charter were, in various ways, written into the principal documents governing the European Recovery Program. Some of the requirements of American agricultural and shipping policy were also specifically reflected in the Economic Cooperation Act, and the influence of American agricultural policy was directly reflected in important parts of the charter.

A new set of relationships between the different segments of American foreign economic policy developed between the spring of 1947 and the spring of 1948. The issues that came to a head in the negotiation of the Havana Charter had appeared in one form or another in all recent phases of that policy. At Havana the United States, striving to assert general principles of multilateralism and nondiscrimination, sought to keep the use of restrictions other than tariffs to a minimum. The American negotiators found it necessary, however, to insist on provisions that would safeguard the subsidies and import quotas required by the domestic agricultural policy. A large group of the so-called underdeveloped countries strongly urged that they be given special rights to introduce new preferential arrangements and import quotas in the interests of economic development. The European countries, in general more accustomed than the United States to governmental controls and to the regulation of foreign trade, insisted that provision should be made for enabling them to deal with their balance-of-payments difficulties. All of them, especially Great Britain, were preoccupied with immediate problems that they did not always clearly distinguish from long-term problems. Many were also concerned with the maintenance of special-preference systems in their imperial and colonial relations. In addition, the attitudes of governments conducting state trading operations had to be reconciled with the American support of free enterprise.

The final text of the Havana Charter therefore contained many escape clauses, reserved rights, and transitional arrangements, and re-

flected the dislocations not only of the Second World War but of a whole generation. Its major commitments, however, covered an extraordinarily wide range. In addition to a general undertaking to consult on all matters of international concern in the area covered by the charter, the members of ITO made significant commitments in respect to employment policies, co-operation for economic development, the negotiation of tariff reductions and the avoidance of restrictive practices, state trading, and procedures of investigation and recommendation.[2]

Parallel to the development of a liberal commercial policy and the negotiation of the trade charter was the United States effort to apply analogous principles in the fields of international commercial shipping and civil aviation.[3] In both cases, there was a clash between protectionist principles and limited free trade principles. In the field of civil aviation the United States was able to take the liberal side. Its young aviation industry had emerged from the war predominant in the construction of long-range aircraft and, for a time at least, in the operation of long-range flights. Its shipping industry, however, enjoyed no such advantages, and the freedom of action of the United States was limited by conflicting policy considerations.

It is the policy of the United States to maintain an adequate merchant marine. The measure of adequacy is generally considered to be sufficient American flag shipping to handle fifty per cent of the sea-borne trade of the United States. The policy is based primarily, however, on the requirements of national defense for the transportation of troops and supplies and the importation of raw materials in a major war. It includes the maintenance of an American shipbuilding industry capable of expanding to meet emergency requirements.

The situation facing American shipping at the end of the war, involving as it did high costs, international competition, and security considerations, called for continuing the policy of protection under which the shipping industry had expanded in the years immediately preceding the war. This policy was not in accord with the more liberal commercial policy pursued by the Government in related fields, and conflict between the two policy lines has resulted. Prior to March 1948, the Maritime Commission had sold eleven hundred ships to foreign purchasers as part of a broad effort to revive world trade. Supporters of the merchant marine policy objected strongly to this action, and though the Secretary of State

[2] See William Adams Brown, Jr., *The United States and the Restoration of World Trade* (1950).

[3] The development of United States policy in these fields and the special problems that arise in consequence of the international and domestic factors involved, were treated in *Major Problems of United States Foreign Policy—1949-1950*, pp. 229-39. They will not be considered here in detail.

urged its continuation, the authority to make such sales was allowed to lapse by the Congress. A later executive proposal to transfer American ships to European ownership, made in connection with the Foreign Assistance Act of 1948, was also rejected, in spite of the fact that it would have contributed directly to an accepted policy of economic aid.

The United States also participated in a conference called by the Economic and Social Council of the United Nations in February 1948 to draw up a constitution for the International Maritime Consultative Organization, one purpose of which would be to encourage the removal of discriminatory measures by governments and of restrictive practice by shipping concerns. But the United States was itself using government-owned ships in private operations, operating them as governmental projects, subsidizing both the construction and operation of privately owned ships, and controlling the allocation of cargoes.

There is certainly a conflict between foreign aid policy, general commercial policy, and shipping policy that cannot be overlooked in an account of the economic problem field. A similar conflict exists in agricultural policy, and even more significant ones can develop between foreign and domestic economic policies generally. It will be interesting to see if a pattern of restrictive policy also develops in the field of civil aviation if that industry begins to lose its present international predominance.

DEVELOPMENTS OF THE LAST TWO YEARS

By March 1950 the European Recovery Program had reached its halfway point. In its first two years, American aid to Western Europe including Germany had amounted to about 10 billion dollars (about 5,800 millions for 1948-49 and 4,200 millions for 1949-50). The record of recovery to which this assistance made an essential contribution was substantial. The total industrial production of the sixteen participating countries was one third higher than it had been at the beginning of the program, and it was well above the prewar level. Agricultural production was nearly at its prewar level, but population had increased by one tenth, and agricultural imports from Eastern Europe had not been revived. The situation in agriculture was therefore still unsatisfactory. Inflationary tendencies, which had been very strong in 1947-48, appeared to have been generally checked. On the other hand, the gap between dollar receipts and expenditures was still so wide that there seemed to be little hope of closing it by 1952 without resort to radical measures. Though this unbalance was reduced from 7.4 billion dollars in 1947 to slightly over 4 billions in 1949-50, the rate of reduction was uneven, and in the second and third quarters of 1949 some of the earlier gains were lost.

These over-all figures conceal the differing positions of individual countries, some of which still had serious fiscal problems and others of

which were already finding it hard to maintain full employment. The figures do, however, indicate that the central problems of ERP were no longer those of rehabilitation, in the sense of restoring production, but of marketing, distribution, and exchange. In view of this change, the competitive position of European industry in dollar markets, the expansion of production that would save or earn dollars, and the expansion of nondollar sources of supply took on a new urgency. Bilateralism in Europe and the persistence of intra-European trade and payments restrictions came to be regarded by the United States as among the major obstacles to the solution of these problems. Increasing pressure was consequently brought to bear on the European countries for removing them.

The question of how far and how rapidly the sixteen participating countries should be asked to move in the direction of an "integrated" European economy had influenced ECA policy from the beginning, even though no precise definition of the concept of integration had been given. In July 1948 the Council of the OEEC had met to consider how the funds provided by ECA should be allocated to the individual participating countries. Although Great Britain strongly favored bilateral negotiations between each country and the United States, the United States equally strongly urged allocation by the OEEC. Agreement was finally reached that each OEEC country, with the advice of the ECA missions, would submit a specific annual program and a four-year program of broad objectives, and that these would be sent to Washington for final approval. At the same time, the OEEC took steps that later resulted in the negotiation of the Intra-European Multilateral Payments and Compensation Agreement.

Under this agreement forecasts were made of the prospective trade surplus and deficits between each pair of OEEC countries. The debtor countries were then given the right to draw on their respective creditors, and the creditors in turn were granted "conditional aid" by the United States equal to these drawings. Both the drawing rights and the conditional aid were in effect gifts. In addition, the limited multilateral compensation features of the earlier agreement of 1947 were retained. These arrangements made possible a slight increase in multilateral payments in Europe.

In the spring of 1948 after hard bargaining the OEEC made its first allocation on the assumption that the payments agreement would make settlements in dollars between the participating countries unnecessary. On October 16, 1948, the day on which the payments agreement was signed, priority was given to a study for consolidating national plans in a single master plan. This proved to be extremely difficult, partly because basic differences of opinion had developed between Great Britain and most of the continental countries. Great Britain urged extreme austerity

and drastic import cuts. The continental countries, led by France and Belgium, insisted that such measures would reduce the productivity of labor, create political and social difficulties, and destroy the tourist trade. They argued that the dollar deficit could be reduced by increased intra-European trade, by a more extensive use of colonial resources, and by a co-ordinated investment program; and that drastic cuts in imports were not required. It became apparent that numerous adjustments in national policy would be necessary to arrive at an over-all plan, and in February 1949 steps were taken to secure the participation of senior ministers in the work of OEEC.

These developments within OEEC illustrated the extreme difficulties of economic integration in Europe on the basis of national plans, especially because these plans showed a strong tendency away from the concept of a regional division of labor and toward national self-sufficiency. These difficulties were accentuated by the special position of Germany in the joint recovery effort. The first OEEC discussions of allocations had for a time deadlocked over the amount to be assigned to the Bizonal Administration, and it was not until April 1949 that the decision was taken to admit Germany as a full member. In view of the concern expressed in Europe at reviving German competition and of the security considerations involved in all major economic decisions about Germany, it is understandable why the role of OEEC has continued to raise special problems.

In the spring of 1949 ECA indicated to the OEEC that it was dissatisfied with the progress made under the payments agreement and that the United States was reluctant to continue financing intra-European trade on a narrow bilateral basis. It proposed that at least 50 per cent of the drawing rights and conditional aid that were not actually used to settle bilateral trade deficits should be transferable from one OEEC country to another, and that some proportion of the transferable drawing rights should be convertible into dollars. The issue of greater convertibility under the payments agreement became extremely acute. A compromise solution was finally reached on June 30, 1949, but only after the United States had dropped its principal demands. The new payments agreement fell short of providing intra-European currency convertibility.

In the meanwhile, many specific problems that required United States decision were being considered. One of these concerned the release of the "counterpart" funds, the equivalent value of commodity assistance that participating countries had deposited in local currency. Another was the negotiations of loan agreements to see that the 1 billion dollars of loans provided under the 1948 act was fully utilized. Another concerned the

principle of "off shore" purchases, particularly those in which ECA dollars were used to finance purchases in Eastern Europe, and elsewhere, of commodities in short supply in the United States. As agricultural surpluses developed in the United States, the scale of such purchases became more and more limited, for the ECA act required that agricultural products which the Secretary of Agriculture declared to be in surplus had to be purchased in the United States. There was strong pressure to require that a large proportion of ECA funds be specifically earmarked for the purchase of such surpluses.

In the autumn of 1949 these specific problems were overshadowed by fresh attempts to eliminate intra-European trade barriers and by the devaluation of sterling and other currencies. In July 1949 the OEEC recommended that each OEEC country should submit to the council a list of the imports on which it was prepared unilaterally to relax import restrictions and another list of imports on which it was prepared to accept reciprocal relaxations. Before these lists were submitted, however, the whole situation was changed by the development of a British foreign exchange crisis.

In September 1949 measures to meet this crisis were discussed in Washington, and a joint Anglo-American-Canadian communiqué was then issued. This communiqué illustrated again the close relationship of the different aspects of United States foreign economic policy. It stated that "the objectives and general course of action agreed upon" had "already been set forth in the United Nations Charter, the Bretton Woods Agreements, and the Havana Charter" and mentioned various specific courses of action that had been considered. Two of these, the simplification of United States customs procedures and the negotiation of further tariff reductions, were in the direct line of established United States commercial policy. Legislation on customs procedures was already in preparation and would have been required in any event by an acceptance of the ITO Charter. In the preceding months a second round of multilateral tariff negotiations had been completed at Annecy, and the concessions granted were to go into effect early in 1950. In the following month the President announced that a third round of tariff negotiations was to be held in September 1950. A third course of action was the negotiation of commodity agreements on certain products important for the British balance of payments. Another United States objective that was adopted as a matter of joint policy was the encouragement of international investment.

Finally, though neither the United States nor Canada agreed to the formal abrogation of the provisions in its financial agreements with Great Britain that required a nondiscriminatory application of import restric-

tions, they did agree that the British shortage of dollars should not in itself force Great Britain to reduce its purchases from areas where payment in dollars was not necessary. They accepted the kind of discrimination that was permitted both by the Articles of Agreement of the International Monetary Fund and by the Havana Charter to countries in balance-of-payments difficulties during a transitional period.

The original postwar position of the United States with respect to discrimination was thus substantially modified, and a still further modification was implicit in the acceptance of measures to relax restrictions among OEEC countries while maintaining them against the United States. One of the important questions emerging is whether or not such discrimination will lead merely to the perpetuation of sterling area arrangements and to a preferential treatment of one another's trade by European countries, or whether it will represent a transitional stage in the process of arriving at multilateralism and currency convertibility. This question arises in various forms in several of the problems discussed below.

A part of the solution of the foreign trade problems of Europe lies in the underdeveloped areas. The course of their economic development will affect their capacity to absorb European goods and to supply products that Europe is now obliged to buy from the dollar area. This is only one of the many ways in which the problem of economic development has affected postwar economic policy. It is one of the main preoccupations of the United Nations, and it is a major concern of the International Bank. It was also a dominant issue in the negotiation of the ITO Charter. Assistance to underdeveloped countries by a program of technical assistance and by stimulating the flow of private American investment was made an objective of United States policy in Point IV of President Truman's Inaugural Address of January 20, 1949. The general issues involved in this objective were discussed in *Major Problems of United States Foreign Policy—1949-1950*. The special investment problems involved are examined below.

By the end of 1949 both OEEC and ECA were pressing forward with specific plans of action for achieving genuine multilateralism in Europe. On October 31 the steering committee of OEEC recommended that participating countries should by December 15 remove half of their quantitative restrictions on goods imported from each other through private trade channels. On the same day the administrator of ECA indicated clearly that the United States would press for drastic action amounting to "nothing less than an integration of the Western European economy." This was followed early in 1950 by the appointment of the Dutch Foreign Minister as political conciliator for OEEC and by the

presentation to OEEC of an American plan for a European Payments Union.

The negotiation of such a payments union proved to be extremely difficult. It involved not only the fundamental problems of European integration, an objective to which both ECA and the Congress had become firmly committed, but also the problems connected with determining the position of the pound sterling in the arrangement.

In the spring of 1950 many of the major foreign economic policies of the United States were in the status of proposals awaiting final action. Action on the Havana Charter was still pending before the Congress. This was true also of the important legislation on customs procedures. The Congress had before it measures for the imposition of import quotas on petroleum and an amendment to the Commodity Credit Corporation appropriation act that would in effect have required the renegotiation of the General Agreement on Tariffs and Trade in order to prohibit any imports that would interfere with domestic agricultural adjustment programs. The legislation providing for a co-ordinated Point IV technical assistance program had been made part of the 1950 omnibus foreign aid bill, but the proposed appropriation of 45 million dollars had been reduced to 35 millions. The General Agreement on Tariffs and Trade was still only provisionally in effect.

In addition, certain new problems were developing. One of these was the need for economic assistance in southeast Asia, made acute by the Communist advance in China and by serious internal difficulties in the newly formed regimes in that area. Another was the possibility of conflict between the economic aims of ECA and the economic requirements of the military assistance program under the Atlantic Pact. There was developing within the United States a conflict of group interests that were affected by foreign economic policy. Within industry there was a cleavage between mass production industries with export markets and the industries that were subject to competition from imports.

Very difficult policy problems had also arisen from discriminatory trade restrictions against United States products imposed on the ground that they were necessary to conserve dollars. An outstanding example was the restriction of "dollar oil" imports by Great Britain. Serious domestic problems were also in prospect as a result of declining exports of agricultural products heretofore financed by ECA dollars.

In one way or another each of these problems was a part of the overall problem of the United States balance of payments. As part of the review of foreign economic policy by the Government, the President in March 1950 asked Mr. Gordon Gray, formerly Secretary of the Army,

to make a comprehensive survey of all the elements that enter into this over-all problem. Such a survey raises the basic issue whether the United States will be able for the first time to develop and put into effect a consciously co-ordinated balance-of-payments program, involving fundamental problems of both commercial and investment policies. The principal features of both these aspects of the main problem are examined in some detail in the two sections that follow.

COMMERCIAL POLICIES AND THE BALANCE OF PAYMENTS

The continuing disequilibrium in the balance of payments of the United States described earlier in this chapter is the most important single economic problem in the postwar world. It will remain unsolved as long as a substantial volume of international trade is directly or indirectly dependent upon large-scale American grants to other countries. Its constructive solution will depend, in part, on the extent to which American imports and the outflow of American capital can be increased enough to sustain a high level of American exports.

During the past two years a decline in American exports has been a more important factor in reducing the abnormal postwar export surplus than an increase in imports and foreign investment. To a considerable extent this has been the result of discriminatory quantitative restrictions. Such restrictions reduce the over-all volume of trade and divert its flow from the most advantageous channels, though they may for a time be so administered that they increase trade between bilateral trading partners or within regional groups of countries. If chief reliance were to be placed on a further drastic curtailment of exports from the United States to solve the American balance-of-payments problem, these restrictions would in all probability have to be continued indefinitely. Such a solution would have many undesirable consequences. The contribution that American resources now make to maintaining standards of living, and to increasing the productive capacity and the general economic strength of many other countries, would be reduced. Many American interests would be injured and serious problems of adjustment within the American economy would be created.

The United States Government holds that a permanent solution is not to be found in measures that contract trade or in the reorganization of the world economy into groups of trading partners with common policies of discrimination against the outside world. It is rather to be found, in the American view, in the adoption of measures that will allow trade to expand and to come into balance, not on a bilateral or a regional basis supported by discriminatory barriers, but on a world-wide basis.

The United States Government has also taken the position that all trading countries, whether debtor or creditor, have a responsibility for reducing obstacles to an expansion of international trade. It has been unwilling to accept the view, often advanced by other countries, that the primary, if not the sole, responsibility rests on the United States. The practical problems of United States commercial policy are therefore concerned with the way in which these responsibilities are to be discharged.

If the obstacles to the trade expansion desired by the United States are to be removed, serious problems of the allocation of resources, of the utilization of man power, and of the investment of capital must arise in almost every country. A substantial beginning has been made in dealing with these problems through United States foreign-aid programs, and the stage has now been set for further progress. Such progress is impeded, however, by the reservations that many other countries hold regarding the stability of the American economy, by the uncertainty whether the necessary flow of American foreign investment will follow when the foreign-aid programs are completed, and by a disposition to believe that the United States is not yet willing to "behave like a creditor country." There is also considerable doubt in many countries whether the United States will make foreign loans without requiring that the proceeds be spent in America, will refrain from dumping its surplus agricultural products abroad, will accept a substantial increase in imports, or will be moderate in its subsidies for shipping and international aviation.

In developing its policies for re-establishing a multilateral world trading system, the United States has had to take these fears into account and to consider how to remove inconsistencies created by some of its other economic policies. It has also had to take into account any of its own objectives, and those of other countries, that have led to courses of action that were discriminatory and restrictive in their effects. In some cases commercial considerations have been subordinated to the demands of security. In others, policies of planned economic development have called for special protective measures. In still others, policies of full-employment have called for controls that would reduce the impact of international competitive pressures.

In general, the countries of Western Europe agree as to the desirability of an expanding world trading system, which would enable them to export to the best markets rather than to be committed to compensatory trade with countries from which they import. However, trade barriers and discriminatory measures, which were introduced as emergency measures to cope with the maladjustments of the 1930's, and which were retained to cope with the dislocations of the war, have greatly increased the difficulty of returning to such a system. These "temporary" measures have

continued for so long that they have resulted in a reallocation of resources to fit a bilateral trade pattern. They have also created economic groups with interest in retaining them.

Within the limitations set by all these factors, the United States has attempted to secure international agreement to a program that accepts the general principle of multilateral, nondiscriminatory trade. The United States in negotiating such agreements with other countries has acknowledged that exceptions must be made in the application of these principles. Such exceptions were included, for example, in the Articles of Agreement of the International Monetary Fund, in the Charter for the International Trade Organization, and most recently in the Economic Cooperation Act of 1950. The latter provides that ECA aid shall be used to reduce the amount of dollar purchases of the participating countries to the greatest possible extent consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery. It also records that it is the sense of the Congress that no participating country shall maintain or impose exchange or trade restrictions in discrimination against the United States which are not reasonably required to meet a deficiency in its balance of payments or in the requirements of its national security, or which are not authorized under international agreements to which the participating country and the United States are parties.

The problem is to co-ordinate specific economic and commercial decisions in international affairs in relation to the general policy of promoting multilateral trade and of establishing equilibrium in the balance of payments.

In its relations with other countries the United States must weigh the advantages of requiring strict adherence to the letter of its general commercial policy against the advantages of achieving the fullest possible agreement and mutual understanding. Many countries advance valid objections to the implementation of this policy in full, or they cannot go beyond acceptance in principle pending the solution of other pressing problems. A multilateral trading system, to be successful, must include the major trading nations of the world. If in its negotiations the United States fails to create the wide measure of understanding and confidence needed to restore such a system, it may be forced to adopt a unilateral commercial policy in a world of discriminatory practices.

In dealing with concrete problems the United States must decide in each particular case whether a rigid insistence on even agreed principles will advance or retard the achievement of its long-run objectives. The necessity for such decisions can arise in connection with the interpreta-

tion and application of undertakings or agreements already in effect or in connection with differences that are not specifically governed by such agreements. Broadly speaking, there are only two alternatives.

The first is to reach agreement on mutually acceptable conditions that will limit, define, or control deviations from the general principles of multilateralism and nondiscrimination. The United States has been firmly committed to this alternative. If, however, it should find itself consistently in a minority position in international economic organizations or confronted by policies that it believed were incompatible with its long-run objectives, the second alternative might have to be considered. This would be to resume full freedom of action by withdrawing from international economic organizations and to take unilateral action to meet specific problems.

The first alternative cannot be effectively followed unless (1) the broad objectives of a liberal commercial policy are explicitly accepted; (2) the temporarily accepted discriminatory practices are applied in a way that will minimize their harmful effects; (3) such practices are ended when the circumstances justifying them are corrected; and (4) efforts are made to bring about these corrections.

In negotiating the General Agreement on Tariffs and Trade and the Charter of the ITO, the United States Government acted in accordance with these requirements, but the agreement has not yet been definitively put into force by the Congress, and the charter has not yet been ratified. Even if the charter is rejected, it will be possible to follow the first alternative in many respects. The General Agreement can be accepted and its scope enlarged to include provisions such as the proposed cartel and commodity agreements taken from the charter.

The operation of the sterling area under sterling inconvertibility constitutes a general problem of discrimination. Although the United States has appreciated the practical difficulties that Great Britain would face in suddenly and comprehensively removing such features, it has nevertheless steadily tried to bring British financial and commercial policy into line with American economic objectives. These objectives have been accepted in principle by the British Government. The difficulties are of a practical kind, and from a negotiating point of view consist of divergent estimates of what can safely be done to convert agreement on objectives into agreed courses of action. A wide variety of negotiations has been concerned with this question.

Some negotiations, like those resulting in the Articles of Agreement of the International Monetary Fund and the ITO Charter, stated general rules that were applicable to sterling as well as to other currencies. These defined the conditions under which, and the period during which, exchange controls and discriminatory trade restrictions were admissible.

Other negotiations, like the Anglo-American-Canadian conversations of 1949 and the negotiations with the British on the inclusion of sterling in the European Payments Union, were more specifically related to the problems of the sterling area.

Great Britain has given frequent and explicit assurances that it will direct its efforts toward ending the situation that makes it necessary to operate the sterling area in a discriminatory manner, and it is still bound under the terms of the loan agreement not to impose discriminatory quotas against United States trade. The United States has agreed, however, that this obligation cannot be fully met until the British reserve position has been strengthened, and that the rule of nondiscrimination shall not be so applied that it prevents an expansion of trade between Great Britain and countries with which it has no balance-of-payments difficulties.

It is to be noted, however, that although the Economic Cooperation Act of 1950 recognizes discrimination of the types covered by these understandings, it instructs the ECA Administrator to take remedial action to prevent other types of discrimination. This provision in effect reserves the freedom of action of the United States in the dispute over "sterling oil," which was currently causing strong feeling.[4] The action of the Congress in this instance suggests that even under present liberalizing policies, retaliatory action against discrimination by other countries cannot be entirely excluded from American courses of action.

As long as the United States follows the first alternative as a matter of general policy, opportunities for such action are, however, necessarily limited. But they would be greatly increased if the United States were both to reject the ITO Charter and to renounce the General Agreement on Tariffs and Trade. In that event, the United States would be free to follow the second alternative. Although this would not necessarily mean a change of basic economic objectives, the attainment of these objectives would be made more difficult by the cumulative effects of unilateral American actions in a variety of particular situations. The difficulties of co-ordinating policy in order to reach a constructive solution of the problem of the American balance of payments would be increased, and the possibilities of counteraction by other countries would at all times have to be taken carefully into account.

The choice between the two alternatives is not absolute and clear cut. The question is one of emphasis rather than choice, for it involves decisions by the United States on how far and over what range of subjects its actions should be bound by bilateral or multilateral international commitments. If the United States were to withdraw from some of its

[4] This dispute was settled in part soon after the passage of the act by direct negotiation between the American oil companies and the British.

present multilateral commitments in the field of commercial policy and were not to enter into new ones, major decisions would have to be made with respect to the use of the freedom of action thus gained. Should the United States attempt to create trading principles without serious reservations? Should it threaten reprisals against countries that refused to participate in such a system? Should it make a unilateral offer of freer trade with individual countries as an inducement to participate in such a system? Should it return to bilateral tariff negotiations of the most-favored-nation kind? Should it, as a major creditor power, embark on a program of unilaterally lowering its tariff regardless of the discriminatory practices and trade barriers in other countries? Or should it use its freedom to revert to a high tariff policy, even though this choice would mean abandoning the policy of reducing tariffs that it started in 1934 and has followed ever since, and even though such a course would tend to complicate rather than to solve the balance-of-payments problem.

Another aspect of the over-all problem of liberalizing and expanding world trade in its relation to the balance-of-payments problem concerns the interactions of foreign economic policy and domestic economic policy. Domestic agricultural policy in particular illustrates the problem. As already indicated, a policy of high-level agricultural price support requires the frequent use of agricultural quotas and subsidies, which weakens the position of the United States in advocating the reduction of trade barriers in general. At a recent meeting of the Foreign Agricultural Trade Policy Advisory Committee of the Department of Agriculture on April 24 and 25, 1950, the conclusion was reached that a program "which endeavors to maintain prices above market levels for any considerable share of the time is inevitably nationalistic [and] conflicts with efforts to develop international trade and other forms of international co-operation." The committee summarized the effects of such a program as follows:

> (1) It leads to well-nigh irresistible demands that barriers be raised to keep products of other nations from sharing in the artificially high prices they created; (2) it involves keeping American resources out of fullest use to curtail output in order to raise prices, and it is not logical to expect that imports which will defeat that objective will be acceptable; (3) it increases the difficulties of exporting because prices are above those from competing sources of supply; (4) it fosters programs of export dumping which invite retaliation from other countries; (5) it requires barriers to keep products sold abroad at lower prices from returning to our markets; (6) it encourages an expansion of state trading because of the government controls necessary in their effective operation; and (7) it encourages similar nationalistic programs for the expansion of uneconomic production in other countries to replace our products which in turn will lead to further demands for restrictive action.

There are three possible approaches to the solution of this difficult problem. The United States could eliminate the undesirable effects described by the committee by ending those features of its domestic agricultural policy that encourage agricultural overproduction. If this were not feasible, it could seek to mitigate their harmful international effects. A possible method of doing so would be to reduce imports of agricultural products that were accumulating in the hands of the government only in proportion to the domestic restrictions imposed under the support program. This would, as a matter of fact, represent the application of a principle already incorporated in the ITO Charter. For some commodities, a solution could perhaps be found by using the technique of intergovernmental commodity agreements. A third method would be to restrict the importation of the agricultural products that the Government is purchasing domestically in order to hold up prices. The grounds for such restrictions would be that imports in this situation increased the burdens of the Government in its price support operations, but the logical outcome would be the total exclusion of such imports. If the third alternative were adopted, present policies would in the main be continued, and international objections and the counteractions of other countries would have to be dealt with as they arose.

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FOREIGN INVESTMENT

A major factor in the solution of the disequilibrium in the balance of payments of the United States is a steady outflow of American investment capital. Under present conditions the large dollar requirements arising from reconstruction and development programs are being filled by extensive United States Government aid. The continuation of these programs to increase world productivity is necessary both for satisfying domestic needs of individual countries and for increasing their capacity

to export. A combination of this increased export potential with the restoration of world trade and an increase of imports into the United States would go a long way toward producing an equilibrium at a high level in the American balance of payments. If an outflow of American capital, the principal source for financing the dollar content of these projects for increasing productivity, should not be forthcoming, other nations of the world would have to seek alternative sources for American export products and an equilibrium would be reached at a lower level.

Although the immediate causes of the present disequilibrium are war destruction and dislocation and the trade policies resulting from postwar political tensions, the more fundamental causes are basic changes in the industrial and trade pattern of the world. The interwar period saw the rise within Europe of the use of weapons of economic nationalism to combat the stagnation of the world-wide depression. It was also during this period that the raw material producing countries began to see the need for the diversification of their economies through programs of industrialization. As the old pattern of international specialization began to change, the Western European economies, which were based on the export of industrial goods in exchange for imported raw materials, were adversely affected. The world pattern of trade was further distorted by the cessation of the flow of American investment funds, especially to Europe, at the end of the 1920's. As a result of these developments, the nineteenth century framework of international economic relations was radically changed. Thus the postwar problems of the reconstruction of war damage have been greatly complicated by the need for the establishment of a new international pattern of industry and multilateral trade.

Without assistance it will be extremely difficult for the underdeveloped countries to achieve a balanced development unless they resort to a rigid authoritarian organization of their national life, including stringent limitations on personal consumption during the early stages of their programs. The choice will be between proceeding slowly and adopting a severe domestic program and pushing the rate of development to the limit of resources. If the first course is adopted, political and economic unrest may develop; if the latter is decided upon, similar unrest may develop as a result of controls, restrictions, and the denial of democratic processes.

Either of these developments, if unchecked, would greatly increase the danger that communism might spread and the possibility that the Soviet Union might expand its area of dominance. Intensified nationalism, moreover, will inevitably lead to the development of national self-sufficiency, in opposition to the principal United States objective of establishing a multilateral, nondiscriminatory, freer system for world trade. Thus the United States has two important interests in encouraging an out-

flow of investment capital: national security and economic well-being.

Under existing conditions, national security must be the more important of the two and must always be taken into consideration even in decisions that appear to be purely economic. This situation has been reinforced by the adoption, on the part of the United States, of the concept of collective security. The success of this adoption rests upon the establishment of political stability and on increased economic productivity. For this reason the questions of capital investment for economic development cannot be decided on economic grounds alone.

The economic interests of the United States in foreign investment are two-fold. First, in a country whose economy is based on private enterprise and the profit motive, it is part of the duty of the government to assist in developing domestic and international conditions that will increase the opportunities for private enterprise. Second, there is the more general consideration of the relation of American national economic well-being to that of the rest of the world. Although American foreign trade is small in comparison with national output, it affects large sectors of industry and labor and provides an outlet for a large and steadily expanding productive capacity. A decline in foreign sales would have an adverse cumulative effect on the rest of the economy because of the close interrelationships among all parts of the economy. Foreign investment would serve a double purpose by improving productivity in other countries, thereby increasing their ability to export and at the same time enlarging the potential world market for United States exports. However, the size of this potential increase is limited by the degree to which import restrictions still obstruct the flow of imports to the United States. A program for the carefully executed lowering of tariff barriers and for securing a steady flow of foreign investment is thus an essential element if the goal of an expanding export trade is to be achieved.

In addition to these two major material factors there is the interest of American people in the well-being of others. This good neighborliness has in the past taken the form of private philanthropic activities, missionary work by churches, and governmental programs of technical assistance in Latin America. The same spirit is now embodied in varying degrees in many of the United States programs of foreign assistance. Although nonmaterial in nature, it has been strengthened by the tacit recognition that well-being in one country is dependent on well-being in others.

The United States Government has recognized the need for American capital as a positive force in the vast readjustment of the economic pattern of the world. The many forms taken by this aid in the postwar period have been described above. In 1949 the United States began to formulate a longer-range policy, the Point IV Program. The principal

objective of this program was to make American technical knowledge available to the underdeveloped countries to assist them in their development programs. It is expected that the creation of a more favorable economic situation will attract the necessary quantities of private enterprise and capital from the United States. Furthermore it is expected that increased productivity in underdeveloped areas will assist in the final stages of European recovery through increased multilateral trade. As a further aid to the flow of investment, the Congress was asked to broaden the authority of the Export-Import Bank to allow it to guarantee private foreign investment against risks peculiar to such investment. To accompany this program, the Department of State has begun the negotiation of a series of new treaties of friendship, commerce, and economic development to improve the conditions of entry and the treatment of private investment in capital-receiving countries.[5]

These programs may not be adequate for achieving a large steady outflow of American private investment. Moreover, it is questionable whether private foreign investment can become the major source of developmental capital during the critical initial phases even under the most favorable conditions. For this reason, additional policy decisions regarding American investment policy must be made.

The problem of investment policy is to determine by what means the outflow of American capital can be achieved and how it can be best made to serve the interests of the United States and of the world as a whole.

The three basic issues involved in this problem are (1) the amount of foreign investment required; (2) how the United States can best supply it; and (3) how a more favorable climate for private investment can be developed in the capital-importing countries. The amount of United States capital required in the present situation is a highly controversial issue. Two entirely different standards of measurement set the rough limits of the problem. The first is based on the requirements determined by the various national developmental plans. These are attempts, carried out with varying degrees of skill and success, to establish the investment required for a co-ordinated program to diversify the economy, to modernize industry and agriculture, and to develop the resources of the country concerned. Many of these plans have been criticized as too grandiose or as impossible to achieve in view of the lack of skilled technicians and administrators, or in the absence of political and economic stability. The Food and Agriculture Organization, in a report of July 1949 to the

[5] This subject was comprehensively treated in "American Assistance to Underdeveloped Areas," *Major Problems of United States Foreign Policy—1949-1950.*

United Nations Economic and Social Council, examined these plans in order to establish a very rough approximation of the amount of investment required over the next four years. Excluding investments in the United States and Canada, it amounted to 43 billion dollars per year, 8.5 billions of which would have to come from international sources.

In spite of these criticisms most underdeveloped regions are faced with a problem the solution of which requires simultaneous action in all sectors of the economy. To raise the standard of living, there must be increased agricultural output. This requires new techniques, equipment, and marketing organization, as well as increased irrigation, power, and transportation facilities; and all these require capital and technical knowledge. The greatest difficulty, however, is the development of alternative employment to prevent the expansion of population in the agricultural sector from absorbing the increased output. This development requires the further import of techniques and capital equipment. It raises the difficult problem of selecting for development the industries that are best fitted to the resources and needs of the country, taking account of the importance of increasing productivity in other sectors.

There are grave domestic obstacles to the implementation of such a program even if external technical assistance and capital are available. First, there is the small volume of domestic savings owing to the low per-capita incomes and the still smaller volume available for development programs because savings are absorbed in speculative projects or seek a safer market abroad. Second, the framework for a modern money economy—an honest, effective governmental administration and a workable fiscal and monetary system—is often lacking.

Finally, there are the foreign exchange problems involved in the use of foreign capital. Loans and investments require that convertible foreign exchange be available for transferring the service payments. To do this the borrowing nations must eventually develop a net export position. The lending countries must develop an import surplus or increase the outflow of capital to take care of the repayment problem.

Thus the problem is great, and the difficulties numerous and varied. If it is deemed necessary to relieve the social pressures that contribute to instability and unrest, this problem must be attacked. Some means for providing the necessary foreign capital must be devised, and it must not impose so great a future burden that it undermines the developing economies.

This is the rationale of the second standard, to limit foreign capital to what is economically feasible in the sense that it will be profitable and repayable. Applying this criterion, the National Association of Manufacturers has estimated that after 1952 the outflow of American private capital will approximate 2 billion dollars a year, provided the borrowing

countries create an improved climate for investments. The International Bank is also operating on this standard, and in a recent report it stated that even with its relatively small resources, it will have sufficient funds for some time to fill the external capital requirements of all soundly conceived developmental projects.

Whatever may be the volume of the American share in foreign investment, an important question arises of its significance for the domestic economy of the United States. Can this economy support an outflow of investment at a rate of perhaps 5 billion dollars a year? Or, conversely, may not such an outflow be necessary if the United States is to maintain high levels of employment and production? These questions cannot be answered with any degree of precision, because of the many imponderables that enter into decisions concerning the use of resources in relation to the various objectives sought.

Another issue is concerned with the channels through which American capital will be made available for foreign investment. These channels are private investment, government loans, and lending by international financial institutions. The decision to be made is not a simple choice among these three, for they are never mutually exclusive. It is rather to determine the proper role of each with reference to geographic area, to types of projects or investment opportunities, and to the general and specific objectives sought.

Except in periods of crisis, American investment has come directly from private individuals in the form of portfolio or of loan investment or of the now more popular direct investment type. Owners of investment capital prefer to make the decisions by themselves, or through private investment institutions, on how best to invest it rather than to leave this function to the Government. To use the traditional means rather than to change to a governmental lending program would cause less controversy, and in due course and under favorable conditions it might well provide an adequate flow of capital.

It is of fundamental importance for capital-seeking countries to realize that this is the tradition under which the United States developed, and from the American point of view it is a proven method that can accomplish similar results anywhere in the world if given a chance—and if the risk-takers are allowed to profit from their venture. Private direct investment may be doubly beneficial, for it brings to the receiving countries technicians and knowledge, the items for which they have the greatest need and which might not be so readily available with other forms of capital investment. Moreover, the receiving government is not called upon to guarantee that interest payments will be periodically forthcoming nor that the investment will be repaid. If the venture fails,

the entrepreneur is the loser, not the country involved. To tap this source, the capital-receiving countries must assure American investors that they will get fair treatment and the protection of their persons and investments, but *not* that the businesses will be profitable.

Many prospective borrowing countries, however, strongly object to depending on private lending. These objections range all the way from opposition to private enterprise on doctrinaire grounds to opposition arising from fears that economic imperialism will accompany American entrepreneurs and capital abroad. These countries fear, moreover, and with some historical justification, that uninhibited private investment will tend to concentrate on the development of raw materials for export or on other enterprises that promise the quickest return, and that the dictates of the market will not allow proper consideration of national requirements or desires in the use of limited resources.

When a development program is largely the responsibility of the government, government-to-government lending is considered more desirable by the borrower. Such funds usually carry more favorable conditions—a longer-term maturity date, lower rate of interest, and greater flexibility in repayment provisions. The postwar experience with the flow of public funds from the United States has encouraged this belief. The borrowing countries have tended to overlook, however, certain potential disadvantages. It may well develop that governmental lending will lead to a greater degree of foreign interference in domestic affairs than would be contemplated in connection with the investment of private capital. The United States Government has learned from experience the need for the right of following public money to its end use, and it now insists on it. As a practical matter, the proceeds of Export-Import loans must for the most part be spent in the United States directly, thereby preventing the receiving nation from buying on a commercial basis in the best market. To all intents and purposes they are therefore "tied" loans. A continuing flow of governmental lending could not, moreover, be assured, because this type of lending is contrary to the economic system in the United States, and countries counting on it might develop domestic conditions which would not be sustained by private lenders.

Lending through an international institution would ostensibly answer most of the objections of the borrowing countries to interference from another nation. Although the International Bank exercises supervision over the use of its loans, it escapes charges of intervention because of its international character. Another advantage is that international lending can tap sources of public and private capital in all member countries and make it available to those member countries that require developmental capital. The character of the International Bank also provides an

excellent method for mobilizing skills and knowledge from all member countries. But this method has disadvantages. The capital-seeking countries contend that this source is inadequate for their programed requirements. The existing strict economic basis for lending, furthermore, does not allow for some of the more basic developments that are desired for general social and political as well as economic ends.

In determining sources of American capital, the first alternative would be to place the major responsibility on private investment and to limit strictly the sphere of governmental lending to such projects as hydroelectric power, agricultural development, and transportation, where it will not compete with private capital. Such a program would force borrowing nations to realize that private investors are the major source of funds in the United States, and it would tend to force the borrowing countries either to improve their treatment of private capital or to do without additional funds. The great danger in this alternative is that private capital will prove to be inadequate at the crucial, early stages of development.

The second alternative would be to continue public lending on the scale required for national security and for getting feasible developmental programs off to a good start. This would be accompanied by governmental action, through international conferences and agreements, to improve conditions for private investment in the borrowing countries both during the period of governmental lending and for the future. This is perhaps more realistic in the light of world conditions, but would cost the United States more in public funds.

The third alternative would be to form a new international developmental agency or to make larger amounts of American capital available to the International Bank. The advantages of this alternative are that it could combine the public and private investment of all countries. The latter will become more important as the countries of Europe are restored to economic viability. Accompanying this program would be the United States governmental lending deemed necessary for general policy reasons, and private investment wherever it could be found.

The last issue is the method of establishing a climate favorable to international private investment. A League of Nations study published in 1945 listed the following administrative and technical obstacles to private investment: (a) the lack of equality in access to law and fear of arbitrary behaviour by the administering authorities; (b) double taxation; (c) fear of discriminatory taxation; (d) compulsory reinvestment of profits; (e) compulsory participation with domestic capital; (f) inflexible provisions regarding employment of foreign personnel; (g) restrictions on

the ownership of land, mineral deposits, and so forth; (h) restrictions on the transfer of profits abroad; and (i) the lack of assurance of appropriate compensation in case of nationalization or expropriation. These obstacles have resulted from the fear of economic imperialism, a doctrinaire opposition to private enterprise, the adoption of planned economic development in an effort to compensate for a general lack of resources for development, continuing balance-of-payment difficulties, the lack of trained administrators and technicians, and conditions of political and economic instability.

There is no agreement on the best means of solving these many problems. One approach advocated for the United States is to negotiate bilateral treaties with potential borrowing countries, setting forth the conditions that are to govern foreign investment. Two examples of this approach are the new treaties of friendship, commerce, and navigation that have been negotiated with Italy and Uruguay.

Another method suggested is for the United States Government to guarantee private foreign investment. It has been proposed that the guarantee should cover the transferability of earnings, just compensation and transfer of payment in case of expropriation, and the right to withdrawal of investment. The guaranty has many problems, however, that have not been fully explored. What is the position of the old investor? To what extent will the United States Government have to interfere in the flow of private investment to determine which investments it will guarantee? What will be the position of third-country investors and commercial traders in time of foreign exchange stringencies? Is it feasible, moreover, to expect many countries to accept binding decisions in advance with respect to the use of their available foreign currency in times of crisis? Then there is the problem of local funds accumulated when the United States Government as guarantor pays the investor his earnings or his capital in dollars—how will these accumulations of foreign currencies be disposed of? Finally, what is to constitute a fair and just compensation in case of expropriation or a fair profit rate for priority transfer in times of balance-of-payment difficulties?

There is no question that guaranties would encourage a certain amount of private investment. They fail, however, to provide solutions for two fundamental problems: the competition of domestic investment outlets for American capital, and the continuing political and economic instability abroad. Guaranties are no answer to the continuing political as well as economic instability in many of the underdeveloped countries, even if the guaranties are extended to cover purely business risks during an initial period. In these circumstances they would be nothing but thinly disguised, publicly directed private lending whose objectives would more readily be achieved by direct governmental lending.

Another method suggested for improving conditions for private investors is the multilateral acceptance of an international code of investment by all prospective borrowers and lenders. The International Chamber of Commerce has submitted to the United Nations Economic and Social Council the International Code of Fair Treatment for Foreign Investments. Fair treatment for investors and borrowers alike is sought by this approach, which includes international machinery for the settlement of disputes and for minimizing the danger of national intervention. The action of the South American countries in attaching to the Bogotá Agreement (1948) a series of major reservations concerning foreign investment seems to indicate, however, that this will be a difficult if not impossible method of attacking the problem in the present circumstances.[6]

The choice of alternatives or combinations of these and other methods for encouraging the flow of private investment capital depends primarily on the decision regarding the second issue—the source on which the major responsibility for providing capital will be placed. If it is on the private investor, all the suggested methods must be attempted. If the principal responsibility is placed on governmental lending, however, particularly in the early stages, the main hope for developing a flow of private foreign investment to accompany and eventually to supersede governmental lending must rest on the general improvement of economic conditions that is presumed to result from the developmental programs.

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[6] See "Economic Development," pp. 329-33 below.

Chapter VIII

The Military Security Problem Field

THE PROBLEM of United States military security appears in three distinguishable forms. The first relates to the proportion of national resources that is to be allocated to the development and maintenance of the military strength of the nation. This is the domestic, or the exclusively national, form of the problem. The second concerns the steps that can be taken to improve American military security by entering into arrangements with other states or groups of states. The third involves the steps that can be taken in and through an international organization—in particular, the United Nations—to satisfy the requirements of military security. These two latter are international in character.

Though these three aspects of the problem for purposes of analysis can be separated, in reality they are so closely related that a problem arising in any one category instantaneously raises questions and calls for adjustments in the others. The maximum successful development of policies in the international categories, for example, never wholly eliminates the responsibility of the United States Government to develop and maintain the military strength of the nation. Conversely, in view of the power situation that now prevails in the world, even a complete concentration on unilaterally organizing and projecting American military strength would fall far short of the theoretical condition known as absolute security. The merits of alliances, treaties, and pacts would consequently still call for examination, as would the security possibilities of an international organization.

The First World War provided an illustration of the fact that a modern major power, if aggressively expansionist, can be defeated only by a coalition of states whose security is jointly felt to be threatened, but the United States failed to interpret correctly the significance of this lesson. It rejected the proposals for collective security that were embodied in the League of Nations, returned to its isolationist concept of national interest, and confined the international aspect of its military security policy to advocating disarmament and the renunciation of war as an instrument of national policy. The outbreak of the Second World War proved this concept of military security to be too limited. The United States was unable to develop its potential military strength rapidly enough either to narrow the scope of the conflict or in the initial stages to protect adequately its obvious interests.

The lessons of the Second World War emphasized those of the first. This time, however, the lesson was properly read. For the first time in its history, the United States committed itself in time of peace to join other nations in a comprehensive international organization designed to maintain collectively the security of its members.[1] As far as military security was concerned, the United States had modified its previous security policies. Instead of depending upon its own military strength, supported by limited treaty arrangements and fortified by a deliberate avoidance of involvement in international controversies, the United States accepted the collective security system of the United Nations as one means of providing for its national security.

It has been pointed out earlier in this volume that the concept of international security that was formulated for the United Nations was based on the assumption of full collaboration of five major nations, and that therefore the organization is not able by its own action alone to deal with a threat to the security of a major nation if another major nation is the aggressor. Because of the threat that is implicit in the expansionist policies and aggressive actions of the Soviet Union, the United States has taken the lead in organizing similarly threatened states into groups for common defense. The republics of the Western Hemisphere were already bound together in a regional security and collective self-defense arrangement by the Inter-American Treaty of Reciprocal Assistance (the Rio Treaty), and the United States moved to bind the states of the North Atlantic community in another collective self-defense arrangement—the North Atlantic Treaty. These multilateral agreements represent an important effort that the United States has recently made to increase the military security of the nation by action in the international field. Bilateral military agreements have also been concluded with states in Europe and Asia in order to help them by their own action to resist both external attacks and internal subversion. They contribute generally to the security of the United States, but avoid the obligations of collective action undertaken in the multilateral agreements.

These actions must be understood to mean that although the United States still firmly and officially stated that its security would be most completely safeguarded by an effective United Nations system, it was obliged by its interpretation of Soviet policy to initiate courses of action that sought protection by other methods. It was officially held that these methods were employed in accordance with the Charter of the United Nations. For example, specific reference was made to Article 51 as authority for both the North Atlantic and the Rio treaties. It was also held that by making war less likely, such arrangements strengthened the

[1] See Chap. 2, pp. 12-16 above, and Chap. 9, "The United Nations Problem Field," pp. 162-68 below.

United Nations by maintaining conditions under which it had a chance to function as designed. Furthermore, the various congressional resolutions and acts which authorized the participation of the United States in regional and other collective arrangements for defense reaffirmed the over-all objective of American policy to be the achievement of international peace and security through the United Nations. Nevertheless, it appeared that the search by the United States for military security was shifting from a world-wide basis under the United Nations system to a regional basis under specific treaty arrangements. But the recent action taken by the United States and other countries under the auspices of the United Nations in connection with Korea indicates that the United States has by no means abandoned its search for security through the United Nations system. In this case action by the member states under a recommendation of the United Nations is the instrumentality.

The extent to which the over-all problem of military security has expanded has made security considerations an increasingly important factor in all policy problems. Political and economic programs have therefore been tailored to fit considerations of military security. In particular, they have forced a re-examination of the national factors in military power.

If political arrangements for regional defense rest upon common interests, a common understanding, and a willingness to compromise, they are a potent factor in the maintenance of peace. It is becoming increasingly clear, however, that the moral and psychological advantages following a purely political association are not adequate to meet a military situation; more tangible backing is required. It is this fact, more than any other, that brings the national and international elements together in a comprehensive security policy problem. The effectiveness with which the United States provides for its own military security by multilateral and bilateral arrangements depends largely on the military assistance that the United States is able and willing to furnish the states with which it joins for collective defense. This assistance, in turn, is related to the measures that it takes to increase its own military strength.

The need for assisting nations with which the United States was thus associated resulted in the Mutual Defense Assistance Act, which authorized funds for military assistance to eight signatories of the North Atlantic Treaty, to Greece, Turkey, Iran, Korea, and the Philippines, and for assistance, not necessarily military, in the general region of China. The act also permitted specified nations, including all the signatories of the Rio Treaty, to purchase equipment and materials in the United States. But this omnibus authority, which rolls together the

military assistance aspects of both the multilateral and the bilateral security arrangements of the United States, has by no means settled the questions involved.

The military requirements of the nations with which the United States is now associated, the manifest inability of the United States to satisfy them all, and the possibility that its military obligations may be increased by new regional defense arrangements, all raise a significant policy problem relating to the bearing of regional defense arrangements on the military security of the United States and on one another. Under the North Atlantic Treaty, the United States has an obligation to contribute forces for the integrated defense of the North Atlantic area. The United States is also facing new demands for military assistance in the Middle East and Far East. And until, through its efforts, the military strength of the Rio Treaty nations is built up, the defense of the Western Hemisphere will rest almost entirely upon the United States.

In addition to these international obligations, the United States must plan to maintain armed forces and military facilities for the defense of its continental home base and overseas possessions and bases, and for meeting its occupation responsibilities in Germany, Trieste, Austria, and Japan. All these measures require national military strength, which, like military assistance to other nations, imposes a burden on the economic potential of the nation. A policy problem is thus raised as to the balance that should be reached between military assistance to strengthen other nations and the military strength of the United States. Until recently American opinion and United States policy, supported by the combined policy of Great Britain and France, held to the principle that effort should not be fundamentally diverted from the maintenance of political and economic strength to economic and military mobilization. At the present time the allocation of resources for military purposes, formerly controlled largely by economic considerations, is rapidly being given precedence over the latter in the face of a developing and fully accepted threat to national security.

The varying interpretations of the international situation that justify the current debate on the balance between military assistance and national strength have been sharpened by the Soviet acquisition of atomic weapons. Insofar as the American monopoly of these weapons was considered to have been a major deterrent to direct Soviet aggression, the concept has become invalid; and insofar as the unique possession of atomic weapons was assumed to have balanced and thus checked the use of Soviet ground and air forces in Europe, the development of a restraining power must now take some new form. Whether the new

form will be hydrogen bombs, atomic weapons for tactical use, or the imposition of mass against mass or of fire-power against mass, is a question for future determination.

These considerations account for the pressure to re-examine the military security position of the United States. They also give direction to the re-examination by defining the principal problems of the moment as to determine (1) the weight to be given to national military strength as a factor of national security; (2) the bearing of regional defense arrangements on the military security of the United States and on one another; and (3) in light of the existing situation, the measures that the United States should advocate in respect to the international control of atomic energy. The first two of these problems are discussed in the remainder of this chapter; the third is taken up in Chapter IX.

NATIONAL MILITARY STRENGTH AS A FACTOR IN MILITARY SECURITY

The domestic elements of national military power are derived from the man power, natural resources, and industrial capacity of the Nation, and national military strength is the result of the development of these elements. The allocation of resources to the development of military strength must always be balanced against the requirements of the civilian economy and the demands of collective security. One of the essential methods of making collective security arrangements contribute effectively to national security is to strengthen all participants militarily.

Because the United States alone among the Western nations has the necessary resources and economic strength, the greater part of the burden of arming friendly nations naturally falls upon it. The military equipment and materials furnished to other nations, however, are also derived from the same resources that provide national military strength. Military assistance to foreign nations therefore raises two questions about the national aspects of military power. One concerns the total amount of national resources that should be devoted to military purposes. The other concerns the portion of the total that should be devoted to the military strength of the United States.

The first question is an economic and political one. In financial terms, the question is how much of the annual budget the nation should devote to the joint processes of developing the national military strength and to increasing that of other nations. In examining this question it is necessary to consider—always in relation to one another: the perils to national security that are inherent in the existing international situation; the amount of economic assistance being furnished to other nations; the efficacy of foreign economic and military assistance in furthering na-

tional security; the essential requirements of the Government; the relation of national expenditures to national income; the effect of a national deficit on the economic stability of the nation; and the degree of interference with normal peacetime economy that the nation is willing to accept in order to divert the available national resources to national and collective military strength.

The second question is a military one. It concerns both the amount of national resources that should be devoted to national military strength and the allocation of available resources between national military strength and foreign military assistance. The United States Congress, in 1949 and 1950, provided first for the military requirements of the United States and then determined the amount of military assistance that could be furnished to foreign nations without injury to the United States economy. This was a logical procedure, for national military strength is accepted as the keystone of national military security. Furthermore, the determination of the amount of military assistance that can be given to foreign nations is dependent on national political and economic as well as military considerations, and these are often less tangible in character than the considerations that determine the nation's military strength.

The problem is to determine the weight to be given to the development of United States military strength as a factor in maintaining national military security.

The over-all military security policy of the United States is fundamental to a discussion of this problem. Obviously, the amount of military strength that is necessary at any given time depends upon the imminence of danger and the strength of probable opponents. There are several factors that enter into the problem: how much the United States itself should mobilize; how much the nations that might be expected to co-operate with the United States under the North Atlantic Treaty and other arrangements can, with the assistance of the United States, contribute toward meeting the danger; and the manner in which these factors can be coordinated. The most important external factor is the combined potential strength of the North Atlantic Treaty nations. This strength is very great, but, under the terms of the North Atlantic Treaty, there can be no positive assurance that in the event of armed attack, all the parties to the treaty will meet their obligations under the approved integrated plan for the defense of the North Atlantic area. The Secretary of Defense recently estimated, morever, that it will require three or four years, with military assistance from the United States continuing at the rate of about one billion dollars' worth a year, to strengthen the Euro-

pean treaty nations to the point where they will have a reasonable degree of security against armed attack. According to the chairman of the Joint Chiefs of Staff, even this goal will depend on the maintenance of the present rate of progress in planning and on the concurrent effort of the European nations to rebuild their military strength from their own resources. Because of the attack on Korea all this may be speeded up.

As far as the North Atlantic Treaty is concerned, therefore, the determination of the weight that the United States should give to its own military strength, aside from these supplementary supports, involves consideration of one firm and three speculative requirements. The firm requirement is that the military strength of the United States should be adequate to accomplish the military tasks that have been assigned to the United States by the integrated plan for the defense of the North Atlantic area. The first speculative requirement concerns the amount of military strength that should be maintained in excess of this firm requirement as insurance against the failure or inability of any of the treaty nations to play their full part in the integrated defense plan. The second concerns the amount of military strength that the United States should maintain in the interim period until the European treaty nations can build up their own military strength sufficiently to provide for a reasonable degree of security.

The third speculative requirement concerns the nature of a balanced collective force and of the contribution of the United States to it. Although there is doubt regarding its acceptance, this proposed plan would probably have little effect on the current military strength requirements of the United States. As far as is publicly known, the proposal would place upon the United States responsibilities related to strategic bombing and the control of the seas. The chairman of the Joint Chiefs of Staff has, nevertheless, stated that:

> . . . the estimate that Western Europe can be defended . . . includes the total effort that the United States could make if war should come. It means the full effectiveness of our strategic air force in retaliation, if necessary; it means the full effective strength of our Navy and Naval air arm in keeping the sea lanes open, and keeping supplies flowing, as well as defeating any submarine menace; and it would mean a very strong effort by our Army.

In the view of the Secretary of Defense, the adoption of the proposal for a balanced collective force would be of limited concern to the United States because of American world-wide military responsibilities.

Beyond its obligations under the North Atlantic Treaty and the concrete military responsibilities that may consequently be accepted, the United States has other military requirements. Some are the traditional concomitants of sovereignty; others are the inevitable accompaniments of a major power status. The United States has an inherent re-

sponsibility to protect its national interests wherever they be threatened. With the extension of military and economic aid to the nations of southeast Asia, the initiation of the Point IV Program, the extensive existing programs of foreign economic and military assistance, and the obligations of the United States under the terms of the Rio Treaty, these interests are indeed world-wide. Whenever a show of military strength will contribute to stability and international peace, moreover, the United States has an obligation to itself to use its military strength for this purpose.

The action taken in Korea has introduced a new element into this situation. Even if a war with the Soviet Union does not eventuate, the United States may well find itself involved in a series of incidents similar to the one in Korea, any one of which may make a substantial demand on American military strength.

The national military requirements that have been noted here and the military responsibilities assumed under collective defense arrangements and other international commitments, are no more than the two sides of a coin. The coin is national security. The problem, at the moment, arises first from the difficulty of making an estimate that will fit all possible contingencies in a highly unstable international situation. It arises also from the difficulty of satisfying both national requirements and international responsibilities without forcing fundamental readjustments between the claims that military, economic, political, and social interests make on available resources.

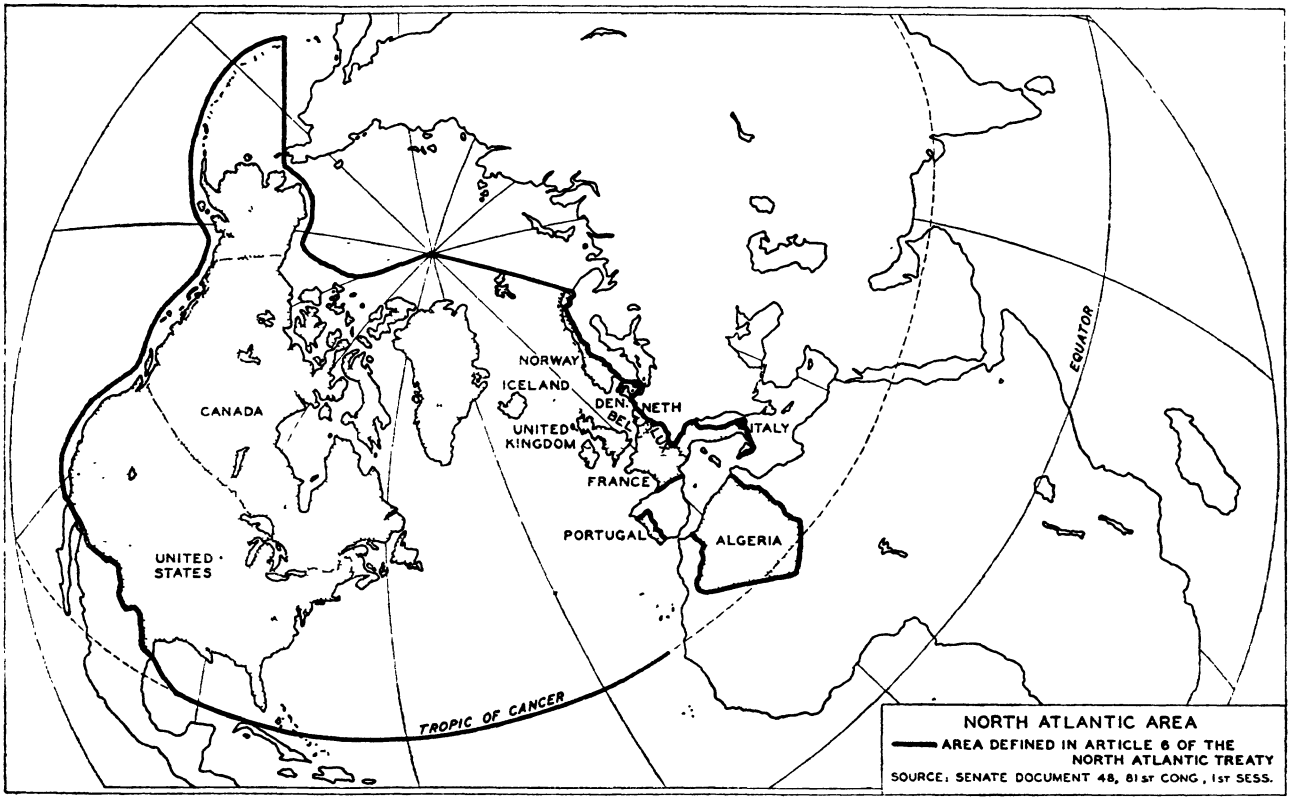
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REGIONAL DEFENSE ARRANGEMENTS IN RELATION TO NATIONAL MILITARY SECURITY

The success of the United States and its allies in both world wars was due largely to their unity of purpose and effective military collaboration.

WESTERN HEMISPHERE
SECURITY ZONE
ESTABLISHED BY RIO TREATY
ALASKA
CANADA
UNITED STATES
MEXICO
CUBA
HAITI
DOM. REP.
HON
NIC
COSTA RICA
PANAMA
COLOM
VENEZ
PERU
BRAZIL
BOL
PAR
CHILE
ARGENTINA
URU


NORWAY
ICELAND
CANADA
DEN.
NETH
BEL.
UNITED KINGDOM
ITALY
FRANCE
PORTUGAL
ALGERIA
UNITED STATES
EQUATOR
TROPIC OF CANCER
NORTH ATLANTIC AREA
AREA DEFINED IN ARTICLE 6 OF THE NORTH ATLANTIC TREATY
SOURCE: SENATE DOCUMENT 48, 81ST CONG., 1ST SESS.

This favorable condition was brought about, however, only after the conflicts had begun. The current policy of the United States of seeking to provide for its military security through peacetime coalitions of nations that are bound together by common interests and threatened alike by aggression from the same source is therefore a new and untried American policy. In no previous instance during peace has the United States entered into treaty agreements with groups of other nations for the collective defense of all of them.

The regional defense arrangements that the United States has now entered, or may enter in the future, are intended not only to deter aggression but to inspire peacetime unity and collaboration among the signatories. As the President of the United States explained in one of his addresses during May 1950: "Today the United States is engaged with other free nations in a great co-operative endeavor to preserve freedom and achieve peace in the world. . . . Together, nations can build a strong defense against aggression, and combine the energy of free men everywhere in building a better future for us all."

The Rio and the North Atlantic treaties are the products of this kind of co-operative endeavor. Though they are frequently thought to be much alike, they were actually developed out of different backgrounds to fit different circumstances. The Rio Treaty was a follow-up of the Act of Chapultepec of March 1945. The act in general and the treaty in particular were detailed projections of a long process of converting the inter-American system into an organization for maintaining peace within, and the security of the Western Hemisphere.

Between September 1947, when the Rio Treaty was signed, and the signing of the North Atlantic Treaty in April 1949, suspicion and distrust of the Soviet Union increased, and international relations reflected the growing intensity of the cold war. After five European states had joined in the Brussels Treaty in March 1948, the Senate passed the Vandenberg Resolution in June 1948, which paved the legislative way for extending collective security arrangements beyond the Western Hemisphere. Although the resolution reaffirmed that the policy of the United States was "to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest," it also expressed the view of the Senate as favoring "the progressive development of regional and other collective arrangements for individual and collective self-defense" and the association of the United States in such arrangements "as are based on continuous and effective self-help and mutual aid, and as affect its national security." A few months later, when it was already committed by the Marshall Plan to the economic restoration of Western Europe, the United States took the lead in creating closer group co-operation for collective self-

defense, and it negotiated the North Atlantic Treaty, which was signed in April 1949. This treaty was given practical support by the Mutual Defense Assistance Act, which followed in five months.

Both the Rio and the North Atlantic treaties provide for collective self-defense within the meaning of Article 51 of the United Nations Charter. In addition, the Rio Treaty provides for enforcement measures to restore peace in the case of a conflict between its signatories. It also contains provisions for specifically complying with Chapter VIII (Articles 52, 53, and 54) of the United Nations Charter, as well as with Article 51. Enforcement action under the Rio Treaty, except when the treaty is functioning as an arrangement for collective defense under Article 51, remains subject to the veto power of any of the five permanent members of the Security Council. The North Atlantic Treaty, on the other hand, does not provide for enforcement measures against offenders among its signatories, and its provisions are limited to compliance with Article 51. The inter-American system has long been accustomed to the pacific settlement of disputes among the participants, and at various times since the Rio Treaty has been in effect, its machinery has been used for this purpose. The North Atlantic Treaty, however, was not so designed. It was intended to provide for joint action by its signatories in their common defense against an outside aggressor, and not for policing its members.

If the pressure of Soviet aggression continues, it is possible that the device of group arrangements may be extended to groups of states in the Far East and the Middle East. It is probable that such extensions would follow the pattern of the North Atlantic Treaty under Article 51 of the United Nations Charter. The Mutual Defense Assistance Act, in fact, expressed the view of the Congress as favoring "the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual co-operation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence."

The Rio and the North Atlantic treaties and the measures taken to implement them, along with proposals for similar arrangements in the Far East and Middle East, raise questions requiring further consideration by the United States. Most important of all, the policy embodied in them needs to be examined from the military point of view to determine its value as a means of ensuring the national military security.

The problem is to determine the bearing of regional defense arrangements on the military security of the United States and on one another.

The supreme measure of the value of regional defense arrangements to United States military security is the extent to which such arrangements can contribute to essential military ends. The very nature of the agreements themselves may therefore have substantial effect on the desired results. Considering the Rio Treaty as a collective defense arrangement only, it is similar to the North Atlantic Treaty in many respects but differs from it in others. Both require reciprocal military assistance under the principle of mutual aid. Both provide that an armed attack within a defined area, on one or more parties to the treaties, will be considered as an attack on all, and both obligate all parties to take such action as may be deemed necessary to assist the nation attacked. Each treaty creates a strong presumption that an armed attack under these conditions on any of its parties will result in the collaborative military action of all. Neither treaty, however, makes such positive military action obligatory.

To be effective in providing for the military security of the parties to either the Rio or the North Atlantic treaties, the presumption contained in the terms that an armed attack on a party to either treaty will be met by the military action of the other parties must become a certainty. This requirement can be met only by the proper solution of political, economic, and military problems, each of which is difficult in itself and is dependent upon the satisfactory resolution of other problems in the same and in other fields. Politically, the end to be sought is solidarity in support of the common cause and political stability in the individual treaty nations. Economically, all must possess such a degree of economic well-being that it contributes to the combined moral and military strength of the treaty nations. Militarily, strong armed forces must be equipped, trained, and prepared through effective planning for full military collaboration. Complete and perfect attainment of these ends cannot be expected, but measures that fail to eliminate political dissidence, half-hearted support, economic instability, and military weakness cannot be expected to ensure effective collaborative defensive action if an armed attack should occur.

Because the threat to international peace, and therefore to American military security, is much greater in Europe than in the Western Hemisphere, the United States has been exercising its leadership and devoting its political and economic resources to the encouragement of solidarity and to the development of combined military strength primarily among the Atlantic Treaty nations. The priority given to the improvement of the European situation has prevented the United States from developing with the Rio Treaty nations the same measures that it considers essential in Europe.

There is no Latin American economic program similar to that for

Europe, and no comparable military assistance is being furnished to any of the Rio Treaty nations. There is, however, general support of the traditional principle of solidarity among the American republics, and the Organization of American States has functioned satisfactorily in settling minor disputes among the Rio Treaty nations. There has been a marked decline, on the other hand, in military unity among them since the end of the Second World War. This has been manifested partly by the failure of four nations—Bolivia, Ecuador, Guatemala, and Peru—to ratify the Rio Treaty, but more specifically by the failure of both Panama and Ecuador to reach agreement with the United States on a matter of base sites for the protection of the Panama Canal. Unstable governments in several of the Latin American nations and suspicions and jealousies between some of them, moreover, are not conducive to full collaboration among the American republics. These circumstances do not inspire confidence that the Western Hemisphere collective defense arrangements will be a reliable means of contributing to the military security of the United States.

Under the Rio Treaty some progress, nevertheless, is being made in developing plans for military collaboration and collective defense. Although the United States has not undertaken to build up the military strength of the Rio Treaty nations by furnishing them with military assistance on a grant basis, it has authorized the use of United States governmental agencies for the purchase of military equipment and materials in the United States. The United States is providing most of the Latin American nations with military training missions on a bilateral agreement basis, and in some cases, notably that of Brazil, considerable progress has been made toward effective bilateral military collaboration. Such bilateral military arrangements may be of more value than any collective defense arrangements that have yet been developed.

The signatories of the North Atlantic Treaty have made marked progress which has been supported by United States economic aid to Europe and by the unified action of the United States, Great Britain, and France with regard to political matters in Europe and other areas. An integrated plan for the defense of the North Atlantic area, drawn up by the Defense Committee, has been approved by the North Atlantic Council and the treaty nations. The military requirements to implement the plan have been estimated, and the Defense Finance and Economic Committee has examined the problem of meeting these requirements. Eight treaty nations are being furnished with military assistance by the United States under authority of the Mutual Defense Assistance Act of 1949 and in accordance with the terms of bilateral agreements.

When the North Atlantic Council met in London in May 1950, it resolved that the treaty nations by their united efforts should build a

modern defense system capable of withstanding an external threat directed at any of them. It established a committee composed of deputies to the foreign ministers of each nation and charged it with the duty of increasing the effectiveness of the treaty organization. The council issued directives for the co-ordination of the work of its subsidiary organs and emphasized that the problem of adequate military forces and of the financial arrangements needed to provide them should be examined as one and not as separate problems. These directives were formulated on the assumption that if the combined resources of the signatories were properly co-ordinated and applied, they would be adequate to provide for defense without impairing social and economic progress. To accomplish the most economical and effective use of the forces and materials available, the members of the council agreed to urge their governments to concentrate on balanced collective forces rather than on balanced national forces in building up their combined military strength.

But many difficult problems must be solved before there can be a high degree of assurance that the treaty nations will stand together in the event of an aggression against one or more of them. Although the designation of deputies to co-ordinate military and economic measures for implementing the treaty terms and the approved plan for integrated defense is a step forward, their recommendations must be approved by national governments before they can become effective, and the means to carry them out must be provided by national legislative bodies. In this process national and international political considerations, as well as economic and military ones, will play important parts. They may result in no agreement or in inadequate national action.

A military issue of particular significance in this connection has arisen from the recommendation of the North Atlantic Council for balanced collective forces to replace the traditional balanced national forces to which most nations have aspired. Under this proposal each treaty nation, instead of providing all the elements of the armed forces necessary for its individual defense, would be limited to providing only specifically designated elements. These elements, together with those provided by other treaty nations, would constitute an integrated force for the collective defense of all. The failure of any nation, whether of major or minor importance in the defense scheme, to accept the arrangement would nullify it. But the failure of a strong nation to carry it out once it was agreed to would be even more significant. The entire plan would then collapse, and collectively the nations would be less strong than if they had adhered to the system of balanced national forces.

The scheme of balanced collective forces makes it imperative that all treaty nations respond by taking collective military action in the event

of armed attack on any one of them. If a single important nation fails to make its contribution, the rest can stand neither together nor alone. The treaty provision that requires each party to assist by taking "individually and in concert such action as it deems necessary including the use of armed force" becomes in effect an obligation to take action in concert, and it makes the use of armed force mandatory. This obligation makes the North Atlantic Treaty more like a military alliance and raises a question for the United States on the constitutional powers of the Congress to declare war.

Before the recommendation for the integration of the armed forces of the treaty nations into a balanced collective force is acted upon by the national governments, the questions it raises will undoubtedly be extensively debated. National decisions probably will be influenced by each national estimate of the probability of a Soviet aggression. Strong support might develop if the tempo of the cold war were increased by the Soviet Union. On the other hand, a Soviet gesture of co-operation, whether genuine or not, might have the opposite effect. Perhaps the most important consideration will be the confidence of each state in the fidelity with which others will adhere to the common cause. The treaty nations of Western Europe will hesitate to accept the proposal, for example, if the United States does not clearly demonstrate its intention of meeting its obligations under all circumstances and in spite of constitutional difficulties. Similarly, the United States will want to be satisfied that the European nations will not withdraw from their treaty obligations if they find a hope of remaining neutral in a war between the United States and the Soviet Union.

The attitude of the European nations toward the military proposals will be influenced, moreover, by the action of the United States in related economic matters. The full co-operation of the United States will be an essential factor if the treaty nations are to be armed without interfering with their social and economic progress. The action of the United States Congress in authorizing and appropriating funds for economic and military assistance will therefore be watched carefully. Any stipulations the Congress may make to protect the economic and military interests of the United States will also be examined to determine their effect on the individual and common interests of the other nations.

The proposals for regional defense arrangements in the Middle East and Far East raise another set of issues bearing on United States military security policy. In both areas Great Britain, France, and the United States are concerned in maintaining peace and stability and in checking the spread of communism; but their interests are frequently different and in some respects conflicting. The disparity of resources and

power between the states of the Far East and Middle East and the United States, Great Britain, and France is so great, however, that group arrangements of the former without the participation of the latter would be almost meaningless from the point of view of military security. Comprehensive regional defense groupings in these areas would furthermore lack the political justifications of either the historical tradition of solidarity underlying the Rio Treaty or the common cultural foundation of the North Atlantic Treaty. They would rest, instead, on the vital strategic and economic interests of the United States and Western Europe and on the fear of aggression felt by weak and newly independent states.

Regional defense arrangements in the Middle East would require, therefore, the participation of all three major Western powers as well as of the free nations of the areas. Since the nations in the areas are militarily weak, their defense against armed attack would depend upon the strength that the three major nations could contribute to their common defense. To develop unity and loyalty to a common cause in these states would require wise political handling by the three major nations working in complete accord. It would be difficult to employ the principles of military collaboration developed under the North Atlantic Treaty in either of the areas, and it is doubtful if the principle of "continuous and effective self-help and mutual aid" defined by the Vandenberg Resolution could be carried out. Collective defense in these areas would probably amount to individual self-defense encouraged and supported by the three major nations, in addition to such collaboration as the three nations could induce.

The attitude of the United States, Great Britain, and France toward some of the Middle East nations has been indicated by the agreement of the former of May 1950 to sell arms to the Arab states and to Israel. Although the three powers were willing to assist these states to arm in the interest of their internal security, their self-defense, and the defense of the area, at the same time they assumed a specific responsibility to interfere by action within or outside the United Nations if any of the local states was found to be preparing to violate frontiers or armistice lines. The collective security arrangement that the Arab League proposed at its meeting in June 1950 may imply a willingness to accept Western influence and guidance in order to obtain military assistance.

In the Far East, where various regional defense arrangements have been proposed over the past year, an entirely different development has taken place. In southeast Asia United States military assistance was granted in a form that left France responsible for the combined military action of Viet-Nam, Cambodia, and Laos. This arrangement, however,

was made before the communist attack on the Korean Republic took place and before the possibility of external armed aggression was acutely present. The fact that such aggression was in the case of Korea met through the United Nations and not in terms of any regional defense arrangement, has again brought into the picture the pattern of collective security under the United Nations.

Finally, there remains to be considered the issue of the bearing of the collective defense arrangements upon one another. Co-ordination in military matters between the Rio and the North Atlantic treaty arrangements might present a fundamental difficulty, for the areas in which the two treaties are operative overlap in the western North Atlantic. The United States is the only nation party to both treaties, and such co-ordination may place on it a heavy strain. Co-ordination between the North Atlantic Treaty and possible arrangements in the Middle and Far East requires the effective functioning of a central body; and if Middle East and Far East regional collective defense arrangements are organized, a central organization dominated by the United States, Great Britain, and France may have to be established. This would squarely pose the issue whether the United States, by following a military security policy that emphasizes regional defense arrangements, is carrying out a policy that is fundamentally in conflict with full American support for the United Nations and the action taken in Korea under the auspices of the organization.

There has always been a danger that too ardent a pursuit of a regional interim security policy may undermine the policy of supporting the United Nations. With respect to the North Atlantic Treaty, the Senate Foreign Relations Committee pointed out the danger of replacing the United Nations machinery by the machinery of group arrangements. The committee felt that "it would be particularly unfortunate if our Government took part in 'exclusive' consultations with Atlantic Pact members over situations of deep concern to friendly states in Asia, Africa, Latin America, and the Middle East."

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Chapter IX

The United Nations Problem Field

THE United States, as one of the leading proponents of a system of international co-operation and as one of the major-power signatories of the United Nations Charter, must of necessity take a position on any question that affects the organization and operation of the United Nations. Even a question of internal administration, such as the co-ordination of economic and general welfare activities, requires a judgment by the United States concerning the methods it is prepared to advocate and support. More significant issues, like changing the voting procedure in the Security Council and proposals for revising the Charter, involve correspondingly more significant decisions. In view of the strength and position of the United States, even the taking of no position at all on questions of this importance exerts an influence and constitutes a policy on the part of the Government.

Another type of problem for the United States Government arises in connection with the use that it makes of the United Nations system to further American objectives. Such questions as the extent to which the cold war should be fought through the processes of the United Nations, and whether unilateral actions, bilateral or multilateral agreements, and regional arrangements and the machinery of the United Nations are more or less effective methods of achieving American objectives, illustrate this type of problem. All these methods have a place in American foreign relations, but for many purposes the machinery of the United Nations may not be the appropriate means to use. The choice is wide and frequently difficult decisions have to be made about which method or combination of methods is best adapted for particular situations. There is, therefore, the general problem of how the United States can best design its operations as a national state in an international organization when its interests at times seem to require unilateral action, although one of its most firmly stated objectives is to support and develop a system of continuous international co-operation. The comprehensive character of this problem, which is treated in detail later in this chapter, can be most clearly grasped if it is understood how the United Nations was intended to function and how it has actually functioned.

The operation of the United Nations to date has reflected—as it must reflect—the general state of the world, especially the disharmony among the major nations. This has been unavoidable, because the or-

ganization was designed neither to replace the existing network of international relations nor to provide machinery for the solution of all international problems. Much criticism of the organization has been based on a popular misconception of the role that it was intended to play.

There were no initial illusions about the fact that the effectiveness of the United Nations depended upon the actions of the major powers, or that the actions of the major powers would reflect the character of their relations. It was recognized that any one of the major nations would be able to stop action against itself as well as to stop any action by the organization as such. It was equally certain that a major nation could be coerced only by the combined forces of the other major nations, and that because this would be the equivalent of a world war, it was a type of decision that each major nation would make for itself and would not agree to have made for it by any international organization.

The judgment that the United Nations would succeed rested on the belief that the principles of international behavior pledged in the Charter, would, if observed, offer a reasonable hope that peace and security could be achieved and preserved. There were also other supporting assumptions involved in this expectation. The most important was that each of the major nations would maintain sufficient forces to ensure that those of them that wanted peace would be able to make a course of aggression by any nation too risky to undertake. A related assumption was that the gigantic effort to win the war would have driven home the lesson that only unity among nations desiring peace could make peace an enduring reality.

Neither of these assumptions was vindicated in the period immediately after the war. The Soviet Union chose a course of action that could be interpreted only as aggressive. The United States, the other great center of power, permitted its military establishment to deteriorate out of all proportion to the military strength still kept in being by the Soviet Union.

To some extent, then, the failure of the system to operate in the manner that was expected of it has been caused by difficulties among the major nations rather than by defects in the system itself. The Soviet Union has followed a course of non-co-operation and obstruction, especially in the Security Council. Other states have also contributed to the general difficulty by their insistence on public attention to issues that could not be settled, but the discussion of which would aggravate international relations. Keeping in mind the procedure of majority voting in the General Assembly, some states, large and small alike, have attempted to organize the Assembly to secure the support of "world opinion." In general, this attempt has primarily served to develop a species

of political manipulation in the General Assembly in order to get a favorable majority decision recorded. It has also worked to emphasize the power basis that underlies the privilege and use of the veto in the Security Council.

The open world forum that the General Assembly provides has lent itself only too well to propaganda and to efforts to manipulate and organize world opinion in support of purposes that had little to do with international peace and security or with general welfare. Although the Soviet Union has been one of the most persistent offenders in this respect, other nations, including the United States, cannot be cleared of blame.

Prior to the Korean incident there was a tendency to overlook the accomplishments of the United Nations organization, the record of which in the past five years includes moderate successes as well as conspicuous failures. The news value of crises and breakdowns caused them to overshadow successes. The constructive moves that were being taken in the United Nations system, minor though some may have appeared to be, were nevertheless slowly building a basis for peace and security.[1] It remains true, however, that the full effectiveness of these efforts depends in the final analysis on the willingness of the major nations themselves to carry out in good faith the obligations imposed by the Charter and to assure by their united action that other nations do likewise. It also depends on the willingness of the major nations to avail themselves fully of the processes of peaceful adjustment that the United Nations system provides by working together in a spirit of co-operation and mutual accommodation, both inside and outside the organization. This continues to be the central problem of the United Nations system.

The activities of the United Nations system have taken place in two broad fields: maintenance of peace and security, and promotion of the general welfare. A separate examination of what has developed in these fields will give a picture of the operation of the system and some of the basic difficulties into which it has run in the absence of fundamental agreement among the major powers.

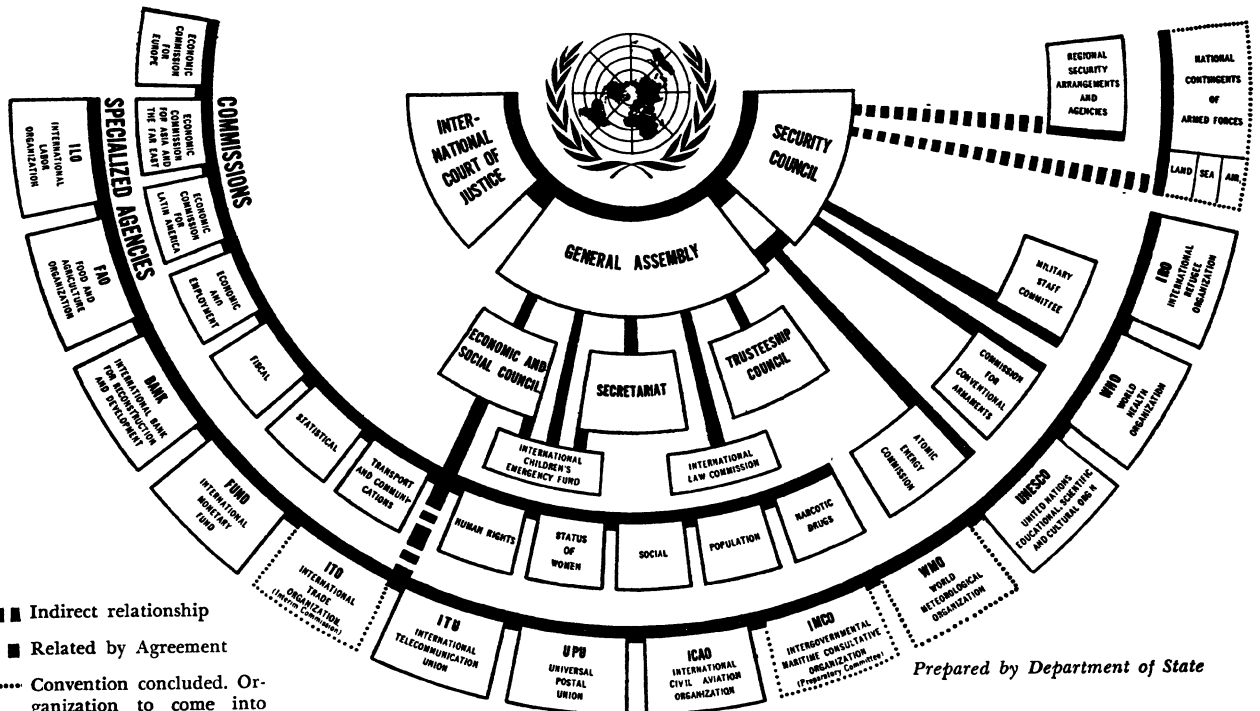
MAINTENANCE OF PEACE AND SECURITY

The international system of collective security established by the Charter of the United Nations contains three essential components: the obligations and procedures prescribed for the pacific settlement of disputes between states; the power given to the organization to take enforcement action, including the use of armed force, in order to restore

[1] The very term "United Nations system" is used to emphasize that more than the organs of the central organization are concerned in this endeavor and that the specialized agencies and regional organizations have important parts to play.

December 31, 1949

The United Nations



Indirect relationship

Related by Agreement

Convention concluded. Organization to come into being when sufficient ratifications are received.

Prepared by Department of State

or maintain international peace and security; and the responsibility of the organization for formulating plans for the regulation of armaments.

The success of the system depends primarily on the peaceful adjustment and settlement of international disputes. In Article 33 of the Charter, member states undertook to take the initiative in using the methods of peaceful settlement available to them—such as conciliation, arbitration, and judicial settlement—before referring a dispute to the United Nations. The organization itself, acting through either the Security Council or the General Assembly, was given the function of promoting adjustments or settlements by making recommendations to the parties concerned. Although these recommendations are neither binding on member nations nor enforceable by the organization, the basic assumption was that they would carry decisive weight if they were backed by all the major nations not themselves parties to the dispute.[2]

The peaceful settlement of disputes by the United Nations has been most successful in cases where the major powers were only indirectly concerned, as in Palestine and Indonesia. But even in cases where great-power interests are directly involved, there have been partial successes. In the Iranian case, although the Soviet Union refused even to participate in the Security Council discussions, the influence of consideration by the Security Council and of its decision to keep the question on its agenda contributed to the withdrawal of Soviet troops from Iran. In the Greek frontier case, after a Soviet veto had blocked action by the Security Council, condemnation by the General Assembly of the northern neighbors of Greece for aiding the guerrilla forces and the establishment of a commission to observe events on the border gave both moral and practical support to the Greek Government in preserving the independence of the country. In the case of Korea, although the General Assembly did not succeed in establishing the unity of the country, it did supervise the setting up of an independent government in the southern part of the peninsula.

But in the case of the Berlin blockade, which was directly pertinent to the East-West power conflict, neither the Security Council nor joint appeals of the President of the Assembly and the Secretary-General nor a committee of "neutral" members of the Security Council was able to settle the differences between the Soviet Union and the Western powers. The publicity and study given to the case, however, may well have helped to promote the conversations between the Soviet and American delegates that ultimately led to the lifting of the blockade.

Within the United Nations itself, ways have been sought to circumvent the deadlocks in the peaceful settlement of disputes that have oc-

[2] This was one reason why the so-called veto provision was applied to the procedures of pacific settlement in the Security Council.

curred in the Security Council. Greater emphasis has been placed on the political and security responsibilities of the General Assembly, where action cannot be blocked by Soviet disapproval.[3] Even if a recommendation by the General Assembly is not backed by all the major powers, it has a moral authority that derives from the fact that at least two thirds of the members are behind it. In 1947 the Assembly established, over Soviet protest, the Interim Committee, composed of representatives of all the members of the United Nations, to deal with questions of peace and security, to do preparatory work for General Assembly sessions, to conduct investigations, and to consult with subsidiary organs. Although the refusal of the Soviet Union and its satellites to participate in the work of the Interim Committee has, on the one hand, facilitated the proceedings of the committee, it has, on the other hand, made it difficult if not impossible for the committee to deal with problems in which the Soviet Union is directly involved.

The authority and power of the organization to remove threats to the peace and to suppress breaches of the peace is vested in the Security Council. For these purposes, the Council is empowered under Articles 41 and 42 of the Charter to take drastic measures, including the use of armed forces. But because none of the major powers was willing, at the time the Charter was drafted, to allow its armed forces to be used without its consent, decisions of the Security Council to take enforcement action are governed by the veto provision. This limitation does not, however, prevent individual nations or groups of member states from acting voluntarily on the call of the Security Council. This possible course of action was illustrated in the case of Korea.

Article 43 of the Charter obligates member states to make armed forces, facilities, and other assistance available to the Security Council "on its call." The strength of such forces and the nature of the facilities and assistance are to be determined by special agreement between the Council and the member states. The Security Council has directed its Military Staff Committe to examine these questions, but the views of the committee members are widely divergent on the crucial questions: How many of what forces? From whom? and Where should they be based? With respect to the initial contributions of forces by the five permanent members of the Security Council, for example, the majority hold that they should be comparable in over-all strength but might differ widely

[3] The Assembly is empowered by Article 11 of the Charter to "consider the general principles of co-operation in the maintenance of international peace and security," and by Articles 11, 14, and 35 to consider disputes and make recommendations for their peaceful adjustment.

in the particular strength of land, sea, and air components. The Soviet view is that identical units should be contributed—man for man, ship for ship, plane for plane—and that deviation from this formula would need a special decision of the Council. There is also an unreconcilable disagreement on the over-all strength of the forces to be made available.

The regulation of armaments under the United Nations collective security system was conceived as an objective to be attained after a wider and permanent basis for international collaboration in maintaining peace and security had been established.[4] In other words, a general reduction in the burden of national armaments is to be expected only after the major powers have demonstrated their ability to co-operate in keeping the peace. Under Article 11 of the Charter, the General Assembly has the authority to make recommendations to member states and to the Security Council regarding the principles that should govern disarmament and the regulation of armaments. But under Article 26 only the Security Council, in which each major power has a veto, has the authority to formulate, with the assistance of the Military Staff Committee, plans for the "establishment of a system for the regulation of armaments" for submission to member states.

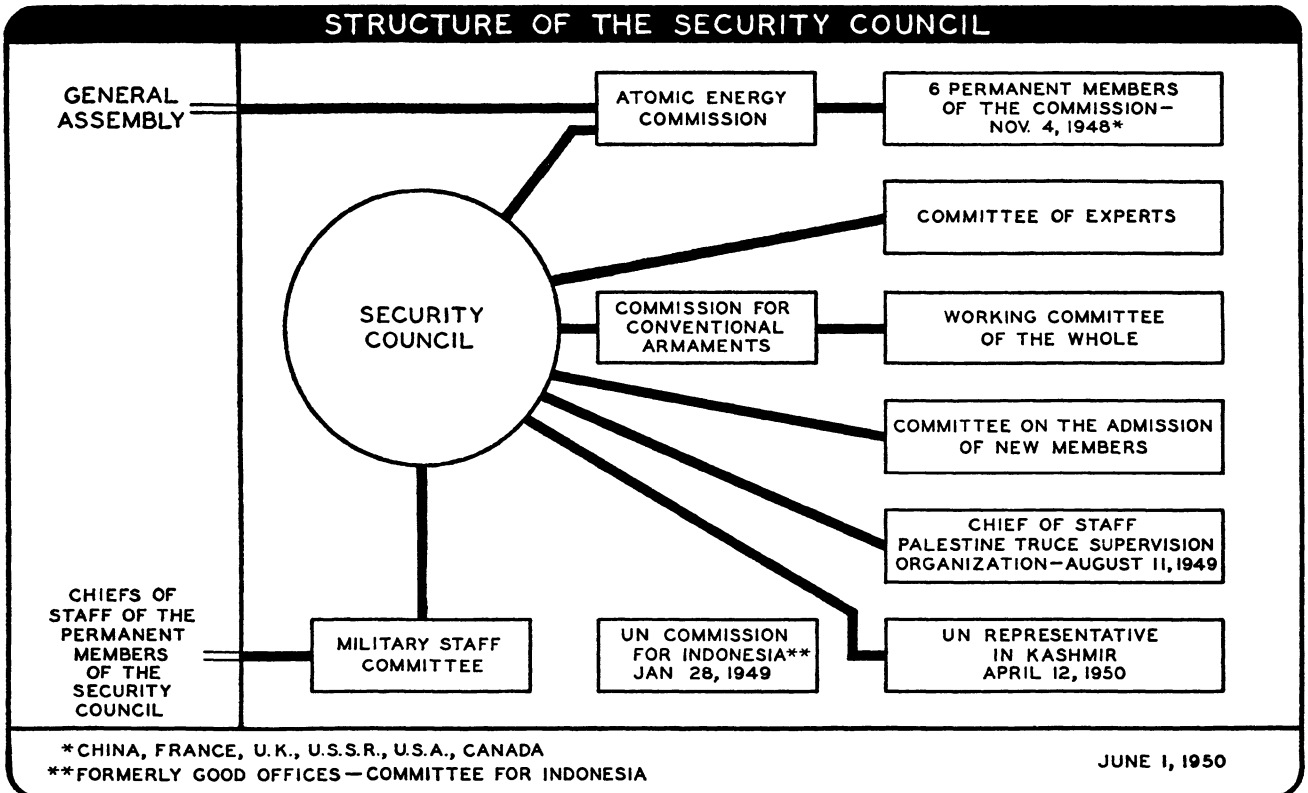
The United Nations Atomic Energy Commission was established in January 1946. The commission was directed to make specific proposals for the exchange between nations of information on the use of atomic energy for peaceful ends, for the control of atomic energy to ensure its use for only peaceful purposes, for the elimination of atomic weapons and all other weapons of mass destruction from national armaments, and for establishing safeguards to protect complying states from the hazards of violation and from the evasions of a control agreement. After four years of negotiations on this problem, further discussions were suspended in January 1950, when the Soviet Union refused to participate in any United Nations organs with representatives of the Chinese Nationalists. Even before then, however, the negotiations had been deadlocked for some time. The suspension of them, on the other hand, does not remove the problem of the measures that the United States might advocate for the international control of atomic energy. The fact that the Soviet Union now possesses atomic weapons, coupled with the fact that the United States decided early in 1950 to go ahead with the development of a hydrogen bomb, has given

[4] It should be noted that the term "regulation" rather than "reduction" or "limitation" was deliberately used in recognition of the fact that armaments are used both in ensuring national security and in contributing to collective action. The word "regulation" was also intended to indicate that consideration should be given not only to an upper limit for armaments but also to a lower limit below which national military strength, especially of the major powers, could not be allowed to fall without jeopardizing international peace and security.

new importance to the problem. The problem, together with the history of the negotiations in the United Nations up to the present, is therefore treated in detail later in this chapter.

The deadlock on atomic energy control was paralleled by a similar deadlock on the question of the regulation of conventional armaments. In December 1946 the General Assembly agreed on a set of general principles to govern the regulation and reduction of armaments, and it requested the Security Council to determine what information had to be obtained from member states in order to implement these principles. The Security Council then set up the Commission for Conventional Armaments, excluding from its jurisdiction all questions within the competence of the United Nations Atomic Energy Commission. The commission succeeded in agreeing on a plan of work and, over the negative votes of the Soviet Union and the Ukraine, on a definition of general principles. These were (1) regulation should eventually include all states and must initially include all states possessing substantial forces; (2) regulation can be carried out only in an atmosphere of international confidence and security; (3) the creation of such an atmosphere involves agreements under Article 43 of the Charter, on international control of atomic energy, and on peace settlements with Germany and Japan; (4) limitations must be consistent with the carrying out of obligations assumed under the Charter; and (5) regulation must be accompanied by safeguards based on international supervision. The Soviet proposals, which were rejected by the Assembly, called for a blanket one-third reduction within twelve months of the land, sea, and air forces of the five permanent members of the Security Council; for the prohibition of atomic weapons; and for a control body to supervise the execution of the proposals.

In October 1949 the Soviet Union vetoed in the Security Council both the report of the commission on its progress and the French proposals for reporting, verifying, and publishing information on military effectives and conventional armaments. The General Assembly in December approved a resolution calling for a verifiable world census of conventional armaments and armed forces and rejected one proposed by the Soviet Union that asked all nations to submit information (without a verification procedure) on both atomic and nonatomic weapons. In January 1950 the Security Council referred the Assembly resolution to the commission for further study. This action was taken in the absence of the Soviet representative, who had walked out in protest against the representation of Nationalist China in the Council. Secretary-General Lie in the spring of 1950 urged that negotiations in the control of armaments should not be deferred until political problems are solved,


STRUCTURE OF THE SECURITY COUNCIL
GENERAL ASSEMBLY
ATOMIC ENERGY COMMISSION
6 PERMANENT MEMBERS OF THE COMMISSION— NOV. 4, 1948*
COMMITTEE OF EXPERTS
SECURITY COUNCIL
COMMISSION FOR CONVENTIONAL ARMAMENTS
WORKING COMMITTEE OF THE WHOLE
COMMITTEE ON THE ADMISSION OF NEW MEMBERS
CHIEF OF STAFF PALESTINE TRUCE SUPERVISION ORGANIZATION—AUGUST 11, 1949
CHIEFS OF STAFF OF THE PERMANENT MEMBERS OF THE SECURITY COUNCIL
MILITARY STAFF COMMITTEE
UN COMMISSION FOR INDONESIA** JAN 28, 1949
UN REPRESENTATIVE IN KASHMIR APRIL 12, 1950
*CHINA, FRANCE, U.K., U.S.S.R., U.S.A., CANADA
**FORMERLY GOOD OFFICES—COMMITTEE FOR INDONESIA
JUNE 1, 1950

"but should go hand-in-hand with any effort to reach political settlements."

Attempts to achieve the collective security system that is a prerequisite to the regulation of armaments have so far been unsuccessful, largely because of the serious political differences among the major powers that have developed inside and outside the United Nations. This general failure, which has been reflected in the many failures to settle specific disputes, has given rise to a search for security on new lines. Proposals have been made, on the one hand, for some form of world government, to be achieved either by scrapping the existing organization and making a fresh start or by drastically amending the United Nations Charter. On the other hand, proposals have been made for adapting the existing system to changed conditions by modifying the veto, by making greater use of the General Assembly in maintaining peace and security, by putting more emphasis on the use of peaceful methods of settlement, and especially by developing regional arrangements. In general these arrangements have been brought within the framework of the United Nations organization by being referred to Article 51 of the Charter, to Article 52, or to both. The first authorizes arrangements for collective self-defense; the second explicitly makes regional security arrangements compatible with obligations under the Charter.

The struggle to reach agreement in building the system of collective security presents the United States with problems of crucial importance that require major policy decisions, and some of these problems are set forth later in this chapter. The United States also faces, within as well as outside the United Nations system, major problems that arise from disputes in particular countries. These are dealt with in later chapters on the relevant geographic areas.

PROMOTION OF THE GENERAL WELFARE

The duty of the United Nations organization to promote general welfare was held to be of equal importance with the establishment of its authority to maintain peace and security. The creation of conditions of stability and well-being was expressly recognized in the Charter as necessary to peaceful and friendly relations among nations. It was taken as self-evident that to remedy the economic and social dislocations of the war and to set in motion longer-run improvements would require positive international action supplemented by appropriate national supporting action. It was also clear, however, that the range of problems involved was so great that a single international organization could hardly handle them. The United Nations system therefore includes many specialized intergovernmental bodies, but over-all responsibility for co-

ordination is vested in the General Assembly and is exercised under its general authority by the Economic and Social Council and the Trusteeship Council in their respective fields.

The international machinery established to deal with problems of the general welfare makes an impressive list. As shown in the chart, it covers food and agriculture, international trade and finance, transportation and communications, labor, health, human rights, and education. The Economic and Social Council has established twelve commissions, including regional commissions for Europe, for Asia and the Far East, and for Latin America; five subcommissions; three standing committees; and various drafting and *ad hoc* committees. Agreements on relationships with the United Nations have been concluded with ten specialized agencies, whose fields of activity include food and agriculture, international finance, transport and communications, refugee problems, labor, health, and education.[5] The Economic and Social Council has also called international conferences to consider such matters as freedom of information, shipping, trade, and employment. Much useful work has been performed in the technical fields, and machinery has been established for the international execution of broad economic and social policies.

The proliferation of agencies, overlapping functions, inconsistencies of membership, and inadequate programing, however, have raised urgent problems of co-ordination. Attempts to solve these problems have been made in various ways: through the United Nations Secretariat and the staffs of specialized agencies; through agreements with the specialized agencies that provided for reciprocal representation at meetings and exchange of information and services; through consultations to avoid overlapping activities; and through the establishment of priorities that brought the same topics up for consideration in all relevant agencies at the same time. Much remains to be done, however, to achieve an efficient correlation of programs and functions.

Although there has been great activity as well as some tangible results, the initiation of a steady trend toward economic improvement and social betterment has also been checked by the same international frictions that obstructed the Security Council in its area of responsibility. Political differences have made it difficult to consider even purely technical questions on their merits, and when attention in the field of welfare began to include not only economic, agricultural, health, and refugee questions but also conceptual questions of human rights and individual liberties, deadlocks once more became inevitable.

The history of the efforts to formulate an international Bill of Rights, to draft conventions on genocide and the freedom of the press,

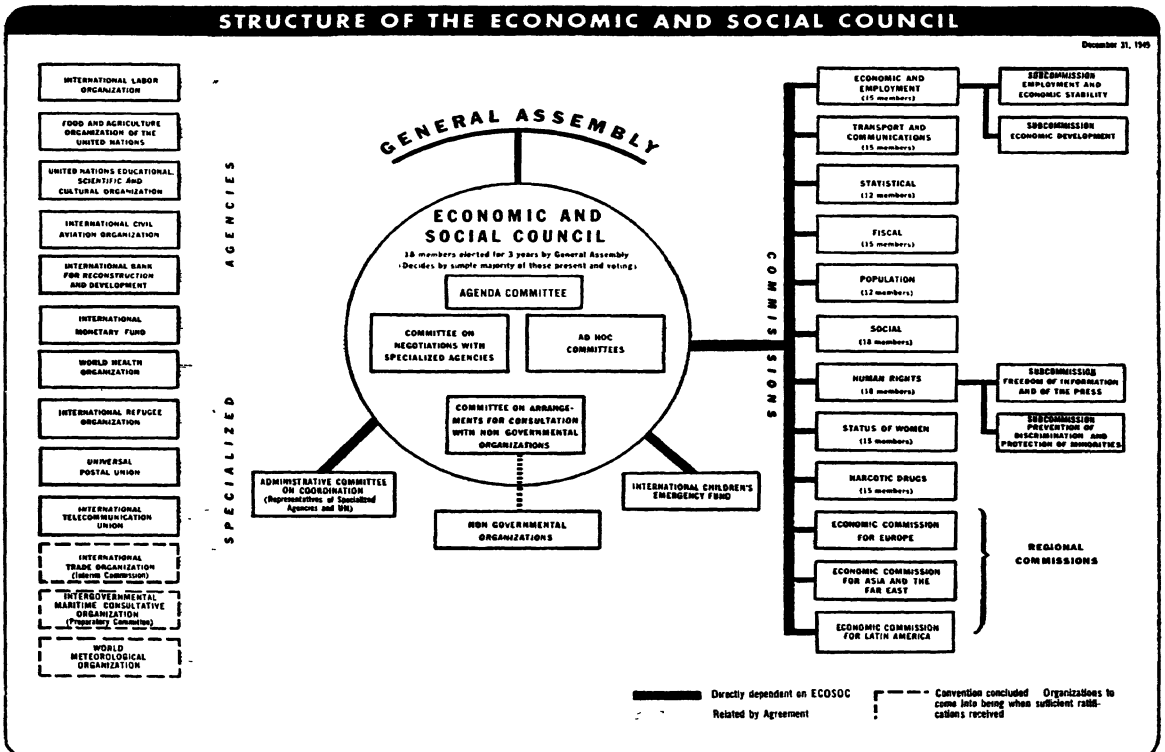
[5] The Soviet Union originally joined only one of these agencies, the World Health Organization, and in 1949 it withdrew even from that.

and to explore the means of developing educational, scientific, and cultural co-operation illustrates the nature of the problem as well as its insolubility except in a pre-existing atmosphere of agreement. Initial discussions revealed basically different concepts, and subsequent discussions led to a variety of conflicts and frustrations. In consequence of the fundamental nature of these differences the attempt to draft an international Bill of Rights had to be broken down into three separate stages: the first, to secure agreement on a Universal Declaration; the second, to convert this into a covenant; and the third, to agree on measures for carrying out the covenant. It was so difficult to reach agreement on even the broadest and most general principles that only the first stage has been completed.[6] The kind of difficulty that has developed raises a profound question about the capability of an international organization to treat issues of this sort in the absence of common beliefs and generally accepted standards. And assuming even partial success, it raises important questions about the capability of individual states to carry out in fact general agreements reached in the abstract. Can an international society, lacking agreement on fundamental concepts, solve its problem of adjustment and change in a democratic way? Can a minority, in such cases, accept the decision of a majority except under compulsion? And finally, does not the effort to act universally on unagreed abstractions increase the very tensions it is desired to reduce, and thus make common action difficult even on agreed matters?

In addition to these basic questions, which are problems of the United Nations organization, the United States faces important problems as soon as it obligates itself to implement international agreements on such matters as human rights. Federal actions run into diverse concepts on this subject even within American society. Questions of states' rights and conflicting public attitudes stand in the way of general application.

The responsibilities of the United Nations in respect to dependent people are set forth in Chapters XI, XII, and XIII of the Charter. In Chapter XI, the Declaration Regarding Non-Self-Governing Territories, member states undertook to promote the general advancement and the development toward self-government of the territories for which they were responsible and to submit regular reports thereon. The Trusteeship Council was established under Chapter XIII to carry out the functions of the General Assembly in the administration of former enemy territories, of former mandated territories of the League of Nations, and of territories voluntarily placed under trusteeship by the governments

[6] Differences of opinion were so pronounced that votes had to be taken 1200 times in order to get a draft declaration for submission to the General Assembly. The draft was adopted in December 1948, with the Soviet Union, South Africa, and Saudi Arabia abstaining.



Prepared by Department of State

responsible for them, pursuant to Chapter XII. The Security Council exercises the functions of the United Nations in trust territories designated as strategic, and it receives the assistance of the Trusteeship Council in functions that have no security aspects.

In many non-self-governing territories, the war gave great impetus to militant nationalist movements that were striving for complete independence or political autonomy. Some of these territories, such as the Philippines, India, and Burma, have already gained their political independence. Some, like Indo-China, are still in the throes of gaining independent status. Others are either not ready for, or not interested in, complete self-government or independence in the near future. The problems that have arisen for the United Nations in the field of non-self-governing peoples have come largely from the attitude of the Soviet Union and other anti-colonial states, which constantly attack the administering powers and seek to extend the authority of the trusteeship system and to exert over colonial territories an authority that was not explicitly intended by the Charter.

The picture that has been sketched above of the United Nations as it has operated makes it clear that it is not an organization separate and apart from power systems that are in conflict. The main problems that confront the United States in connection with the United Nations can be divided into two categories: (1) those that are inherent in a system of international organization and with respect to which the United States must take a position by virtue of being a member of the organization; and (2) those that arise in consequence of the fact that the United States, as a sovereign state, inevitably enters into relations with the international organization and seeks to use it for attaining its national objectives. Action taken about a problem in either category, however, almost automatically creates problems in the other.

The three specific problems dealt with in detail in the remainder of this chapter illustrate the types of problems included in the two broad categories described above. The revision of the Charter and the control of atomic energy are essentially of the first type; the character of United States operations in the United Nations is essentially of the second type.

UNITED STATES OPERATIONS WITHIN THE UNITED NATIONS SYSTEM

Whether the members of the United Nations are major or small states, they all make use of the organization to promote their own interests and to move toward their own objectives. The cases that come before

United Nations bodies are consequently conditioned by the policies of individual states, and the actions taken by the organization itself are not determined solely by accepted principles of international behavior or by the absolute merits of the case in hand. Many other considerations are also pertinent, such as the precedents that may be created for similar future cases, the repercussions of a decision in parts of the world other than the one directly concerned, and finally the implications that a given course of action may have for apparently unrelated questions in which particular member states are vitally interested.

In order to advance the policies they advocate, member states have increasingly tended to use in the United Nations the political techniques common in national legislatures. Bloc voting has become a prominent feature in the General Assembly. The votes of the Soviet bloc are usually easily predicted. Those of the Arab states and of a large Latin American bloc are often deciding factors in swinging the General Assembly. In pressing for particular courses of action it was perhaps inevitable that lobbying procedures should develop.

It is possible to point out fairly consistent lines of tactics that have been pursued by some states in the United Nations. Some smaller and middle-sized states have on many occasions sought to reduce or counteract the influence of the major powers by attempting to extend and increase the activities and responsibilities of the General Assembly. The Soviet Union, which insists on the prerogatives of the major powers and of the Security Council, is the strongest advocate of the opposite approach. At the same time, the Soviet Union has attempted to win over the smaller powers by emphasizing, at least verbally, respect for national sovereignty and support for colonial peoples seeking independence.

The United States, and all the other member states, must decide on the courses they will follow in the United Nations in the light of the current world situation, the objectives of their foreign policy, the machinery and capabilities of the United Nations, and the tactics pursued by other states. For example, the United States must decide to what extent it should use the machinery of regional organizations rather than the machinery of the United Nations for the settlement of disputes and the maintenance of security. This question must be considered not only from the standpoint of how current disputes can best be settled but also of the effect on the prestige of the United Nations. If only insoluble disputes were referred to the United Nations, others being handled in a regional arrangement, the continued existence of any form of world-wide security organization would become doubtful. The report of the Senate Committee on Foreign Relations on the North Atlantic Treaty points out that there would be danger of impairing the usefulness of the United Nations "if consultations under the pact became so frequent they tended

to replace United Nations machinery, or if such consultations resulted in a crystallization of views in advance of United Nations meetings and encouraged pact members to vote as a 'bloc.' "

American foreign economic and technical assistance and military aid programs also raise questions of whether the machinery of the United Nations should or should not be used for their execution. This caused particular difficulty when American aid to Greece and Turkey was proposed in 1947. Charges that the program as originally formulated would "by-pass" the United Nations led to the insertion of provisions permitting the program to be terminated by a vote of the Security Council or of the General Assembly.

The problem is to determine the methods of conducting United States policy within the United Nations system.

The broad issue of strategy is whether the United States should use the machinery of the United Nations as an instrument in the cold war. It involves the nature of the relationship between the United States objective of supporting the United Nations and its objectives in the East-West struggle. It raises a number of closely connected and subsidiary issues which, though they can be stated in general terms, affect in many practical ways the conduct of American policies in all fields of United Nations activities.

One of the basic issues is the kind of question that the United States should bring before United Nations organs. Should it strictly limit the number and the type of questions, or should it bring to the United Nations all the numerous problems that arise in American international relations? Should it bring up only problems that are reasonably soluble and not likely to cause a serious clash with the Soviet Union, or should it use the machinery of the United Nations to examine and negotiate the crucial problems of the East-West struggle? The United States must face these questions not once and for all, but continuously. Therefore it is courses of action that must be weighed, and not fundamental decisions that must be reached.

The selection of a course of action must at the present time be influenced by two considerations. The first is whether the solution that will conceivably emerge from the United Nations will help the development of United States policy. The second is the effect on the United Nations organization of its being required to deal with a particular question. There is no ready formula for reconciling these two sets of considerations.

In the case of the Italian colonies, the foreign ministers of the major powers were unable to reach agreement in three years of discussions,

but the General Assembly, to which the question was finally referred, was able to work out a compromise solution, mainly because the three major nations agreed in advance to accept its decision. On the other hand, when the United States, Great Britain, and France brought the case of the Berlin blockade before the Security Council in 1948, it was strongly argued that this was a problem with which the United Nations was not equipped to deal; and it was predicted that a discussion of it would destroy the organization. The Security Council was unable to reach a solution, but the United Nations was not thereby wrecked. In deciding what questions to refer to the organization, the danger of a possible future division so complete that it would destroy the future usefulness of the organization must, however, be borne in mind. The likelihood of such a split depends more on the general international situation, and especially on whether the Soviet Union considers it more advantageous to participate in or to withdraw from the United Nations, than it does on the content of a single question.

A closely related issue is whether to use a strategy of emphasizing in the United Nations the differences between Soviet and American interests and objectives, or to avoid controversy whenever possible. Because the Soviet Union assiduously uses the forum of the United Nations to point out the differences between communist virtue and capitalist imperialism, there is a strong argument to the effect that the United States should not leave these attacks unanswered but should take every opportunity to emphasize the virtues of democratic policies and the vices of Soviet imperialism. Soviet obstructionism in the United Nations has also led the United States and the other Western powers to take steps to place the blame for the alleged failures of the organization squarely on the Soviet Union. One method of doing this has been to bring controversial questions frequently to a vote and to "force vetoes" in the Security Council.

In 1948 and 1949, for example, the membership applications of states opposed by the Soviet Union were brought up in the Security Council again and again. The number of Soviet vetoes grew steadily, and the implication of deliberate obstructionism was driven home. The argument against this strategy is that it is more important to maintain an atmosphere of good will and to keep channels open for possible future negotiations on more vital issues than it is to win tactical victories. Secretary-General Lie declared in March 1950 that it is "a negative and destructive policy to spend one's effort on placing the blame for the world's troubles instead of on trying to reach a constructive solution of them. . . . The first concern of all the governments should be to uphold and strengthen the organization that is the world's one hope for peace."

Another form of this same issue is the question of how far the strategy and alignments of the cold war should dominate the actions of

the United States in the United Nations. This aspect is linked to a practical consideration at the present moment. The United States is faced with a dilemma whenever questions involving the interests of colonial powers come before the United Nations. Because of the alignments of the cold war, the United States must maintain harmonious relations with the colonial powers. Colonial peoples, on the other hand, are an object of concern to the United States by virtue of the basic American attitude toward dependent peoples. As a result of this conflict of interests the United States has found itself opposed in the United Nations to states otherwise aligned with it.

The Indonesian case is an example of differing points of view on colonial matters directly affecting broader questions of peace and security. The positions of both the British and the French were inevitably influenced by the implications of the case for their own nearby colonies, some of which were also seething with unrest and revolt. The United States had to weigh its interest in supporting the Netherlands as an ally in Europe and in maintaining solidarity with Great Britain and France, against the claims of the traditional American principle of supporting demands for independence and self-government. Such conflicting interests make it difficult for the United States to develop a uniform strategy of action in the United Nations. There have been some indications recently that the demands of an intensifying cold war may be modifying the American position on colonial issues by leading it to accept more often the point of view of the colonial powers.

Another issue concerns the relative use that the United States should make of the different United Nations organs, particularly as between the General Assembly and the Security Council. Although the Charter gives the Security Council "primary responsibility for the maintenance of international peace and security," the General Assembly also has responsibilities in this field. This overlapping of functions gives member states a choice of the organ in which to bring up particular cases. Consideration by the Security Council has the advantage that its recommendations have the support of all the major powers and are consequently backed by the possibility of sanctions, which only the Security Council has the right to invoke. Because the Security Council has not yet been provided with armed forces, the authority to invoke nonmilitary sanctions gives the Council its only means of enforcing its decisions, except for such actions as might be taken by the member states on the recommendation of the Council. Reference of cases to the General Assembly, on the other hand, has the advantage that recommendations cannot be blocked by the veto of a major power and that the weight of public opinion can be more effectively brought to bear.

Choice between these organs is complicated, however, by the Soviet interpretation of their functions. The Soviet Union does not admit the presentation of security issues to the General Assembly, arguing it "bypasses" the Security Council. The Soviet bloc, in addition, has refused to participate in the work of the Interim Committee of the Assembly. Consequently, if the United States refers to questions so that they reach the Interim Committee, the resulting deliberations may in the absence of the Soviet bloc be very satisfactory from the American point of view. But at the same time they produce even sharper divisions throughout the rest of the United Nations organization.

An issue that is increasingly in the forefront of American operations within the United Nations concerns the course to be followed in connection with the deadlocks that have developed in the Atomic Energy Commission, the Commission for Conventional Armaments, and more recently throughout the whole organization on the question of Chinese representation. In each case the United States is faced with deciding what concessions it can make for agreement and how far it can give way on a particular point without weakening its over-all position. Its action on these matters involves many considerations other than the effectiveness of the United Nations system.[7] But it must be borne in mind that although the present dispute about Chinese representation had a crippling effect on the United Nations, because of the Soviet boycott of all organs in which a Chinese Nationalist sat, it did not prevent the organization from acting at a critical time when the communist aggression occurred in Korea.

In May 1950 Secretary-General Lie proposed to the major powers a procedure for dealing not only wth the Chinese question but also with other deadlocked matters. He suggested a special session of the Security Council at which members would be represented by their foreign ministers. Article 28 of the Charter provided for such meetings. The fundamental issues, however, are substantive rather than procedural, and it is unlikely that the special meetings would serve much purpose unless one side or the other were prepared fundamentally to change its position.

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[7] See, "The Doctrine of Recognition," pp. 81-89 above, and "China," pp. 294-304 below.

THE REVISION OF THE CHARTER

Shortly after the framing of the United Nations Charter, proposals began to be made for its revision. During the five years of the existence of the organization, the number of such proposals, both official and unofficial, has steadily increased. These have sprung from discouragement with Soviet obstructionism, from the presumed failures of the organization, from the deterioration of the international situation, and frequently from misconceptions of what the United Nations was intended to do. During the San Francisco Conference and immediately after, the capabilities of the United Nations organization were "oversold," particularly in the United States, where the memory of a failure to ratify the League of Nations Covenant led to extreme efforts to gain public support for the new organization. A popular belief was built up that the participation of the United States would almost automatically prevent the recurrence of war and would solve all problems of American foreign relations. It was not emphasized, and consequently not widely realized, that there were outstanding problems, such as the making of a general peace settlement, that had to be solved by the major powers and with which the United Nations was never intended to deal. Nor was it generally appreciated that the success of the organization would depend on the preservation of good relations among the major powers and on their willingness to use its machinery.

At the time the Charter was negotiated, the governments of the member states considered that the realities of international relations made it inevitable that the organization should be essentially a voluntary association of sovereign states. It would consequently be an agency of adjustment rather than an instrument of supergovernment. This reading of the facts imposed certain limitations on the United Nations, of which the most important were the veto provisions. Each of the major powers claimed the right of veto as a means of protecting its vital interests. The smaller powers reluctantly granted this exclusive privilege to the five principal powers, which in turn solemnly undertook to use it with restraint and not "wilfully to obstruct the operation" of the Security Council. The only general exception to the rule of five-power unanimity for substantive decisions of the Council is that, in the pacific settlement of disputes, the provision that all parties to a dispute must abstain from voting applies to the permanent members of the Council as well as to the others. Since major-power unanimity is required to amend the Charter, no change in the veto provisions is likely at the present time.

The belief that the veto has been misused, especially by the Soviet Union, has led to increasing demands for its modification or abolition. Although Soviet opposition has prevented any drastic changes, certain more liberal practices have been developed out of the experience of the

Security Council. Regardless of the understanding accepted at the San Francisco Conference, voluntary abstention of a permanent member from voting is not now considered a veto. This new understanding has facilitated action by the Council in the pacific settlement of disputes.

In 1947 the United States announced it had come to the conclusion that "a liberalization of the voting procedure" was necessary. This view received widespread support, but it was strongly opposed by the Soviet Union, and the matter was referred to the Interim Committee for report to the General Assembly. The United States then submitted to the Interim Committee a list of thirty-one types of Security Council decisions for which it proposed that the veto should be eliminated. The committee submitted a detailed report in the autumn of 1948. On the basis of this report the United States, Great Britain, France, and China formulated a resolution that called on the members of the Security Council to agree among themselves that certain decisions would be regarded as procedural and that certain others, even though substantive, would not be subject to veto. The latter category included decisions on the pacific settlement of disputes and the admission of new members. The resolution also called on the permanent members to consult together before voting on important questions. This resolution was passed by the General Assembly in April 1949, but the Soviet Union has prevented it from being carried out effectively.

In the meantime, various public groups in the United States and, to a lesser extent, in Western Europe have proposed more comprehensive and fundamental changes, which have been directed at the basic structure and intent of the United Nations organization. These have gained the support of groups of American Senators and Representatives, who have submitted to the Congress a variety of resolutions in which these proposals are embodied. Hearings on these resolutions were held by the House Committee on Foreign Affairs in October 1949, and by the Senate Committee on Foreign Relations in the winter and spring of 1950, but none has yet been reported to the floor of the Congress. Some of these resolutions advocate measures to be taken under the provisions of the United Nations Charter, such as a wider and more specific defense agreement under Article 51; others advocate measures to be taken outside the Charter, such as the formation of a federation of North Atlantic states. Still others propose the amendment of the United Nations Charter.

One of the latter proposes, for example, that the United States immediately press for a revision of the Charter to remove the veto-right in matters of aggression, to avert the "threat of atomic catastrophe," to end the armaments race, and to establish "an effective but tyranny-proof international police force . . . under a workable Security Council and

World Court." The supporters of this resolution advocate the amendment of the Charter only in respect to security matters. They do not think it feasible to give any other sovereign powers to an international organization.

Another resolution, sponsored by 22 Senators and 111 Representatives, declares that it should be "a fundamental objective of the foreign policy of the United States to support and strengthen the United Nations and to seek its development into a world federation, open to all nations, with defined and limited powers adequate to preserve peace and prevent aggression through the enactment, interpretation and enforcement of world law." Those who favor this proposal argue that peace can be kept only through a federal government and that such a government must be universal to be effective. They express the belief that the Soviet Union would be likely to participate in such a government if the United States proved its own good faith by taking the initiative in sponsoring it.

A third resolution advocates the establishment of a world government with authority in political, economic, and social fields, as well as in security matters. It calls on the President to request under Article 109 of the United Nations Charter a general conference "for the purpose of establishing a true world government" on the basis of a detailed constitution. If such a conference were not called within one year, the President would then be directed to call a world constitutional convention of delegates elected directly by the people.

In testifying on these resolutions, State Department officials have said that the importance of changes in the existing international machinery should not be overemphasized, adding that in relations with the Soviet Union, what is needed is not a new over-all agreement, but "performance on the ones we already have." They have also pointed out the need to determine the full implications of the various proposals before the Government commits itself to any comprehensive plan. The State Department does not consider that any of the proposals are practicable at the present time, with the exception of those for developing and increasing the use of existing United Nations machinery.

In April 1950 former President Herbert Hoover proposed a basic reorganization of the United Nations that would limit its membership. He declared: "The Kremlin has reduced the United Nations to a propaganda forum for the smearing of free peoples. It has been defeated as a preservative of peace and good will." He therefore suggested: "The United Nations should be reorganized without the Communist nations in it. If that is impractical, then a definite New United Front should be organized of those peoples who disavow communism, who stand for morals and religion, and who love freedom."

President Truman and the State Department promptly disagreed

with this suggestion and reiterated that support of the United Nations was the "cornerstone" of American foreign policy. Prime Minister Nehru of India declared that his country was one of many that would refuse to choose sides, but would "maintain their separate identity and viewpoint." Secretary-General Lie and General Romulo, president of the General Assembly at its last session, both strongly opposed Mr. Hoover's proposal. General Romulo stated: "If the conflict between the great powers threatens to divide the nascent world community into two, the remedy is not to harden the cleavage by splitting the United Nations; the wiser course would be to do everything possible to maintain the strength of the United Nations, which is the only workable bridge that we have today between the two hostile camps on either side of the chasm."

The problem is to determine the position of the United States with respect to proposals for revising the Charter of the United Nations.

This raises many complex and interrelated issues. A broad issue that the United States Government must face is whether to propose, or to support if proposed by other members of the United Nations, the convening in the near future of a general conference to review the Charter. Such a conference can be called, under Article 109, by a two-thirds vote of the General Assembly and the concurring vote of any seven members of the Security Council. Amendments to the Charter that such a conference might propose would not take effect, however, unless they had been ratified by the five major powers. It is argued, in favor of holding such a conference, that full official discussion of the existing proposals for revision would clear the air, would concentrate public attention on the practical limitations imposed by the present international situation, and would demonstrate clearly the precise degree of power that governments and peoples are now willing to delegate to an international authority. On the other hand, there is danger that the holding of a conference would, in the face of adamant opposition from the Soviet bloc, emphasize differences rather than unity and produce an irreparable cleavage in the United Nations.

Specific issues exist in connection with standing proposals to amend the veto provisions of the Charter. Among these issues are the use of the veto in connection with the pacific settlement of disputes, applications for membership, the determination of threats to the peace, the grounds for collective action, and the ordering of provisional measures and nonmilitary sanctions.

The United States has already taken the position that the veto should be eliminated in the first two instances, but it has sought to achieve this elimination by agreement among the five major powers

rather than by amendment of the Charter. In view of Soviet unwillingness to enter into such an agreement, should the United States now initiate more formal efforts to modify the voting procedures? The desired change would undoubtedly facilitate the reaching of decisions on pacific settlement, but the fact that these decisions might be made over the opposition of one or more of the major powers would inevitably reduce the effectiveness of Security Council recommendations. With respect to the admission of new members, advocates of universal membership are especially eager to modify the veto so that all applicants will be accepted, and they think that it might be possible to obtain Soviet agreement on this one question. But the past rigid position of the Soviet Union on all proposals for changing the voting procedures does not hold out much hope that it would be any more willing to ratify amendments even if they had been approved by a general conference. The United States must consider the possible effects on the United Nations of modifying the veto if the only practicable method of doing so would result in the withdrawal of the Soviet Union.

The remaining questions connected with changes in the voting procedures are more complex. They involve decisions about whether or not the United States should advocate the removal of the veto in determining the existence of threats to the peace and the grounds for collective action, under Article 39 of the Charter; in the ordering of provisional measures under Article 40; and in the application of nonmilitary sanctions under Article 41. In these instances the United States must carefully weigh the advantages of eliminating the veto and thus preventing any one permanent member of the Council from obstructing formal action, against the disadvantages of losing its own right of veto in cases where a majority of the Council favor action contrary to vital American interests.[8] Another argument against the removal of the veto in such matters is that the determination of threats to the peace and the application of nonmilitary sanctions are essentially steps in the sequence of an enforcement action that logically ends with the commitment of the military strength of major powers.

The issue of whether or not the United States should delegate the

[8] For example, is the United States willing to break diplomatic relations and cut off trade and communications with a given country when ordered to do so by a vote in which it does not concur? Under the Rio Treaty the United States is bound to do this on a two-thirds vote, but it might not be willing to give the same power to the United Nations. It still remains to be discovered what the United States will do if ever it is confronted under the Rio Treaty with a decision made by fourteen American republics, without its concurrence, that would obligate the United States to impose diplomatic or economic sanctions when it believed its own vital interests or world peace would be endangered by such action.

control of its armed forces to an international organization is involved in proposals for restricting the use of the veto in decisions on military questions under Articles 42 and 43, but it is raised even more drastically by various proposals for world government. The crux of the issue is whether the United States should commit itself in advance to the employment of its military forces to enforce decisions in which it may not concur. Under present conditions there is no likelihood that one major nation could be coerced without the mobilization, and possibly the use, of all the military forces of the other major nations. A United Nations collective security system that operated without a veto-right over decisions to take enforcement action would hence require that each permanent member of the Security Council be willing to make its armed forces and resources available to the Council. Closely related are questions of whether the United States should relinquish to a world organization its control over national conscription and the establishment of military bases on its territory.

Some of the general world government proposals also involve questions whether the United States is willing to surrender such sovereign powers as control over its tariffs, immigration policies, and taxation. Also involved is willingness of the United States to abide by majority rule in matters affecting the habitual social attitudes and practices of the American people, for it cannot be expected that other members of a world federation would agree that these attitudes and practices are necessarily the best. And at the end of a list of similar questions is the final one of the constitutional changes that would be required before the United States Government could commit the nation to participate. The workability of a world federal government formed of states with diverse cultural and political traditions, at different stages of economic development and social organization and with divergent interests and objectives, is highly speculative. Its success is not to be determined in advance by good will alone.

A fundamental and immediately important issue is involved in all current proposals about the United Nations from the most limited to the most drastic. It concerns the possibility of completely splitting the states of the world into two opposing blocs. Some proposals, such as Mr. Hoover's, frankly envisage such a consequence. Others are phrased in the terms "developing" or "strengthening" the United Nations. In even these it must be considered whether the end results might not be the same. It is an oversimplification to say that the world is already split into two camps. Many points of contact still remain, and the United Nations provides the most important of them; many states, whose aggregate weight is considerable, have refused to commit themselves to either

group. Is it in the interest of the United States to force such countries as India, Pakistan, Sweden, and Israel to choose sides? Some have argued that the United States would be in a better position to assert moral leadership of the free world if it broke all relations with all Communist states that have flouted their international obligations. Others assert that the United States should be the last to leave the conference table or to lay aside the obligations it has assumed under the United Nations Charter. They also hold that the United States can exert more pressure on the Soviet Union within the United Nations and that no useful purpose would be served by deliberately releasing the Communist states from the obligations they assumed when they accepted the Charter.

The United States must accordingly consider whether proposals to amend the United Nations Charter might not destroy the machinery that now exists without putting anything better in its place. If this latter were to happen, the last means of collective world action would be destroyed, and the United States would find itself in a weaker position to assert moral and practical leadership for the achievement of its objectives.

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THE INTERNATIONAL CONTROL OF ATOMIC ENERGY

The problem of the international control of atomic energy was the inevitable result of the detonation of the first atomic bomb over Hiroshima on October 6, 1945. Recognizing both the disastrous possibilities inherent in the general use of this new weapon and the potential benefits to mankind of the use of atomic energy for peaceful purposes only, the United States immediately suggested international control of this new force. In November the United States, Great Britain, and Canada—the nations that had collaborated in the development of atomic energy—proposed that the United Nations study and recommend measures for international control. This proposal, eventually sponsored also by the Soviet Union, China, and France, was accepted by the General Assembly on January 24, 1946. The United Nations Atomic Energy Commission first met in June of that year.

At once extreme differences in the commission developed between the Soviet Union and the Western possessors of the atomic secret. The United States proposed that atomic energy should be controlled by an international body. This would be authorized to own and manage atomic processes dangerous to international security; to control, inspect, and license other activities; and to foster research and the beneficial use of atomic energy. The control system was to become effective by stages. After it had been completely established, the manufacture of atomic bombs would stop and existing stocks would be disposed of. Violators would be penalized, and no right of veto would apply in cases of violation. The Soviet Union, on the other hand, proposed an international convention requiring the destruction of existing stocks of atomic weapons and prohibiting the further production or use of them. This was to be followed by an examination of the problem of atomic energy in all its aspects. The Soviet Union later proposed the national management of atomic energy production, combined with international inspection. The majority of the commission accepted the American proposal.

The commission has made three reports to the Security Council. The first recommended a plan of control based on the American proposals; the second tentatively rejected the Soviet proposal; the third stated that an *impasse* had been reached. The reasons given for the *impasse* were that the Soviet Union had rejected the majority plan as infringing on national sovereignty but that the majority considered the alternative Soviet plan to offer no protection against noncompliance.

The commission therefore recommended that its negotiations be suspended until co-operation among the major nations in over-all policy had produced favorable conditions for agreement with respect to the control of atomic energy. It also recommended that all three of its reports be transmitted by the Security Council to the General Assembly, as matters of special concern.

On July 29, 1949 the commission adjourned indefinitely, after confirming a resolution of its working committee to the effect that further study was useless until the five permanent members of the Security Council and Canada—the so-called six sponsoring nations—met, as they had been requested to do, to report whether a basis for agreement existed. On September 23, a month before the six sponsoring nations reported to the General Assembly, President Truman announced that the Soviet Union had mastered the development of the atomic bomb. The report of the six sponsoring nations, however, took no notice of this change in the situation. The five Western nations continued to support the system of control approved by the General Assembly in November 1948, and the Soviet Union reiterated its proposal, first made at that time, that there be two conventions to be placed in effect simultaneously—one providing for the prohibition of atomic weapons, and the other for the control of atomic energy. The Assembly then requested the six sponsoring nations to continue their talks, and recommended that all nations agree to renounce such rights of sovereignty in the control of atomic energy as were incompatible with the promotion of world peace and security. The six nations resumed their talks in December 1949, but on January 19, 1950 conversations were suspended because the Soviet representative declared that he could not participate until the representative of the National Government of China had been excluded. Secretary-General Lie in the spring of 1950 urged that every possibility for a fresh approach to atomic energy control be explored. He suggested as one possibility that the Security Council instruct him to call a conference of scientists who might produce new ideas for the consideration of the Atomic Energy Commission. He also suggested that an interim agreement might be worked out "that would at least be some improvement on the present situation of an unlimited atomic race, even though it did not afford full security."

The suspension of the negotiations furnishes a concrete example of one of the basic reasons for the failure of the major nations to agree on a system of international atomic energy control. For the political nature of the Soviet action emphasized one of the conclusions of the third report of the Atomic Energy Commission that the control of atomic energy is dependent on co-operation among the major nations in the broader fields of policy. It also confirmed the views of the five

Western nations as expressed in the interim report submitted by the six permanent members of the Atomic Energy Commission to the General Assembly in October 1949: "The Government of the U.S.S.R. puts sovereignty first. . . . If this fundamental difference could be overcome, other differences . . . could be seen in true perspective, and reasonable ground might be found for their adjustment." The General Assembly, in its resolution of November, recognized the political aspects of the problem by recommending that all nations renounce such rights of sovereignty in the control of atomic energy as are incompatible with the promotion of world peace and security.

The problem is to formulate the measures that the United States might advocate for the international control of atomic energy.

The strongest pressure for international control came in the first year after atomic bombs were dropped on Hiroshima and Nagasaki. There was then a considerable body of opinion, particularly in the United States, which believed that immediate control was imperative because civilization stood on the brink of doom. This was before a wide divergence of views on the system of control was disclosed by the proceedings of the Atomic Energy Commission. Yet five years have passed without the dire consequences that were anticipated. With the refusal of the Soviet Union to consider the system of control approved by the General Assembly, and with the deterioration of relations between the East and the West, the pressure for a solution of the problem has relaxed.

A new factor was introduced into the situation when the President announced in September 1949, that there had been an atomic explosion in the Soviet Union. This was taken as evidence that the Soviet Union possessed atomic weapons and that its attitude toward a system of atomic energy control would be affected. The mere possession of the bomb gave the Soviet Union a powerful propaganda weapon that it is exploiting. Its assertions that atomic energy would be used, not to accumulate a stockpile of atomic bombs but for the great tasks of peaceful construction, were intended to contrast with American statements about the capacity of the United States to produce and use atomic weapons. In the cold war the Soviet possession of the bomb gives it a weapon of terror to add to the threat of its vast armies. More important, however, is the fact that Soviet ability to manufacture atomic bombs neutralizes the military advantage the United States holds even while the Soviet stockpile of bombs is small. Under these circumstances it is argued that there can be little incentive other than a fear of atomic destruction for the Soviet Union to accept international control. Many observers believe that the Soviet Union discounts this danger. They contend that the

Soviet Union may wish to avoid a restriction of its atomic capability by merely failing to agree on a control system, or by discouraging the Western nations from seeking agreement in the face of continued Soviet political recalcitrance. In the meantime, the argument goes on, the Soviet Union is free both to capitalize on the propaganda advantages of its possession of atomic weapons and to use those weapons at its discretion.

There is a belief among many in the western nations that only the possession of the atomic bomb by the United States has prevented the threat of Soviet aggression from becoming a reality. Many know that since the war United States military strategy has been based on the use of atomic weapons in retaliation against Soviet attack. International control, depriving the United States of the use of the weapon would, therefore, leave Soviet armies supreme in western Europe.

On the other hand, others believe that the possible development of the hydrogen bomb makes international control of atomic energy more urgent than ever. The loss of the atomic bomb monopoly by the United States adds to this belief. It is held that no degree of superiority in the American stockpile of bombs can prevent the destruction of European and American cities by a Soviet atomic bomb attack. But the political difficulties of agreement on control are recognized. This point of view has led to new proposals in the United States Senate designed to remove these political hindrances. A general disarmament conference, dealing with both conventional weapons and weapons of mass destruction and sponsored by the United Nations, has been recommended. A less specific proposal suggests "moving heaven and earth to stop the atomic armament race" by studying the relation of the control of hydrogen bombs to the United Nations atomic control plan, by discussing the means of creating a "climate for peace" in the North Atlantic Treaty Council, by initiating new atomic control talks at a meeting of the General Assembly in Moscow, and by an American offer to divert ten billion dollars from armament production to economic aid to all nations including the Soviet Union.

There are three basic reasons for the failure of the major nations to agree on a system for international atomic energy control. The first and most important reason is the mutual distrust that exists between the East and the West. The second reason, a result of the first, is the suspension of all negotiations to reach a control agreement. The third is that there is little incentive at the present time to reach agreement. The issues to be examined in the solution of this problem are related to these three reasons for the existing stalemate.

Numerous measures by the Western nations to improve the political relationship between them and the Soviet Union and to create a political

climate in which an atomic control agreement could be reached have been tried during the last five years. Reliance on Soviet integrity and good will has failed. Military weakness has encouraged political aggression. Negotiations in the United Nations have been met with veto, intransigence, and abusive propaganda. Instead of improving, international relations have deteriorated. A "peace offensive" led by the North Atlantic Treaty nations, economic aid to the Soviet Union and its satellites, propaganda appeals to the Soviet people to undermine totalitarian discipline—are courses that it has been suggested the United States might follow. The United States might also advocate a general disarmament conference; but to convene such a conference merely to discredit the Soviet Union, as some of its proponents suggest, would hardly clear the international atmosphere.

The resumption of negotiations within the United Nations must await the decision of the Soviet Union to return to the organization. If the prospect of such a return was not encouraging, it has been advocated that the United States might seek a discussion of the atomic control problem among the heads of the major nations. This procedure has been proposed several times, most recently by former Prime Minister Churchill in February 1950. His proposal, made in the midst of a political campaign, was not favorably received, though it was not positively rejected by the governments of the major nations. The United States might also advocate the acceptance of a proposal of the International Red Cross to discuss atomic control under its cognizance, and it might disregard the blow to the prestige of the United Nations that such action would entail.

Possession of the atomic bomb by the Soviet Union undoubtedly adds to its political and military strength. Moreover, the importance of the atomic bomb to the immediate security interests of the United States cannot be ignored. There is little likelihood, therefore, that either nation would be willing to sacrifice its atomic weapons by agreement while the contest between the East and the West exists. Just as the Soviet Union may prevent control by refusing to accept any control system but its own, the United States may accomplish the same purpose by continuing to advocate the system approved by the General Assembly. For even if the Soviet Union should accept the United Nations plan, the United States knows that it would be years before it could be made effective, and the present American superiority would be maintained. It is argued, however, that the United States might more frankly declare that it would not seek international control until conditions for agreemet were more favorable.

In contrast, it is argued that if the United States believes that its security interests would best be protected by the international prohibition of atomic weapons, no concessions that it might make, either in modifying the approved plan or in agreeing to the Soviet plan, would be of

any avail if the Soviet Union wanted no agreement. On the other hand, if the United States were willing to forego the safeguards against the violation of an international control agreement in order to secure the advantage it might gain from the prohibition of the use of atomic weapons, the United States might support an international convention to prohibit the use of them without controlling the manufacture of them. This was the essence of the first Soviet proposal in the Atomic Energy Commission. In this case both nations could produce atomic weapons, but neither nation could legally use them. But the question would inevitably arise whether either of them would trust the other to comply with the convention.

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Chapter X

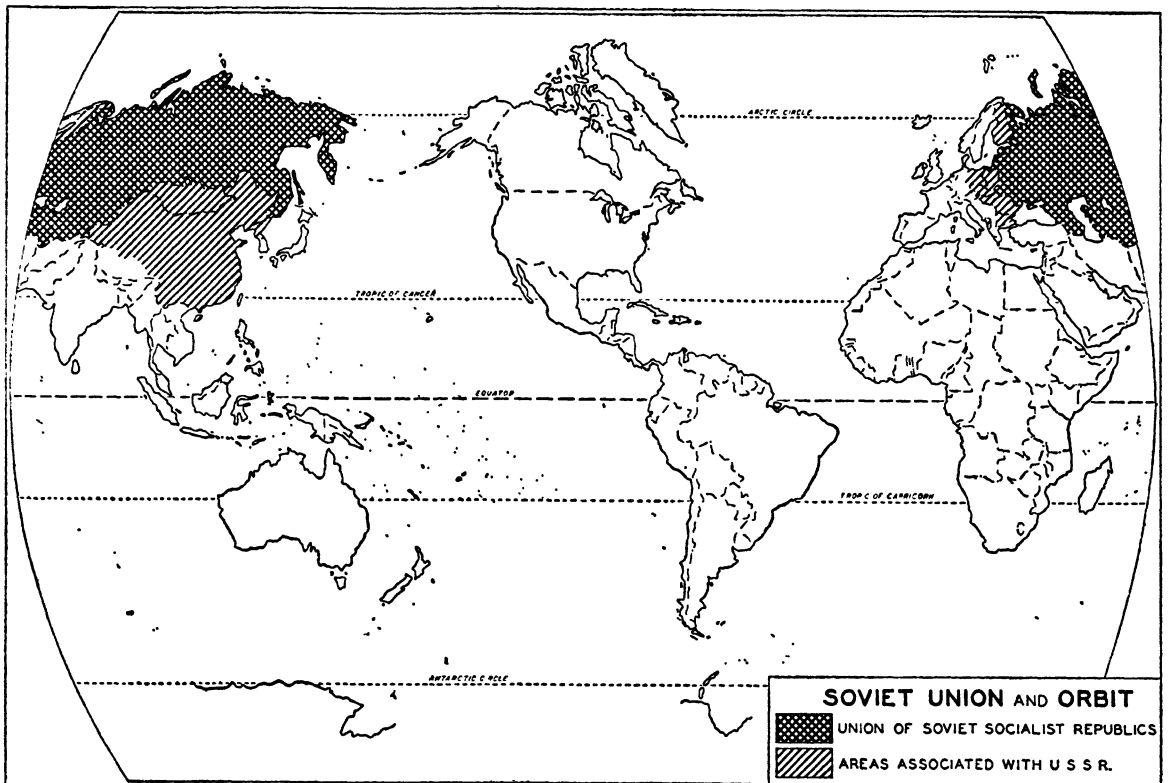
The Soviet Union and Its Periphery

SOVIET expansion is one of the prime factors in world politics today. It came about partly by direct territorial acquisition, and partly through the actions of foreign Communist parties controlled from Moscow. It started when the Soviet Union was a partner of Hitlerite Germany, and it continued when the Soviet Union was a partner of Great Britain and the United States. In the course of these partnerships, territory was acquired from Finland both in the area near Leningrad and in the north, and a common frontier with Norway was reached. Latvia, Lithuania, and Estonia were absorbed. In addition, the western frontier of the Soviet Union was extended nearly halfway through the former territory of Poland; the northern half of East Prussia was taken over; Czechoslovakia and Rumania ceded important areas; and in the Far East, the Soviet Union acquired the Kurile Islands and the southern half of Sakhalin.

Territorial acquisition, however, has been only one form of the extension of Soviet influence. The Soviet Union took advantage of the opportunities that existed at the end of the war to establish control in areas beyond its frontiers. The methods used were a significant factor in destroying confidence in the good faith of the Soviet Union and in creating the tensions that now dominate international relations.[1]

These methods were most clearly revealed in Eastern Europe. At the time the states of this region were liberated, the Soviet Union announced that it would not interfere in their internal political reorganization. Coalition governments, including representatives of all outstanding anti-fascist parties, were taken as demonstrating the good intentions of the Soviet Union. In all cases, however, Communists were installed in the ministries that controlled internal security and the armed forces. These posts were used, in co-operation with the Red Army high command in the early stages, to neutralize opposition. In addition, the centralized control of food rations and employment rights were used to deprive the opposition of the means of livelihood. Newsprint and radio time were distributed in ways that invariably favored the Communists and deprived the opposition of the means of influencing opinion. One by one the coalition governments fell, and a series of political maneuvers, the most ruthless of which occurred in Czechoslovakia, brought the Com-

[1] For a discussion of the objectives of Soviet policy, see Pt. 1, pp. 52-58.


ARCTIC CIRCLE
TROPIC OF CANCER
EQUATOR
TROPIC OF CAPRICORN
ANTARCTIC CIRCLE
SOVIET UNION AND ORBIT
UNION OF SOVIET SOCIALIST REPUBLICS
AREAS ASSOCIATED WITH U S S R.

munists into full power. Only Finland has been able to keep a semblance of political independence. Only Yugoslavia, of the states that fell under Communist domination, has broken its direct ties with the Soviet Union.

The case of Eastern Germany has been somewhat different. Soviet policy sought to realize the maximum advantages of a joint allied control of the whole of Germany. But now that no further material benefits can be secured, evidence is accumulating to show that the Soviet Union hopes to include its zone of Germany among the satellite states, and that it will consent to a unification of Germany only on terms that offer opportunities to extend Soviet influence over the whole nation.

At the present time the Soviet Union exercises firm control of two of the most important strategic areas of Europe—the Polish plain and the Danube basin. Unless the defection of Yugoslavia is to be copied elsewhere, there is no discernible challenge to Soviet authority in this region. It is nevertheless significant that the area of Soviet control in Europe has not expanded beyond the line of the wartime advance of the Red Army. Although Communist parties in Western Europe continue to act as instruments of Soviet policy, they have not gained actual political authority or influenced the course of events in any final way.

While the Soviet Union was building up its position in Eastern Europe, it was not quiescent on other strategic fronts. At Potsdam Stalin raised the question of revising the Montreux Convention for the control of the Bosporus and the Dardanelles. The other major powers agreed to investigate the matter. The Soviet Union, however, attempted to force the issue and initiated a movement to flank the Straits by bringing pressure on Turkey, Iran, and Greece. It claimed the Turkish provinces of Kars and Ardahan and demanded a base in the Dodecanese Islands and a trusteeship over Tripolitania. These efforts failed because the United States and Great Britain were unwilling to see the Soviet Union established in the Mediterranean and Middle East.

The most serious Soviet effort to flank the Straits was its attempt to foment civil war in Greece. Communist control in this area would have extended Soviet influence into a strategic sector of the eastern Mediterranean and provided an excellent base for the expansion of influence into Italy, Turkey, and a wider Mediterranean area. It was to counter this threat that the Truman Doctrine, to provide economic and military aid to free peoples, was announced. The rapid implementation of this doctrine, together with the defection of Yugoslavia, gradually checked and diverted Soviet pressure. Initially, the new direction of the Soviet effort was toward Western Europe, where it called forth an American reaction in the form of economic and military aid—specifically, the Marshall Plan, the North Atlantic Treaty, and the Mutual Defense Assistance Program. The development of these programs

has led to at least a momentary balancing of power relations in Europe and the Middle East.

At the point where Soviet pressure in Europe and the Middle East met the stiffening resistance of the West, the main line of thrust shifted to the Far East, where the troubles that had been stewing since the end of the war were beginning to boil over. The Chinese Communist party, many of whose leaders were Moscow-trained and had demonstrated their ideological loyalty to the Soviet Union, were able late in 1949 to complete its drive for the control of the Chinese mainland. By this victory the Soviet sphere of influence was extended to the Pacific littoral and to the gates of southeast Asia.

This dramatic reorientation of China tended to obscure, however, the Soviet probings along the inner Asian frontiers of China. The Soviet Union had established actual control over Outer Mongolia and Tannu Tuva as early as 1921, though Mongolia technically continued under Chinese sovereignty and Tannu Tuva was not incorporated in the Soviet Union until 1944. Soviet pressure on Sinkiang Province became persistent after 1927, when the Turkestan-Siberian Railroad was begun parallel to the Sinkiang frontier. The control of these areas, combined with the Soviet maritime provinces, has almost encircled Manchuria, the rich prize of the Far East.

Mongolia, Sinkiang, and Manchuria were all affected by the Sino-Soviet Treaty of 1945, drawn up on the basis of the Yalta agreement. Under Soviet pressure China recognized the independence of Outer Mongolia; but in the case of Sinkiang, Stalin affirmed that "the Soviet Union has no intention to interfere with China's internal affairs." Because its interest in Sinkiang was being forwarded by Soviet-trained natives, the Soviet Union was in a position to claim noninterference.

The treaty also gave the Soviet Union the right to use Port Arthur and Dairen, and it opened the way for invoking technicalities that would keep the Nationalists out of these important ports. In addition, the Manchurian railroads were to be managed jointly by the Soviet Union and China, but the appointment of a Soviet general manager nullified any co-operative features of the agreement. As a result the Soviet Union has effectively controlled Manchuria since the end of the war. To this control must be added its dominating influence in Northern Korea.

Although China is now governed by a Communist regime, it cannot be assumed that Soviet encroachment on its frontiers will cease. The new Soviet-Chinese treaty of February 1950 and the supplementary economic agreements do not indicate a final stabilization of the territorial position. Nor do they necessarily dispose of the possibility of "Titoism."

Efforts to extend Soviet influence into Japan have not achieved spectacular results. Soviet representatives on the Allied Council have

not been able to alter the course of events. The only other available channel of influence was the Japanese Communist party, and it has not had conspicuous success either in elections or in agitation against the allied occupation.

In the Korean Republic, subversive efforts by North Korean Communists were held in check with American assistance in the form of equipment and economic aid. However, an entirely new situation was created when a full-scale, highly organized armed attack was made on the Republic by Communist forces of North Korea.

Conditions at the end of the Second World War were peculiarly favorable to Soviet expansion and to an extension of its political influence. The disorganization of social, political, and economic patterns was an invitation to a state that was eager to exploit the situation for its own ends. The defeat of Germany and Japan, followed by United States demobilization, left vacuums in regions where an equilibrium of power had previously existed.

Except where Soviet power was actually present in force, as in Eastern Europe, the extension of Soviet influence was primarily limited to countries whose economies were disorganized or underdeveloped and in which pressures for social and political change had reached a critical point. People under such conditions were seeking new directions, and Soviet promises and Communist propaganda offered a new way and new hopes. In Western Europe, the Communists found a ready response in areas where the standard of living was very low. The Far East provides an even better example of Communist success in an underdeveloped region, for the promise of agrarian reform was an important feature of the program on which the Chinese Communists built their reputation.

The Far East, moreover, offered still other opportunities. The peoples of Soviet Asia are familiar with oriental traditions and have mingled with other Asiatic peoples more successfully than have Western peoples, who have tended to cluster in the port cities. This has often worked to the disadvantage of the West. Moreover, the great wave of nationalist feeling that swept former colonial territories invited and was given Soviet encouragement and support. Conflicts between the expansion of the Soviet Union and Asiatic nationalism have been carefully laid aside for later reckoning.

Soviet expansion has thus capitalized on a world-wide situation in which prevailing disorganization and maladjustment demand some kind of solution. The Soviet Union has been eager to impose its own solution. This solution and its system of controls have thus far been successfully projected only into areas contiguous to the Soviet frontiers.

Whether there are any foreseeable limits to Soviet expansion is a moot question. It may be argued that the aspirations of the Soviet Union

are insatiable. These aspirations are real, however, only by the measure of a capacity to fulfill them. The question of Soviet expansion, whether by overt action or by means of other Communist activities, must therefore be considered within the present configuration of power in the world.

Power relations between East and West have been in a constant process of redefinition ever since the end of the war. The Western nations have indicated what they consider to be their essential strategic frontiers. In the North Atlantic Treaty, they have defined a defensive area in Europe and in the rest of the North Atlantic community. In the Mediterranean and Middle East another defensive area has been marked out by implication. The American Secretary of State has said that in the Far East a defensive frontier running from the Aleutians to Japan, and thence to the Ryukyus and the Philippines, "must and will be held." It was arguable whether the Soviet Union would seriously challenge these defensive lines until it had fully expanded and consolidated its position in the regions fronting them.

As matters stand today, further conflict between the East and West is likely to center on the areas of the world that lie between the present limits of Soviet power and the present defensive lines drawn by the West. These areas are contestable, and in the cases of Korea, Formosa, and Indo-China are in fact being contested. Whether the present configuration of power can be changed by measures short of a world-wide war is a question that only the gods can answer.

The most comprehensive policy problem immediately facing the United States and its allies today is how to prevent the further expansion of the Soviet Union. The impossibility of policing this extended periphery has led the Western powers to seek countermeasures broader than those used in piecemeal opposition on a limited local scale. They have adopted the policy of building up areas of strength all around the Soviet periphery, defining strength in economic, political, and military terms. Programs designed for this purpose are intended to check Soviet expansion by removing the basic conditions that make it possible. European recovery, mutual defense assistance, and general economic and technical aid to underdeveloped areas can all be interpreted in this light.

Problems of more limited scope can be identified within this comprehensive problem. In countering the obvious interference in the internal affairs of the states on the Soviet borders, the United States has to exercise great skill lest it open itself to charges of equal interference. This is important especially when it comes to providing aid

to smaller and weaker nations, such as Greece and Turkey, and when standards must be enforced to make the aid effective. It is also important when concurrence is sought from Great Britain, France, and other large states in courses of action that the United States considers desirable.

An analogous situation is found in the economic sphere. In implementing its policy of restoring world trade on a multilateral basis, the United States has had to make exceptions with respect to the Soviet orbit. It has placed controls on the export of strategic materials to Eastern Europe, and through the Marshall Plan it has sought to enforce similar controls on exports from Western European countries. These countries consider that the restoration of East-West trade is essential to the re-establishment of a viable European economy, and do not willingly accept the proposed controls. The problem is especially acute in relation to the economic recovery of Germany, formerly a single economic unit and now split into eastern and western segments. It occurs also in the Far East, where it is doubtful whether Japan can fully reconstruct its national economy without restoring its trade with China. The question of the weight to be given to security as compared with economic factors requires continuous examination.

The security problem, as it occurs in all aspects of Soviet-American relations, cuts sharply across a wide range of other policies. Policies favoring cultural exchanges and the free exchange of information, which in the long-run may offer some of the most promising antidotes to the spread of totalitarian rule, have undergone modification in the face of Soviet activities and techniques. The United States has on occasion refused to issue visas to foreign Communists desiring to attend meetings in this country. The question arises whether it would be desirable to have a two-pronged policy in such matters—one for the part of the world that shares American feelings about civil liberties, and another for the part of the world that does not share these convictions. The issue has important internal implications for the United States and other Western nations in establishing public policy toward domestic communistic parties.

The conflict between American and Soviet objectives and methods has two other important aspects that may be noted here. First, Soviet obstructionist tactics have profoundly affected the workings of the United Nations, both in the Security Council and the General Assembly. This problem, as it affects American policy in the United Nations, is discussed elsewhere. The issue, however, is but one phase of the problem of devising diplomatic strategy and tactics for dealing with the Soviet Union. Secondly, there is the problem of relations between the United States and the Soviet satellites. Because these states are dominated by

the Soviet Union, there is the temptation to dismiss them as of lesser importance in the larger struggle that occupies the attention of the world. The defection of Tito in Yugoslavia demonstrated, however, that shifts in these states may produce changes in the balance of power. Relations with the satellite states therefore require on occasion the greatest diplomatic finesse. These particular aspects of the broad problem are taken up in detail in the remainder of this chapter.

DIPLOMATIC STRATEGY IN UNITED STATES-SOVIET RELATIONS

The basic approach of the United States in dealing with the Soviet Union during and immediately after the war was to seek to maintain the major-power unity that had been developed during the war. It derived from the premise stated by Secretary of State Hull that "for these powers to become divided in their aims and fail to recognize and harmonize their basic interests can produce only disaster." When the Soviet Union embarked on a policy of expansion, it eliminated the possibility, for the time being at least, of harmonizing the interests of the major powers. As Soviet policy became widely identified as a threat to American interests, several possible strategies were publicly discussed. A review of these strategies illustrates the nature of the principal courses of action that were open to the United States as it adjusted to the new situation.

One of the possible strategies would have been to agree on spheres of influence. The history of such agreements, however, has shown that they are likely to be a prelude to conflict rather than a road to stability. And in any case United States principles of action would not readily allow for the type of control implied by a sphere of influence. Nevertheless, apprehension has occasionally been voiced abroad that American policy might veer in this direction. In May 1948 the Soviet Union attempted to cast American policy in this light by publishing a distorted version of a diplomatic communication from the United States Ambassador to Moscow. This version created in Western Europe the fear that the United States might be preparing to sacrifice European interests in favor of a direct settlement with the Soviet Union. In denying any such intention, the United States declared that it would not negotiate with the Soviet Union on matters of interest to other nations unless they participated—a pledge that has been repeated many times since.

Another strategy that might have been adopted was that of a preventive war. This strategy would have interpreted Soviet policy as clearly demonstrating a desire to dominate the world. Furthermore, it would have implied the assumption that Soviet strength was likely to increase in relation to that of the United States. There is little evidence to sug-

gest that this policy ever received serious official consideration in the United States. The counselor of the Department of State has recently stated, for example, that a war as a deliberately chosen alternative "is something which no democratic country could make the objective of its policy."

A third possible strategy would have been a policy of armed neutrality, which would in effect have been a modern version of traditional isolationism. It has been argued in this connection that the United States could not defend the world against Soviet attack and that by dispersing its defenses it would only weaken itself. It has also been argued that this course would avoid involving the United States in remote political controversies that were none of its concern. Such a policy of armed neutrality, it was argued, would have enabled the United States to retain its maximum strength at home and would have enhanced its power to deal directly with the Soviet Union. These proposals might have had a wider audience but for the memory of the failure of neutrality to prevent either the Second World War or American involvement in it.

A fourth strategy would have called for the United States to use its resources to strengthen the states on the Soviet periphery and to create a common will among all non-Soviet states to resist further Soviet expansion. This is very close to what is now called "total diplomacy," which identifies Soviet expansion as a common threat to the independent nations of the world and asserts a common interest in frustrating it. Such strategy, it is argued, would permit the United States to ask other nations to contribute to the foregoing purpose to the full extent of their ability. Success in developing such strategy would confront the Soviet Union with the choice of dropping its policy of expansion or of accepting the danger of a conflict in which it would be opposed by overwhelming strength. In this way, it is asserted, the Soviet Union might ultimately be convinced that its own long-range interests lay in carrying on relations with other states on the basis of accepted standards of international conduct. An additional advantage of the strategy just described, it is claimed, is that it keeps the door open for a possible settlement with the Soviet Union.

The problem is to examine the main issues raised by a pursuit of the policy of "total diplomacy" in dealing with the Soviet Union.

The first issue that arises is the relationship between the strategy for dealing with the Soviet Union and United States foreign policy as a whole. The problem of American relations with the Soviet Union has been so important in the years since the war that it has tended to

dominate the entire field of United States foreign policy. The areas where the United States has concentrated its attention abroad, for example, have been only too frequently determined by Soviet initiative. In the Middle East, in Europe, and in the Far East, American efforts have tended to be activated by Soviet threats.

On the other hand, the enactment of the European Recovery Program can be interpreted as the beginning of an attempt to assert in a positive fashion the broader aims of United States foreign policy. The program became the beginning of a general strategy of restoring and rebuilding the non-Soviet world, in order to remove weaknesses that were open to exploitation by the Soviet Union. At the same time, the proposals for United States adherence to the International Trade Organization and for providing technical assistance to underdeveloped regions are designed not only to forestall the growth of conditions in which the Soviet Union could take effective action, but also to create a more stable world.

This development of policy thus encompasses two aspects of the relationships between the strategy of dealing with the Soviet Union and United States foreign policy as a whole. It should be noted that in each aspect, the role of "third states" is important. The American strategy is in effect a coalition strategy that necessitates harmonizing the interests of the various parties in order to create an effective working relationship between them. The result is that within the framework of present policy, all available options under this issue assume the development of a high degree of co-operation with other non-Soviet states.

One aspect of this issue is the extent to which the strategy of dealing with the Soviet Union is allowed to dominate American foreign policy. In this connection, it is argued that if attention is concentrated on countering Soviet threats, United States policy in all its aspects would be designed to score diplomatic victories over the Soviet Union in the cold war. This would derive from the assumption that there can be little progress toward other objectives until the threat implied by Soviet policy is removed.

On the other hand, it is held that a concentration on countering Soviet threats is a purely negative policy, bound to fail in the long-run because it offers nothing to the peoples of the world. By placing primary emphasis on creating a better world order, this alternative assumes that Soviet propaganda and Soviet action can be largely overcome by the positive results of American foreign policy. Considerable reliance is placed on economic aid and economic reconstruction to achieve these results, and any basic compromise with the preceding alternative is considered likely to fail because of the contradiction in method and objectives between them.

Another alternative is a compromise between the two foregoing approaches. This is based on the belief that the United States cannot depend solely on policies that will bring results only in the long-run, because Soviet action may produce its results in the short-run. A comprehensive policy, it is held, should devote the necessary part of American efforts and resources to countering Soviet threats, but it should also devote all possible efforts to creating the kind of a world in which freedom and democracy can flourish. The question of how to determine the relative weight to be given to each of the two aspects of this alternative is obviously crucial. The choice, however, depends not only on the desires of the United States and of its friends, but also on the actions of the Soviet Union.

The second issue is the choice and priority to be assigned to various diplomatic methods in the application of the agreed strategy. Total diplomacy demands the use of a wide range of diplomatic methods to implement foreign policies. At the present time, the United States is engaged in programs of economic, military, and technical assistance, of cultural co-operation, and of overseas information. It is pledged to support the United Nations as the cornerstone of its foreign policy. The choice of method or the various combinations of methods that will be most effective in counteracting Soviet threats and in strengthening the non-Soviet world can be determined only in particular situations. Several questions of a general character, however, can be raised.

What, for example, ought to be the relative emphasis between such programs as economic recovery and rearmament? How should the United States adapt its policy toward the United Nations in view of Soviet action? How can programs of information and cultural exchanges achieve good will for the United States abroad and thus be brought to bear on the struggle with the Soviet Union? Again, programs of economic recovery and of rearmament compete to some extent for the same resources of materials and man power. Pushed to an extreme, either program may reduce the effectiveness of the other. The choice of one method of diplomacy thus may limit the effectiveness of another, and a careful allocation of priorities is necessary to prevent this limitation.

A similar situation is found in respect to the United Nations. Negotiations outside the United Nations may render negotiations within it unnecessary or impracticable. The question therefore arises: Which conflicts with the Soviet Union should be negotiated in the United Nations, and which are more suited for settlement through other channels? Furthermore, it can be asked whether the potentialities of conciliation and mediation through the United Nations are being adequately employed as a means of ending or mitigating the East-West struggle and

whether sufficient efforts are being made along these lines as compared with others. And there is the perennial question, recently raised again by former President Hoover, of reorganizing the United Nations without the Soviet Union.

In regard to the role of the overseas information program, President Truman has stated that "unless we get the real story across to people in other countries, we will lose the battle for men's minds by default." This is more than a matter of counteracting Soviet and Communist propaganda. There is an accumulation of evidence to show that the objectives of the United States are widely misunderstood by allies and deliberately misinterpreted by opponents, to an extent that can fundamentally damage American interests. Whether in view of this the United States ought to place primary emphasis on information as a diplomatic method is a matter of importance. To what extent this is an alternative to other diplomatic methods rather than a supplement to them, is a matter that can be worked out only in practice.

The third issue is the role of Germany and Japan in the strategy of relations with the Soviet Union. It is something of a paradox that only five years after the end of the war the question of strengthening the two principal former enemies as a means of bolstering the United States against one of its former allies should be actively debated. It is undeniable that Japan and Western Germany have an economic and military potential that could contribute materially to strengthening the non-Soviet world. But there is a fairly sharp divergence of opinion about whether it is desirable that they should do so.

On the one hand, it is said that these two former enemies, and especially Germany, are a key factor in the industrial balance of power in the world. If the United States and the other Western powers do not find ways of integrating this vast potential into their system, the Soviet Union may find a way to absorb it. Thus, the argument goes, it is impossible to keep vigorous peoples forever in bondage, and the attempt to do so would create the kind of dissatisfaction that the Soviet Union is best able to exploit.

On the other hand, there are those who are equally concerned over the possibility of an alliance between these former enemies and the Soviet Union, because they are not convinced that Germany and Japan have lost their own aggressive attitudes. An alliance with the Soviet Union might become a channel by which chauvinistic elements in former enemy states could fulfill their dreams of conquest. Concern is felt especially at evidence that former members or supporters of the militarist parties in the occupied states are regaining positions of influence. It is consequently asserted that purges and processes of re-education and

democratization have not been carried out with enough thoroughness.

These two points of view determine the two alternatives. The first is to go no further in relaxing occupation controls until the former enemies demonstrate that they are fundamentally oriented toward a democratic way of life. This alternative would require a more rigid application of restraints and a greater development of re-education in democratic philosophy and method. Only when the Western powers feel assured that their former enemies will follow a friendly policy toward them, it is argued, can they abolish the controls on industry and rearmament that were instituted as a protection against a revival of German and Japanese aggression.

The second alternative is a progressive and relatively rapid relaxation of controls. This alternative is based on the belief that the occupation already has accomplished as much as it can and that, furthermore, there is an inherent contradiction in trying to create democracy by force. Progress along these lines is said to rest on precept, example, and influence, not on coercion. To use implied or direct coercion any longer as a primary instrument of policy may, it is feared, make the occupied areas an easy mark for Communist subversion when the occupation comes to an end.

The final issue concerns the circumstances in which the United States might be prepared to negotiate a settlement with the Soviet Union. In his speech of March 16, 1950, the Secretary of State outlined seven major points of conflict with the Soviet Union in which constructive action by the Soviet Union would relax the tension in world affairs.[2] The action required, however, would constitute a complete reversal of present Soviet policy. A fundamental change in the relations of the major powers thus seems to be a precondition of a settlement.

A fundamental change could be brought about by one of several shifts: a change in policy by one side or the other, a compromise between the two, or a resort to war by one side to impose its will on the other. And finally, there is the possibility of a long-term stalemate. Since it is believed that the deliberate choice of war would not be accepted by the

[2] These seven points were defined at Berkeley, California, as (1) agreement on peace settlements for Germany, Austria, and Japan that would not make them satellites of the Soviet Union; (2) withdrawal of Soviet military and police forces from the Eastern European satellite countries and the holding of elections there in which the "true will" of the people could be expressed; (3) abandonment of the Soviet policy of obstruction in the United Nations; (4) agreement on "realistic and effective" arrangements for control of atomic weapons and the limitation of armaments in general; (5) desisting from the use of the Communist apparatus to undermine and overthrow established governments; (6) co-operation in assuring the "proper treatment" of diplomatic representatives; and (7) stopping the distortion of motives of others through false propaganda that speaks of a "capitalist encirclement" and of the United States "craftily and systematically plotting another world war."

American people, this course is presumed to be open only to the Soviet Union. The signatories of the North Atlantic Treaty have made it clear that they would defend themselves against attack, but such defense could hardly be considered war by choice. The present strategy of the United States is accordingly designed to make the choice of war by the Soviet Union prohibitive.

The remaining alternatives amount to changes in basic policy or to compromises that might lead to a settlement. In this connection it should be noted that, particular issues aside, some very fundamental difficulties obstruct the way to a compromise in the general line of United States policy and make such a compromise unlikely in any foreseeable future. There has been for some time a strong popular conviction that the United States first approached postwar problems with the Soviet Union in too conciliatory a spirit and that further compromises would lead to no beneficial results. The Soviet Union has failed to reciprocate this spirit, and it has not fulfilled even its existing commitments. It has been concluded from this experience that the Soviet Union interprets a willingness to compromise as a sign of weakness and that it accordingly increases its demands.

Prior to the Communist attack on the Republic of Korea, there was a considerable popular sentiment in the United States and elsewhere in favor of making overtures to end the *impasse* in major-power relations. National pride, it was said, should not stand in the way of peaceful solutions, provided that vital interest were not jeopardized and future peace not compromised. This sentiment disappeared in the face of the evidence of Communist willingness to resort to armed and organized aggression.

The crux of the question is whether there are any possible forms of compromise, short of a change of Soviet policy, that could be accepted without strengthening the Soviet Union. The current strategy of the United States, which has now been brought into conjunction with action taken in Korea at the recommendation of the United Nations as a measure of collective security, appears to be firmly based on the judgment that Soviet policy is a comprehensive challenge to world peace and security, and that there is little room for compromise until that policy is basically changed.

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DIPLOMATIC STRATEGY IN RELATIONS WITH SOVIET-DOMINATED STATES

The strategy employed by the United States in relations with Soviet-dominated states is not, and perhaps cannot be, so clearly defined as that for dealing with the Soviet Union itself. On the one hand, in its legal relations with them, the United States has accepted some of the Soviet-dominated states as sovereign and independent. On the other hand, in its political relations, the United States regards all of them as Soviet satellites. American experience with Soviet-dominated states centers in Eastern Europe, for Communist control in China has been too recently established to judge whether the relationship of the People's Republic with the Soviet Union will follow the pattern that has developed in Eastern Europe or will take some different form.

Expecting that the end of the war would find the states of Eastern Europe the meeting place of Soviet and Western European interests, the United States worked to keep this situation from producing conflict. The desired solution was to emphasize the sovereign integrity of the small states and to persuade the major states to agree on joint action for their rehabilitation and their re-establishment as independent states. It was believed that under these conditions, the interests of the Soviet Union and of the West would freely intermingle. This was the framework for the Declaration on Liberated Europe adopted by the three major powers at Yalta. In that declaration, the powers pledged themselves jointly to re-establish, economically and politically, the liberated nations of Europe. Political restoration was to consist of the establishment of interim coalition governments and later of free elections in accordance with democratic principles.

Although this agreement broke down almost from the moment of

its enunciation, the declaration remained the basis of subsequent efforts by the United States to secure at least a minimum protection of the American interest in Eastern Europe. It provided the point of reference for the conduct of United States relations with Poland and Czechoslovakia and for the role of the American members of the Allied Control councils in Hungary, Rumania, and Bulgaria. It entered into the negotiation of the peace treaties signed with these three states in January 1947, and it was finally enshrined in some of the clauses of those treaties. Since then the Declaration on Liberated Europe has been a practically inapplicable but legally useful frame of reference for conducting relations with the Eastern European satellites of the Soviet Union.

The other aspect of this situation was the continuous expansion of Communist and Soviet authority in Eastern Europe from the formation of the Lublin regime in Poland in 1945 to the *coup d'état* in Czechoslovakia in 1948. However, the extension of Communist control brought with it a new kind of trouble for the Soviet Union. Prior to the defection of Tito in Yugoslavia, two cases foreshadowed difficulties. The first occurred in January 1948, when Dimitrov, the leading Communist in Bulgaria, suggested that the time might soon be ripe for a confederation of south Balkan states. This idea was vetoed by an editorial in *Pravda,* which made it clear that the Soviet Union wanted no competing power units, however small, in its sphere. A similar case arose shortly after Secretary Marshall made his proposal for European recovery. Poland and Czechoslovakia both indicated acceptance of the plan, apparently without consulting the Soviet Union. Later, at directions from Moscow, they had to change their acceptance to refusal. Such actions by satellite Communists seemed to convince the Soviet Union that it must tighten its grip on the orbit nations.

The Tito-Cominform break in June 1948 marked the beginning of a new phase in American relations with Soviet-dominated areas. It opened a new possibility for the restoration of more nearly normal relations with at least one Communist government, but at the same time it evoked in the remaining satellite states of Eastern Europe countermeasures of a kind that made it unlikely that the United States could maintain even minimum diplomatic relations with them.

These countermeasures were a comprehensive drive to eliminate all traces of Western influence. Such efforts had previously been directed largely against local non-Communist elements. By giving the label "Communist deviation" to any emanation of Western influence, however, a new excuse was provided for recriminations against the United States. The American Minister to Bulgaria, for example, was alleged in January 1950 to have "been in contact" with the former Bulgarian Foreign Minister, a leading Communist who had been suspected of "Titoism," con-

victed of treason, and sentenced to death. Bulgaria requested the recall of the American minister as *persona non grata.* The United States Government replied that the accusations were groundless and asked Bulgaria to withdraw them. Failing to receive a reply, the United States in February broke off relations. Similar measures have since been employed elsewhere. Rumania and Czechoslovakia have closed down local offices of the United States Information Service and, with Hungary, have requested a reduction in the number of American diplomatic personnel serving in their countries. In return, the United States has closed Czechoslovakian and Hungarian consulates in America and restricted Rumanian diplomats to within thirty-five miles of the District of Columbia.

In explaining American action in breaking relations with Bulgaria, the Secretary of State remarked that the United States did not hold the peoples of Eastern Europe responsible for the deterioration of relations with their governments and added that the United States would maintain an undiminished concern for their rights and welfare. On the other hand, he said: "States which claim to be sovereign must act the part. Their governments must observe accepted standards in their relations with the rest of the world, and they must maintain attributes of independence. . . ." Relations with Bulgaria had become so unsatisfactory, the Secretary added, that the breaking off of relations was the only remaining means that could adequately express the concern of the United States. In phrasing his remarks, the Secretary of State left open the question whether the retaliatory action was directed primarily against Bulgaria or against the Soviet Union.

The problem is to review the diplomatic strategy employed in relations with Soviet-dominated states.

The first issue is whether relations with Soviet-dominated nations are only a secondary aspect of relations with the Soviet Union, or whether other factors must also be considered. The first alternative under this issue is to treat the Soviet problem as encompassing both questions. It may be argued that the only way to create mutually beneficial relations with the satellites lies within the framework of a Soviet-American accord. It would follow therefore that the two problems are really one and that all efforts should be concentrated on dealing with the major aspect rather than the minor. Relations with the satellites could thus be allowed to take their natural course until there is a settlement of the major power conflict.

The second alternative is to treat the two problems as related but separable. The argument behind this alternative is that the satellites cannot be considered a minor matter only, when in fact they are a major

issue in Soviet-American relations. Although direct approaches to the Soviet Union on questions connected with the satellites have consistently failed to produce results, the matter ought not to be allowed to rest there. New approaches must be considered and prepared. As a policy of strengthening the non-Communist world develops, a progressively strong influence will be exerted on the Eastern European satellites. The latent resistance to the Communist regimes in these satellites may gain new hope and see a possible alternative to present conditions. There must be a separate strategy, it is argued, to deal with this situation as it develops. In any case the United States cannot afford to allow the belief to grow that it has lost interest in the peoples in Soviet-dominated areas.

The second issue is whether the spread of Titoism can be encouraged by United States action, and if so, how this can be done. The first alternative under this issue is to take positive steps to encourage the spread of national-communism. These might include clandestine operations behind the Iron-curtain, a full-scale propaganda campaign directed toward presumed dissident groups, and the promise of economic and military support. Strategy of this kind calls for very careful planning and timing, if encouragement to "deviate" and promises to support "deviation" are not to produce premature attempts to overthrow Soviet-controlled regimes.

The second alternative is to regard Titoism as a fortunate development of a serious difficulty in the relations of the Soviet Union and its satellites. In this view the actions of the United States should be generally negative and confined simply to adding fuel to the flames. The basic method would be to continue to expose the real nature of Soviet imperialism and to provide the minimum support needed to keep recalcitrant national-Communist regimes alive, but not to enter into serious commitments to such regimes. The Secretary of State, in explaining the present official attitude toward China, emphasized Soviet encroachment on Chinese frontiers and urged: "We must not seize the unenviable position which the Russians have carved out for themselves. We must not undertake to deflect from the Russians to ourselves the righteous anger and the wrath and the hatred of the Chinese people which must develop. . . ." The second alternative would thus wait for the Soviet reaction to Titoism to develop, would adjust the character of United States action to this development, and would prepare for the maximum possible advantage of the situation at all stages.

The final issue is the extent to which the United States should retaliate against the present actions of the satellite states. The first alternative is to take equivalent action whenever called for, including a complete rupture of relations. The argument in favor of this alternative is that the United States has already suffered as much loss of prestige at the hands of the satellite states as it can afford in its own interest or in

that of the free nations generally. To allow this loss to go on without taking serious steps only opens the door to limitless abuse and leads to a popular conviction of American weakness or indifference. The satellite states must, therefore, be held strictly accountable for their acts.

The second alternative is to accept these risks in order to retain a foothold behind the Iron-curtain. The complete withdrawal of Western representatives, it is argued, is precisely what the Soviet Union most desires. To be goaded into withdrawal is to play their game. If the United States is to encourage the spread of Titoism, moreover, it must have the most accurate knowledge possible of satellite affairs. The United States should consequently do everything it can to maintain relations with Soviet-dominated states.

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Chapter XI

Great Britain and the Commonwealth

THE British Commonwealth is of vital importance to the United States. It occupies invaluable strategic positions in many parts of the world, especially on the western and southern periphery of the Eurasian continent, and it includes some of the most stable, wealthy, and dependable democratic powers. The Commonwealth commands vast resources of man power and raw materials and possesses great military, industrial, and political skills. It can bring strong influence to bear in practically any region of the world.[1]

Powerful as the Commonwealth is, its economic, military, and political structure presents a striking contrast to that of either the United States or the Soviet Union. No vast continental land mass, full of human and natural resources, serves the Commonwealth as a base. Although there are strong cohesive forces holding the Commonwealth together, it has no formal political institutions by which the collective influence of all the inhabitants can be concentrated on defined objectives. The various peoples and states within the system differ profoundly among themselves in race, religion, political tradition, and interest. The organization of the whole is tenuous, its power dispersed, and its communications vulnerable.

The structure is the result of a long series of historical occurrences, comparatively few of which represent the fruits of deliberate policy. Commercial adventures developed the Old Empire of the seventeenth and eighteenth centuries, establishing British settlements in North America and dominion over native peoples in India and southeast Asia. Failure to discover a feasible method of governing the Old Empire led to the loss of thirteen North American colonies in 1783 and to grave political scandals in connection with the administration of India. Partly in reaction to these calamities, but more through the influence of economic and political liberalism and pre-occupation with industrial development at home, the British public for more than half of the nineteenth century took little interest in the Empire. This meant that the reins of authority over the colonies were lightly held. The British in this period expanded the Empire and greatly increased their world-wide commitments by a series of local adventures and accidents, almost uncoordinated by any central authority and resulting in an extraordinary agglomeration of territories, peoples, privileges, authorities, and responsibilities. Hence arose the British saying that the Empire was acquired in a fit of absent-mindedness.

[1] For a discussion of the objectives of British policy, see Pt. 1, pp. 48-52.

GREAT BRITAIN
AND THE
COMMONWEALTH
UNITED KINGDOM
AREAS ASSOCIATED WITH U.K.
ARCTIC CIRCLE
TROPIC OF CANCER
EQUATOR
TROPIC OF CAPRICORN
ANTARCTIC CIRCLE

In the 1870's Benjamin Disraeli and the Conservative party brought the Empire back into public consciousness and made it a subject of domestic political significance. Moreover, it began again to be of first-rate economic importance: a market for British goods, a source of raw materials, and above all a field for the investment of British capital. Toward the end of the century there also appeared the realization that the power of Britain would not long remain adequate in a modern world unless the full potentialities of British overseas possessions were thrown into the scale.

Despite these indications of the increasing value of the Empire, no real attempt was made by the British to bring their far-flung lands together under a uniform system of administration. Such an attempt would almost certainly have been doomed to failure by reason of the extreme diversity of races, customs, and cultures comprehended within the Empire—the problems of government in North Borneo, for example, having little in common with those in Bermuda. It had become clear, even before 1900, that not even the English-speaking countries of the Empire could be combined into a well-integrated political structure, for each had its own interests and affairs and each wished to manage them in its own way. Because the separatist tendencies of the larger units could not be effectively countered, they were tacitly accepted. The result was the evolution of "dominion" status.

At the end of the nineteenth and the beginning of the twentieth century, the amount of authority conceded to those colonies accorded dominion status gradually increased until by the 1920's it had come to include even the important field of foreign affairs. Great Britain could then no longer commit a dominion to war, to peace, or to treaties; and by 1931 the only formal link of any consequence among the dominions was that of allegiance to a common sovereign. But in 1950 India, which had become a dominion in 1947, renounced allegiance to the King and yet remained in the Commonwealth as a republic. Perhaps the only official connection between India and the other Commonwealth nations now lies in the fact that they mutually and severally declare that a connection does in fact exist and that they frequently act in accordance with their declaration. However, all dominions generally accept a moral obligation to take no important step in foreign affairs without consulting any other dominion whose interests are involved.

The dominions now number seven—Canada, Australia, New Zealand, South Africa, India, Pakistan, Ceylon—and collectively they are generally designated the *Commonwealth,* as distinguished from the dependent overseas territories, which make up the *Empire.*[2]

[2] The usage described above is convenient and common, but it is not official. The word "Commonwealth" has been used in British official documents to refer to the dependent overseas territories as well as to the independent nations. The word "Empire"

The Empire consists of a vast congeries of dependent overseas territories, too numerous to list here and too varied to describe. It includes not only those areas indisputably belonging to Great Britain but also protectorates such as Bechuanaland and Swaziland, condominiums like the Sudan and the New Hebrides, and mandates or trust territories such as Tanganyika. Some of these are points of strategic importance—Gibraltar, Malta, Cyprus, Aden, Singapore. Some are important sources of raw materials—Malaya, Nigeria, Rhodesia, East Africa. Some are trading depots—Hong Kong, Singapore. Many, on the other hand, are of little strategic or economic consequence.

Over the Empire Great Britain retains political authority, and the success with which this authority is exercised depends on the skill and vision of colonial administrators and on the economic and political resources that Great Britain can expend for their support. Forms of government range all the way from a paternalistic rule over aborigines in Borneo to practical self-government in Bermuda. Government is, at least in theory, adjusted to the capacity of the inhabitants for running their own affairs, and the announced principle of British colonial administration is to guide all subject peoples as rapidly as possible to the goal of self-government. Since the granting of dominion status to India and Pakistan, and the withdrawal of Eire and Burma from the Commonwealth, serious problems of internal stability have seldom arisen in the Empire save in Malaya, where guerrilla warfare presently engages the attention of British troops.

The main problem that faces Great Britain in the administration of its dependent territories is economic. Almost all the Empire requires a heavy program of capital investment, not only to maintain and increase local standards of living but also to enlarge the sources of raw materials and foodstuffs for the economy of the mother country. The kind of investment needed will not yield a quick return. It will take years, for example, to construct an adequate transportation system in Africa and to prepare the land and train the population for new forms of agriculture. The financial resources of Great Britain are not adequate to the task, yet the continued existence of the Empire may turn upon its successful execution.

Although the cohesive force of the Empire is plainly to be seen in the political, economic, and military authority of Great Britain, that of the Commonwealth is far less easy to discern. It has sometimes been

is avoided by nearly everyone save Conservatives; the official phrase is "Dependent Overseas Territories." Even the word "dominion" is now sparingly employed, perhaps because it still carries a slight connotation of dependent status. Finally, even the designation "British" in connection with the Commonwealth is now officially avoided.

described as a sense of common experience and common aim. Insubstantial as such a force may be, it is powerful enough to withstand almost any dissolving influence short of a really fundamental conflict of interests. It is true that each Commonwealth nation derives advantages from the association—a wider range of contacts than might be available to it if standing alone, access on easy terms to the enjoyment of the trading privileges of Imperial Preference, and to the information and skills of other governments and a share of the world-wide prestige still attaching to Britain. Moreover, there are advantages of security. Beyond doubt the defensive strength of each Commonwealth member is increased by the fact of the association, even though few precise commitments for mutual defense exist.

But the elements of disunity loom very large. It still remains to be seen how long the new Asian dominions—India, Pakistan, and Ceylon—will prove in fact to be knit to their associates by a sense of common experience and common aim. The Government of South Africa is at present in the hands of men who appear to be hostile to many of the ideals for which the Commonwealth has stood. The financial resources of Great Britain, formerly a powerful cement to the system, are now at low ebb. And it is to the United States not to Great Britain that Canada, Australia, and New Zealand now tend to look for help in the maintenance of their security.

There are, moreover, divisions of interest within the Commonwealth itself, some of them very sharp. Most important at present is the dispute between India and Pakistan over Kashmir, a dispute that at times has seemed close to breaking into open war. It is significant that this problem was referred to the United Nations for adjustment and that the Commonwealth has treated it with great circumspection. India and South Africa have long been at serious odds over the latter's treatment of a large Indian minority. Great Britain and Canada are allied with the United States in the North Atlantic Treaty and thus are insistently drawn toward Atlantic and European commitments. Australia and New Zealand, together with the Asian dominions, naturally find their security interests primarily centered in the Far East. Australia and New Zealand are concerned lest Japan become once more a military and economic menace; India, lest it become either an Asiatic nation subjected to Western "imperialism" or a power great enough to be a serious rival. And though all the Commonwealth nations are anti-Communist, India refused until very recently to abandon an attitude of neutrality in the great political conflict between the Western powers and the Soviet Union.

Although the Commonwealth is undeniably a definite political grouping, it is plainly far from being a political unit. Indeed the British

long ago gave up any attempt to make it function as an integrated whole. Commonwealth business is transacted in two principal ways: by meetings either of experts or of important political leaders from the several countries, and by a regular transmission of information and advice between the governments, and particularly between the Government of Great Britain and the others. This process is facilitated by the Commonwealth Relations Office in London—a department of the British Government—and the network of Commonwealth High Commissioners with their diplomatic staffs.

In addition to the political authority of Great Britain, which holds the Empire together, and the common consent by which the nations of the Commonwealth declare themselves to be associated, there is one considerable force operating to knit together the whole in a common interest; this force is the pound sterling. With the important exception of Canada, all the Commonwealth and Empire, together with a few other countries like Iceland and Iraq, are members of the sterling area. The dollar reserves of the sterling area are kept in London and managed by Great Britain in a common pool. During the war, moreover, various countries of the area, especially India, Pakistan, and Egypt, supplied Great Britain with considerable goods and services and acquired in return "sterling balances" in London amounting to some three billion pounds. These debts are now being paid off by extensive shipments of British manufactured products to the creditor countries. Although such repayments constitute a great burden on the British economy, they contribute greatly to the maintenance of stability in the countries that receive them and tend to keep these countries closely associated with the British system. This problem is treated in detail later in this chapter.

The sterling area forms a great multilateral trading area, which in 1948 accounted for about 36 per cent of all visible world trade and about 50 per cent of invisible transactions. Thus today the Commonwealth system, in its economic aspect, is one of the most significant in the world.

As a formal ally of Great Britain and of Canada, the United States is in a sense allied informally to the entire Commonwealth and Empire. It is clearly in the interest of the United States that the Commonwealth group be strong. This presents several problems, both of policy and of method. How far should the United States treat the Commonwealth nations as independent (as in fact they are), and how far should it deal with them through the intermediation of Great Britain? This question scarcely presents itself with respect to Canada, but it is serious with respect to the Asian dominions. If India, Pakistan, and Ceylon are dealt with too obviously through Great Britain, they may resent the imputation of dependent status; yet if they are handled without reference to

Great Britain, the valuable relationships of the Commonwealth may be impaired. It is often difficult to strike a successful compromise between these extreme alternatives.

A group of problems arises in connection with the bestowal of economic aid by the United States. Is it, in general, better for the United States to make loans or grants directly to members of the Commonwealth or Empire, and thus tend to loosen the ancient financial ties of those regions with London; or would it be preferable, for the sake of strengthening the system, to make capital available to Great Britain for use in the dependencies? In this regard the British have recently made a great departure from their older custom by announcing that American capital investment in the Empire would be welcome. It is to be expected nevertheless that they will wish to be consulted if such investments are made, and their views may not always coincide with those of American investors. Again, should the United States endeavor, in the interest of disburdening the economy of Great Britain, to restrain the British from freeing the sterling balances?

Finally, the most perplexing class of problems arises from the plain question of how far Great Britain should be urged to extend its responsibilities and commitments on the European continent. There is no doubt that the British Government considers itself involved in two, or perhaps three, relationships whose requirements are not always compatible one with another. First is the relationship with the Commonwealth and Empire, second the relationship with the rest of Western Europe, and third the relationship with an Atlantic community including the United States. No commitments in Europe can be accepted that will seriously impair Commonwealth responsibilities and connections, but it is rarely clear just how far these connections would actually be affected by any given European commitment. The British have insisted that sterling, which is an international currency, should not be subjected to many of the hazards that involvement in a European Payments Union might present. The United States, interested as it is in a closer integration of Western Europe, very frequently has to decide whether pressure should be exerted upon Great Britain to commit itself more completely to this policy, or whether in fact the resulting damage to the Commonwealth structure would outweigh the resulting benefits in Europe. This issue, as well as other issues raised by the conflict of objectives between the United States and Great Britain, is dealt with below.

CONFLICTS OF OBJECTIVE BETWEEN GREAT BRITAIN AND THE UNITED STATES

The alliance between the United States and Great Britain is solidly founded on many common democratic principles, several well-tested his-

toric connections, and a close identity of broad strategic and political objectives. To so revive and strengthen the non-Communist world—politically, economically, and militarily—that it can withstand the internal assaults of communism and the external pressures of the Soviet Union, is the primary strategic aim of both countries. It is of the greatest concern to the United States that Great Britain should be powerful and prosperous, because British stability tends to spread into other parts of the world and to fortify the whole democratic cause.

Within the broad framework of fundamental agreement there is nevertheless room for many differences about functional policies and subsidiary or short-term objectives. Such differences may make themselves felt in any region of the world, and in any matter where the interests of the two nations come into contact. They require particular attention in connection with the problem of establishing a pattern of international trade acceptable to the United States and with that of achieving a closer integration of Western Europe. It is without doubt an aim of Soviet policy to exploit and increase all conflicts of opinion and objectives between Great Britain and the United States. For these and other reasons, it is important to identify carefully the points of Anglo-American differences.

Faithful as Great Britain is, and must of necessity be, to the overshadowing objective of security against the Soviet Union, it has other aims that ordinarily engage the attention of its people and of its Government even more continuously and insistently. First of these is the maintenance of full employment, an objective that to a very great degree currently determines the shape and nature of British economic policy. This objective is professed by both major political parties and by the great majority of the citizens. With the domestic policies of a "fair" distribution of the national income among the population and a liberal provision of amenities by the welfare state, it constitutes a social and economic program to which the present Government is committed and to which foreign policies are expected to be subordinate unless the most insistent requirements of national security are at stake.

Another major objective of British policy is to re-attain economic viability. Although British industrial production and volume of exports have already reached a level well above that of prewar days, they must be pushed still higher if Great Britain is to recover its former international financial position. The British economy is dependent on imports, the need for which is increased by the high goals set for employment and the standard of living. To earn enough foreign exchange, especially dollars, to pay for imports is one of the most urgent British problems. Many Britons believe—some as a matter of principle and others as a matter of temporary necessity—that the recovery of viability cannot be

achieved without some direct intervention of the political authority in economic affairs.

A third major objective of British policy is to preserve and improve the structure of both Commonwealth and world-wide economic and political relationships, on which British power so greatly depends. The maintenance of close intra-Commonwealth connections takes precedence over all other aims of British overseas policy. At the same time, in the current British difficult situation it has become essential, not only for the sake of political prestige and strategic security but probably also for economic survival, to cherish the extensive British connections and interests in China, Latin America, the Middle East, and Africa. Thus there arises a multitude of secondary and short-term objectives toward which the policy of Great Britain must be directed in many parts of the world.

The major objectives of British policy are not, for the most part, contrary to the interests and objectives of the United States. Insofar as they contribute to the preservation of British power, they tend to strengthen the power of the Western democracies. They nevertheless require the pursuit of some policies, and entail some consequences, that are not in accordance with United States objectives.

The problem is to examine the principal points at which the objectives of Great Britain conflict with those of the United States and to determine the American positions.

By far the most serious conflicts of objectives between Great Britain and the United States concern the pattern of international trade and payments. For a decade or more the United States has frequently set forth as one of its major aims the restoration of nondiscriminatory multilateral world trade, convertible currencies, and free movements of capital. The British often proclaim their sympathy with this objective and their intention of proceeding toward it with the greatest possible speed. They continue nevertheless to enforce elaborate quota regulations of trade and strict exchange controls and to negotiate bilateral trade and payments agreements with other countries. The machinery of British controls operates not only over Great Britain itself but also to a great degree over the entire sterling area, insulating it from free economic contact with the rest of the world, particularly from the dollar area. The system of preferential tariff arrangements linking the Commonwealth countries together is fully maintained.

The British explain that these controls and restrictions have been dictated by the inescapable but temporary exigencies of their economic situation. As viability is achieved, they say, the controls (except perhaps the Commonwealth tariff preferences) can and will be abandoned. But

premature relaxation would be disastrous; indeed in 1947 it was proved to be disastrous. With such arguments, the United States has in great measure agreed and therefore has found it necessary to modify its position in various negotiations, though without permanently abandoning its final objective. Already, however, there are some indications that the British, and especially the Labour party, may find that the perpetuation of controls and discriminations in international trade is essential to the management of their planned economy. At present the British appear to hold the objective of full employment in higher regard than they do the aim of nondiscriminatory world trade.

The problem is aggravated by the normal rivalries of British and American traders, seeking competitively to sell their goods in third markets like Latin America. This factor was of small importance during the years of the seller's market and while British productive capacity was recovering from the dislocations of war. It is likely to become of increasing significance in the years to come, and it has already been exemplified by sharp disputes over the marketing of oil.

The first issue, therefore, for the United States to decide is when and how to use economic and diplomatic pressures to force the British into a more rapid abandonment of quota restrictions, exchange controls, and bilateral trade pacts. This issue arises in such broad programs as the loan negotiations of 1945, the General Agreement on Tariffs and Trade, and the European Payments Union, and also in specific British policies, like the discriminatory trade agreement with Argentina and the restrictive practices adopted against American oil companies.

It is clearly impossible for the United States to abandon lightly an objective so long and so emphatically proclaimed. The only practicable course of action for the United States whenever the issue arises is, therefore, to examine with great care the particular circumstances involved, in order to see first whether technical adjustments can be made that will lead to an acceptable compromise. If a compromise cannot be discovered, it may then be necessary to consider whether the particular British policy proceeds from inertia, from excessive aversion to risk, or from mere habit, or whether it is based on a clear and fixed conviction that British interest is genuinely at stake. Finally, it will obviously be necessary for the United States to keep its objectives continuously under review. It will have to consider how far world economic conditions permit its objectives to be achieved, what concessions to circumstances may have to be made, and what the United States might do to change world conditions in order to make its objectives attainable.

A second point of conflict between British and American objectives is suggested by proposals for the closer integration of Western Europe. The American objective of an integrated community of Western Euro-

pean nations is not yet fully and precisely defined, but its general nature is reasonably clear, and it is becoming increasingly urgent. For the achievement of this goal British co-operation is almost essential, because without Great Britain a European organization would lack much of the strength and many of the resources envisaged by the United States. British co-operation is essential also because certain continental European countries, notably France, believe that without British participation the organization would inevitably be dominated by Germany. Finally, the British possess the qualities of leadership and of political and administrative skill without which the organization would be defective.

By playing an important part in the Organization for European Economic Co-operation, the Brussels Pact, and the first European payments scheme, the British have materially helped to give practical effect to European co-operation. They have also frequently and officially declared their sympathy with the objective of co-operation. But it has become increasingly clear that the British envisage for themselves a degree of participation considerably short of that expected by the United States. They have attempted to restrict and circumscribe the political structure of the Council of Europe by preventing any appreciable transfer of sovereignty to the Consultative Assembly, and they have held back from joining a new European Payments Union on the lines first proposed by the United States. Certain British objectives, especially those of maintaining intact the present world-wide structure of British commitments and of keeping strict control over the British economy and over the sterling area, appear to be in conflict with the American objective of achieving a unified Europe.

Therefore another issue for the United States to decide is how far to use economic and diplomatic pressure to persuade or force Great Britain into more extensive commitments in continental Europe.

The courses of action open to the United States are much the same as in the issue relating to the pattern of international trade, and for the same reasons. Although it may be true that Great Britain will not assume commitments that are contrary to the national interest, the United States may have to decide how far the British are in fact justified in believing that their connections with the Commonwealth and with the rest of the world will be imperiled by a closer association with Europe. If it should appear that the British exaggerate the incompatibility of the two objectives, strong pressures upon the British Government might be called for. If, on the other hand, the United States should agree with the British estimate, it would then have to decide which of the two objectives was more important in American policy. Should the former seem the more desirable, the pressure upon Britain to extend its European commitments could be only slight.

No other points of conflict between British and American objectives compare in significance with the two foregoing. The intense British preoccupation with solving financial and commercial problems, and with conserving British world power, give rise, however, to various other differences with the United States in various parts of the world. In China the British seek to do what business may be done with the Communist regime, and they avoid treating it as irrevocably hostile. In the United Nations they resist proposals for international supervision of the administration of their colonies. They tend to stress the potential danger of German and Japanese commercial competition. In the Middle East they appear to distrust Israel and to put undue emphasis on relations with the Arab states. In all these other issues United States policy will be to some extent affected by a consideration of the result of action contemplated in the over-all strength of the British position in world affairs.

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EXCHANGE CONTROL AND THE STERLING AREA

The sterling area consists of countries that have long been accustomed to conducting their foreign trade and to holding their monetary reserves in sterling. It was these tactics, in fact, that made the formation of the area feasible. Great Britain has been the principal purchaser and international distributor of the major export products of these countries and their principal source of short-term credits and long-term investment capital.

The area within which sterling can be used as an international currency is large, but it is now fenced in by an elaborate system of exchange regulation centrally controlled by Great Britain. This barrier prevents trade from flowing as freely with the outside world as it does within the area, and it is an obstacle to the realization of the basic United States objective of restoring as nearly as possible a world-wide system of trade and payments.

At the outbreak of the Second World War Great Britain issued regulations restricting the use of sterling for the purchase, sale, or lending of foreign currencies. British residents were required to surrender their holdings of gold and of the principal foreign currencies. All foreign exchange transactions were subject to control by the Bank of England. The effect of these regulations was to mobilize financial assets that could be used in making purchases outside the sterling area, and to conserve them for the British war effort.

These regulations controlling exchange transactions and foreign currencies in general did not extend to the other countries of the British Commonwealth (Canada, Hong Kong, and Newfoundland excepted) or to certain other countries having close ties with Great Britain—the group that comprised the sterling area. Transactions among these countries, and between each of them and Great Britain, remained relatively free. Many changes have since occurred in the membership of the sterling area, but these are not significant for postwar problems.

The changes that have occurred in the nature of the controls themselves, on the other hand, are significant for postwar policy. At first these controls regulated the transactions of the sterling area with the outside world as a whole, and not their transactions with individual countries or groups of countries. In 1940, however, the terms and conditions governing the use of sterling by countries outside the area were laid down in bilateral agreements between Great Britain and the individual countries. Transfers of sterling between these outside countries were prohibited, a minor exception being made for transfers between Central American countries. Only sterling paid into American and Swiss accounts was convertible into dollars.

Bilateralism was thus introduced into the relations between the sterling area and the rest of the world. The system of control was made effective by the adoption of similar regulations by the various independent and semi-independent monetary authorities within the area. Great Britain became the custodian of a central pool of gold and dollars into which most of the dollars currently earned in trade by members of the sterling area were paid and out of which dollar commitments were met. Thus the reserves of the area were centralized. At the same time, sterling balances accumulated in London as the result of the supplying, by mem-

bers of the sterling area, of the sinews of war on credit to Great Britain.

This system remained substantially unchanged until 1947, when it was modified in accordance with the terms of the Anglo-American Financial Agreement of 1945. Under that agreement Britain undertook within a limited period of time to make the sterling receipts from current transactions of all sterling area countries freely available for current transactions in any other area without discrimination, and to remove all restrictions on payments and transfers for current transactions. This was in effect an undertaking to make currently earned sterling convertible into dollars. Great Britain also made a unilateral declaration in the loan agreement regarding the wartime accumulations of sterling. It expressed its intention to make agreements, especially with countries of the sterling area, under which part of the sterling balances would be made freely convertible for current transactions in any currency without discrimination, part would be similarly released by installments, and part would be "adjusted" as a contribution to the settlement of war and postwar indebtedness.

It did not prove possible, however, to make such agreements with the large holders of sterling balances, among which were Egypt, India, and Pakistan. The procedure was therefore adopted of placing these "old sterling" balances in separate accounts (the so-called No. 2 accounts) and to allow the sterling in these accounts to be used only for transfers to other No. 2 accounts or for investment in certain types of securities. Sterling currently accruing was also placed in separate accounts (the so-called No. 1 accounts) and was subject to the regulations governing the use of sterling arising from current transactions in general.

In preparation for fulfilling its obligations under the loan agreement, Great Britain took a number of steps to liberalize its wartime exchange control system. These were designed to allow greater freedom for the transfer of sterling from one bilateral account to another and from these accounts to American accounts, which were already convertible into dollars. In February 1947 a "transferable account" system was introduced. Sterling was allowed to pass freely between members of the transferable account group of countries and from these countries into American accounts. On July 15, 1947 sterling arising from current transactions was made fully convertible into dollars or other currencies. By August 20 British gold and dollar reserves had fallen so drastically that, by agreement with the United States, convertibility was temporarily suspended. This was accomplished, not by abolishing the system of transferable accounts, but by withholding the privilege of transferring sterling from these accounts to American and Canadian accounts. Several important countries, however, were at this time removed from the category of "trans-

ferable account" countries into the category of "bilateral account" countries. This was a partial return to the wartime system.

The intricate system of control over sterling that resulted from these changes divided the world, as far as the use of sterling in international payments is concerned, into segments, each subject to a slightly different type of regulation—American account countries, transferable account countries, bilateral account countries, and the Scheduled Territories (the new name for countries of the sterling area). Within each of these groups except the bilateral group, intercountry transfers of sterling were permitted. An important group of countries, including Argentina, Belgium, Brazil, Canada, France, and Germany, made up the bilateral account category. Sterling held by countries in *all* the categories could be used without special permission to make payments in the sterling area, but transfers of sterling from the sterling area to countries in the other categories, and between countries in different categories, could be made only with the consent of the British authorities. Because sterling is to be included in the proposed European Payments Union, the latter restriction will have to be relaxed enough to permit transfers between members of the union in the settlement of current surpluses and deficits in their mutual trade.

Under the exchange control system described above, the countries of the sterling area acquire sterling by selling goods and services to Britain and to transferable and bilateral account countries, and by selling the greater part of their dollar receipts in foreign trade to the British exchange control. They continue to meet their external obligations by making sterling transfers to British accounts and to the transferable or bilateral accounts of other countries, and by converting their sterling into dollars. But payments into sterling accounts that are governed by bilateral agreements, and conversions into dollars, must pass the scrutiny of the British authorities.

When the sterling area countries convert sterling into dollars, they are in effect drawing on the central dollar reserve they have helped to create. But their withdrawals may not equal their contributions, and both are subject to negotiation. Gold or dollar payments between Great Britain and other countries may be called for when the credit limits agreed to under bilateral agreements are reached. The causal factor determining all of these payments is the trading balance between the country or countries concerned and the entire sterling area.

These features of the operation of the British exchange control place Great Britain in a special position of responsibility as holder of the external reserves of the sterling area, and they account in part for British reluctance to abandon bilateral arrangements with other countries or to enter very far into European plans for monetary integration. One of

the advantages of membership in the sterling area is continued access to sterling credit, both short and long-term. There has been a steady flow of capital to the sterling area, possibly to the point of putting a strain on the British economy. It has reduced the amount of British exports available as payments for imports, some of the reduction having undoubtedly occurred in hard currency markets and thereby increasing the British dollar deficit. To reduce the potential drain on the common pool of gold and dollars, moreover, it has been necessary for the members of the sterling area to institute a policy of discriminatory restrictions on imports from the United States.

The release of accumulated sterling balances has had effects similar to the outflow of capital. During the past few years there has been a considerable shift in the ownership of these balances from India, Pakistan, and Egypt to Australia and other British countries. Large releases from the No. 2 accounts of the former countries have been negotiated, to be used for the purchase of capital equipment and other goods in the sterling area, and to some extent for purchases in dollars. This has created a strong market for certain branches of British industry, which produce goods needed for the development and social stability of these countries. By fostering "unrequited exports"—the name given to exports in liquidation of old indebtedness and therefore not available to pay for current imports—Britain has preserved its industrial and commercial connections that have been built up in the past. These unrequited exports, especially to India and Pakistan, have been a major cause of weakness in the balance-of-payments position of Great Britain.

It has been the position of the British Government that the arrangements governing sterling described above, and the continued existence of the sterling area, have made it possible for sterling to be widely used as a truly international currency. The British have contended that the sterling system is still the greatest system of multilateral payments in the world and that the maintenance and future expansion of this system is dependent on bilateral agreements with countries outside the sterling area. The British Government has expressed the firm intention of gradually liberalizing its exchange control with a view to reaching full convertibility as soon as possible. In the negotiation of the European Payments Union and in other ways, however, continental countries, Belgium in particular, have pressed for more rapid progress in this direction. There have been indications that the willingness to use sterling as a monetary reserve and as a medium of international payments is being undermined by these prolonged restrictions on its unfettered use.

There are indications that Great Britain has modified its original postwar position that the sterling balances were a matter for negotiation

exclusively between itself and the holding countries, but no formal proposals have been made that the United States should play a part in the settlement. Nonofficial suggestions have been made, however, that a program of American assistance to India and Pakistan and other holders might be developed under which these countries would, as a condition of receiving the assistance, relinquish part of their sterling claims. The countries concerned have, however, shown their strong opposition to suggestions of this sort.

In short, then, two features of the British exchange control impede a return to a regime of interconvertible currencies, which is necessary to a world-wide system of monetary payments. The first consists of the arrangements that in effect merge the current balance of payments of Great Britain with those of the other countries in the sterling area; the second feature consists of the arrangements that govern the use in international transactions of sterling accumulated during the war.

The problem is to determine what additional action, if any, the United States should take in connection with the system of centralized exchange controls that characterize the sterling area.

Whether the dissolution of the sterling area, in the sense of abolishing the exchange controls that separate it from the outside world, would be in the interest of the United States largely turns on whether a solution of the sterling balances problem would give reasonable assurance that sterling could be made convertible within a relatively short period.

The first issue is whether the United States should take action with regard to the sterling balances. One alternative is to insist that the final solution should be in accordance with the principles of the Anglo-American loan agreement, but that some immediate steps should be taken to reduce the actual and potential drain on British reserves created by present British policies. Under this alternative the United States might urge that Great Britain renew its efforts to persuade the holders of the balances to agree to a substantial reduction by cancellation, and if no agreement were possible, Great Britain might be encouraged to take unilateral action. Furthermore, as an interim policy, Great Britain might be urged to set aside a definite part of the remainder of the balances for release by installments, but in amounts that would not seriously burden the British balance of payments or cause serious drains on the sterling area gold and dollar reserves. The question of what proportion of the balances remaining when sterling again becomes convertible on current account should be fully released would be left for later decision.

Under this alternative the United States would not assume direct responsibility for the consequences in the Near East and Asia of a reduc-

tion of unrequited exports from the sterling area. The major emphasis would be placed on the removal of barriers to sterling convertibility, and the resistance of the governments of Egypt, India, and Pakistan to any reduction of their sterling claims would be disregarded. This resistance, however, reflects profound emotional forces of an economic, political, and social nature that are at work in areas of great strategic importance to the United States. To break down the resistance to this type of solution it might be necessary to link the reduction of sterling balances with American assistance to India, Pakistan, and the Middle East.

This suggests the second alternative, which is to make American assistance in these areas conditional on a scaling down of sterling balances. Under this alternative the strain on the reserves of the sterling area would be diminished, convertibility of sterling would be facilitated, and the United States would assume large responsibilities as a supplier in the reconstruction and development of countries whose traditional economic ties have been with Britain. The relations so established between these countries and the United States would in time probably transfer them from the sterling to the dollar area.

The second and deeper issue is whether the United States should in fact seek, by taking action in connection with the sterling balances or by other means, the gradual dissolution of the system of controls in the sterling area.

The first alternative would be to base United States policy on the belief that the multilateral arrangements now existing within the area, and within the general sterling system of which the area is the core, are a stabilizing influence in world economic relations. If the United States took this view, it would be accepting the British contention that the safest and best road to sterling convertibility is through the gradual liberalization and relaxation of British exchange control regulations as the balance of payments of the sterling area as a whole improves.

The second alternative would be to base United States policy on the assumption that even in the long run Great Britain can continue to be the leader and banker of the sterling area only with the aid of a permanent system of discriminatory controls over its trade and payments. The justification for such a view would be a judgment that the British economy is no longer strong enough to exercise leadership on any other basis. Under this alternative the United States would encourage sterling area countries to increase their use of dollars as monetary reserves and to settle the greater part of their international transactions in dollars. If this policy were adopted, the United States would have to be prepared to provide by some effective means the short-term commercial credits and the longer-term investment facilities that have been traditionally provided by Great Britain to the world and are now provided by it to the

sterling area countries. The United States would also have to weigh the probable effects of such a shift on the over-all position of Great Britain and on the Commonwealth as a whole. Political and strategic considerations would have to be placed in the balance to see whether they would tip the scale against the cold logic of a purely economic calculus.

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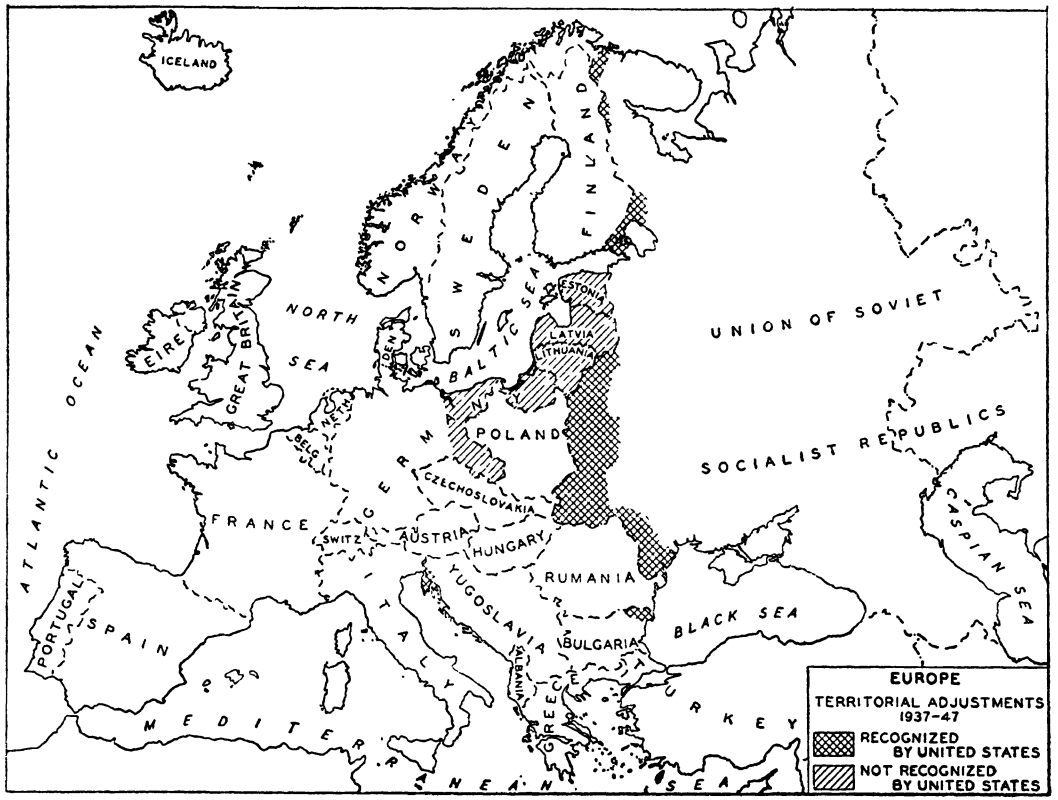
Chapter XII

The European Problem Area

THE Europe of modern times has consisted of little more than an unstable equilibrium of competing sovereign states, loosely held together by a commercial and financial network and with a thinly spread common culture. The unstable equilibrium has frequently been upset as one or another of the competing sovereign states has sought to dominate the whole, and it has as frequently been restored by the re-establishment of some sort of balance of power. The two most nearly successful attempts to dominate were those of Napoleon and Hitler, which occurred a little more than a century apart.

Since the Second World War the Soviet Union has established domination over the states of Eastern Europe. To prevent the further expansion of Russian power, the states of Western Europe, together with the United States, are seeking a pattern of joint action that will serve to check and perhaps ultimately to reverse the course of Soviet policy. Most European states feel the pull to one or the other of these power constellations. The experience of the prewar pattern of continental relations nevertheless persists. It underlay the basic plans for rehabilitation and reconstruction in Europe. It is revealed in the persistent attempts to revive the older pattern of complementary trade between Eastern and Western Europe. It is shown in the reluctance of the states of Western Europe to commit themselves to courses of action that might lead to a freezing of the pattern in its present form.

To restore the economic health of the Continent and to revive and maintain the political freedom of its constituent states are long-term objectives that are valid for Europe as a whole. But the immediate objective is the development of an effective defensive posture in Western Europe with respect to the Soviet Union. The result has been to establish in Europe a line of direct contact between the Soviet Union and the United States. This line corresponds with the zonal boundaries in Germany and Austria, and it links with the revised Yugoslav-Italian border and the Free Territory of Trieste. In its present form it constitutes an unstable political and strategic frontier between the East and the West. The fundamental policy problems that confront the United States in Europe arise out of this central fact. In this context the control of Germany is the basic issue. Germany, partly because it is *de facto* partitioned, is an unstable element affecting the policies of most European countries, the United States, and the Soviet Union. Problems arise that are con-


ICELAND
NORWAY
SWEDEN
FINLAND
ESTONIA
LATVIA
LITHUANIA
BALTIC SEA
NORTH SEA
ATLANTIC OCEAN
EIRE
GREAT BRITAIN
DENM.
NETH.
BELG.
GERMANY
POLAND
CZECHOSLOVAKIA
FRANCE
SWITZ.
AUSTRIA
HUNGARY
RUMANIA
YUGOSLAVIA
ALBANIA
GREECE
BULGARIA
BLACK SEA
TURKEY
ITALY
PORTUGAL
SPAIN
MEDITERRANEAN SEA
UNION OF SOVIET SOCIALIST REPUBLICS
CASPIAN SEA
EUROPE
TERRITORIAL ADJUSTMENTS 1937–47
RECOGNIZED BY UNITED STATES
NOT RECOGNIZED BY UNITED STATES

nected with the control of Germany and with the reorganization of Western Europe as a frontier region in contact with Soviet power.

The objectives and policies of the United States with respect to Europe, even if they were related to only two categories—the strengthening of Western Europe, and relations with the Soviet Union in Europe—cannot be kept strictly focused. Western Europe consists of states with fully developed relations and interests outside Europe. It is accordingly involved in the development of United States policy at many points throughout the world. There are French interests in north and west Africa, in the Near East, and in Indo-China. There are Dutch interests in Indonesia. There are Belgian interests in equatorial Africa. There are British interests in every quarter. Many American objectives, though developed for regions far removed from Western Europe, turn out to have a European aspect. Many of them, though developed in close relation to the problems of Western Europe, turn out to have important consequences elsewhere.

In the field of foreign economic policy, for example, the difficulties of reconciling the global and European aspects of problems have become most acute and most complex. The economic restoration of Western Europe could scarcely be achieved without a revival of its overseas trade and investments. The first step in this direction, the revival of domestic production, has been largely accomplished with the help of the Marshall Plan. The second and more difficult step remains to be taken—the increase of international trade, both intra-European and extra-European.

The political and social changes that have taken place in the world have impaired the prewar channels in which Western European trade and investment moved. This is true especially of the complementary trade patterns that were built up between the Western industrial and the Eastern agricultural regions of Europe, and between European states and their colonial possessions in south and east Asia. The first of these channels has been blocked by the division of Europe. American anxiety to prevent strategic materials from moving into areas dominated by the Soviet Union has added still further impediments. In the case of the second channel, the destruction of war and continuing political instability have prevented a rapid restoration.

Factors operating in Western Europe itself further condition the expansion of both intra-European and extra-European trade. Inflation of both costs and prices, scarcity of foreign exchange, and inconvertibility of currencies have reduced the movement of goods and services and have hampered investment. In some countries production has been restored in forms that are essentially autarkical. In others internal conditions have fostered social policies that are often uneconomic but are also short-

term political necessities that cannot be postponed in favor of hypothetical benefits in the longer run.

One of the most comprehensive policy problems confronting the United States with regard to Europe arises from the fact that economic revival in Western Europe has now reached the point where emphasis must be placed on questions of international trade and finance. The problem involves, first, the emphasis that is to be given to the European Recovery Program for the remaining term of its operation; and second, the character and purpose of any program of assistance that is to be developed as a follow-up. The present tendency is to shift the focus of the European Recovery Program from the expansion of production to the restoration of a more general exchange of goods and services. This is the goal of proposals for the relaxation of import quota restrictions and for a Western European payments agreement. These represent highly technical devices, and it is by no means certain that the use of them will not lead to an expansion of intra-European trade at the expense of overseas trade rather than to an increased flow of European trade generally. The course of developments in this respect will condition the larger question of what, if anything, is to replace the Marshall Plan in 1952. This question is already anticipated by President Truman's appointment of a special aide to study the general problem of United States economic relations, not only with Western Europe but also with the rest of the world.

American pressure for the "integration" of Western Europe is another approach to the problem of trade expansion, though a less precise and clearly defined one. European statesmen, for their part, are beginning to suggest that the degree of co-operation and co-ordination that the combined American-Western European interest requires can be achieved only by action on a broader scale than that covered by the "integration" of Western Europe alone. The North Atlantic Treaty, in this view, calls for a closer drawing together of the United States, Great Britain, and the countries of Western Europe—economically and politically as well as militarily. Proposals of this kind present the United States with fundamental problems, of which the major ones are whether to loosen or tighten its organizational relationships with Europe, and whether or not to press Great Britain into a more complete identification of its interests with those of the Continent.[1]

It is significant that this European interest in broadening the basis of co-operation within the Atlantic community developed on the heels of two important events. The first was the increasing American insistence on speedier action toward greater economic integration—specifically,

[1] See Chap. 11 above, "Great Britain and the Commonwealth."

toward more rapid reduction of European quantitative trade restrictions and the conclusion of a payments agreement. The second was a meeting of the Military Committee of the North Atlantic Treaty Council, in which an over-all defense plan was drawn up requiring a scale of military expenditures that the Western European states generally felt they would be unable to meet. This situation brought two critical and related problems to the fore in United States relations with Western Europe: one, the total costs for defense and recovery and their relationship to each other over the next few years; the other, the organizational form of American co-operation with Europe after 1952.

In both cases the underlying security implications of the existing economic programs have become of increasing importance. The worst effects of wartime destruction and disruption having been overcome, the most obvious cohesive influence in Western Europe at the moment is its search for security against the Soviet Union. The most obvious common interest between the United States and Western Europe is also security in this same sense. From the American point of view, because a stable world is the basic objective, the immediate necessity is that Western Europe should be politically stable, economically viable, and militarily strong enough to discourage aggression. The long-range hope might be the development of this stabilized sector into a means of restoring an earlier European community, economically prosperous, organized on the basis of representative government, and maintaining the basic rights of its individual citizens. This might be achieved by means of formal federation, some other form of political organization, or informal co-operation.

The question may then be asked, Why have American spokesmen placed emphasis exclusively on formal Western European integration? To some extent this seems to be due to a false analogy between the American and European scenes. It is frequently contended that the United States has become strong and prosperous through the application of the federal principle and through the development and expansion of a continental market. Therefore, let Western Europe unite, at least to the extent of integrating its separate economies into a single market to which the techniques of mass production and marketing can be applied; then Europe too can become strong and prosperous. It is easy enough to point out the flaws in this analogy, which ignores the enormous differences in national origins and the political and historical development of the two areas. On the other hand, by failing to develop positive proposals that might lead to the restoration of an international market and to an increased flow of trade and capital both within and outside the Continent, the states of Europe left themselves open to these none-too-specific demands for a solution by means of integration.

If the present demand for economic integration means simply a con-

certed rationalization of production and trade and a new form of payments agreement, it results in no more than arrangements between sovereign states in matters of common interest and is subject to reversal for national political, economic, and security reasons. If more is intended, the need for political integration in the precise sense of the establishment of a supranational authority is implied. Even if the United States could force the creation of such an authority in Western Europe, the fundamental institutional changes involved might be so revolutionary that they would endanger even the existing degree of co-operation that has been achieved, and they might intensify, not harmonize, the divisive tendencies of European nationalism.

In this situation the combined effects of decreasing Marshall Plan aid and of increasing military expenditures led the French Government to propose a shift in emphasis from the narrower scope of Western Europe to the broader one of the Atlantic community. With an existing defense organization, with adequate room under the terms of the Atlantic Pact to expand the area of co-operation to the political and economic spheres, and especially with no definite termination date to the policy of North Atlantic co-operation, this shift was an almost inevitable development. It would not only tend to prolong direct United States participation in the European scene, but it would probably serve to increase the strength of the American commitment by formalizing its economic and political association with Western Europe.

It should also be noted, however, that there is an element of escapism in all these proposals. In the popular American view, if Europe were to solve its problems by integration, the United States would at once be relieved of a heavy burden, and a strong position would be established against Soviet encroachment. In the popular European view, if the United States were to make its commitments firm and lasting, the European states would be relieved of the necessity of making difficult internal economic adjustments to meet increasing defense costs. It is noteworthy too that the pendulum has swung periodically between two contradictory arguments concerning the best method of achieving the desired unity. When difficulties have arisen over integration, or economic union, or federation, all on a broad scale, the argument has been that the proper way to proceed was through gradual expansion from smaller units, such as Benelux or a Franco-Italian union, to a wider Western European union. When this approach has run into difficulties, it has been argued that the base of co-operation was too narrow and that effective co-operation, in whatever political form, could be developed only out of broad common interests. The second phase seems now in the ascendant among Europeans, because of an acute awareness that increased military expenditures threaten economic recovery. Although it is simple enough to

point out the common interest of the United States, Great Britain, and Western Europe in creating a strong position against the Soviet Union and communism, it is far from easy to draw up the detailed courses of action by which that position must be developed. Generally speaking, there is considerable reason to think that both the American preference for formally knit integration and the European preference for an agreed co-ordination are conditioned in large measure by the urgency of a Soviet threat.

Germany, either as a West German government or in the sense of an ultimately unified state, is a key point of uncertainty in all proposals to integrate, to co-ordinate, or to form collective security arrangements. From the point of view of the states of Western Europe, Germany is in itself a security problem, and it is politically difficult for these states to ignore the potential power of Germany in order to face the actual power of the Soviet Union.[2]

By way of Germany, where the United States has a direct if partial responsibility for the domestic and foreign policy of the West German state, the American Government has become actively involved in the domestic problems of Western European states. A number of crucial questions arise from this situation. With France in a politically unstable condition, and with Great Britain still uncertain about the advisability of making final commitments to take integrated action with the states of Western Europe, these questions become even more difficult to solve than they would be otherwise. A weak France cannot accept the possibility of even a moderately strong West Germany unless it believes that Great Britain will provide a consistently available counterbalance or that the United States is committed politically and economically, as well as militarily, to a North Atlantic organization.

The internal security of the states of Western Europe is thus another question with which United States policy is intimately concerned. Local Communist parties are making a co-ordinated effort to sabotage the building up of economic and military strength and to maintain an atmosphere of political tension and uncertainty. Their efforts have in the past been particularly dramatic in France and Italy, where the Communist party musters considerable political strength and can capitalize on obvious social maladjustments and antagonisms. The United States has given its direct moral support to the established non-Communist governments in both these countries, and, in addition, has partially directed its economic

[2] The French proposal of May 1950 for a merger of French and German coal and steel production into a single economic complex was explained in security as well as in economic terms. It would ensure France and Western Europe against the misuse of the war potential of the German steel industry.

and military assistance programs to countering these internal threats.

These are the general problems that confront American policy in Western Europe. Reference must also be made to two special points of present uncertainty and difficulty, Yugoslavia and Spain. Yugoslavia, strategically located with respect to central and Eastern Europe and with respect to Italy and Greece, is of great significance for the position of the Western powers in the Mediterranean. In breaking with the Soviet Union and its satellite states, Yugoslavia has conceivably upset the basic pattern of Soviet control in Eastern Europe and has actually checked the expansion of Soviet influence into the Mediterranean region. But Yugoslavia, as a Communist state, cannot be brought into reliable conjunction with the non-Communist West. The advantages of enabling this state to continue to act as a thorn in Soviet flesh must, however, be continually weighed against the political dangers of compromising with a dictatorial and totalitarian regime and of supporting it.

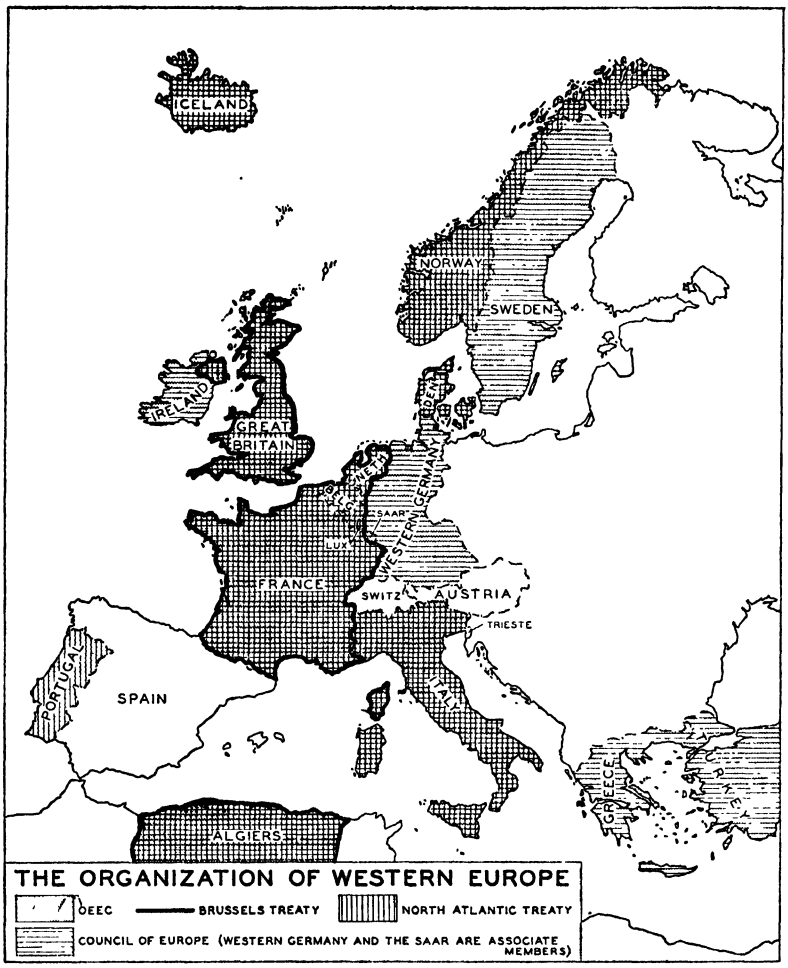
Spain is situated strategically with respect to Western Europe and to the position of the Western powers in the Mediterranean. It is firmly anti-Communist, but it is also a dictatorship. Its anti-communism, moreover, carries a strong flavor of previous links with Hitler, Mussolini, and the Anti-Comintern Pact. As far as American policy is concerned, the strategic advantages that might be gained by insisting on including Spain in a Western European system must be weighed against the possibly destructive consequences of including Spain against the political feelings of the American and European peoples.

THE UNITED STATES AND EUROPEAN INTEGRATION[3]

For several centuries national divisions and power rivalries in Europe have periodically been the cause of warfare. The United States may be said to owe its independent existence in part to those conflicts, but otherwise it did not directly participate in them until very recently, when it became involved in two major wars that were world-wide in scope though European in origin. Long before the remedy for discord and disunity in Europe became a significant American preoccupation, European minds had grappled with the problem. Many proposals were produced for the unification, integration, federation, or confederation of separate national states to form a single harmonious whole.

The outbreak of the Second World War led to renewed discussions of the consequences of national divisions in Europe, and various proposals for integration were discussed by the allied European governments. It is possible that interest was revived in the old ideas of integration by Hitler's concept of a "New Order" to be imposed on Europe under German hegemony, in which many foes of the Axis saw the germs of an

[3] This topic was treated comprehensively in a problem paper on European integration in the 1949-1950 edition of *Major Problems of United States Foreign Policy.*



NOTE

Members of OEEC: France, Great Britain, Belgium, Netherlands, Luxembourg, Denmark, Norway, Italy, Sweden, Portugal, Iceland, Ireland, Switzerland, Austria, Greece, Turkey, Western Germany, Military Government of Trieste.

Members of Council of Europe: France, Great Britain, Belgium, Netherlands, Luxembourg, Denmark, Norway, Italy, Sweden, Iceland, Ireland, Greece, Turkey, Western Germany (associate), Saar (associate).

Members of North Atlantic Treaty: France, Great Britain, Belgium, Netherlands, Luxembourg, Denmark, Norway, Italy, Portugal, Iceland, United States, Canada.

Members of Brussels Treaty: France, Great Britain, Belgium, Netherlands, Luxembourg.

attractive ideal if only it were fathered by the forces of good rather than of evil. The new impetus to integration was especially strong in the governments-in-exile representing the smaller countries of Europe, whose very existence depends on a stable European order. Whatever wider possibility this development might otherwise have had, enthusiasm for it was dampened in the United States and Great Britain, even during the war, by the discovery first that the Soviet Union was hostile to the federation of states on its borders, and later that it was opposed to any idea of federation in Europe. In these circumstances the ideal of achieving European unity had to be strictly limited for the time being to the nations outside the Soviet sphere.

After the war even the European nations outside the Soviet orbit were under the shadow of subversive movements calculated to reduce them one by one to the status of satellites of the Soviet Union. Most of them were too exhausted economically, and some of them were too divided politically, to offer resistance to internal or external pressure. At this stage a problem was created for the United States, because its interests became directly involved through the Communist threat to world peace and hence to American security. In the formulation of United States policy for dealing with the problem, Western European integration became increasingly prominent. Consequently, the major objective of United States policy in Europe has become the development of an integrated community of free nations—economically, militarily, and politically strong enough to resist either piecemeal or wholesale absorption by the Soviet Union, and capable of serving if necessary as the first line of defense against Soviet attack.

The first important American step toward this objective was taken in June 1947, when Secretary of State Marshall offered economic assistance contingent on the initiative and co-operation of the European states in drawing up a joint recovery program. The original offer was open to all the countries of Europe, but the Soviet Union refused to co-operate, prevented the satellite states from participating, and subsequently made every effort to wreck the project.

If the original American proposal implied the idea of a single integrated plan for European recovery, the idea has not been achieved. Instead, partially co-ordinated national plans were combined with a system by which annual grants of American aid were jointly allocated. The central body involved was the Organization for European Economic Co-operation (OEEC). Chiefly at American insistence, the position of the Council of the OEEC has been gradually strengthened, and it has taken a number of important steps to improve the flow of trade and payments among the member states. In particular, quantitative restrictions on a considerable amount of intra-European trade have been reduced, and

intra-European payments have been facilitated. Most recently, the negotiation of a European payments union was completed in June 1950.[4]

One of the basic integrating proposals that had been made in the early stages of the Marshall Plan was the formation of a European customs union. Before the end of the war, Belgium, the Netherlands, and Luxembourg had already agreed to form such a union, to be known as Benelux. In 1948 the union was still under negotiation, and it was then announced that a complete economic integration would be essential to an effective customs union. Benelux has not yet evolved beyond "preliminary union." Other attempts were made after the initiation of the European Recovery Program. France and Italy in 1948 opened negotiations that looked to an eventually complete economic union. A treaty was signed in March 1949, but it has not yet been ratified.

In the fall of 1949, when ECA Administrator Hoffman took the OEEC countries to task for not moving faster toward an integration of their economies, the Council of OEEC approved in principle the further development of regional blocs within Europe for freer trade. The possibilities of a Scandinavian customs union were examined, but in January 1950 a preliminary report stated that "at present there is no foundation for realizing a customs union between Denmark, Iceland, Norway, and Sweden." A limited financial union between Britain and the Scandinavian countries—known as Uniscan—was, however, agreed upon. It removed certain restrictions on current payments and established a standing committee to study further steps toward economic co-operation.

A new approach to economic integration was made in May 1950 by French Foreign Minister Schuman. He proposed to tackle simultaneously the problems of eliminating Franco-German enmity and of fostering general European unification, by immediate action "on a limited but decisive point," namely: "to place all French and German steel and coal production under a common high authority in an organization open to the other European countries." This pooling of production would be "the first stage in European federation" and would "lay the real foundation for [the] economic unification" of all countries participating.

The proposal met with a mixed reception. Official and unofficial reactions ranged from enthusiastic if uncritical acceptance of the worthy objectives involved through more restrained endorsements in principle to a pertinent questioning of the meaning of such undefined points in the plan as the powers of the proposed high authority, the nature of transitional measures to equalize conditions and prices, and the methods by which actions to rationalize and modernize production were to be kept

[4] See "The European Payments Union," pp. 255-61 below.

from developing into restrictive cartel arrangements. Great Britain was especially wary about committing itself in advance. Negotiations began in June among France, Western Germany, the Benelux countries, and Italy. Great Britain was absent.

The possible military integration of Western Europe did not become an explicit objective of American policy until some time after the European Recovery Program had been launched. The opposition of the Soviet Union to this program, together with the complete breakdown of the four-power negotiations for a German peace settlement in London in December 1947, led British Foreign Minister Bevin to propose closer military co-operation among the Western European states. From this emerged, with the encouragement of the United States, the Brussels Treaty of March 1948.

Signed by five states—Great Britain, France, and the Benelux countries—the Brussels Treaty was more than a simple military alliance. It provided the framework for genuine military integration by establishing regular organs of consultation and the Permanent Defense Organization with a combined headquarters at Fontainbleau, France. The treaty also reinforced the idea of economic co-operation and provided for furthering the harmonization of the social services and cultural activities of its signatories. Official approval of these steps was speedily given by the United States, conversations on problems of common interest were initiated, and American observers were sent to the military meetings and to the defense headquarters after it had been set up.

Out of this activity evolved the wider project of the North Atlantic Treaty, which brought together Canada, Iceland, Denmark, Norway, Portugal, Italy, the Brussels powers, and the United States. The treaty was signed in April 1949, ratified by the United States Senate in July, and brought into force in August. Immediately afterwards, the United States instituted a military assistance program by passing the Mutual Defense Assistance Act of 1949. This act authorized 1 billion dollars in military aid to the Atlantic Treaty countries. Bilateral agreements covering the use of this aid, which were signed in January 1950, stated that priority should be given to economic recovery because it was essential to international peace and security, and required that the military assistance provided be used to promote an integrated defense of the North Atlantic area.

The experience of the first year of the North Atlantic Treaty made it clear that the task of defense was "so large, its costs in labor and material resources so high, and the problem of security so indivisible" that a combined effort and continuous direction at the highest level would be needed if the purpose of the treaty was to be achieved. This

was the considered conclusion reached by the North Atlantic Treaty Council when it met in London in May 1950.

In accordance with this judgment, the council agreed to appoint deputies to sit for the foreign ministers of the member states and (1) to co-ordinate defense planning; (2) to recommend implementing measures; (3) to consider common political problems relevant to the purposes of the treaty; (4) to co-ordinate public information; and (5) to consider the development of political and economic co-operation as contemplated in Article 2 of the treaty.[5] The common defense effort was to be based on the principle of a balanced collective force. Secretary of State Acheson pointed out: "If we put this principle into practice, it follows that the members of the Atlantic Community will have to intensify their practice of developing common policies on the major problems of common concern in the field of foreign affairs and that they must also develop even closer and more cohesive economic policies."

Although agreement on objectives and principles is fundamental, there is still a long way to go before actual policies are formulated and action is taken. In this particular case the policies required would affect United States action in every part of the world. The nature of American commitments within the North Atlantic community, therefore, presents one of the basic problems of United States foreign policy.

In June the President presented Congress with a request for another 1 billion dollar appropriation for military assistance to the Atlantic pact countries for the fiscal year 1951. The plans for strengthening the military position of Western Europe that have thus developed out of the treaty have necessarily involved greatly increased expenditures for rearmament by the European nations as well as the United States. This has complicated the incomplete program of economic recovery, and the problem has been made still more difficult by uncertainty about American action when ECA legislation expires in 1952. Recognizing this, the American, French, British, and Canadian foreign ministers agreed in May 1950 to broaden the existing relationships between the OEEC on the one hand and Canada and the United States on the other, and "to provide for regular discussion and consideration of the problems requiring cooperative action in the coming period." This decision was supplemented by the announcement of the North Atlantic Treaty Council that it would consider further action under Article 2 of the treaty.

Although unofficial proposals for the political unification of Europe have been numerous since the war, the development of official proposals

[5] The significant portion of this article reads: "The Parties . . . will seek to eliminate conflict in their economic policies and will encourage economic collaboration between any or all of them."

for closer political integration has moved slowly. In July 1948 France proposed a federal parliament and an economic and customs union of the Brussels powers. This proposal was rejected by Great Britain as premature, but from it developed the Statute for the Council of Europe, which was accepted by ten countries—Denmark, Norway, Sweden, Italy, Ireland, and the five Brussels powers. Greece, Turkey, and Iceland were immediately approved as additional members, and some time later, the Saar and the West German Federal Republic were invited to join as associated members. The Council of Europe consists of the Committee of Ministers, meeting in private, and the Consultative Assembly, meeting in public. The powers and the agenda of the assembly are strictly controlled by the Committee of Ministers. Questions of national defense were specifically excluded by the statute from consideration by the council.

The first assembly decided that the goal for the Council of Europe should be "the creation of a European political authority with limited functions but real power," and assigned its General Affairs Committee to formulate proposals for such a union. This committee later recommended steps to bring the Committee of Ministers and the assembly into closer relations, but made no proposals for actual federation. In the economic field the assembly adopted proposals to unify its member states as a single preferential tariff area in which there would also be free currency convertibility. It was also proposed to send a mission to the United States to discuss tariff reductions and the modification of commercial treaties. The Committee of Ministers referred these proposals to OEEC for a report.

The problem of the relationship of the United States with multiplying North Atlantic and Western European organizations involves an elaborate complex of issues. Difficult questions exist of adjusting United States economic and military assistance programs for Europe with similar programs for other regions of the world, of the adequacy of United States resources for the comprehensive policies being developed, and of priorities and allocations between regions.

Within Western Europe itself the issues are more precise but no less interrelated. The United States has stated that the "integration" of Western Europe is a desirable development, but since it has not concretely defined "integration," what is the kind and degree of integration desired? How fast and how far should the United States press for integration as a matter of policy?[6] Each of these questions calls for a dif-

[6] The general policy decisions required were discussed at length in a problem paper on European integration in *Major Problems of United States Foreign Policy—1949-1950*.

ferent answer according to whether it refers to separate economic, military, or political acts of integration, or to a complete and single act of unification. Each question has to be examined in relation to Western Europe as a whole, taking account of the difficulty of associating Germany and of the differences between the continental and British outlook. Nor has there been in the United States any close examination of whether a genuinely and closely integrated Western Europe would be wholly satisfactory to American interests and objectives. The restrictive features of the economic proposals of the Consultative Assembly of the Council of Europe suggest a point of view very different from that embodied in American foreign economic policy, namely, to promote the growth of multilateral, non-discriminatory trade.

It has still to be asked what practical conclusions can be drawn from the inability of small groups of Western European states to establish customs unions, and what significance is to be attached to the reluctance of Great Britain to commit itself to a continental role.

With the development of the North Atlantic Treaty organization into a more closely-knit structure, all these issues take on a new form. The new structure implies a continued and even a closer association of the United States and Europe, and this in turn affects the willingness of the states of Western Europe to enter into commitments looking toward further integration. It also changes the focus of the problem for the United States. On the one hand, it opens the way for Great Britain and the continental states to make proposals for drawing the United States into a closer policy co-ordination and a tighter organizational relationship with themselves. On the other, because the United States will be involved in developing practical co-operation, its freedom of action will be diminished in fact, whether commitments have been made or not.

The problem is to examine the interest of the United States in the integration of Western Europe in the light of the developing emphasis on the creation of a North Atlantic community.

The main issues are the nature and extent of the commitments that the United States Government should enter into—militarily, economically, and politically—in connection with the developing North Atlantic association. Another issue concerns the kinds of organizational machinery that would be best suited for carrying out the decisions made.

The first issue is whether the United States should increase its military commitments to Western Europe. At the time the North Atlantic Treaty was being considered by the Senate, the careful wording of Article 5 was declared by Secretary Acheson to leave the Congress

full freedom to decide whether a particular situation required going to war in order to restore the security of the North Atlantic area. He also told the Senate that Article 3 bound the United States not to a particular program of military aid but only to the principle of self-help and mutual aid. When, however, in accordance with the Mutual Defense Assistance Act of 1949 it became necessary to develop an integrated defense plan for the region, the military plans were drawn up on the presumption that the military means of putting them into effect would be available. This presumption has become more explicit with the acceptance of the concept of "balanced collective forces"; for if a program is actually set in motion to create such forces, an agreement to provide some of the components becomes a fundamental commitment. It is difficult to see that the United States in such circumstances retains freedom of action with respect to the defense of Western Europe or has any choice left if a question arises whether or not to continue a military aid program. Certainly an American refusal to proceed to the practical execution of the agreements of the North Atlantic Treaty Council would undermine the whole structure of regional collective security arrangements.

The relation of economic and military assistance programs is the next issue. When the North Atlantic Treaty was being examined by the Senate Foreign Relations Committee, there was concluded to be no implication that "the United States could be called upon under the treaty to contribute toward a long-term recovery program for Europe." Although it may still be argued that no commitment exists in this respect, it is less certain that an obligation has not been created. On the assumption that the Western European states have bound themselves to a military plan involving heavy expenditures, it may be presumed that their plans for economic development will be interfered with. By pressing for a military plan, the United States has consequently reached a point where its security policy in Western Europe can be jeopardized by the abandonment of its economic assistance program. The future economic policies of the United States are now much less easily separated from its security commitments.

The issue of the extent to which the United States should enter into closer political relations with members of the Atlantic community has not reached the point of official discussion. But there is a parallel between the political integration of Western Europe and closer political unity under the North Atlantic Treaty. The official United States position with respect to Western Europe has been that although the Council of Europe and related activities are to be encouraged, all initiatives and decisions in connection with such questions are a purely European matter. However, the implication that political unification is equally essential

to European recovery and security has frequently appeared in many official and unofficial American statements. The same implication appears with equal justification in discussions of the need for unity of action and policy among the North Atlantic states. In fact this is essentially the argument of those who propose some form or other of an Atlantic union. There is, then, a pertinent question whether the United States can press for a closer political integration of Western Europe without exposing itself to counter-pressures for a similar integration of the North Atlantic countries.

Even if the North Atlantic Treaty organization develops associations no more binding than those that already exist, there is an immediate issue presented by the complexity of the organizational machinery that now operates. Problems of overlapping jurisdiction between the organs of various European and North Atlantic bodies have already led to the establishment of joint committees. Premier Bidault of France proposed an Atlantic High Council for Peace, which Foreign Minister Schuman explained as something to be "superimposed upon already existing organs, each of which has a clearly defined purpose: economic, military, political or social. . . ." Although this particular proposal was not taken up, the North Atlantic Council established a continuing body of deputies and gave it sufficient authority to undertake at least part of the task of co-ordination.

The chief alternatives are (1) to establish an over-all co-ordinating authority; (2) to establish *ad hoc* committees as circumstances require; or (3) to unify all existing bodies into a single structure. The last alternative implies something very like integration, the second something like the present situation.

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GERMANY

The United States is determined that Germany shall not again constitute a threat to international peace and security. At first the American attitude toward Germany contained a certain punitive element, but the United States has officially never aimed at the complete destruction of the German state. Although the United States agreed at the Potsdam Conference in 1945 to decentralize Germany politically, it nevertheless insisted on German economic unity, which was essential to a self-supporting and independent country.

Despite the failure of the Soviet Union to co-operate through the Allied Control Council in establishing the central economic institutions agreed on at Potsdam, the Western powers tried throughout 1946 and 1947 to reach an over-all settlement of the German problem in the Council of Foreign Ministers. With the breakdown of the London conference in December 1947, however, the Western powers decided, pending four-power agreement on Germany as a whole, to proceed with rebuilding the part of Germany that they controlled, for it was a vital element in the rebuilding of Western Europe and the checking of Soviet expansion. There was little ground for optimism that in the prevailing atmosphere four-power agreement on a unified Germany could be reached in the immediate future, but the achievement of such an agreement remained the long-term goal of United States policy.[7]

[7] See problem paper on the German peace settlement in the 1947-48 edition of *Major Problems of United States Foreign Policy.*

In the absence of the Soviet Union, agreement among the three Western powers became less difficult to achieve. France remained wary of the revival of a strong Germany, but a spirit of compromise entered into the discussions. By June 1948 agreements had been reached among the three powers and the Benelux countries on the measures necessary for the reconstruction of Western Germany. Among the most important of these was the decision to establish a federal form of government in the three Western zones. The Soviet Union retaliated with its blockade of Berlin, and a complete split followed between the Eastern and Western zones. Four-power discussions on removing the blockade were held in Moscow late in the summer of 1948, but these proved fruitless because the three Western powers would not agree to postpone the establishment of a West German state as the price of Soviet agreement to the lifting of the blockade. The Western powers then referred the Berlin dispute to the United Nations Security Council, which also failed to settle it.

A general strengthening of the European position of the Western powers occurred during the winter of 1948-49. This was primarily due to the success of the European Recovery Program, the new spirit of confidence that was produced by agreement on the North Atlantic Treaty, and the agreements finally concluded on a "basic law" for a western German state, an occupation statute, the halting of plant dismantling, and the establishment of the International Ruhr Authority. This improvement in the position of the Western powers, their success in countering by means of the airlift the Soviet attempt to drive them out of Berlin, and the damaging effect of the counterblockade on the economy of the Soviet zone led to a renewal in May 1949 of four-power talks on Germany. Although the Soviet blockade of Berlin was removed as a precondition to these talks, no basis was found for the resumption of four-power collaboration in solving the long-range problem of reorganizing and rebuilding a Germany that would fit into a peaceful pattern of European and international relations. The Western powers therefore proceeded with the establishment of the Federal Republic of Germany, which came into being in September 1949 in the three Western zones. This was soon followed by the proclamation of the People's Republic of Germany in the Soviet zone. Thus the temporary four-fold division of Germany, that had been made for occupation purposes at the end of the Second World War and had gradually become a two-fold division because of the split between the four powers, became a *de facto* partition.

Although the Western powers and the Soviet Union took the initiative in the creation of the two new German states, both sides left the initiative for unification ostensibly to the Germans. Eastern Ger-

many started with a Communist "National Front" campaign for the abolition of the Bonn Government and the Ruhr Authority, the repeal of the Occupation Statute, the withdrawal of occupation troops, and the conclusion of a peace treaty. The West German Republic countered with a demand for the formation of a Constituent Assembly, chosen from the whole of Germany by free, democratic elections under four-power or United Nations supervision. Late in May 1950 the Western powers followed this up with a proposal for free all-German elections under democratic conditions including the prohibition of secret political police and of all paramilitary forces, and for the return to Germany of all industrial enterprises acquired by or on behalf of a foreign power after May 8, 1946, without quadripartite approval. The Eastern German Government replied to this by declaring that the abolition of the Western Republic and the repeal of the allied statutes must be the precondition to any such elections.

The United States is interested in the emergence of a unified democratic Germany that will be sufficiently stable and willing to withstand Soviet and Communist pressure and to operate as a vital part in the political and economic system of the Western world. Such a Germany would have to be based on genuinely free and democratic elections, with a constitution embodying and protecting the essential features of Western democracy.

The problem is to formulate an over-all United States policy for Germany on the assumption that unification is the long-term objective.

An inclusive United States policy for Germany must satisfy requirements that are only in part of German origin. Policy must be adjusted to relations with the Soviet Union and to United States objectives in Western Europe generally, as well as to factors that are inherent in a sovereign German nation. So regarded, the problem consists of four main issues: the adaptation of policy to the East-West political struggle within Germany; the restraining of authoritarian forces within Germany; the reconciliation of French security interests with the development of a strengthened Germany; and the possibilities of safeguarding against the dangers inherent in the industrial pre-eminence of Germany. Each of these issues can be discussed in the light of a West German Federal Republic and an East German Democratic Republic, or of a unified Germany.

The first issue relates to the conduct of the East-West struggle for political control within Germany. The most significant aspect of this issue is the possible orientation of a unified German state. The orientation of the Eastern German Republic is obviously conditioned by fac-

tors over which the Germans themselves have no control. Anti-Communist propaganda in the East is not likely to change the enforced alignments with Russia, and the Western powers have shown their determination to resist Communist activities in the West.

All immediate considerations aside, however, there is a strong traditional orientation of German policy toward the East (though not toward the Soviet Union) as well as toward the West. In the past that to the East has had strong conservative and intellectual support. Arguments in favor of reviving the links, chiefly with the Eastern German state, have begun to be restated by West German industrial circles and by certain agricultural interests. This has little significance for the present, but its development in a unified Germany would be important. Although a national government might be both unable and unwilling to break definitely with the West, it would be under considerable internal pressure to develop a "bridge-policy"—to try to establish a position as the intermediary between the West and the East.

The alternative courses of action available to the United States in connection with this issue are not clear-cut. One possible course would be to tie Western Germany so tightly to the Western European countries that the knot could be cut only with great difficulty by a unified Germany.[8] Another would be to treat the issue as a risk that can be deferred. This would avoid setting in motion the complex actions and reactions that would accompany pressure now for integration. On the other hand, it would encourage the tendency of West German politicians to seek concessions by playing off the United States and the Soviet Union against each other. It can also be argued that the possible development of a bridge-policy is an actual and not a remote risk because it might become the focus for a movement toward European neutrality.

The second issue is the control of authoritarian political and social tendencies within Germany. One of the most significant aspects of postwar Germany is the economic, cultural, and sociological differences—nonexistent in 1945—that have been created by the diverse policies of the occupation powers. The forms of parliamentary democracy and the institutions of private enterprise were reintroduced in Western Germany, and Eastern Germany was transformed into a Communist-controlled People's Democracy, with nationalized industry and a centrally directed planned economy. In Western Germany the social structure of the pre-Hitler Weimar Republic reappeared. In Eastern Germany nationalization of industry and the confiscation and distribution of large estates

[8] The problems involved in this course of action are considered in "The United States and European Integration," pp. 226-36 above.

destroyed the economic basis of the older structure. Former leadership was replaced by a Communist bureaucracy which, with the help of the Soviet authorities, changed the social structure from top to bottom.

This issue differs in degree according to whether it is considered in the context of a West German or of a unified German state. The greater the freedom of action of Germany, the greater the danger of the revival of authoritarian methods of organization. In either context the issue is closely related with security and economic issues.

Again the available alternatives are not clear-cut. The obvious alternative—to retain the controls needed to check authoritarianism wherever and whenever it shows—has the effect of weakening both the German Government and developing democratic forces and of thus creating a demand for authoritarian solutions. The equally obvious one of letting nature take its course, although it will not weaken the Government, will permit the evolutionary re-establishment of authoritarian methods.

The third issue is the satisfaction of French security interests. At the end of the war, France sought the complete decentralization of Germany, arguing that a highly centralized administration permitted the organization of German resources for aggression. Although this earlier position was gradually modified to the point where France reluctantly agreed to the formation of the West German Federal Government, the French are still apprehensive of the growing political and economic effectiveness of the new state. The inclusion of Eastern Germany in this state would add about twenty million people and considerable industrial potential. Now that the West German state has begun to raise territorial claims and that the question of rearmament has been raised, the possibility of a unified Germany merely aggravates French fears. A unified state, the French insist, would seek full sovereignty, including the right to defend itself with its own armed forces, and such claims would be practically irresistible.

The issue does not permit the consideration of many alternative courses of action. The French proposal to merge the coal and steel industries of Western Europe was defended as a method of reaching a satisfactory compromise on the issue of French security. But aside from this still pending suggestion, the alternatives are (1) to keep Germany relatively weak by prolonged controls over its key industries, by restrictions on certain branches of production, and by the prohibition of any rearmament; or (2) to restore Germany to full political and economic independence regardless of French apprehensions. Under the first course of action, Germany would probably remain a reluctant

junior partner of the Western European group, but French morale and willingness to contribute fully would perhaps be strengthened. The second course of action would tend to make Germany again the pivot of continental Europe and of the Western struggle against communism. It would also raise the possibility of serious conflicts between Germany and the Western European nations that might fear, once German power was fully restored, that there would be no guarantee that it would not one day again be turned against the West. The extent to which these apprehensions can be satisfied depends in part on the actions that the United States takes in connection with other of its policies, notably the degree to which it commits its weight and influence to the defense of Western Europe.

The fourth issue relates to the effect of German industrial predominance on the existing situation in Western Europe. With the rehabilitation of the Ruhr industries well under way, the steel capacity of Western Germany has already surpassed that of France. The limit of steel production set by the allies has been reached, and the lifting of this restriction in the near future is expected in many quarters. The need to rebuild German facilities that have been destroyed and dismantled and to regain highly competitive markets is likely to lead to an intensive rationalization and modernization of German industry. The trade unions, free from serious Communist penetration, appear to be co-operative and unlikely to make disrupting wage demands. These factors make for an effective industry, operating with relatively low production costs and in a strong position to compete with the British and French industries. The recent French proposal for a merger of the French and German coal and steel industries under an international organization may be prompted partly by the hope of guarding against the possible ill-effects of German economic predominance by bringing its industrial potential under a new form of control while there is still time.

The unification of Germany would change these prospects in several important respects. Because unification would involve at least a working agreement between the Western powers and the Soviet Union, it would direct part of German trade toward the East and would to that extent relieve the German pressure for Western markets. On the other hand, unification would accelerate the rehabilitation of German industry and provide it with a larger and stronger base.

One alternative for dealing with this issue would be the comprehensive integration of German heavy industry with the key industries of Western Europe under complete international supervision. Such an

organization would, however, require supranational authority over production, distribution, and prices, which would penetrate nearly every aspect of the national life of its members. Without such authority, it is questionable whether the national governments would be able to resist the political pressures of their vitally concerned business and labor groups that will be necessary in order to make the organization work.

Another alternative would be to let an equivalent integration develop from negotiations between interested nongovernmental national groups. Given the background and present tendencies in Western Europe, this alternative would almost certainly result in some form of cartel arrangement. It can be argued that although this pattern of development might alienate trade union and labor groups, it would draw together other equally powerful social forces, and it would provide a basic stability in Western Europe and ensure the industrial potential needed for its security. The real product of this course of action would be the acceptance of German economic predominance, and this result would be produced more quickly by a unified Germany than by a West German state alone.

A third alternative would be to encourage an equivalent integration to take place on the lines of the present socialist concept of a controlled economy. This would require the political dominance of the socialist parties in Western Europe, which is not the case at the present time.

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FRANCE

A basic objective of United States policy is to restore France to a position that would enable it to exercise leadership in Europe and to exert a stabilizing influence to the benefit of European recovery as a whole. To regain such a position, however, France itself must first become politically stable, economically sound, and militarily strong. Economic weakness and unstable French governments have, since the end of the war, complicated the inherent difficulties of solving European problems by diplomatic agreements among the United States and the Western European states.

Although much of the weakness of France is the consequence of the Second World War and of postwar developments, many French difficulties stem from long-standing basic maladjustments that were clearly visible before the war. The political tradition of the Third Repubic encouraged numerous splinter parties that combined with certain features of the constitution to produce unstable governments. The historical military position of France as the leading continental land power had been taken over by Germany. Although France had managed to create a balance between agriculture and industry in the development of its economy, this had been done at the cost of subsidizing the favored agricultural interests. The industrial capacity of the country never became adequate to support both a major military establishment and the demands for a higher standard of living. Many other factors contributed between the wars to a deterioration in all phases of French life, particularly in public morale. Accordingly, in the 1930's France was in no position to resist the resurgence of German militarism or to withstand the Nazi onslaught in 1940.

The war and the occupation further sapped French military and economic strength, and the moral damage done by defeat and the dissensions involving the Vichy Government were only partly offset by the growth of a resistance movement at home and a Free French movement abroad. After the war even a wholly unified France in a peaceful world would have been hard pressed to overcome the effects of the war and at the same time to correct the older maladjustments. It was

totally unable to cope not only with its purely internal problems but also with the domestic repercussions of the postwar international conflicts—the Communist threat of subversion, the cost of the cold war, the battle against a dictatorship of the Right, and the struggle between economic liberalism and state control.

French postwar political difficulties first centered around the attempts to establish a new government, for the animosities before and during the war reappeared on a much larger scale after 1945. The elections to a Constituent Assembly showed clearly the basic political pattern of postwar France: the three leading parties returned were the Communist, Socialist, and *Mouvement Republicain Populaire* (MRP), the last-named being a new party of the Center. A tripartite coalition at first proved the only workable basis for government, but it was so tenuous that in the end the MRP deserted and actually campaigned against the constitution that the Constituent Assembly had proposed. The constitution was not ratified, and a second Constituent Assembly had to present a new one, which was finally accepted by a vote of nine million for to eight million against, with eight million abstentions—a poor augury for a stable political future.

The abrupt resignation of de Gaulle as president in January 1946 ruined his chances of leading France through the transition period; but by October 1947 public dissatisfaction with successive coalition governments gave his new party, the *Rassemblement du Peuple Français* (RPF), a large protest vote. At the other extreme the attitude of the Communists toward the new constitution aroused widespread suspicions of their future political intentions. Dislike of the extremes led to the formation of the Third Force, a center coalition of Socialists and the MRP directed against both the Communists on the Left and the de Gaullists on the Right. Although retaining control of the Government, this coalition has been so unstable a mixture of the center parties that it has not been strong enough to enforce an effective economic program or to depart from the traditional tenets of foreign policy.

The unstable economic situation complicated the political problem. At first an all-out effort to restore production made marked progress. But oppressed by budget deficits, a deteriorating balance-of-payments position, and a wage-price inflationary spiral, the coalition governments have been unable to apply the strong remedies required to bring the situation under control. There has been a fundamental difference of view about the economic measures needed to meet the difficulties. The first Constituent Assembly started a program of state-control *(dirigisme)*, the most important action being the nationalization of the coal mines. But this lead was not followed, and several years of fluctuating policies

have left France with an economy that lies somewhere between *dirigisme* and economic liberalism.

As the burdens of inflation mounted and the decline in trade became serious, the bad harvest of 1947 led to a wave of strikes. The economic grounds for public discontent were exploited politically by the Communist party, and the Marshall proposals were opposed on both economic and political grounds. For a considerable time a close race was run between the efforts of the Communists to interfere with the operation of the European Recovery Program and the appearance of the benefits that the program was intended to produce. Gradually, however, the weight of American economic aid began to make itself felt, and the extreme actions of the Communists alienated large sections of French labor. Good harvests in 1949 and continued improvement in industry and trade made it possible to reinstitute collective bargaining and to begin, at least, to raise wages, to stabilize prices and, by increasing tax revenue, to approach a balanced budget.

On the deficit side, however, international factors have clouded the picture. The Communist party now opposes all measures of the Government to collaborate with the other Western states. Party support of the Soviet Union became less and less concealed as the early hope of making France a bridge between the Soviet Union and the West was abandoned and as French foreign policy moved toward full collaboration with the West.

More recently the French Communists have attacked the government's Indo-Chinese and North Atlantic policies. They have carried their obstruction so far that in the spring of 1950 the Government passed an anti-sabotage act and began to remove Communist officials from their Government posts. The Communist party remains strong and disciplined, however, and is still able to exploit economic and social dissatisfactions for its own ends. It therefore continues to be a potential threat to the internal stability of France.

The unstable domestic political situation has had its effects on the foreign relations of France. The traditional French fear of Germany has continued to color all French thinking on European problems and has not been wholly subordinated to the Soviet threat. Political weakness has led French governments to hesitate about making foreign policy commitments that might be unpopular at home. The original French desire to play an intermediate role between East and West was only reluctantly abandoned by force of circumstances. And the suspicion has not been wholly eradicated that American policy is aimed at forcing the French to take sides in an "inevitable" conflict with the Soviet

Union. It reappears from time to time in various concepts for the neutralization of France in such a conflict.

French foreign policy, however, has gradually evolved to the point where it seeks a solution in a more formal development of the Atlantic community. The assumption is now made that the superior German industrial and military potential would be controllable if it was brought within a more inclusively organized community of states. To this end France has supported the inclusion of both an autonomous Saar and the West German Federal Republic in the Council of Europe, and has recently proposed the pooling of European coal and steel production as the basis for European economic union. In order to ensure continued American support for Western Europe, France has also proposed the creation of an Atlantic High Council, which would in effect broaden the North Atlantic Treaty to cover economic and possibly political co-ordination as well as military.

Another French difficulty that has repercussions both domestically and in relations with the United States is the imperial policy of the French Union, especially as manifested in Indo-China. One of the deep-seated divisions in French opinion after the war concerned the status of the empire. The Right emphasized the importance of maintaining imperial prerogatives and was opposed to any colonial autonomy or self-government. The Left favored equal citizenship for the natives of the overseas territories and freedom to join the French Union as they wished. The new French Constitution left the way open for the development of "associated states" within the union, but made changes of status subject to the consent of the French parliament. Representative assemblies, with limited powers and with an assured representation for colonial white minorities, were established in the overseas territories, but legislative control remained with the French parliament.

Soon after the liberation, imperial troubles developed in Syria, Lebanon, and North Africa. The temporary Anglo-Chinese occupation of Indo-China gave the nationalists a chance to establish a strong foothold in the Chinese zone. Outbursts have occurred sporadically in various territories, but in Indo-China the situation has developed into open warfare and become an international instead of a purely French question.[9] Within France the costs of the war in Indo-China have added seriously to budgetary and general economic difficulties. The Communists have taken up the case politically and have called for violent resistance to American military aid and to the shipment of arms to the Orient.

The condition of France in mid-1950 can be called convalescent

[9] See "United States Commitments in Indo-China," pp. 311-15 below.

but not beyond the possibility of a relapse. Although there is evidence of a strong desire to avoid the extreme political and economic remedies prescribed by both the Right and the Left, there is no broad national agreement about what should be done to make the nation stable and secure and to keep it so. In these circumstances the coalition governments of the Center have been unable to do more than carry on interim compromise programs. These fail to satisfy all their supporters, and both the de Gaullist Right and the Communist Left continue to be able to exploit a discontented and confused public opinion.

Two objectives of the United States are significantly affected by the degree of stability that exists in France. The first objective is to draw together the states of Western Europe into a force strong and coherent enough to resist Soviet pressure. The second is to adjust the political conflicts of southeast Asia in order to make the region secure against Communist encroachments. Although France may not be the principal difficulty in either case, neither objective can be satisfactorily achieved if France is unstable. For the geographical and political position of France in Western Europe cannot be argued away, and France appears determined to maintain its position in Indo-China.[10]

The problem is to decide what methods are most likely to hasten the restoration of the political stability and the economic and military strength of France, thus enabling it to play a constructive international role.

The first issue concerns the action that the United States could take to influence the domestic situation in France. The alternatives are limited by the fact that direct intervention would not only be contrary to a stated American principle but might be self-defeating even if it were employed. Because it is obvious that no consideration can be given to the theoretical possibility of favoring the extreme and Communist Left, the practical alternatives would be either to support and to attempt to strengthen the position of the parties of the Center, or to encourage the development of a government of the Right. For four years United States policies have in effect been such as to help maintain the parties of the Center. Although this support has served to keep alive a succession of coalition governments, it has not been able to develop any one combination into a politically valid force that could expand into a strong, middle-of-the-road government.

It has been urged that United States interests might be as well or better served by a strong government of the Right. The purposes of

[10] The questions raised by this last fact are considered later in connection with southeast Asia.

such a government, it is pointed out, would be at least as favorable to American objectives as those of the coalitions that have been formed, and such a government would pursue those purposes with greater vigor and assurance. Against this it is argued that the Right is a political minority, that it would assert itself only by authoritarian means, and that its efforts to govern by such means would force the moderate Left into Communist hands and lead to violence. It is also pointed out that even though the Right shares the American view on the importance of France and would bend every effort to justify that view, it does not share American views on Germany or on the national aspirations of dependent peoples. Consequently, it would oppose all policies designed to forward these views.

The second issue concerns the policy the United States should follow in strengthening Western Europe. The practicable alternatives have from the start been three: (1) to base such a policy on the national power of one state; (2) to base it on some combination of selected states; or (3) to base it on a combination of all the Western European states.

It has been impossible to choose the first of these alternatives. Great Britain has been unwilling to commit all its national power to such a policy, arguing that the continent of Europe is only one item in British world interests. Although France might aspire to such a position, it has not provided convincing evidence that it has sufficient or adequately organized economic, military, and political resources to carry out the part. Germany could not be assigned the role without the risk of its dominating Europe and thus reviving the tensions that underlay the last two wars.

Various efforts were made to develop the second alternative, by attempting various combinations: an Anglo-French, an Anglo-American, an Anglo-American-German, a Franco-German. More realistic combinations, involving more than three states, simultaneously evolved in the Brussels Pact, in the Council of Europe, and finally in the North Atlantic Treaty. This last, in which the United States is included as a major component, is in effect a choice of the third alternative.

The present condition of France makes difficult, however, the development of effective action under any of these alternatives. Domestic problems hamper the French Government in its efforts to carry out the international obligations that it assumes in this connection. The national interests and objectives of France, moreover, continue to run beyond its physical and moral resources.

On the other hand, whatever the reservations made about French strength may be, the facts of history and geography, as well as present political realities, make it impossible to relegate France to a subordinate

position. France may be unstable enough to oblige the United States to take this weakness into consideration in determining the feasibility of specific American proposals, but France is also in a sufficiently vital position to make it necessary for the United States to adjust some of its more specific policies to meet French wishes.

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SUPPORT FOR YUGOSLAVIA

Since the break between Tito and the Cominform in June 1948, there has been a gradual improvement in relations between the United States and Yugoslavia. It was slow to develop because the real nature of Tito's dispute with the Cominform, or more exactly with the Soviet Union, had to be tested over the course of time. A few words about the Cominform controversy are consequently necessary to an examination of the problem.

The difficulties between the Soviet Union and Yugoslavia were brought into the open by the lengthy correspondence that each side has made public in its own defense since 1948. Tito's sin was not so much ideological heresy, it appeared, as an insistence on independence of action. The dispute came to the surface over Tito's refusal to allow Soviet "advisers" direct access to political and economic intelligence

from subordinate personnel. This the Soviets regarded as an unfriendly attitude. They complained that their advisers were "surrounded by hostility" and were actually kept under surveillance by Yugoslav secret police. After the Soviet Union had proposed to take the dispute to the Cominform, Yugoslavia refused to attend the meeting. The communiqué issued by the Cominform on June 28, 1948 stated that the task of the Yugoslav Communist party was "to compel their leaders to recognize their mistakes" and to "break with nationalism and to return to internationalism. . . ." Moreover, it was warned that if the present leaders of the party were incapable of doing this, the Yugoslav Communist party was bound to "replace them and to advance a new internationalist leadership of the party."

The underlying cause of the dispute was probably given by Tito in his speech of December 27, 1948, when he declared that the denunciation of Yugoslavia by the Cominform and the subsequent economic blockade had not rested on ideological grounds. The Yugoslav refusal to act in effect as an economic colony of the Soviet Union and its more industrialized satellites was the root of the matter. "Our country," Tito stated, "should not continue to be a source of raw materials for those countries which already possess strong industries and to buy from them at high prices industrial products . . . while our people continue to be poor and backward."

Before the Cominform dispute Yugoslav relations with the United States and other Western countries were at a low ebb. Tito's territorial claims were largely responsible for the unwieldy compromise over Trieste that was included in the Italian peace settlement. Similar Yugoslav demands for Carinthian territory were partly responsible for the early lack of progress in the Austrian peace talks. The Yugoslav refusal to compensate foreigners for nationalized property and its material support of the Greek guerrillas were further sources of Western grievances. The shooting down of an American plane in mid-1946 was indicative of a Yugoslav attitude toward Western democracies.

Almost immediately after it had defied the Cominform, Yugoslavia took steps to improve its standing in Western capitals. It agreed to compensate American and British citizens for the nationalization of their property. These agreements were signed with the United States in July 1948 and with Great Britain in December. In return the United States moved to unfreeze Yugoslav assets in this country, including 47 million dollars in gold, and in the early months of 1949 it began to relax export controls on trade with Yugoslavia. Great Britain concluded a short-term trade agreement with Yugoslavia in November 1948 and started negotiations for a long-term agreement. In May 1949 Yugoslavia filed an

application for a loan from the International Bank for Reconstruction and Development.

Several months passed before the Western powers were willing to go much further in support of Yugoslavia. By then the Cominform economic blockade against Yugoslavia was almost complete; it had cut off nearly half the trade of the country, the growth of which was basic to the fulfillment of its five-year plan. The Tito regime was facing a stringent economic situation. Evidence of a more favorable Western attitude began to show in August 1949, when the United States decided to issue export licenses for the Yugoslav purchase of a steel rolling mill. Further evidence came in October, when the United States took the lead in supporting the candidacy of the country for a seat on the Security Council of the United Nations and succeeded in the face of determined Soviet opposition.

By that time rumors had begun to spread that the Soviet Union was planning to inaugurate a guerrilla type of campaign to overthrow the Tito Government in the spring of 1950. Credence was lent to the rumors by a speech that Molotov made on December 21, in which he said that "the time is not far off when the treacherous Tito gang . . . will be overcome by the shameful fate of dishonest hirelings of imperialist reaction." The following day in Washington the new United States Ambassador to Yugoslavia declared that the President had authorized him to say that "the United States is unalterably opposed to aggression wherever it occurs or wherever it threatens to occur. . . . As regards Yugoslavia we are just as opposed to aggression against that country as against any other country, and we are just as favorable to the retention of Yugoslavia's sovereignty." This position, which was publicly confirmed by the President, has been widely interpreted to mean that the United States would not sit idle while the Soviet Union and its satellites subverted Yugoslavia. On the other hand, the reports that appeared in the press in January 1950 of a National Security Council decision to extend limited military assistance to Yugoslavia under certain conditions have so far not been officially confirmed.

In the economic field the United States Export-Import Bank extended two loans to Yugoslavia of 20 million dollars each, the first in September 1949, the second in March 1950. Yugoslavia also exchanged dinars for a total of 9 million dollars through the International Monetary Fund in the autumn of 1949, and received a loan of 2.7 million dollars from the International Bank. This last was to be used for forestry equipment, as part of the program sponsored by the Economic Commission for Europe to develop European timber resources. By late June 1950 the Yugoslav application for a large general loan from the Inter-

national Bank was still pending. Yugoslavia announced, however, that it was negotiating with Western Germany for a long-term credit of 80 to 100 million dollars for the purchase of capital equipment. In addition, Yugoslavia signed during 1949 and 1950 several trade agreements involving considerable amounts. One agreement with Italy provided for a mutual exchange of goods to the value of 108 million dollars, and a second—with Great Britain—called for a reciprocal exchange of goods to the value of 110 million dollars over a period of five years. A third agreement with Western Germany amounted to nearly 127 million dollars. Still other agreements involving lesser sums, were signed with France, Denmark, Argentina, and a number of other countries. Although there has thus been a considerable rapprochement between Yugoslavia and the West, there has been no real test of the full extent of Western support.

The problem is to determine the extent and kind of support that the United States is prepared to give to Yugoslavia under existing conditions.

The first issue is the extent of political support. Even the limited political support already given the Tito Government has called for a refinement in United States foreign policy. Prior to the Cominform incident, it had not been considered necessary to distinguish between Soviet imperialism and communism as such. The Yugoslav case, however, posed the question of whether it was the former or the latter that was the major adversary of the United States. The choice of the former narrowed the definition of the East-West struggle and increased the number of potential non-Soviet associated states.

The question of the political support to be given Yugoslavia may be answered only by letting events decide the extent to which the interests of the parties concerned are parallel. Both the United States and Yugoslavia are now interested in checking Soviet expansion as regards the latter country. Many of their other interests, such as an expansion of their mutual trade, may also be the same, but many of their policies continue to be contradictory. One of the most outstanding of the latter type concerns the problem of Trieste. The United States prior to the Yugoslav-Soviet break in 1948 pledged itself to work for the return of the whole of Trieste to Italy, but Yugoslavia steadfastly maintains its claim for its occupation zone, and no mutually satisfactory solution has yet been found. It was difficult to determine whether the Yugoslav withdrawal of support of the Greek rebellion reflected a desire to improve relations with the West or whether it was solely related to the break with the Cominform. In any case completely

satisfactory Yugoslav relations with Greece have yet to be restored. In internal affairs, as well as in relations between Yugoslavia and the United States, concerning matters like political and civil liberties, there is definite conflict of view; and it is difficult to keep such matters entirely separate from direct relations between the two countries.

The issue of the extent of United States political support thus centers on the kind of a political relationship the United States would like to establish with Yugoslavia. This raises two principal alternatives. The first is to consider Yugoslavia as a special case, in view of the unusual conditions that surrounded its defection from the non-Soviet world. The separate consideration of particular questions as they arise would be the method to adopt in this case. Each request for economic or military assistance or for political support would be examined separately and solely in the light of the United States interest. They would not be related directly to American programs such as those for European recovery, for mutual defense assistance, and Point IV. This would emphasize a purely bilateral approach to Yugoslavia and would keep Yugoslavia strictly in its present international position, that is, cut off from the East and aligned only provisionally with the West.

The second alternative is to try to find a way to fit Yugoslavia into the multilateral coalition that is being developed. It would be politically embarrassing to Tito to be invited to join the OEEC or to sign the North Atlantic Treaty, but if some kind of eastern Mediterranean security arrangement were developed, Yugoslavia might be eligible to membership. It might also be possible for the United States to invite Yugoslavia to participate in the Mutual Defense Assistance Program. The act of 1949 does not provide sufficient authority for such a move, but the proposed act of 1950 does so. The intention of this alternative would be to draw Yugoslavia into a closer political relationship with the non-Soviet coalition.

The second issue is the extent of military support. The Yugoslav army is considered to be the strongest in Eastern Europe outside Russia and is presumed to be capable of dealing with any attack by the satellite states alone, whether of the military or the guerrilla variety. It is generally believed that the Soviet Union would have to participate in such an operation for it to succeed, and only in this event would United States aid be required. The rumored attack against Tito had not developed by June 1950, and the question of American military support had not yet become pressing. If such a threat does develop, however, the United States will have to decide, on the basis of the existing situation, whether and to what extent it should provide military equipment and supplies.

The final issue is the extent of United States economic support.

United States economic aid to Yugoslavia is probably the critical factor in the present problem, unless the Soviet bloc opens a concerted drive to overthrow the Tito Government. The extent and form of American economic aid, either direct or furnished through the United Nations, depends upon two considerations—Yugoslav needs and Western objectives. Yugoslav needs can be estimated in two ways: the minimum required to support the population, and the requirements of Yugoslav economic planning. Depending on over-all Western objectives, United States economic support could be designed to fit either or both estimates.

The economic resources made available to Yugoslavia since the Cominform break provide some indication of its minimum needs. The figures are as follows in millions of dollars:

Unfrozen gold held in United States	$47.0
U. S. Export-Import Bank Loans	40.0
Drawings on International Monetary Found	9.0
International Bank Timber Loan	2.7
U. K. Sterling Credit	22.4
Total	$121.1

After the granting of the second loan from the Export-Import Bank in March 1950, a bank spokesman stated that, despite increased Yugoslav earnings from exports, the needs of the nation for additional earnings were "urgent." He described the amount of the second loan as "a mutual estimate of minimum needs" arrived at by the two countries. Thus the first alternative under this issue is to extend aid for the purpose of maintaining minimum standards in Yugoslavia.

On the other hand, it can be argued that if the United States and its allies are to encourage actively the spread of Titoism, they should help Yugoslavia to meet more than its minimum needs. Although the Yugoslav economic plan is considered to be over-ambitious, it might be feasible to support those features of the plan that would most rapidly raise the low Yugoslav standards of living. In order to adopt this second alternative, it might be necessary to re-evaluate the basis on which the present scale of economic support is being extended.

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THE EUROPEAN PAYMENTS UNION

The Economic Cooperation Administration (ECA) has during the past year applied increasing pressure on the members of the Organization for European Economic Cooperation (OEEC) to move in the direction of economic integration. This objective is quite separate from the successful completion of a joint recovery effort. The attainment by the countries of Western Europe by 1952 of a position that will enable them to function with no further outside assistance, which is a primary objective of ECA, is not contingent on the achievement of the essentially long-run objective of European integration or unification. In vigorously pressing for such integration, however, ECA has taken the position that it is carrying out a mandate expressly laid upon it by the Findings and Declarations of Policy that preface the Economic Cooperation Acts of 1948, 1949, and 1950.

This mandate is to be found, if at all, only by implication, in the act of 1948, but it became explicit in the later acts. The formulation in the 1948 act was:

> Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the United States to encourage these countries through a joint organization to exert sustained efforts . . . which will speedily achieve the economic co-operation in Europe which is essential to lasting peace and prosperity.

In the act of 1949 it was further declared to be the policy of the people of the United States to encourage the unification of Europe. The 1950 act called for "further" unification, and a reference was added to the advantages enjoyed by the United States through the absence of barriers to the free movements of persons. It was only in conference, moreover, that a firm declaration in favor of the political federation of Europe was eliminated from the 1950 act.

In the 1950 act the Congress for the first time gave its sanction to a particular method to be followed by the OEEC countries in promoting "unification." It authorized the ECA administrator

> . . . to transfer funds directly to any central institution or other organization formed to further the purposes of this act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries.

The act earmarked a substantial part of its total authorization (600 million dollars) to be used by the administrator *solely* for such transfers.

Because the analogy of the United States in many ways does not apply to Europe or to Europe and the sterling area, it was necessary for ECA, in bringing pressure to bear on the OEEC countries for economic unification or integration, to arrive at some practical definition of these terms. In February 1950 ECA Administrator Hoffman reported to the Congress that the type of integration aimed at by ECA and by the Council of OEEC was agreed to be "the creation of a single large market" to be brought about by (1) the removal of all quantitative restrictions on the movement of goods; (2) the elimination of monetary barriers to intra-European trade; and (3) the progressive reduction of tariffs among the participating countries. Mr. Hoffman went on to say that integration could not be achieved quickly, and that even if it could, it would have no immediate effect in closing the "dollar gap" and reducing the amount of American aid required by Europe. Integration, he said, was a necessary foundation for sustained recovery and a necessary safeguard against a return to the narrow economic isolation that was one of the deep roots of European economic weakness.

This conception of European economic integration as an independent objective, related only indirectly to the immediate problem of closing the dollar gap, raises intricate policy problems. Because a European payments union has been selected as a principal instrument for promoting integration, many of these problems are now being debated in terms of the techniques and possible effects of such a union.

As was pointed out in the description of the economic problem

field, European trade for the past two years has been financed by a combination of a network of bilateral agreements and two successive payments agreements adopted by the OEEC. In spite of these payments agreements the bulk of intra-European payments has continued to be made bilaterally, with the result that efforts to liberalize intra-European trade have been of very little effect. The payments union plan was designed to make them effective by removing the monetary obstacle to multilateral trade within Europe. It was, moreover, proposed by the OEEC that, concurrently with the establishment of the payments union, 60 per cent of private intra-European trade should be freed from quota restrictions with the hope that the remainder would be eliminated as soon as possible. It was also proposed that, once removed, these quotas could be re-imposed only on a multilateral basis and only after consultation with the union.

The mechanism suggested for eliminating bilateral payments was as follows: the participating countries were to trade with each other as before, but at periodic intervals they were to report to the union the amount of their surpluses and deficits in the currencies of other countries; these were then to be translated into a common unit of account, and the net creditor or debtor position of each country in terms of these units was to be established. The accounts of the various countries would by this process be automatically cleared, and the currencies of the participants would in effect become interconvertible.

After the clearing, the central bank of each country would emerge, either as a creditor (lender to the union) or debtor (borrower from it). Every participant was to extend to and receive from the union a line of credit that would predetermine the maximum amount of these advances. Both short-term and medium- and long-term credits would be extended under these credit lines. Short-term credits, until exhausted, would be used automatically to settle net creditor and debtor positions and whenever any part of these credits had been utilized for an agreed period, they would be deemed to have financed a semipermanent deficit. They would then be funded into medium or long-term advances. If these provisions had been adopted, they would have made the payments union more than a clearing house, for they would have entrusted it with banking functions.

Two measures were proposed to prevent this new intra-European credit system from becoming seriously unbalanced or illiquid. One was a system of partial gold and dollar payments by the union to the creditors and by the debtors to the union, designed to bring pressure on the creditors to increase imports and on the debtors to increase exports in their intra-European trade.

The other measure was the assignment of very substantial powers to

the management of the union. These suggested powers were described in the second OEEC Report of February 1950 as follows:

> The Management would have the duty to consult continuously with Members on their relevant economic and financial policies, particularly with a view to averting a situation where the medium and long term credits would be exhausted. . . . Whenever the position of a Member, whether a net creditor or debtor, was in the opinion of the Management, the consequence of undesirable monetary, financial or general economic policy followed by him, it would be in their duty to place conditions on the access to the facilities of the Union.

The management was also to have power to vary the amount of the required gold payments, to grant additional facilities, and to act by less than a unanimous vote.

In this form the European payments union was not acceptable to Great Britain, which made counter proposals in March 1950. These in turn were not acceptable to ECA or to many of the continental countries. The resulting deadlock was not broken until May, when Great Britain accepted the main principle of using sterling in a European system of multilateral payments. This acceptance was, however, made contingent on numerous special safeguards for sterling and on other substantial modifications of the original payments union plan. Questions were also raised within the United States Government regarding the consistency of the original plan with, and its contribution to, the general commercial and financial policies to which the United States was committed. The payments union, as finally negotiated in June 1950, therefore represented a compromise between conflicting views within the United States Government, and among those of the United States, the continental countries, and Great Britain. It must be regarded as an experiment in which final judgments must be deferred until after experience has been gained.

The problem is to harmonize the "integration" objective of the payments union with other objectives of the United States, and to determine whether the union can be administered to assist in a further reconciliation of American and British approaches to the general problems of foreign exchange and commercial policy.

It has been pointed out by the OEEC that the liberalization of intra-European trade in the manner contemplated by the payments union plan might, in the short-run, adversely affect the solution of the dollar problem. By increasing the attraction of export sales to other European countries, it might divert European producers from the vital task of winning new markets in dollar areas. It might also divert supplies of scarce export products away from the Western Hemisphere or attract investment away from dollar-earning to dollar-saving activities. It would not do much

for some time at least to reduce the need for dollar imports. These considerations raise serious problems concerning the relationship between the payments union project and United States objectives other than the unification of Europe.

Chief among these is the objective of restoring as soon as possible a world-wide multilateral system of trade and payments. This requires the development of a multilateral trade pattern within Europe that can be fitted into a world pattern. During the past year intra-European surpluses and deficits have been substantially reduced, but if they were eliminated entirely, many new difficulties would be created. It would be necessary to find ways of maintaining an internal balance within Europe and of fitting Europe *as a whole* into a world trading network. If an attempt were made to achieve this degree of integration through the payments union, its banking and administrative functions might have to be developed to the point where the union could function effectively as a central bank for Europe as a whole.

The first issue is whether the payments union is to be an intermediate step leading to the earliest possible participation by all members in a multilateral payments system in which general convertibility prevails or a first step toward the creation of a central bank for a fully integrated Europe. In February 1950 the National Advisory Council laid down the following principles concerning the payments union: (1) "The operations of the proposed Union shall not conflict with the obligations undertaken by the United States and other member governments to the International Monetary Fund"; and (2) "the establishment of the Union on the regional basis proposed shall not prevent any one participating country from moving as rapidly as possible toward full currency convertibility and closer integration independently of progress evidenced by other Members of the Union."

The first alternative is to accept these principles and to make the necessary modifications in the techniques and administration of the union. Acceptance of this alternative would leave open the possibility of examining at a later date the need for continuing such a union after its principal members were in a position to accept full currency convertibility.

The second alternative is to accept the payments union as potentially one of the principal organs for administering a future Western European union on a broad economic and political basis and to develop its techniques and strengthen its administration as a permanent supranational authority in Europe. The choice between these alternatives is fundamentally a choice between basic objectives, and it will be influenced by broad political and security considerations.

The policy decisions to be made on this issue are enormously com-

plicated by the inclusion of sterling in the payments union. To obtain British participation, the powers of the union have had, in fact, to be considerably restricted, and the acceptance of the second alternative would mean that the question of how extensive these powers should be would have to be reopened after the first year of operation.

In voicing its original objections to the inclusion of sterling on the same basis as other currencies, Great Britain stressed the fact that about 36 per cent of world trade and nearly 50 per cent of other international transactions are now carried on in sterling. It took the position that the continuation of its bilateral payments agreements is essential to the continued functioning of the sterling area and to the gradual expansion of the multilateral payments facilities afforded by sterling. It reaffirmed as a basic policy its intention to extend these facilities by gradually liberalizing the present regulations of the British system of transferable accounts, but stated that it could not accept at present the complete transferability of sterling through the union from one European holder to another. It was willing to accept a limited transferability subject to safeguards against interference with its bilateral agreements and the possible loss of gold to the union. Great Britain also took the position that sterling is often held by other countries as a monetary reserve and that this use of sterling would be interfered with if sterling accounts were automatically "cleared" through the union at periodic intervals. For all these reasons Great Britain made its participation in the union contingent on special provisions regarding sterling.

In the final negotiations for the payments union a compromise was worked out. It recognized, on the one hand, the special position of sterling as an international currency, and, on the other hand, it included sterling in the multilateral compensations of the union to a greater extent than under the original British counterproposals. The basis of this compromise was that creditors of Britain holding sterling would have the option of continuing to hold it or of holding the accounting units of the union instead. Great Britain, however, reserved the right to reach agreement in advance with the continental countries on the amount of sterling they would hold. Agreement on the payments union therefore meant a considerable increase of sterling transferability under the British bilateral payments agreements, but not a complete elimination of these agreements. Under the compromise, moreover, the union was not given powers that would enable it to influence effectively the internal credit policies of its members or to exert really strong pressures for greater balance in the trade of each of them with the others.

These features of the compromise reflect the reluctance of Great Britain to give up the bargaining advantages afforded by bilateral monetary agreements or to accord to an international agency any authority

that might interfere with British full employment policies. The ECA, however, will have considerable influence in the administration of the union, for the administrator is authorized to transfer dollars to the union or to the individual participating countries needing dollars to make partial payments on their debt balances with the union on terms and conditions specified by him.

A further issue arises as to how these powers are to be used. One alternative is to use them in such a way as to reduce to a minimum the practical effect of the bilateralism and discriminatory trade control that Great Britain is still permitted to apply under the union. The choice of this alternative would give maximum effect to the intent of the Congress that the payments union should make a major contribution to European unification. The other alternative is to accept the compromise that led to the formation of the union as a major advance towards sterling convertibility, and not to use the mechanisms of the union to bring further pressures on Great Britain. If this alternative were adopted, the United States would be free to work out with Great Britain the solution of sterling area problems without the added complication of having them intimately bound up with problems of European economic integration.

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Chapter XIII

The Mediterranean-Middle East Problem Area

THE Mediterranean has for centuries been vital as a thoroughfare for the exchange of ideas and goods between Europe and Asia. The Mediterranean assisted in the expansion of the three great monotheistic religions of Judaism, Christianity, and Islam, all of which originated in the Middle East. Until the opening of the Suez Canal in 1869, the great caravan routes of the Middle East combined with the Mediterranean sea lanes to connect India and China with the nations of the West.

The importance of the Mediterranean and Middle East as a highway has historically led to attempts to control all or part of the area. For nations interested in maintaining or securing a position of power in the Mediterranean and Middle East, there are several strategic avenues of approach. The value of the Mediterranean as a sea route depends in the first instance on access to and control of the Straits of Gibraltar at the western extremity of the Mediterranean and of the Suez Canal at the southeastern end. The waters that wash the western and eastern shores of the Arabian Peninsula have more than local significance, for the Red Sea governs the approach to Suez, and the Persian Gulf gives access to the rich oil wealth concentrated in the countries on its western and northern fringes. Three approaches to the region exist in the northeast: the Balkan land route, leading to the Adriatic and Aegean inlets; the Caspian land route, terminating in Turkey and Iran; and the Black Sea-Dardanelles sea route, offering the sole egress into the Mediterranean for Russian ships.

The pattern of great power interests in the Mediterranean and Middle East acquired a considerable measure of stability after Great Britain achieved and maintained undisputed naval supremacy during and following the Napoleonic wars. The principal challenge during the nineteenth century came from Imperial Russia, which sought to gratify its expansionist aims in the Balkans and in Central Asia by speeding the disintegration of the Turkish Empire and capitalizing on Persian and Afghan weakness. The Russian Revolution in 1917 resulted in a suspension of Russian expansionist aspirations that lasted until World War II again offered a tempting opportunity.

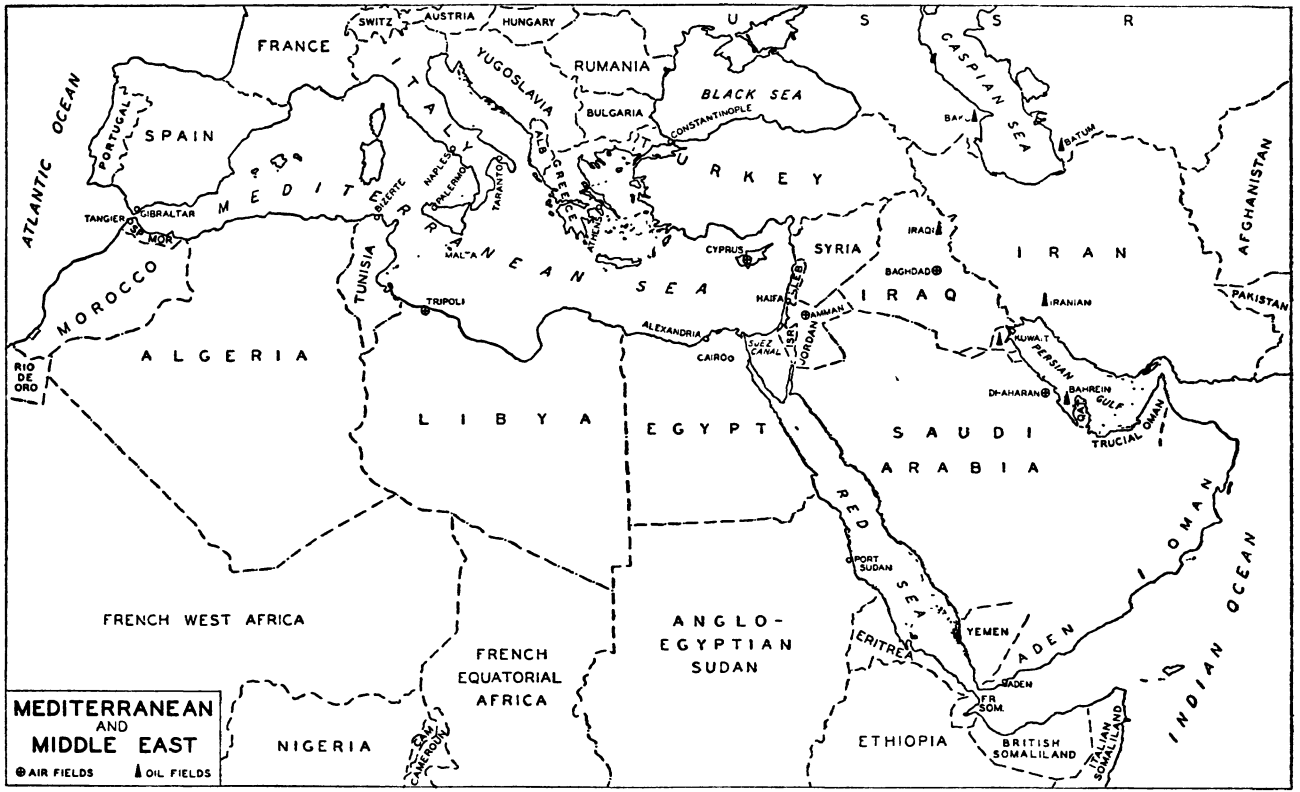
The acquisition by France and Italy of North African colonies presented no great threat to British naval primacy and stabilizing role. The real threat first came from Germany in 1914 and then in the 1930's, when German policy renewed the drive to the East that had been tried and

checked by World War I. Italy then also entered the scene, seeking to revive the hegemony of the Roman Empire and longing for a Mediterranean that would be a "mare nostrum."

In contrast the interest of the United States in the Mediterranean and Middle East is of recent date and until 1920 was strictly limited to private investment and to religious and educational activities. In the 1920's, however, the discovery of rich oil deposits in Iraq initiated an important American commercial interest in the area. This commercial interest was supported by the United States Government, which insisted that the "open door" policy be applied in the exploitation of resources of the area. The Near East Development Corporation, a consortium of American oil companies joined in the formation of the Iraq Petroleum Corporation on an equal footing with British, French, and Dutch interests. In 1933 Standard Oil of California acquired a major oil concession in Saudi Arabia. Subsequently, American business entered into the development of oil fields in Bahrein, Kuwait, and, very recently, in the Saudi-Kuwait Neutral Zone.

The events of World War II—especially the North African campaign and the Sicilian and Italian invasions—tremendously expanded American interest in the Mediterranean and Middle East. Initially, American men and materials entered the Mediterranean theater with the single purpose of eliminating enemy forces in that area as a preliminary to an assault on the continent of Europe; for unlike Great Britain, the United States had no previous political or strategic commitments to preserve. Victory, however, entailed certain new responsibilities for both the United States and Great Britain in the form of military government and relief and rehabilitation. This became more than a wartime or humanitarian undertaking. The end of the war found the Anglo-American position firmly established in the Mediterranean, and events in that area determined its prolongation.

Beginning in 1944 the Soviet Union exhibited a renewed interest in expanding its influence into the Balkans and Turkey. In the course of that year and the following one, the Soviet Union succeeded in installing Communist regimes in Yugoslavia, Rumania, and Bulgaria. These, in turn, exerted heavy pressure on Greece and Italy and aided in the establishment of a Communist regime in Albania. Unsuccessful attempts were made by the Soviet Union to detach Kars and Ardahan from Turkey, to obtain a trusteeship over Tripolitania, and to acquire military bases in the Dodecanese. An American interest in urging a revision of the Montreux Convention governing the Dardanelles was withdrawn when it became clear that the Soviet position in the matter called for an equal


MEDITERRANEAN AND MIDDLE EAST
AIR FIELDS
OIL FIELDS
ATLANTIC OCEAN
FRANCE
SWITZ
AUSTRIA
HUNGARY
RUMANIA
U S S R
SPAIN
PORTUGAL
ITALY
YUGOSLAVIA
BULGARIA
BLACK SEA
CONSTANTINOPLE
CASPIAN SEA
BAKU
BATUM
AFGHANISTAN
TURKEY
GIBRALTAR
TANGIER
MOR.
BIZERTE
NAPLES
PALERMO
TARANTO
GREECE
ATHENS
MEDITERRANEAN SEA
MALTA
CYPRUS
SYRIA
IRAQI
BAGHDAD
IRAN
IRANIAN
PAKISTAN
MOROCCO
TUNISIA
TRIPOLI
HAIFA
AMMAN
IRAQ
ALGERIA
ALEXANDRIA
SUEZ CANAL
JORDAN
CAIRO
KUWAIT
PERSIAN GULF
DHAHARAN
BAHREIN
TRUCIAL OMAN
RIO DE ORO
LIBYA
EGYPT
SAUDI ARABIA
RED SEA
PORT SUDAN
OMAN
GULF OF ADEN
INDIAN OCEAN
YEMEN
ERITREA
ADEN
FR. SOM.
FRENCH WEST AFRICA
FRENCH EQUATORIAL AFRICA
ANGLO-EGYPTIAN SUDAN
NIGERIA
CAMEROONS
ETHIOPIA
BRITISH SOMALILAND
ITALIAN SOMALILAND

sharing of control between the Soviet Union and Turkey. Soviet interest was also expressed in the settlement of the Tangier and Syrian questions in 1945. Russian actions thus weakened and finally destroyed the concept of tripartite policy in the Mediterranean and Middle East and encouraged in its place the formation of an Anglo-American policy.

The primary basis of the present United States interest in the Mediterranean and Middle East is strategic, and the overriding objective of American policy is to halt Soviet expansion and to prevent it from spreading from the Mediterranean hinterland to the coastal areas. It is vitally interested in preventing the creation of a vacuum that Soviet power might fill. It is desirous of maintaining peace and stability throughout the area, because the absence of either provides opportunities for Soviet penetration. In short, strategic considerations have created an American concern in the external pressures being exerted on the area and in its internal stresses as well.

Beginning with the spring of 1947, pressure from the Soviet Union resulted in the development of an American policy of "containing" it along the borders of Greece, Turkey, and Iran. At that time it became clear that mere American approval of British activity in Greece was no longer sufficient to maintain Anglo-American policy in the eastern Mediterranean. The postwar financial condition of Great Britain necessitated a reversal of roles. Simultaneously, it became essential for the United States to lend assistance to Turkey, where Soviet pressure necessitated the maintenance of an army far beyond what the country could afford. Hence the enunciation of the Truman Doctrine and the congressional appropriation of funds for Greece and Turkey. Subsequently, aid has been provided to these countries under the European Recovery Program, the Greek-Turkish Assistance Act of 1948, and the Mutual Defense Assistance Act of 1949.

The expenditures of three and a half years in pursuit of these ends have been great and so have the returns. In Greece the civil war between the Government and the Greek Communists ended in victory for the Government in the fall of 1949. By February 1950 United States Ambassador Grady was able to report that reconstruction was proceeding apace. New highways had been built; vital ports had renewed operations; modern airfields had been constructed; and rail traffic between Athens and Salonika, a vital necessity in integrating Greek economy, had been revived. In Turkey the substantial flow of military aid has immeasurably strengthened the independence of the country and has provided an opportunity for its internal economic development.

The picture is not, however, without a dark side. In Greece political stalemates still tend to slow down the progress of economic rehabilitation.

In the early months of 1950 American spokesmen in Greece spoke out sharply about parliamentary delays in giving legislative support to ECA-sponsored projects. In Turkey there remains a need for more co-ordinated, over-all economic planning.

Iran represents the easternmost border of Soviet influence in the Mediterranean-Middle East zone. The continued stand of Iran against the spread of that influence is essential to Anglo-American success in "containing" the Soviet Union. Having withstood Soviet attempts in 1946 to detach Azerbaijan province and Soviet efforts to obtain an oil concession, Iran now faces a far more subtle threat. Militarily it has been strengthened, thanks to American police and military missions and to ten million dollars' worth of military equipment under a credit authorized in June 1947. Its present precarious position stems from its economic situation. Archaic agricultural methods, insufficient irrigation projects, and malconceived taxation are among the ills that increase each year. The Tudeh Party, the Communist group in Iran, which has been outlawed since 1949, flourishes and expands underground, especially in the southern oil zone. The seven-year plan currently undertaken by Iran prescribes a systematic correction of the national economy, but its fulfillment will require external assistance.

The problem of preventing the spread of Soviet influence is complicated in the case of Italy because of the geographical position of the country. As a Mediterranean power, Italy is subject to Soviet pressure transmitted through her Balkan neighbors. Soviet pressure was exerted through Yugoslavia until the Yugoslav-Soviet break in the summer of 1948. The intervening relaxation of pressure ended early in 1950 with the reopening of the unsolved question of Trieste. It is possible that Communist influence may penetrate into Italy by way of Albania, with which Italy has now established formal diplomatic and commercial relations. As a European power Italy is subject to the forms of Soviet pressure that are used in Western Europe as a whole, an aspect of the problem that is treated elsewhere in this volume.

American strategic interest in the Mediterranean and Middle East is affected by the internal stresses of the area as well as by external pressures. Since the conclusion of the Second World War, the Mediterranean-Middle East region has been in a state of political turmoil. In the Moslem world this has arisen in large measure from an ever-growing sense of nationalism, which seeks among other things to remove all vestiges of Western authority. Such a development would constitute a new threat to the Anglo-American position in the area.

The treaties that followed the First World War extended the earlier

commercial and cultural interests of Great Britain and France in the eastern Mediterranean and Middle East by placing Iraq, Transjordan, and Palestine under British mandate and the region now including Syria and Lebanon under French mandate. Local enthusiasm for independence in these areas, however, had already developed, and the mandate system did not cause it to diminish. By constant agitation, each of the mandated countries with the exception of Palestine, which presented a special problem, gained independence between 1932 and 1946. Egypt had already gained independence in 1922, after having been a British protectorate since 1914 and subject to British control from 1882. The achievement of political independence in each of these countries did not bring their various commercial and cultural ties with the West to an end, and in the case of the territories formerly under British rule, British military establishments as well remained.

Intensified nationalist feeling after 1946 resulted, however, in an effort to eliminate these military footholds. British relations with Egypt under the terms of the 1936 treaty came up for revision in 1946, but successful revision was not accomplished because of the conflict of nationalistic and strategic interests. The Egyptians are anxious to be rid of British troops in the Suez Canal Zone, but the ability to defend the Canal and to assure its peaceful operation is vital to Anglo-American strategy. Furthermore, the Egyptians are anxious to end the Anglo-Egyptian Condominium in the Sudan and to replace it with "unity of the Nile Valley" under the Egyptian flag. Aside from the questionable value of such unity, the wartime development of air routes in Africa gave the Sudan a positive place in Anglo-American strategic thinking. Likewise, the failure to revise British-Iraqi treaty relations in 1948 jeopardizes the future of the British military position in Iraq.

In the Maghreb, too, waxing nationalism is urging an end to Western influence. Although Algeria, French Morocco, and Tunisia stand in different relationships with France, they are all basically desirous of completely severing the French tie and achieving independence. Neighboring Libya, a former Italian colony, has been more fortunate in its quest for independence. There the United Nations has set up a trusteeship under the guidance of a commissioner, who will endeavor to prepare the way for complete independence by 1952. Independence, or the desire for it, may have important consequences for the Anglo-American position not only in the Mediterranean but in Europe as well if it should affect the participation of French Algerian Departments in the North Atlantic Treaty or the continued operation of the American air field at Tripoli.

In addition to stirring up hostility toward Western authority, nationalism has thus far frustrated attempts at unity in the Moslem world. Since

1945 attempts have been made to co-ordinate the policies of the Arab countries through the Arab League. But although Hashemite Jordan has incorporated Arab Palestine, the governments of Egypt, Saudi Arabia, and Syria have objected to such a benefit for Jordan as a result of the Palestinian war. Their objections find expression in their support of the so-called Gaza Government. Although the latter was formed in the Egyptian-held Gaza strip of Palestine in 1948 under the leadership of Haj Amin Al-Husseini, former Grand Mufti of Jerusalem, its center of activity has perforce been the Heliopolis suburb of Cairo.

Dynastic rivalries stemming from events in the 1920's still cast a shadow of suspicion and distrust on relations between the kingdom of Ibn-Saud and the Hashemite countries of Jordan and Iraq. The situation is further complicated by covert suspicion of Iraq on the part of Jordan, a suspicion prompted by the recent espousal by Iraq of a "Fertile Crescent" plan in preference to King Abdullah's cherished "Greater Syria" project.

The economic maladjustment of the Mediterranean and Middle East area is not a new phenomenon. The growth of American strategic interest in the area, however, has made it a matter of more than academic interest to the United States. The region as a whole is predominantly agricultural. Modern agricultural methods are, even when known, still largely unpracticed, and the concentration of land ownership in the hands of a few enforces a bare subsistence livelihood on the many. Industrialization is hampered by the lack of raw materials and by the tendency of foreign capital to avoid areas that are apt to be politically unstable. Oil is the one great known resource in the area, and it is being developed by foreign capital. Oil royalties have only recently begun to be invested in improving the welfare of the countries receiving them. The fiscal systems are, with but few exceptions, poorly geared to economic realities.

Each of these points of economic stress is capable of infinite illustration and expansion. Egypt is a prime example of agricultural maladjustment. Syria and Iran suffer from unrealistic and hence unstable currencies, and in Syria this contributed to the succession of political *coups d'etat* in 1949. Despite large oil revenues, a budgetary deficiency plagues Saudi Arabia. Although a low standard of living exists throughout the area, it poses a particularly acute threat to Iranian stability in 1950. Lebanon suffers from the unusual economic predicament of being not a producer but solely a middleman, and thus its very existence hangs precariously on the trade passing through Lebanese hands. The postwar problems arising from blocked sterling accounts affect the fortunes of Iraq, Jordan, Saudi Arabia, Israel, and especially Egypt.

The repercussions of political and economic instability are strikingly illustrated by the Palestine problem. The general Palestine issue has passed through several phases since the Second World War and has been complicated by the interplay of emotional, political, and economic factors, each of which has vied for ascendancy. American policy has vacillated under the pressure of all three factors. In 1947 the United States concurred in the decision of the United Nations to partition the Holy Land. In March 1948 it considered the alternative of trusteeship, and finally, in May 1948 it gave prompt *de facto* recognition to the newly formed state of Israel.

The problem has not ended, however, with the establishment of the state of Israel, or with its acceptance into the United Nations in May 1949. An appalling refugee problem was created by the partition and the fighting that accompanied it. Smouldering Arab hostility toward the Jewish state remains still unextinguished, and the problem of Jerusalem, which is treated at length below, can easily upset the uncertain calm that prevails in Palestine.

The acute economic dislocation resulting from the overflow of three-quarters of a million Arabs into surrounding Arab states has imposed a crushing burden on their already strained economies. This represents a threat not only to Anglo-American strategic positions in the area but also to the extensive American-British oil interests. The pipeline to Haifa from the Iraq fields ceased to operate with the partition of Palestine. American policy seeks an early reopening of oil operations at Haifa, the maintenance of the outlet at Tripoli in Lebanon, and a successful conclusion of the Tapline project from Arabia to the Mediterranean.

In view of the stress of this economic dislocation in the Palestine area, the United Nations Conciliation Commission for Palestine in the fall of 1949 dispatched to the Middle East an economic survey mission headed by Gordon Clapp, a Tennessee Valley Authority administrator. This commission was charged with investigating ways and means of assisting the Levant states in the development of their natural resources in order to alleviate the refugee problem by providing employment on a variety of work projects. The mission was primarily concerned not with resettling the refugees but with eliminating the threat to political and economic stability to which refugee unemployment gave rise. The final report of the mission in January 1950 called for stimulating self-help in the Arab countries under the guidance of a United Nations Relief and Works Agency for Palestine Refugees. Self-help was to be supplemented by limited outside financial aid. Four pilot projects were outlined, one each for Jordan, Syria, Lebanon, and Palestine.

The interest of the United States in the Mediterranean-Middle East area has been shown to be the strategic one of maintaining and strengthening the Anglo-American position there. Specific political, economic, and military security problems arise from this interest.

In the security sphere the problem of containing Soviet influence continues. Containment in the states bordering on the Soviet Union is not enough, however. To be of real value, it requires the existence of stable and friendly states in the whole region. Consequently, the United States has a complementary political problem of encouraging the forces of stability in these countries and of counteracting and discouraging disruptive forces. The United States is also confronted with the instability inherent in the relations of Israel and the Arab states, and has before it the continuing problem of assisting in the integration of Israel in the political and economic framework of the Middle East.

In the economic field two problems are outstanding. Commercial and strategic interest in Middle East oil calls for an early solution to the difficulty of marketing "dollar oil." Upon that solution depend not only American investments in the area but perhaps the political stability of the Arab states that are involved. Economic stability, on the other hand, awaits the assistance that will come from the implementation of the Point IV Program. In the financial field, the United States will inevitably be confronted with requests for loans and financial advice.

Military security problems are of prime importance. The Anglo-American position in the Mediterranean and Middle East and in Europe requires at least maintaining currently held military facilities. The need for arms and military training in some of the countries will continue. Likewise, assistance in the form of supplies and spare parts for local air lines will be sought. The American problem will be to satisfy these needs to a degree that will discourage Soviet aggression but not to an extent that will stimulate intra-area disputes. In the latter connection Israel and the Arab states need to be in a position to defend themselves, but they must not be enabled to become mutually aggressive. The possibility of regional defensive alliances and of American participation in them in accordance with the Vandenberg Resolution of June 1948, remains to be explored.

THE STABILIZATION OF THE MIDDLE EAST

The Middle East presents American foreign policy with an immediate and a long-term problem, both of which stem primarily from the necessity of "containing" the Soviet Union. Its strategic importance on the Soviet periphery has made the Middle East a focal point of United States interest.

Wartime developments in the Mediterranean-Middle East theater forced an expansion of American activities in that region. In the postwar period the resurgence of Russian imperialist aims ensured that American strategic concern with the Middle East would continue to supplement previously formed commercial ties if not to overshadow them. Fortunately, in pursuing its strategic objectives, the United States has a powerful ally, for Great Britain has a long-standing strategic interest in the Middle East, which is basically identical with that of the United States.

The dual nature of the security problem faced by the United States and Great Britain in the Middle East arises from the nature of the pressures being exerted on the area. Although it is primarily the external pressure exerted by the Soviet Union that creates the short-term problem of immediately improving the defensive position of the Middle East, this Soviet pressure exploits internal conditions that encourage disorder. The effectiveness of this tactic in Greece from 1945 on prompted a request by the Greek government for external assistance. After Great Britain could no longer carry the burden, the United States responded with the Truman Doctrine. Even with American aid, however, success in combating the direct Soviet pressure through guerrilla warfare was slow. Not until September 1949 was the danger reduced to negligible proportions, and the Greek Government was free to turn its attention to remedying the ravages of war and to alleviating the condition of the people.

Soviet pressure on Iran has been continuous since the end of the war. Wartime developments had forced an Anglo-Soviet occupation of the country in 1941, in which the United States later participated. At the end of the war, the withdrawal of foreign troops in accordance with the treaty of occupation was slow because of deliberate Soviet delays. In 1945 Azerbaijan province, often described as the bread basket of Iran, undertook with official Soviet blessing to proclaim its autonomy. The Iranian Government vigorously opposed this move and ultimately reasserted its authority in the rebellious area. The Soviet Union also supported the short-lived Republic of Mahabad, which was set up in the adjoining province of Kurdistan. These efforts to dismember Iran and to create internal disorder were accompanied by pressure for an oil concession in northern Iran. The momentarily grave situation in Azerbaijan forced the Iranian premier to agree to the formation of a joint Soviet-Iranian oil company. The following year, however, a general strengthening of the Iranian position enabled the Majlis (parliament) to reject emphatically this attempt at penetration.

In contrast to Greece and Iran, attempts to foment internal disorder in Turkey have been singularly unsuccessful, largely because there is no Turkish Communist party to assist the effort and because the central

authority has been energetic and effective. Soviet demands upon Turkey for territorial and military concessions have produced tension, but they have been firmly rejected. In 1945, when Turkey proposed a new treaty of friendship and neutrality, the Soviet Union suggested as a *quid pro quo* the cession of the districts of Kars and Ardahan and the acceptance of joint Soviet-Turkish control of The Straits in defiance of the rights of the other powers under the Montreux Convention. Turkey preferred to forfeit the possibility of a treaty rather than to acquiesce to these conditions.

Coupled with internal intrigues and diplomatic demands has been the constant menace implicit in the Soviet concentration of military might on the northern borders of Greece, Turkey, and Iran. The persistent military threat of the Soviet and satellite forces has necessitated the maintenance of Greek, Turkish, and Iranian forces at a level incompatible with the economic strength of these states.

Communist parties, when they exist, provide a connecting link between external and internal pressures. In the period since the end of the Second World War, several Middle Eastern countries have outlawed their Communist parties, and Communist activity has been driven underground. Its present or potential strength is difficult to estimate, even in Israel where the Communist party still has legal status. There appears to be a vigorous Communist propaganda campaign among the Arab refugees. In addition, communism makes a definite appeal to two elements in Middle Eastern society: the dissatisfied industrial laborers—a group that the Iranian Tudeh party has exploited—and the growing "effendi" class, which cannot find employment comparable to its educational training. As yet the Communists have not directed a strong appeal to the large numbers of agricultural workers who live at a bare subsistence level. The continuation of the economic and political ills that beset the Middle East as a whole and produce malcontents throughout Islamic society can only invite Soviet exploitation.

The internal maladjustments are the chief obstacles to long-term stability. Economic backwardness unfortunately is reinforced by unrealistic and wasteful fiscal policies. Added to this are traditional Middle Eastern attitudes toward the use of capital. These call for quick rather than long-term profits and impede the financing of developmental projects by local capital. Foreign investors, on the other hand, hesitate to risk their money in politically and economically unstable areas.

Political stumbling blocks to the long-term stabilization of the Middle East consist of immaturity, inertia, and adventurousness. Syria is a good example. The immaturity and inertia of the Syrian public were

reflected in the general apathy that prevailed during the Syrian elections of November 1949. The public pronouncements of Syrian leaders, on the other hand, often reveal irresponsible adventurousness rather than statesmanship. Thus in the spring of 1950 the Syrian ministers of National Economy and of Defense intimated that their country might consider closer relations with the Soviet Union to offset Western support of Israel.

The general economic, financial, and political difficulties of the region are supplemented by minority problems of varying degrees of seriousness and by the continuing problem of the relation between Israel and the Arab states. All this constitutes a threat to the stability of the region and an invitation to Soviet intrigue.

Concerted Arab hostility toward Israel has not displaced past rivalries among the Arab states; instead, a new round of competition has been touched off. The expansion of Jordan by the annexation of the Arab Palestine has alarmed Egypt, which aspires to retain its position of primacy in the Arab world. This same expansion, coupled with periodic proposals for the unification of the Hashemite states, has disturbed Saudi Arabia, which as a countermove has taken steps to improve its relations with Egypt and Syria.

To explain the full complexity of the problem of attaining immediate security and long-term stability in the Middle East, it is also essential to take into account the objectives of the different states involved. Greece, Turkey, and Iran wish above all to maintain their political and territorial integrity and at the same time to modernize and expand their economies with Western aid. The Arab states, only recently independent, are extremely sensitive to any infringement, real or imagined, of their sovereignty. Although they desire economic advancement, they have been jealously reluctant to modify their existing political and social patterns. The new state of Israel desires to achieve a firm basis of political stability and economic adjustment and development.

Because the United States interest is so directly affected by Soviet activity, Soviet objectives require analysis. Specific objectives include a longing inherited from Tsarist days for warm water ports on the Mediterranean and Persian Gulf and more recently for control of the rich oil resources of the area. The Soviet Union is also concerned to protect that part of its agricultural and mineral resources that border on the Middle East. Finally, it has become clear that the Soviet Union wants to oust and to replace American and British military and economic influence in the Middle East.

The problem is to determine the means of immediately strengthening the defensive position of the Middle East while acting to stabilize the region over the longer term.

The problem breaks down into two groups of issues. The first group concerns the means of immediately improving the defensive posture of the Middle East. The first issue in this group is the applicability and form of military measures. The United States now has an air field at Tripoli in North Africa and one at Dhahran in Saudi Arabia. At present the United States has no military facilities of its own in Greece, Turkey and Iran, to which it is sending military aid and in which it has small military missions. The British have important military privileges in Egypt, the Anglo-Egyptian Sudan, Jordan, Iraq, Aden, and Cyprus. British and American fleets ply the Mediterranean, and small naval units of both countries operate in the Persian Gulf and Red Sea.

One alternative is to acquire additional military facilities. Bases in the countries bordering the Soviet Union, however, would be extremely vulnerable in the event of war with Russia. To supplement existing British privileges in the Arab states would be difficult at this time in view of the prevailing strength and sensitivity of Arab nationalist sentiment.

A second alternative is to establish additional regional pacts, either by extending the North Atlantic Treaty to include some Middle Eastern countries, or by establishing a separate Middle Eastern, east Mediterranean, or Mediterranean pact. The co-operation of the countries presently in the Atlantic Pact is facilitated by long-established, close cultural links. The absence of such bonds would tend to complicate a similar treaty relationship with the peoples of the Middle East. Either an extension of the North Atlantic Treaty or a strictly regional pact would in all probability entail an enlargement of the United States military responsibilities and expenditures abroad.

A final alternative is to give unilateral assistance to Middle Eastern countries. Unilateral military assistance has been given by the United States in the past three years to Greece, Turkey, and Iran. Great Britain has supplied arms to some of the Arab countries in accordance with treaty arrangements. In May 1950 the United States, Great Britain, and France announced a three-power decision to sell arms to all Middle Eastern states, including Israel, which gave assurances that arms so purchased would be used for internal security and self-defense and not for aggression.

A second issue is the applicability and form of political measures. The principal alternative is for the United States and Great Britain to

exert pressure on the Middle Eastern states concerned for an immediate settlement of the Palestine difficulties. The promise of economic, financial, and military assistance could be made dependent on such action.

A third issue is the applicability and form of economic and fiscal measures. One alternative is to provide immediate economic aid to Iran, which is currently suffering from serious, disruptive economic pressures. Unlike Greece and Turkey, Iran is not a recipient of Marshall Plan aid. A second alternative is for the United States to put pressure on Great Britain to expedite the solution of the sterling-dollar oil controversy. A third alternative is for the United States separately, or in conjunction with Great Britain, to put pressure on the countries of the Middle East for fiscal changes capable of fulfillment in the immediate future: for example, realistic exchange rates and careful budgeting.

The second group of issues concerns the means of stabilizing the Middle East over the longer term. Despite some overlapping of the issues and alternatives of this group with those of the preceding, the emphasis is differently placed. The military aspect is paramount in the first group, the economic in the second. Expedients that appear desirable in the first instance may be injudicious or unnecessary over the longer term. Coordination of Anglo-American policy may be easier when it is primarily a question of strengthening militarily the countries of the Middle East than when it is a question of the economic development and integration of the Middle East in the world economy.

The first issue is the amount and the methods of giving long-term economic assistance. The United States may decide to give aid of Marshall Plan proportions or on a pump-priming scale. Despite the urgent need for improvement, current sentiment appears to favor a pump-priming operation as being probably the more effective measure. The initiative in administering economic aid may be taken by individual governments, by private business, or by the United Nations. Alternatively, all three may co-operate, as present plans would seem to envisage. A final alternative is the inclusion of requirements for political, social, and fiscal reforms in return for economic assistance.

The second issue is the extent to which the United States should intervene to reduce political tensions. One alternative is to make positive efforts on the part of both Arab and Jew toward the peaceful integration of Israel into the regional framework a *quid pro quo* of economic and financial aid. Or the United States could press the Middle Eastern countries to work out a solution of their problems by group deliberation, either in regional conferences or in the United Nations.

The third issue is the means of combating the spread of communism in the Middle East. Current efforts by the United States in this field repre-

sent one alternative: They include the Voice of America program, the work of public affairs officers and cultural attachés, and exchange programs under the Fulbright and Smith-Mundt acts. Another alternative is to concentrate on private endeavors in this direction such as the existing efforts of the educational and religious establishments in the Middle East and the conscious and unconscious educational endeavors of oil companies in the area. A third alternative is to rely on the educational effect that would be implicit in effectively administered economic aid.

A final issue is the broad form of implementation for United States long-term policy. In this regard three alternatives, or various combinations of the three, exist. The United States might implement policy through the United Nations, through action taken in concert with other powers, through unilateral action, or through two or more of these avenues combined.[1]

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[1] The problem of security and stability in the Middle East will be comprehensively treated in a problem paper on the subject to be published by the Brookings Institution in October 1950 in pamphlet form.

THE STATUS OF JERUSALEM

The problem of Jerusalem today arises from the deep religious significance of the city for the great monotheistic faiths of Judaism, Christianity, and Islam and from the chaotic state of affairs that has prevailed in Palestine since the termination of the mandate. The international religious importance of Jerusalem obtained for it special consideration by the United Nations when the organization was discussing the future of the former British mandate of Palestine. The General Assembly resolution of November 29, 1947, which determined upon partition for Palestine, also included a decision to establish Jerusalem as a *corpus separatum* under a special international regime. The area involved was defined as the existing municipality and the surrounding villages and towns.

The task of drawing up the statute for the city of Jerusalem was entrusted to the Trusteeship Council, which during the spring of 1948 evolved a plan. It provided for the appointment of a governor, for a unicameral legislative council to be elected by universal suffrage with due regard for the various religious elements in the city, and for an independent judiciary with a supreme court and subsidiary courts. The violent course of events in Palestine following termination of the mandate on May 14, 1948, however, caused the Trusteeship Council in the summer of 1948 to postpone further work on the statute indefinitely.

In December 1948 the General Assembly of the United Nations resolved to entrust the entire question of Palestine, the status of Jerusalem included, to a special group, the Conciliation Commission for Palestine, which was made up of representatives from the United States, France, and Turkey. Included among the instructions to the commission was an obligation to report on a permanent international regime for the Holy City. The special committee of the Conciliation Commission that drew up the recommendation for the city did so after considerable consultation with interested governments and religious groups. Its proposal rejected by implication the principle of a *corpus separatum* in favor of continuing the existing split of the city into two zones, one Jordanian and the other Israeli. It also recommended the appointment of a United Nations commissioner, an elective council representing both zones, an international tribunal, and a mixed Jewish-Arab tribunal. The Holy Places were to be under the supervision of the United Nations commissioner. The final report of the commission was presented to the United Nations in the fall of 1949.

When the fourth session of the General Assembly convened in the fall of 1949, the question of Jerusalem, and related Palestine problems, was foremost on the agenda. The Jerusalem matter was referred to the

Ad hoc Political Committee. A sharp divergence of opinion on Jerusalem appeared in the various resolutions, as well as in the recommendations of the Conciliation Commission that were presented to the committee. The *Ad Hoc* Political Committee set up a subcommittee to prepare a resolution for its consideration. The sub-committee in turn decided upon an Australian resolution with amendments, the substance of which meant a return to the principle of *corpus separatum.* Approval of the Australian resolution by the *Ad Hoc* Political Committee resulted in the consideration of the proposals by the General Assembly, again in competition with a variety of rival draft resolutions. On December 9, 1949 the General Assembly accepted the Australian proposal, thus returning the Jerusalem question to the Trusteeship Council for review and action. This step by the General Assembly was undertaken in spite of the negative votes of the United States and Great Britain. Both these countries were of the opinion that the decision adopted by the General Assembly was not in line with the facts and that the proposals of the Conciliation Commission had not been given proper consideration.

Subsequently, M. Garreau, French delegate and presiding officer of the Trusteeship Council, was requested by his colleagues to draw up a working plan. His plan, which called for a considerable modification of the 1948 draft, was rejected by the Council on the ground that it failed to follow the exact instructions of the General Assembly resolution. The Council then turned to a reconsideration of its 1948 draft statute. In slightly revised form the statute obtained the endorsement of the Council on April 4, 1950. However, on June 14 the Trusteeship Council agreed to report to the General Assembly that it had been unable to internationalize Jerusalem because Israel and Jordan, the occupants of the area, refused to accept the principle embodied in the statute that the Council had drawn up. The question was returned accordingly to the General Assembly.

The problem of Jerusalem cannot be fully grasped unless it is considered in its proper context. It is but one element in the complex problem of Palestine, and a feasible international solution of the status of the city cannot be found unless it is sought with that understanding. Any successful resolution of the problematical status of Jerusalem depends in the first instance on the existence of peaceful relations between the two nations presently in *de facto* possession of the area involved, namely Jordan and Israel. Secondly, its future depends on peaceful and stable relations between Israel and the states of the Arab League.

Although opposed to the November 1947 resolution *in toto,* the Arab states have revised their position on the status of Jerusalem since that time in accordance with existing facts. Since Israel is no longer just

a concept but a physical fact, the Arab states, with the notable exception of Jordan, have reluctantly given their assent to the proposal to internationalize Jerusalem. Furthermore, they will now countenance no diminution of the December 1949 proposal for complete internationalization in favor of a more limited territorial scheme or one merely for safeguarding the Holy Places. Jordan and Israel, on the other hand, as the two states in physical possession of the territory in question, are inalterably opposed to any attempt to reduce their control. They are willing to give guarantees concerning the Holy Places and to permit certain supervisory and inspection privileges to the United Nations for ascertaining the observance of their pledges. Both states have taken steps intended to strengthen their positions in the city: Israel by completing the transfer of its governmental offices to Jerusalem at the end of 1949, and Jordan by formally incorporating the old city of Jerusalem and Arab Palestine into the Hashemite Kingdom of Jordan.

In the consideration of the matter in the General Assembly, in the Trusteeship Council, and in the Conciliation Commission for Palestine, it was apparent that interest in the settlement of the Jerusalem question was widespread among governments and religious groups outside the Middle East as well as within.

The Soviet Union opposed the recommendations of the Conciliation Commission on Jerusalem and in fact opposed the very existence of the commission. It did, however, favor internationalization of the city as a *corpus separatum.* Hence, in company with Arab and Catholic interests, the Soviet Union endorsed the General Assembly resolution of December 1949. Suddenly, however, in April 1950 it withdrew its approval of the plan. The Soviet explanation of its revised stand, that internationalization was unworkable in view of existing facts, is inadequate. The doubtful possibility of implementing internationalization of the Holy City has long been recognized and discussed by interested powers. The delayed Soviet acceptance of this assumption thus would appear enigmatic. Soviet policy, however, is not concerned with the Jerusalem issue *per se.* Instead it regards Jerusalem as a weight to be cast on the scales of international relations in accordance with larger policy considerations.

Although inclined also to regard the United Nations proposal of December 1949 as unworkable, the United States and Great Britain have nonetheless continued to work for a feasible solution through United Nations channels. Earlier in the fall of 1949 they objected to the short shrift given to the report of the Conciliation Commission, which seemed in their judgment to fit the facts of the situation better than did the Australian proposal. Despite their objection to the latter, both countries

as members of the Trusteeship Council participated in the endeavors of that body at its sixth session to carry out the instructions of the General Assembly.

In addition to governmental interest in the question of Jerusalem, there has been an abundant expression of interest and opinion by religious groups. The Vatican especially has come out strongly and repeatedly for internationalization, and the majority of Catholic countries reflected that sentiment in the December 1949 vote in the United Nations. Protestant opinion has generally been inclined to reject internationalization in favor of international guarantees for the Holy Places.

A general definition of the United States objective with respect to an international solution of the status of Jerusalem was expressed by Representative Ross in the United Nations in December 1949:

> . . . The United States delegation has earnestly sought . . . to obtain approval for a workable international regime for the Jerusalem area which: first would give genuine recognition to the international status of the Jerusalem area as the center of three great world religions; second would provide for the necessary protection of and access to the Holy Places under United Nations supervision; third, would contribute to the peace and stability of the area; and finally would take into account the interests of the principal communities in Jerusalem and the views of Israel and Jordan.

This statement of the United States objective has not, however, resulted in a policy that can be followed without further adaptation to changing circumstances.

The problem is to determine the form of further action by the United States with respect to an international settlement of the status of Jerusalem.

The attempts to solve this problem over the past two and a half years have served to emphasize a basic issue confronting United States foreign policy. This issue is the regularization of Arab-Jewish relations and the harmonious integration of Israel into the Middle Eastern political and economic framework. Early solutions to the problems of the status of Jerusalem, of refugee settlement, and of territorial boundaries are called for in order to remove a trouble zone that the Soviet Union may exploit. Unfortunately, the general confusion surrounding the United States policy on Palestine has served to postpone rather than to expedite a solution. Internal pressure groups have vied with external pressures, and the United States position, being subject to the influence of both, has been accordingly inconsistent.

Three alternative methods of stabilizing Arab-Jewish relations appear possible. In the first place, Anglo-American pressure could be exerted on Israel and the Arab states. The United States is in a favorable

position to exert such pressure on Israel in view of the strong support, both political and financial, that the United States has given the new state. Great Britain, on the other hand, is in a better position to influence the Arab states and especially Jordan, whose very existence depends in large part on an annual British subsidy. A second alternative is for the United States to press for continued and vigorous United Nations action in stabilizing relations in the Middle East. Finally, all outside pressure might be withheld in favor of letting the states of the Middle East determine the pattern of their relations for themselves. With regard to the Jerusalem question, this last alternative appears to be not only a possibility but a probability, for while the Jerusalem question is currently buried in United Nations procedure, Israel and Jordan are in the process of perpetuating the *status quo* of the divided city.

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Chapter XIV

The African Problem Area

LIKE the interest of the United States in the Mediterranean and in North Africa, American consciousness of that part of Africa lying south of the Sahara (to which the following discussion is limited) was greatly increased during World War II. This interest had first been aroused in the days of the slave trade, and it has recently been intensified by the possibilities of technical assistance under the Point IV Program. Unlike the Mediterranean-Middle Eastern-North African area, however, Africa as such does not pose any urgent problems for the foreign policy of the United States.

It is treated here for several reasons. Its location at the bend in the road to India, Asia, and the Far East is of importance strategically, especially when the Mediterranean passage is closed. British strategists have referred to East and West Africa as vital links in the equatorial defense chain, and they have stressed the value of bases there for the support of military operations along the Mediterranean coast and in the Middle East. Dakar, the African point nearest the Western Hemisphere, flanks the European routes to South America.

Important economically as well as strategically, the minerals known to be deposited in Africa are significant in any major struggle. Although these deposits may not be so rich as they were once thought to be, the continent has vast reserves of manganese, chrome ore, asbestos, industrial diamonds, tin, copper, and uranium, all of which are contributing to American stockpiles. Africa is also the largest producer in the world of vanadium and cobalt. American imports from Africa, which amounted in 1949 to about 338 million dollars, also include spices and twine. The economic contribution of Africa to Europe is of greater significance, for in 1948 African exports to Western Europe totaled about half those from the United States. Any increase in the African supply of those commodities now being imported from the United States would have an obviously beneficial effect on Western European dollar deficits.

Although communism seems to have made little progress in Africa, political and social tensions in many of the territories are mounting, and there is no way of knowing when the Cominform may be able to divert more of its propaganda and agitation to subversion in this new area. For this reason if for no other, it may prove desirable to inspire in the African peoples the determination to resist the blandishments of

communism and to help them to do so. And this can be done best by the creation of firm economic, political, and social institutions.

The development of their primitive economies presents the Africans with one of their most difficult problems. There is practically no local capital available, and foreign private investors have been understandably reluctant to risk their resources in ventures on the Dark Continent, where the lack of transportation and trained man power and the prevalence of disease and discomfort have remained formidable obstacles. Any considerable degree of economic development will have to depend, it appears, on public capital.

Several development plans have already been begun by the colonial powers in their own territories. Under the Colonial Development and Welfare Program Great Britain began in 1946 to contribute £120 million, most of which is being spent for the basic needs of British Africa. In addition, Great Britain has set up the Colonial Development Corporation and the Overseas Food Corporation to carry out economic projects in the entire Commonwealth including the colonial possessions. In 1947 Belgium began sponsoring a ten-year plan for the Belgian Congo and for Ruanda-Urandi, the most urgent projects calling for the equivalent of almost one billion dollars. The French Government since 1946 has been combining private, metropolitan, and colonial public funds for development in French territories abroad. In addition, these nations have been using American technical experts provided by the Economic Cooperation Administration to conduct surveys in their respective African territories. Years would appear to be required, however, before the second largest continent can improve its present status as the most underdeveloped in the world.

Fully as vital to the African peoples as their economic development is at least a partial solution of their social problems. These problems stem not from the number of people, for Africa has a density of population less than that of any other continent but Australia; they arise out of the extreme diversity of the races and cultures represented. South of the Sahara there are about 100 million people, nine-tenths of whom are illiterate, speaking more than 700 languages and dialects. The largest groups are the Bantu and the West African Negroes; the smallest group are the Bushmen; others are the Hamites. This racial pattern is confused by the several million Europeans, nearly half a million Asian peoples, and the pronounced mixture of these and other racial stocks. It has been ascertained that racial friction exists almost in direct relation to the proportion of European inhabitants to the total. It is consequently worst in the Union of South Africa, where two million Europeans have established their domination in a nation comprising many

East Indians, several hundred thousand "Cape Coloured," and six million Bantu. Racial troubles are also serious in Kenya, South-West Africa, and the Rhodesias, where the percentage of Europeans is also small.

Any solution to the economic and social problems of the area as a whole is vastly complicated by the varied political relationships involved. There are only three independent states in Africa south of the Sahara: Liberia, Ethiopia, and the Union of South Africa. Independence will also be given to Italian Somaliland within ten years. The remaining territories have varying kinds of political ties with Great Britain, France, Belgium, Spain, and Portugal. As colonies, protectorates, trusteeships, and overseas territories, at various stages in the long way to independence, they contain the major part of the dependent peoples of all Africa, which have been estimated to total three fourths of the dependent peoples of the world.

These European powers quite naturally differ in their colonial policies. At the one extreme is the British emphasis on the native cultures with the realization that the diversity of the colonies under British control prevents a high degree of standardization. Indirect rule is favored whenever possible, and the native chiefs are allowed to follow their own patterns as long as neighboring territories are not injured and the laws are not broken. The French policy represents the other extreme point of view, with a native *elite* being educated by the French to exert more influence than the native chiefs. These "assimilated" Africans are brought up in the French tradition to consider themselves part of the French state, and they are given a position of greater importance than that accorded the natives in any other part of Africa.

This political complex of poverty stricken, underprivileged peoples has raised many problems and innumerable disputes, most of which have either been settled directly between the parties concerned or have remained unresolved. In at least three instances, however, questions raised south of the Sahara have been brought to the attention of the United Nations.

One such question was the disposition of the former Italian colonies, two of which—Somaliland and Eritrea—are within Africa south of the Sahara. In accordance with the terms of the Italian Peace Treaty—Great Britain, the United States, and the Soviet Union having failed to agree—the General Assembly of the United Nations was called on to dispose of these colonies, as well as of Libya in North Africa. After discussions running through two sessions, the Assembly decided in November 1949 that Somaliland should be a United Nations trusteeship for ten years, and after that, an independent and sovereign state. Italy was appointed

the administering authority. Eritrea, however, remained an unsettled question. A United Nations commission was appointed to ascertain the wishes of the inhabitants, to consider their capacity for self-government, to report on the best means for promoting their welfare, and to reconcile this information with the rights and claims of Ethiopia and the requirements of peace and security in East Africa. The commission is to report with recommendations to the Assembly in 1950.

Another African question before the United Nations has been the legal status of South-West Africa. In 1946 the Assembly recommended that this former League of Nations mandate should be placed under a United Nations trusteeship. In July 1947 the Union of South Africa informed the United Nations that it intended to maintain the previous status but that administrative reports would be submitted. In July 1948 the Assembly criticized the South African attitude and passed a resolution of trusteeship. The following year South Africa stated that no further reports would be submitted and that steps were being taken to associate the territory more closely with the Union. In December 1949 the Assembly put the issue to the International Court of Justice, asking for an advisory opinion on (1) the international status of the territory, (2) the legal obligations of the Union of South Africa, and (3) the competence of the Union to change the international status of the territory.

Probably the most bitter issue presented to the United Nations by political and social questions in Africa has been the alleged discrimination practiced against many of its inhabitants by the Union of South Africa. In 1946 India accused the Union of South Africa before the United Nations of restricting the rights of Asiatics and Negroes to own land, to share representation in the legislature, to receive an education, and to obtain employment. The General Assembly approved a resolution seeking South African co-operation in settling the disagreement, and in May 1949 the General Assembly made another similar request. The Union of South Africa, however, has asserted that the Charter of the United Nations specifically bars interference in domestic affairs and that the question is one for the Union of South Africa alone to settle. As a result India and Pakistan imposed trade sanctions against the Union of South Africa, and the Indian ban has not yet been lifted.

In addition to these disputes, on which the United States as a member of the United Nations has to adopt a position, there are other questions that in the more distant future will require a carefully formulated African policy. As the most underdeveloped continent in the world, Africa will naturally become the focus of more and more of the attention of the officials planning the Point IV Program. Already

surveys are being made for improving agricultural practices and transportation facilities. The vital fight against soil erosion and the tsetse fly and the development of water power will require closer and more numerous contacts between the United States and the African peoples than have existed in the past.

In carrying out the many projects under the Point IV Program for Africa, the United States will also be pursuing its traditional objectives: the establishment of a stable world order, the progressive development of dependent peoples toward self-government and eventual independence, and assistance to underprivileged peoples to raise their standards of living and education. On the other hand, the United States itself has no direct responsibilities in Africa, and its activities have to be examined for the effect they might have on the European powers, four of which are associated with the United States in the North Atlantic Treaty. The United States furthermore is itself an administering power in the Pacific. If an African policy for the United States presents any problem, therefore, it appears to be the avoidance of action that might either jeopardize American hopes for the welfare and the increasingly nationalistic aspirations of the African peoples or disrupt the relations between the United States and the colonial powers in Western Europe.

Chapter XV

The Asian Problem Area

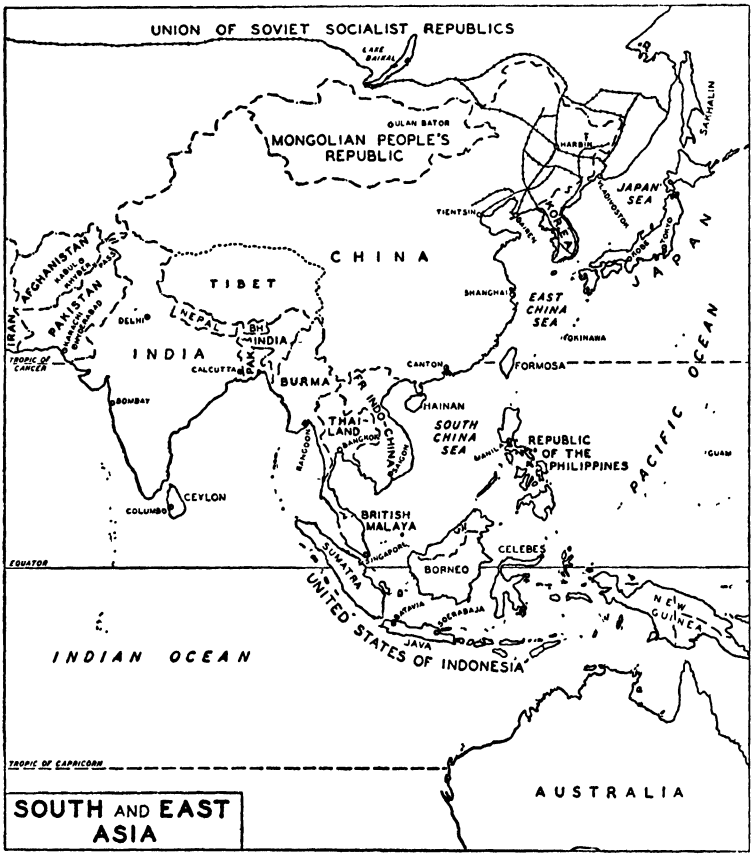
THE PART of Asia that lies south of the Soviet border and east of the Iranian plateau and includes the Malay Archipelago, contains about one half of the population of the world in less than one seventh of its land area. The underlying civilizations of the region were formed from two main cultural streams, the Chinese and the Indian. The Indian culture was spread into Farther India and the Malay Archipelago mainly by peaceful methods. The Chinese culture was spread southward largely by military conquest, and its maximum expansion is marked by the present southern border of China and the country of Annam. Dissimilar as these cultures are in many of their philosophical and practical aspects, they have in common an innate conservatism and a religious fatalism, and they have both developed authoritarian political patterns from patriarchal or theocratic bases. In addition, both cultures rest on self-contained and traditional economies of which agriculture is the mainstay.

In historic times two important alien cultural influences intruded into the area. Between the eighth and sixteenth centuries successive waves of Muslim invaders from the Middle East and Central Asia brought Islamic, Arabian, and Iranian cultures into Malaya, the eastern archipelago, India, and inner China. Although Islam gained many millions of converts, it is only in the areas that are now Pakistan that the established culture was fundamentally changed.

The impact of Western civilization was far more widespread and radical in its effects. Between the year 1498, when a Portuguese fleet arrived at Calicut, India, and the end of the eighteenth century the greater part of south and southeast Asia was brought under the political domination of western European powers. During this period, however, the East was unresponsive to Western influence: it wanted neither Western goods nor Western ideas. The West, in contrast, was dazzled by the splendors of the East and enormously enriched by Asian trade. It was not until after the Industrial Revolution in the nineteenth century, however, that the West was able to make a deep impression on Asian life and thought. At that time direct rule provided orderly administration and government by law. Modern schools taught world geography and history and developed an awareness of race and nationality. Western political philosophy introduced new concepts of

human dignity and of the rights of man. Western techniques opened new sources of wealth. Even in China and Japan, which remained independent, similar results were produced by occidental advisers and by ramified cultural contacts.

The intellectual and spiritual influences of the West were less



obtrusive than its material power. Even the unlettered masses could recognize the superiority of Western material progress. It was, moreover, the technical demands of Western material civilization that set in motion the processes of social change in Asia. The competition of imported factory products with those of native cottage industries forced changes in the economy and in the social structure of the myriads of self-contained village communities in which the greater part of the population of Asia lived. Japan was able up to a point to adjust itself

to these changes by the speed with which it converted an older political structure into a modern centralized state. But in China the inability of the traditional order to meet the challenge of the West brought about a revolutionary process that still continues.

Between 1840 and 1940 south and east Asia developed into a region of economic viability in which a power equilibrium was simultaneously achieved. Japan held the islands that commanded the Pacific approaches to the continent from Kamchatka in the north to the Tropic of Cancer. On the continent itself, Japan controlled Korea and penetrated Manchuria, and it thus acquired access to an important source of raw materials at the cost of establishing itself in the path of Russian expansion. Except to the extent that Russian land power and American naval power, with its advanced bases in the Philippines, acted as a counterbalance, Japan occupied a dominant position in the northern Far East. Farther south and on the Indian Ocean littoral, the maintenance of a counterbalance was largely a British responsibility, though it was shared by France and Holland.

During the same period an economic interdependence was developed between the East and the West when European traders, seeking to expand their markets in Asia, turned to producing or processing in Asia commodities that could then be exchanged for Western goods. In colonial Asia they turned chiefly to plantation enterprises and extractive industries. In China and Japan their initiative was responsible for the introduction and development of export industries.

Only Japan freed itself from foreign control of its external trade. It developed mercantile houses, foreign exchange banks, and an efficient merchant marine, and competed successfully for a substantial share of the foreign trade of other Asian countries. It thus came to play a vital part in the economic development of east Asia. It formed the principal Asian workshop. It used its cheap manufactures, well suited to Asian markets, to pay for the grains and raw materials it needed. In China, although foreign trade remained largely in foreign hands, internal economic development, except in Manchuria and at the treaty ports, was from the first under Chinese control. In India native enterprise steadily gained ground, but elsewhere in East Asia native participation in modern business ventures was negligible.

These developments, however, did little to alter the basic character of Asian life. Although production was enormously increased, population also grew rapidly, and the advantages that the West had found in industrialization were not duplicated in the East. The standard of living of the Asian masses remained at the bare subsistence level where it had been for centuries. Except in Japan additional material resources did

not become available for developing new human resources. Under these conditions, a growing social disequilibrium was inevitable.

The power equilibrium and economic stability that had been reached in east Asia were overthrown when Japan embarked on an expansionist policy, that led by direct steps to Japanese participation in the Second World War. The war produced consequences that were disastrous not only to Japan but also to China, and they were fraught with grave implications for the security and well-being of nations far removed from the immediate region.

Japan now lies disarmed and under military occupation. Its outlying possessions have been detached. It cannot for a long time be thought of as a power capable of exerting a significant influence in the East. Postwar China could not be developed quickly enough as a modern democratic power. Instead, a small but disciplined and determined Chinese minority, fired by the ideologies of Marx and Lenin and fortified by Soviet support, aid, and training, has come into power. The sphere of Soviet influence has been significantly expanded, and the United States is faced with the pressing problem of developing a counterbalancing force, for there is no power equilibrium in the Far East, and American and Soviet power now confront each other.

Apart from the attack on the Republic of Korea, the gravity of the problem has been increased by the threat that has developed to the security of Indo-China and of the other neighbors of Communist China. This threat has been heightened by another consequence of the Second World War, namely, the flowering of native nationalism and the emergence of independent or self-governing states. This development has added to the general instability and insecurity of the region. All but two of these states were freely granted their independence by the metropolitan powers concerned. Indonesia achieved its independence through the good offices of the United Nations only after a revolution. In Indo-China, the issue is still unsettled. Three separate French-supported regimes have been set up, but the authority of one of these regimes—Viet-Nam—is being disputed by the ultranationalist Viet-Minh group, which is supported by the Soviet Union and the People's Republic of China. The newly fledged states have an aggregate population of some 670 millions, as compared with the 10 million people who are still in a dependent status.

The advent of these new states means that the Western powers which formerly maintained peace and security in the area no longer have either the motives or the authority to continue this responsibility. Yet the states of southeast Asia, singly or in coalition, are incapable by

themselves of resisting external aggression or internal subversion. They lack experienced leadership and disciplined, enlightened, and united populations; and their disorganized economies are not adequate to a resolute and sustained defense.

Even if no external threat to their security existed, the problem of making these states viable, stable, and progressive would be formidable enough. They all contain disaffected racial minorities, many of which are still in a tribal state of culture. The standard of literacy in these states is among the lowest in the world. Even among the educated minorities, few possess the necessary training and experience or have the command of public confidence requisite to competent public administration, organized defense, and the management of modern commercial enterprises. In all these states are large Chinese communities, strongly entrenched in trade and industry and maintaining their loyalties to their homeland. In Indo-China, Burma, and Indonesia, the over-all economy has suffered serious physical deterioration and organizational disruption from war and revolution.

The present disordered condition of this area has contributed materially to economic disequilibrium throughout the East and elsewhere in the world. Burma, Thailand, and Indo-China no longer produce the exportable surpluses of rice on which the other countries of south and east Asia depended to make up their deficiencies in food production. Indonesia and Malaya were large dollar-earning countries, closely involved in a three-way trade relationship with Western Europe and the United States. These channels have not been fully re-established since the war, and both Europe and the East have suffered economically from the persistent dislocation.

Although in many of its aspects the entire region can be regarded as a single security zone, the Indian Ocean littoral presents problems that distinguish it from the Pacific Ocean littoral. Because of a formidable mountain and jungle barrier, the Indian peninsula is not exposed to direct attack from China. Its northwest frontier is, however, comparatively open. India and Pakistan have modern and reasonably efficient armies. Their vulnerability lies not in a lack of fighting strength or competent leaders, but in their failure to settle communal differences in the interest of their joint security. This failure grows principally from the political and social incompatibility of the indigenous Indian culture and that introduced by the Muslim conquests. This incompatibility prevented the formation of a unitary state to which Great Britain could transfer authority when it withdrew from India in 1947. The fears that it raises in the minority lead to frequent outbreaks of fanatical communal strife and stand in the way of a peaceful settlement of territorial disputes between the two states. The con-

stant danger of an outbreak of war between India and Pakistan, though put off for the moment by an agreement on the fair treatment of minorities, is a source of serious concern in itself, and it increases the vulnerability of both states to aggression from without.

The relations of the United States with south and east Asia date back to an early period. This country has had a traditional interest in trade with this area, and it has historically sought to protect that interest by advocating and supporting the policy of the "open door." Paralleling this interest has been considerable activity in religious, cultural, and philanthropic enterprises. More generally, the United States Government has had in the Far East and elsewhere a paramount objective of supporting orderly processes in international intercourse. It has also desired the development of free, stable, and prosperous nations with which it might co-operate. These objectives, threatened as they now are by present developments, have tended to be restated in terms of security. The security interests of the United States in Asia therefore have currently assumed a vital character, and new problems arise and old difficulties must be newly defined.

Aside from external threats to these interests, Asia itself presents obstacles to the safeguarding of them. These obstacles are want, ignorance, and prejudice. The prevalence of them is the great check on the development of stable and prosperous states with which the United States could effectively co-operate. These attitudes themselves limit the social changes that are desired by Asian peoples and that are essential to the stability that the American interest requires. The vicious circle thus created suggests that the problem of Asia must be attacked on a very wide front.

Want arises primarily from the crowding of populations into the fertile river valleys and plains. The pressure of population prevents the accumulation of capital needed to break through the rigidly fixed low standard of living. Yet it is only by capital outlays that there is hope of relieving this pressure. Once this fixed pattern is broken, however, there is a possibility that a more favorable trend can be developed, and ignorance, prejudice, and fear can be diminished.

Such a development would not, of course, dispose of immediate external and internal threats to political freedom. Nevertheless, in the long run the strengthening of the economies of Asian states will provide an alternative to communism and, with the spread of education and knowledge, will tend to fortify the capacity and the will of the people of this area to defend themselves and their new institutions. There is an interaction of effects between freedom from want and from

ignorance and a growing sense of security. Any fundamental amelioration in one of these respects or in one geographical sector will tend to create favorable conditions for improvement elsewhere. If progress is made in these directions, no official police controls can prevent a knowledge of what is taking place under democratic stimuli from penetrating areas under Communist authority. If non-Communist Asia becomes demonstrably more successful in dealing with Asian problems than Communist regimes have been, social change and reorganization in the region will probably move in directions more likely to resist communism.

The ultimate solution of the pressing problems of Asia depends on the will and the genius of its own people. They are, however, so bogged down at present in almost insuperable difficulties that it is doubtful whether they can extricate themselves without outside help. This is the justification of a policy of assistance. Discerning statesmen recognize that assistance, if it is to lay a sound basis for healthy progress, involves a long-range program. The area is vast; its people are numerous and have far to go before they can approach modern statehood. Any program for improvement must be wisely conceived to meet fundamental needs first, and it must proceed systematically. Efficient industrial systems cannot be built on archaic social structures, nor can there be stable industrial progress without progress in trade and transportation, in finance, in public administration, and in justice. Political development depends on these and on the steady spread of literacy. Education is costly and slow to produce results. An effective program of aid to Asia cannot be had cheaply.

Meanwhile, the immediate political and territorial security of the weak new and old states of the region is a prime essential. No program of economic and social assistance, however extensive and wisely devised, can safeguard these countries from their present dangers. To do this requires such positive measures as the maintenance of strong forces in the western Pacific and Indian Ocean areas, military aid in the form of equipment, training, and staff advice, and consistent diplomatic support and guidance. Diplomacy would come into play to resolve the local political and economic conflicts that stand in the way of uniting against a common danger, to explore and develop the possibilities of a regional security pact, and to keep the problem of the security of Asia before the United Nations. Measures like these would have to be taken jointly with other nations whose interests in Asia are similar to those of the United States.

Such in broad outline is the general problem presented to the

United States in south and east Asia. In specific situations, however, the general problem breaks down into issues that frequently seem to call for contradictory action. In consequence, the development of interim policies gives rise to sharp differences of opinion within the United States. It reveals the detailed divergencies of interest between the dozen or more states whose friendly co-operation is important to the achievement of any American objective and which are vitally touched in some respect by what happens in Asia. The particular problems by which all are now confronted are the shift of China into the Soviet sphere of influence, the future position of Japan, the receptivity of the Asian masses to Communist doctrine, the widespread antagonism of Asia to the West as a former colonial overlord, and the restoration of mutually beneficial economic exchanges between the East and the West. More specifically still, the problems are the consequences of armed Communist aggression against the Republic of Korea, the civil war in Indo-China with its threat to open the whole of southeast Asia to Communist subversion, the need for the development of a new basis for Japanese economy, and the methods of checking any further Communist aggression.

Again apart from the attack on the Republic of Korea, the problems of China, Japan, and Indo-China are the peaks most clearly visible. They represent the types of problem that the United States faces in connection with the general problem of south and southeast Asia. The situation in Korea, in so far as it can be considered as a part of the general problem of Asia, has not been treated separately. In so far as it raises questions of collective security and of steps to maintain the peace and security of the world, it falls into other and more comprehensive problem fields.

CHINA

Few recent questions in United States foreign policy have aroused as much public controversy as the question of China. The problem has been the extent to which the United States should try to influence the course of events in China. Opinions ranging from extremes of all-out aid to the National Government to complete inaction have been expressed. At the root of this public controversy lay the traditional American belief that China was the key to the peace and stability of the Far East, and that the future of China was of great significance to the United States. The United States, in the course of more than a century and a half of intercourse, had developed important material and cultural interests in China and had consistently sought to protect them by at-

tempting to reduce major power rivalries in the area. This was one of the aims of the "Open Door" policy, as well as of the Nine Power Treaty of 1922 to which the United States, Japan, China, and six European nations with important interests in the Far East were parties. That and other treaties were designed to ensure peace and stability in the area.

Japan broke away from the Nine Power Treaty by invading and occupying Manchuria in 1931. Six years later, in 1937, it launched an all-out attack that won for it control of the key regions of China proper. Although it had thus acted contrary to the intent of the Nine Power Treaty, Japan proposed to the United States in 1941 that a new agreement for the settlement of outstanding problems in the Pacific area be concluded. No agreement could be reached, because the United States was unwilling to assent to a preferred position for Japan in China. While discussions between the two governments were still proceeding, Japan attacked Pearl Harbor, as well as American, British, and Dutch possessions in the Far East.

A politically stable and economically prosperous China might have replaced Japan after the Second World War as the stabilizing force in the Far East, and it might have played an effective part as one of the major powers in the United Nations. But, although China was on the winning side, it emerged from the war physically crippled and with shattered morale. Twelve years of devastating warfare, during eight of which Japan occupied the principal industrial and commercial areas, destroyed the economic edifice that the new China had reared in the prewar years. The National Government found itself unable to retain public confidence and to cope with the grave problems of reconstruction that beset the country. Generally unsettled conditions discouraged the resumption of productive effort, and mounting inflation was an important factor in the stagnation of industry and trade. The periodic efforts of the National Government to bring the situation under control had no noticeable success.

A number of other factors operated to produce a steady deterioration in the situation. A very important factor was the equivocal policy of the Soviet Union. As a result of the Yalta Agreement and the Sino-Soviet Treaty of 1945, the Soviet Union acquired substantially the same position in Manchuria that Tzarist Russia had held before 1904. In return for the rights thus acquired, the Soviet Union agreed to support only the National Government and to give it "all possible economic assistance." At the Moscow Conference in December 1945 the United States, Great Britain, and the Soviet Union announced that they were

in agreement on the need for a united and democratic China and for the cessation of civil strife, and they reaffirmed their adherence to a policy of noninterference in the internal affairs of China.

The Soviet Government failed to live up to the spirit of these assurances and commitments. Instead, it turned over to the Chinese Communists vast amounts of war material taken from the Japanese forces in Manchuria. Immeasurable damage was also done to the Chinese economy by the Soviet stripping of Japanese factories in Manchuria.

During the war the United States extended to China substantial military, diplomatic, and financial assistance. Because of the growing internal disunity after the war, the United States made further aid to China conditional on the achievement of unity, and to that end tried to exercise its good offices in order to create a Chinese coalition government composed of Nationalists and Communists. General Marshall spent several months in China in 1946, but he was unable to achieve a settlement between the warring factions. He reported that his efforts had been frustrated by a reactionary group in the National Government and by irreconcilable Communists. Thereafter, armed clashes between the two factions gradually developed into a large-scale civil war. Alarmed by these developments, the United States Congress in April 1948 approved a renewal, after a two-year suspension, of aid to China. But by the autumn of 1948 the Communist advance had reached such serious proportions that although Chiang Kai-shek appealed to President Truman for immediate increased aid, the Government of the United States felt that further extensive aid would not be effective because the Chinese situation was so uncertain.

The Chinese Communist forces, aided by the Soviet Union, advanced steadily southward until, by the summer of 1949, they were in control of all north and central China, including Manchuria. On August 5, 1949 the United States made clear in a "white paper" that it would give no further active support or substantial aid to the National Government. It was explained that the ineptitude of the Nationalist military leaders and the absence of a will to fight had rendered American aid ineffective; that the strategic areas of China were now in the hands of the Communists, who had acknowledged Soviet leadership; and that although the United States had in the past assisted China to resist foreign aggression, in this case the attempt at foreign domination had been masked as an indigenous crusading movement. The intention was affirmed, however, of encouraging the development of China as an independent and stable nation, of giving support to the creation of conditions that would safeguard basic rights and promote the well-being of the Chinese people, of opposing the dismemberment or subjugation of

China by a foreign power, and in continued consultation with other powers of contributing to the welfare and security of the people of the Far East. On that and subsequent occasions the Secretary of State gave warning of the possibility that the Chinese Communist regime might lend itself to the aims of Soviet imperialism and engage in aggression against the neighbors of China.

In October 1949 the Communists, who had now extended their power to south China, announced the establishment of the People's Republic of China and invited international recognition. This was promptly accorded by the Soviet Union and its satellites. By the end of the year the National Government, practically excluded from the mainland of China, transferred its seat to Formosa, and there were fears that an early Communist assault on the island would be successful, and it would fall into hostile hands. Consequently, there were strong public demands in the United States for the protection and, if necessary, the occupation of Formosa because of its strategic importance for the defense of the Philippines and of Japan. On January 5, 1950, however, President Truman issued a statement in which he disclaimed any intention on the part of the United States to establish military bases in Formosa, to pursue a course that would lead to involvement in the Chinese civil war, or to provide military aid or advice to the Nationalist forces on Formosa.

Early in 1950 Great Britain, a few other Western powers, and India broke their relations with the National Government and recognized the People's Republic. In February the Soviet Union concluded a Treaty of Friendship, Alliance, and Mutual Aid with the People's Republic; since then the two have made several economic agreements. The United States continued, however, to recognize the National Government; and American public opinion, outraged at the ill-treatment of its representatives and citizens by the Chinese Communist authorities and aroused by the world-wide manifestations of Soviet methods and aims, strongly opposed any suggestion to recognize the People's Republic. Furthermore, the refusal of the United States and other nations that have not recognized the Communist regime to agree in the United Nations to the unseating of Nationalist representatives and to the installation of those of the People's Republic led in the spring of 1950 to a boycott of the various United Nations organs and agencies by the Soviet Union and its satellites. The United States has taken the position that although it would vote against motions to unseat the representatives of the National Government, it would accept the will of the majority if a United Nations organ should vote to seat a Chinese Communist representative. The United States has declared, however, that

such action would not constitute a recognition of the People's Republic.

The disappearance from the mainland of China of the National Government and the advent of the Communist People's Republic, hostile to the United States, have fundamentally altered the situation about which United States policy has long been concerned. There are now serious obstacles to the furthering of the declared aims of the United States toward China and the Chinese people, and a grave threat to vital security interests has developed. This became clear later in June 1950, when the North Korean Communists attacked the Republic of Korea. Almost overnight American policy in east Asia was recast especially as it became clear that the South Koreans could not by themselves successfully resist the Communist assault. President Truman on June 27 therefore ordered United States sea and air forces to give the South Korean troops cover and support. At that time the President also declared:

> The attack upon Korea makes it plain beyond all doubt that Communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war. . . . In these circumstances the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area.
>
> Accordingly I have ordered the Seventh Fleet to prevent any attack on Formosa. As a corollary of this action I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The Seventh Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.

The implication that the United States has intervened in the Chinese civil war, though as a necessary adjunct of its action in Korea, has put the problem of China in a new light.

The problem is to reformulate United States objectives and policy with respect to China in light of the United States declaration of June 27, 1950.

Early in 1950 the central issue posed for United States policy in China was that of deciding which of the two governments competing for recognition was the Government of China. There appeared to be four possible alternatives under this issue.

First, the United States could continue to recognize the Nationalist regime as the Government of China. Those who advocated this course of action argued that the Chinese Communists were an armed minority who represented Soviet imperialistic ambitions, alien to the true interests

and aspirations of the Chinese people; that the Communists seized power both at the urging and with the support of the Soviet Union, which thus exerted pressure in direct defiance of the United Nations Charter and the Truman Doctrine; and that therefore the Communist Government came within the purview of United States policy, under the Stimson Doctrine and its corollaries, of not recognizing a government imposed upon a nation by the force of a foreign power. Furthermore, it was held that the traditionally friendly American relations with the National Government, as well as its staunch loyalty to the allied cause during the Second World War and the sacrifices it made—at the behest of the United States—in connection with the Yalta Agreement, imposed upon the United States a strong moral obligation to uphold the National Government and the millions of Chinese people who still support it.

Second, the United States could withdraw recognition from the Nationalist regime and extend it to the Communist regime as the Government of China. Proponents of such a step argued that a basic revolutionary force was loose in China and the Communists had merely ridden it into power; that the people of China would soon awaken to the fact that Communist aid and Soviet imperialism were synonymous and would act accordingly; and that therefore for the United States not to recognize what is inherently a Chinese regime would have the practical effect of driving China further into the Soviet orbit instead of drawing it away. Those who advocated recognizing the People's Republic also emphasized that such an act would be in line with the traditional American doctrine of recognition and would not imply approval of the Communist regime. The People's Republic, controlling most of the territory of China and enjoying the passive acquiescence at least of most of its people, was the only government qualified to represent them and capable of fulfilling Chinese international obligations. It was also held that such recognition, by making possible the resumption of a profitable trade and a renewal of contacts with the Chinese people, would thus make it possible to influence them.

In rebuttal, opponents of recognizing the Communist regime asserted that even though such recognition would not necessarily imply approval, Asian peoples would nevertheless construe it that way, and it would consequently detract from American efforts to rally Asia against communism. They also pointed out that the record of the People's Republic and the experiences of Great Britain did not encourage any belief that the Communist regime intended to carry out its international obligations faithfully, or that a revival of trade and a resumption of untrammeled contacts with the Chinese people would follow recognition.

A third alternative would have been for the United States to

continue to recognize the Nationalist regime as sovereign on Formosa, and at the same time to extend recognition to the Communist regime as sovereign on the mainland. Those who proposed such a policy asserted that it would be a realistic recognition of the facts in the case and would have the added advantage of keeping the strategic island of Formosa in friendly hands. It was also argued that the dilemma within the United Nations could be resolved by this action, because the Nationalist regime, as the Republic of China, could be permitted to retain its seat on the Security Council, and the Communist regime could be admitted as another member of the United Nations, with no permanent seat on the Council. Opponents of such a partition of China argued that it would antagonize both the Nationalists and the Communists and would therefore be self-defeating. They also stressed that it would set a bad precedent with respect to Korea and Germany.

A fourth alternative would have been for the United States ultimately to withdraw recognition from the National Government but to refuse to extend it to the People's Republic, thus declaring in effect that no government existed for China. Such American action would be similar to the policy that the United States followed for fifteen years toward Soviet Russia. Against this it was argued that such a policy would be highly unrealistic in any circumstances short of a war with the Communist regime.

It is obvious that during the coming months any choice from among the foregoing alternatives will be profoundly influenced by events growing out of the Korean crisis. If the Korean situation does not lead to a general war in the Far East, one general set of conditions will prevail and shape United States policy toward China. But if the Korean situation should result in such a general war, the general conditions will be wholly different. From whatever decision is finally made on the recognition question will flow several other issues, which can be examined best in the light of a series of assumptions regarding future United States recognition policy toward China.

If the United States should follow the first general alternative outlined above, and decide to continue recognizing the National Government as the sole government of China, then it must decide the extent, if any, to which it is willing to aid that government to regain control of the Chinese mainland. If this issue arises in the framework of a general Far Eastern war in which Communist China is allied against the United States, the alternatives will be fairly clear. If, however, the Korean situation is settled without a general war, the issue and its alternatives would become more complex. It could then be argued that because United States military action—under United Nations auspices—saved

Korea from the Communists, similar action in China would restore the National Government to its former position of power on the mainland. Against this it could be argued that popular Chinese resentment against the Chiang Kai-shek regime is so great that it would be impossible for the United States to effect the return of that regime without a long and costly struggle. Another issue could then arise: whether the National Government could be reconstituted in a form that would appeal to the masses of the Chinese. This has been one of the issues in the Chinese situation since the end of the Second World War, and the possibilities of action under it have been fairly well explored.

The selection of this first general alternative would raise several other subsidiary questions. One is the extent to which the United States should go in preventing the unseating of the National Government in the United Nations. Should the United States continue to maintain the position that it will concur in a majority vote, or should the United States use its veto in the Security Council? Another is the question of trade with Communist China if the United States continues to recognize the National Government. Should an economic blockade be instituted against the People's Republic? Would the other major Western powers with economic interests in China concur in such a blockade? And what, in view of the fact that the revival of trade with China is considered a vital factor in the rehabilitation of the Japanese economy, would be the effect of such a blockade on Japan?

If the United States should decide to follow the second general alternative—to withdraw recognition from the National Government and extend it to the People's Republic—it appears reasonable to assume that the Korean situation will have been solved without a general war. Given the continuation of the United States objectives of countering communism, the next question would be the extent to which economic relations should be encouraged with the new Chinese Communist state. One view is that the fostering of trade would tend to bring the People's Republic gradually into a relationship of dependence upon the maritime trading nations. Its ties with the Soviet Union might then be loosened, since the Soviet Union can neither satisfy Chinese import needs nor take Chinese exports in payment. It is also held that trade would give reality to the United States objective of promoting the well-being of the Chinese people. The contrary view is that commercial intercourse, by providing the means of relieving the pressing economic difficulties of China, might enable the People's Republic to consolidate public support at home and to contribute to the aggregate military resources of a fundamentally hostile bloc of nations.

A third view is that since the United States is only one of many nations whose policies affect the situation in China, and since other

maritime powers are not likely to follow an American lead in discouraging trade, the adoption by the United States of a policy of denial would not make any serious difference to China but would play into Communist hands by providing material for a campaign to embitter the Chinese people against the United States. This view therefore favors permitting trade on a strictly *quid pro quo* basis, subject to the same restrictions that apply to the export of strategic commodities to the Soviet Union. It is held that other maritime powers might be more willing to concert their policies with those of the United States on such a basis.

If the United States should choose the third general alternative and recognize *both* the Nationalist and the Communist regimes, the *de facto* partition of China that would follow would create several issues for United States policy. These would all be raised because a general Far Eastern war had not grown out of the Korean situation. For example, would the United States continue indefinitely to act as a policeman between the two governments as it is doing under the declaration of June 27, 1950? Would the United States be prepared to extend economic aid to the National Government indefinitely if such aid should be necessary to maintain the National Government in power on Formosa? What course should the United States follow within the United Nations, assuming the Communist regime would be willing to accept a membership in the organization that did not entitle it to a permanent seat on the Security Council? Should the United States insist on vetoing all attempts to unseat the Nationalist representatives?

If the United States should follow the fourth alternative and withdraw recognition from the National Government but refuse to extend it to the People's Republic, it appears reasonable to assume that such action would take place only if no general war broke out in the Pacific. The contemplated withdrawal under this alternative of American recognition from the National Government would, however, force the issue of the disposition of Formosa, for it appears reasonable to assume that without American support and recognition the National Government would soon disintegrate.

The legal status of Formosa is currently somewhat in doubt. In wartime declarations at Cairo in 1943 and at Potsdam in 1945, the restoration of Formosa to China was pledged, and under the surrender terms Japan relinquished its claims on the island. Soon after the surrender Formosa was returned to Chinese control, but whether sovereignty thereupon passed automatically to China or whether it awaits the conclusion of a formal peace settlement has not been authoritatively decided. In the declaration of June 27, 1950, however, President Truman said that the "determination of the future status of Formosa must await the restora-

tion of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations." In any event, it is clear that Formosa constitutes a vital link in the chain of islands stretching from northern Japan to Indonesia that controls access to continental east Asia from the Pacific. These islands have been in the possession of the United States or friendly governments since the end of the war, and the passing of Formosa into unfriendly hands would impair the defensive value of the island chain. Therefore, when the time comes to make final disposition of the island, the alternatives would be limited. Formosa could be placed under the sovereignty of a power friendly to the United States; it could be placed under a trusteeship administered by the United Nations, the United States, or some combination of major powers; or it could be made an independent state.

Although under all the foregoing possible alternatives the means open to the United States for directly influencing the Chinese people under the People's Republic may necessarily be limited, it is important that this aim be kept in mind as a material factor in weighing all the other significant issues that arise out of the problem of China. Apart from recognition of the People's Republic and the development of trade, other means that suggest themselves for influencing and assisting the Chinese people are information and propaganda, the encouragement of Chinese students to enter American institutions of learning, and the establishment of close relations with the ten million Chinese overseas who maintain important contacts with their homeland.

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THE FUTURE OF JAPAN

The surrender of Japan took place in August 1945 on the basis of the Potsdam Proclamation of the previous month. Besides providing for such immediate action as the permanent elimination from the political scene of the leaders who had led Japan along the path of aggression, the trial of war criminals, disarmament, the disbandment of armed forces, the payment of reparation, and the military occupation of Japan, the proclamation also foreshadowed the nature of the peace settlement. The sovereignty of Japan was to be limited to its four main islands and such minor islands as the allies might determine; obstacles to the revival and strengthening of democratic tendencies among the Japanese people were to be removed; and the basic human freedoms were to be established. Although the military power of Japan was to be permanently abolished, the country was to be permitted to retain the industries necessary for sustaining a peaceful economy, to have access to raw materials, and eventually to participate in world trade. The promise was made that the occupying forces would be withdrawn when the allies had achieved their objectives, which included the establishment of a peacefully inclined, responsible government in accordance with the freely expressed will of the Japanese people.

The United States is playing a leading part in determining allied policy toward Japan in the interpretation of the Potsdam Proclamation.

The allied occupation is predominantly American in composition, and the Supreme Commander for the Allied Powers (SCAP) is an American. The formulation and review of policies relating to the obligations assumed by Japan under the surrender terms is the function of the Far Eastern Commission (FEC), which has its seat in Washington. The commission consists of representatives of the thirteen nations principally concerned with Japan. Although the final responsibility for policy rests with FEC, the United States has the right to issue interim directives to SCAP on matters of urgency. The Basic Post-Surrender Policy for Japan, issued by the FEC in June 1947, was substantially a reaffirmation of the initial post-surrender policy of the United States on which the earlier directives to SCAP were based.

Under the Potsdam Proclamation, Japan was shorn of all its outlying dependencies. Certain islands of Japan proper were also detached from Japanese sovereignty pending the final disposition of them in a peace treaty. Of these the Kuriles were held by Russia, and the islands south of the 30th parallel by the United States. The elimination of military power and militarist influence in Japan was soon achieved, and democratic reforms were initiated. In many respects, however, the development of democracy depends upon the will and the capacity of the Japanese people for it.

As the allied occupation continued, the United States became more and more preoccupied with Japanese economic problems. Defeat had left Japan with famine impending and with many difficult problems to be solved in restoring economic viability. Industrial plants had deteriorated or had been destroyed, transportation and communications had broken down, the financial structure was shaken, business leadership had suffered in morale, and business organization had been disrupted. Japan had lost its flourishing overseas trade, its income from extraterritorial investments, and its former access to valuable fishing grounds. Its population had been swollen by five million repatriates of former occupied areas. Outside assistance was essential, and the United States found itself saddled with the burden of making up an annual deficit amounting to about 400 million dollars in the Japanese economy.

The impossibility of carrying this burden indefinitely would in any case have provided the United States with a strong motive to aim at making Japan self-supporting. But it became increasingly clear that Japanese economic recovery was also indispensable to Far Eastern recovery and thus to world recovery. Moreover, there was a growing realization that it was idle to expect the Japanese people to become either peace loving or democratic unless their material existence could be made to depend on their own efforts. These considerations impelled the United States to relax some of its democratizing directives when they hindered economic activity, to direct the Japanese Government to initiate a com-

prehensive program of economic recovery, and to suspend additional reparation removals from Japan. Certain other handicaps to Japanese economic recovery, such as the debarment of many business leaders from holding important positions in economic life, restrictions upon the construction and operation of merchant vessels, and limitations upon productive capacity, are still in force.

It soon became obvious, however, that no combination of favorable internal factors could by itself be decisive in easing the Japanese economic situation. With an area smaller than that of California and a population ten times as great, Japan is dependent on a revival of foreign trade in which its manufactures can be exchanged for essential food and raw materials. External factors therefore are the primary determinants of its economic future. The revival of foreign trade is handicapped by chaotic conditions in the Far Eastern countries that form the most important Japanese trading area, by the shift of China to communism, by opposition based on fears of Japanese competition and of a revival of Japanese militarism, and by the development of substitutes or new sources of supply for goods formerly obtained from Japan. Some of these handicaps might be surmounted if the future relations of Japan with the outside world could be regularized by the conclusion of a peace settlement. As early as July 1947 the United States proposed that a conference of the FEC member states be called to discuss the peace treaty. Nothing came of the proposal at that time, chiefly because of the opposition of the Soviet Union, which made the counterproposal that the Council of Foreign Ministers be given the primary responsibility for drafting a peace treaty. This would have meant subjecting the negotiations to the power of veto of the four major nations and virtually excluding the other FEC members from the processes of treaty-making. Experience in negotiating peace settlements for other countries under similar conditions was not such as to recommend the Russian proposal, and no progress has been made in breaking the deadlock that followed.

Since the autumn of 1949, after an exchange of views between the British Foreign Secretary and the American Secretary of State, the United States and Great Britain have been going ahead with the preparation of separate drafts of a peace treaty, the latter consulting with other members of the British Commonwealth. It was understood that at some stage there would be Anglo-American conversations on the basis of their respective drafts. These conversations have not been held. It is reported, moreover, that the United States Government has not so far been able to decide what terms to propose.

Of the other members of the FEC only the British Commonwealth nations have shown an active interest in the early conclusion of a peace treaty. They are reluctant to resume normal trading relations before

Japan has given the formal commitments that are necessary to allay their fears of an economic or a security threat to their future. They have indicated, therefore, that guarantees for continuing democratic reforms and restrictions on trade and shipping should be included in the peace treaty. In Japan itself the subject of a treaty has aroused much public controversy, and in the spring of 1950 Prime Minister Yoshida and his followers were said to be in favor of an early treaty, even if this meant the nonparticipation of Russia, on the grounds that a long occupation is not desirable. Socialists and others have called for an "over-all" treaty (one that includes the Soviet Union), for no foreign bases, and for permanent neutrality for Japan. This would mean postponing the treaty until Russia was ready to agree to terms that would permit the neutrality of Japan to be backed by a common guarantee of the major powers.

The problem is to formulate a United States policy for re-establishing Japan as a sovereign state.

Although the authority of the Far Eastern Commission is complete within its terms of reference, these contain the proviso that it shall "respect existing control machinery in Japan, including the chain of command from the United States Government to the Supreme Commander and the Supreme Commander's command of occupation forces." Under the general supervision of the FEC the Supreme Commander has in fact governed Japan, special sections of SCAP having been set up to supervise the activities of the Japanese Government. That this was to be the case was made clear by the United States Government in clarifying and amplifying the Potsdam Proclamation in August 1945, when it was stipulated that "from the moment of surrender the authority of the Emperor and the Japanese Government to rule the state shall be subject to the Supreme Commander for the Allied Powers, who will take such steps as he deems proper to effectuate the surrender terms." The existing Japanese constitution was drafted under the supervision of FEC and SCAP. It can be amended only with the approval of these authorities for as long as they choose to exercise this right.

The first issue is to determine the minimum conditions that should be imposed on Japan in connection with the restoration of its sovereignty. There appear to be five main alternatives, excluding the possibility that the occupying powers will withdraw from Japan without the imposition of any conditions at all.

The first alternative is to impose conditions relating only to the outright cession of territory. In defining this alternative it would be necessary to decide whether the decisions already made for detaching territory from Japan were to be confirmed, or whether some of the designated

territory was to be left under Japanese sovereignty. It would then be necessary to decide what further territory if any was to be detached from Japan. The argument for limiting the conditions to territorial concessions would rest on the assumption either that this would leave Japan so weakened that it would no longer be a threat to the peace, or that this relatively lenient treatment would be the best way of ensuring the future support of a friendly Japan for the treaty-making powers. Against this it could be argued that the very pressure of population in the restricted area left to Japan would tempt Japan into expansion in the future and that therefore other conditions should be imposed in the interest of security.

The second alternative is to impose the additional condition that Japan should grant base rights to the United States or to a combination of democratic powers including the United States. This additional demand would be based on the argument that bases are necessary as a protection against future Japanese aggression or as an element in collective security measures against aggression by other powers in the Pacific area. It could be argued further that with the present state of security in the Far East the United States must do everything possible to stop Japan from passing under the control of another power. This would be true whether or not under this second alternative the clause in the present constitution that prohibits Japan from creating a military force was abolished, for Japan might be in danger as a victim of aggression before it was sufficiently rearmed to protect itself. On the other hand this alternative might not go far to satisfy countries other than the United States that are most in fear of the future military and economic power of Japan.

The third alternative that might satisfy these countries is to add, as a further condition, continued limitations on armaments and armed forces. It might be argued against this alternative, however, that it would deprive Japan of the military forces with which to defend itself or to play a part in collective security at a time when the great need is to restore stability and security in the Far East. Furthermore, this alternative would raise the question of guaranteeing the integrity of Japan in view of its inability to defend itself. Even this alternative might not satisfy some countries, either because it did not go far enough in depriving Japan of the power of aggression, or because it contained no provision for the payment of reparation.

A fourth alternative is to add conditions limiting the industrial capacity of Japan to make war and providing for the payment of reparation either from plants and equipment dismantled in destroying the economic war potential, or from current production. The arguments against this alternative are in part the same as those against the third alternative,

because this would also deprive Japan of military forces and weaken it in playing its part in resisting aggression. Additional objections might be based on the obstacles raised by such conditions to the creation of an economically viable Japan.

The fifth alternative is to add still further conditions for the continuation of democratic reforms and for the preservation of human rights, analogous to the clauses on this subject in the Italian and satellite peace treaties. Although these conditions might have the advantage of contributing to the objective of keeping Japan a peacefully inclined nation, the disadvantage urged against it is that such conditions are difficult to police and that democratic processes cannot be nurtured by force, especially when the force is external to the state in question.

Various other combinations of the conditions characterizing these five alternatives are conceivable, and a corresponding combination of the arguments for and against stated above would be applicable to them. The main differences among all the alternatives, however, turn on the extent to which a sovereign Japan could be trusted to pursue a peaceful course in the attainment of broad objectives in the Far East substantially the same as those of the United States and the other Western powers.

The second issue is to determine what means are available to the United States for ensuring the observance by Japan of the conditions imposed.

The first alternative is to continue the occupation for an indefinite period without a formal treaty. There are two main reasons why this might be proposed: the improbability of reaching agreement with the Soviet Union on the nature of the peace settlement for Japan; and the possibility of imposing conditions, such as those relating to democratization or human rights, that Japan might not otherwise fully observe. To some extent, therefore, the decision for or against this alternative depends on the decision taken on the first issue, and similar arguments for and against apply here. The greater the apprehension of other countries regarding the future behavior of Japan and the more severe the conditions that are to be imposed, the stronger the argument for this alternative.

The second alternative is to negotiate a formal treaty which would in the main restore the sovereignty of Japan but would also contain provisions for such controls, short of continued occupation, as were deemed to be necessary to police the conditions imposed. The argument for this alternative might be contingent on obtaining Soviet adherence to the peace treaty. On the other hand, if relations between the Soviet Union and the non-Communist states deteriorated or even failed to improve, it might be argued that the members of the FEC should proceed on a

twelve-power basis to negotiate a settlement in the interest of reconstituting Japan as a stabilizing force in the Far East. This argument would imply that the threat of aggression from Japan was less than that from other powers.

The final alternative is to proceed to the negotiation of a formal treaty without provisions for control. This alternative would mean that instead of policing whatever conditions were imposed on Japan, the fulfillment of the conditions would be left to the good faith of future Japanese governments. Limitations on Japanese sovereignty would then be derived only from the conditions imposed and not from the means of seeing that they were carried out. The strongest argument for this alternative would rest on the assumption that a democratic, friendly Japan would be more likely to result from a policy of trust than from one of suspicious policing. As in the case of some of the other alternatives, the argument for and against this alternative would be affected by the state of relations among the powers concerned with security in the Far East and by the degree of severity of the conditions imposed, although it might be additionally argued that if the democratic states were actively combining in opposition to threats of aggression from the Soviet Union or other Communist states, this alternative would give the best assurance of obtaining the adherence of a friendly Japan.

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UNITED STATES COMMITMENTS IN INDO-CHINA

Prewar French Indo-China comprised the colony of Cochin China and the protectorates of Tongkin, Annam, Cambodia, and Laos. In the first three states named and in Indo-China as a whole the overwhelming majority of the population is Annamite, or Viet-Namese—a virile race culturally akin to the Chinese. The Khmers and the Laotians, who form a majority of the population in Cambodia and Laos respectively, are both relatively docile peoples who derive their basic culture chiefly from India.

Even in the protectorates actual power was in the hands of French advisers. The French denial to the natives of an effective voice in government and the attitude of superiority assumed by French officials were all the more galling to the literate classes because French education had given them the ideals of liberty, fraternity, and equality. French economic policy also was largely one of exploitation, and trade was artificially channeled toward France instead of being allowed to develop its natural relations with other Far Eastern countries.

Early in 1945 the Japanese, who had occupied Indo-China but did not exercise administrative power, interned French authorities and assumed control. The three Annamite states were united under the Emperor of Annam, Bao Dai, and given the traditional name of Viet-Nam. In March of the same year the French Government in Paris announced that on liberation Indo-China would have the status of a federation within the French Union and that there would be greater economic freedom and fuller educational and civil service opportunities for natives. By the end of August the Japanese-supported government collapsed and Bao Dai abdicated in favor of Ho Chi Minh, a veteran Communist organizer who was supported by a coalition known as Viet-Minh, which was made up of Communist and non-Communist groups favoring complete independence.

In the south, where the British received the surrender of the Japanese forces, the Viet-Namese did not oppose the allies. When the latter ousted local Viet-Namese officials from Saigon and expelled Viet-Namese forces from its environs, however, violent fighting broke out. In the north, where the Chinese received the Japanese surrender, allied landings at Haiphong were opposed. In Cambodia and in Laos the French had little trouble in reasserting their authority. In January 1946 a treaty was concluded in which the Cambodians were promised semi-autonomy, and some months later a similar adjustment was reached with Laos.

In March 1946 after prolonged negotiations a convention was concluded between France and Viet-Nam, in which the French Government

recognized the Viet-Nam Republic as a free state within the French Union and pledged itself, as far as the unification of Tongkin, Annam, and Cochin China was concerned, to ratify the decisions of their populations taken by a referendum. The Viet-Namese interpreted the agreement to mean that Cochin China would be left an integral part of the Republic, at least until a popular referendum was held. The French proceeded, nevertheless, to suppress Viet-Namese organs of opinion and to organize an "Autonomous Republic of Cochin-China," with a cabinet of nine members, which included seven French citizens. The French defended this action on the grounds that the Cochin Chinese, though racially and linguistically Annamite, had political and economic interests different from those of the northern Annamites. The colony had a special importance for the French, who have held it for nearly a century, but it is equally important to Viet-Nam, which could not attain a rounded economy if Cochin China were to be detached.

Within a few months armed clashes between the French and the Viet-Namese became intermittent, and they culminated in December 1946 in a general attack by the Viet-Namese against the French. At Hanoi many of the 5,000 French civilians there were killed or taken prisoner. Eventually the French succeeded in holding key cities, but they could not dislodge the Viet-Namese from the countryside, and throughout 1947 the situation remained deadlocked. The French encouraged various native groups who were discontented with the Ho Chi Minh regime to turn to Bao Dai, then living in Hong Kong, in the hope that he might head a government which with French support would supplant that of Ho Chi Minh. The French then made what they called their final offer to Ho, but because it reserved the control of foreign affairs and defense and certain judicial rights, it was not accepted. Even Bao Dai's supporters were dissatisfied. Although a provisional government of anti-Viet-Minh elements was actually formed in May 1948, and although France concluded an agreement with this government accepting the concept of Viet-Namese unity, negotiations over details of implementation dragged on into the following year, and the provisional government failed to win popular support. In France the agreement was attacked by the socialists on the grounds that the provisional government lacked actual authority in Viet-Nam; by the rightists, for having conceded too much.

In the meantime Bao Dai had been carrying on conversations with the French in Europe. The French were concerned at the growing Communist ascendancy in China and at the prospects of a working arrangement between Communist China and Ho Chi Minh's regime. Finally, in March 1949 there was an exchange of letters between the French president and Bao Dai in which Viet-Nam was given internal autonomy within

the French Union. In December 1949 an agreement was signed by Bao Dai and the French High Commissioner at Saigon effecting the final transfer of authority in internal affairs but retaining control of foreign affairs and defense in French hands. Cochin China became an integral part of Viet-Nam, which then constituted 44 per cent of the area and 82 per cent of the population of the Federation of Indo-China.

Early in 1950 the Ho Chi Minh regime recognized the People's Republic of China, a gesture that was promptly reciprocated. The Soviet Union and its Eastern European satellites followed suit in recognizing the "Democratic Republic of Viet-Nam." Thereupon the United States Secretary of State declared that the Soviet action removed any illusions regarding the nationalist nature of Ho Chi Minh's aims and revealed him as a "mortal enemy" of native independence. A week later on February 7 the United States recognized the Viet-Naim regime of Bao Dai, as well as Laos and Cambodia. Great Britain and other powers took similar action.

A United States mission that visited Indo-China in March 1950 recommended to the Department of State an aid program consisting of public health assistance, the furnishing of agricultural implements and food processing machinery, and arrangements for Indo-Chinese nationals to study public health and agricultural methods in the United States. The United States Secretary of State, after discussing the Indo-Chinese situation with the French Foreign Minister in May, made a statement in which he said:

> The United States Government, convinced that neither national independence nor democratic evolution exists in any area dominated by Soviet imperialism, considers the situation to be such as to warrant its according economic aid and military equipment to the associated states of Indo-China and to France in order to assist them in restoring stability and permitting these states to pursue their peaceful and democratic development.

Subsequently, it was announced in Washington that the needs of southeast Asia for military assistance would be met from the President's emergency fund.

In consequence of the establishment of a Chinese Communist regime on its northern border, Indo-China now occupies a critical geographical position. The situation is made more serious by the internal weakness of Indo-China and by the three-sided conflict among colonialism, nationalism, and communism that consumes its energies and resources. The neighbors of Indo-China to the south and west are in a relatively defenseless condition if exposed either to Communist aggression or subversion. The expansion of Communist influence into Indo-China might well open the flood gates through southeast Asia.

Unity of purpose and agreement on methods are the chief weapons

by which the Western Democracies can resist such unfavorable developments. This has been achieved in principle by the action which the Security Council of the United Nations took to meet armed aggression in Korea and by the general acceptance of the Council's recommendations by members of the United Nations. As part of the American response, President Truman, in his statement about Korea of June 27, 1950, directed that military assistance to the French and the Associated States in Indo-China should be accelerated and that a military mission should be dispatched.

The problem for the United States is to determine the limits to be placed on its commitments to the Bao Dai regime.

Because the United States has already recognized the Bao Dai Government and has pledged to give it substantial aid and to strengthen it in the internal conflict with the Ho Chi Minh group, the problem would seem to have been settled in principle for the short term. The United States is, however, confronted with a related problem, for it has an announced policy of supporting the principle of independence and self-government for all qualified peoples, and it considers that the security and stability of states depend in the long run on the application of this principle.

The principal issue is the extent to which support of the Bao Dai Government can and should be used as a *quid pro quo* for persuading the French to make pacifying concessions to the national aspirations of the Viet-Namese. One alternative would be to inform the French that the present commitment is for limited security purposes only and that its extension is conditional upon a complete settlement of all political differences with the Viet-Namese. If France were persuaded that accession to these conditions offered the only way of saving substantial French interests in Indo-China, such a course might enable the United States to gain both its security objectives and its objective of aiding Viet-Namese nationalism. On the other hand, short-sighted materialistic and sentimental interests might preclude French compliance and cause France to dissipate its strength in trying to hold Indo-China by its own efforts. Not only would this weaken the French capacity to play its part in the common defense of the North Atlantic area, but the bonds of Franco-American friendship and co-operation might also be seriously strained. There is the further risk involved of increasing the domestic political instability of France and playing into the hands of right or left extremists. Furthermore, if the United States withdrew aid from Indo-China in consequence of a French failure to comply with United States terms, Indo-China might succumb to communism and thus to Soviet domination.

A second alternative is to impose no conditions upon France in connection with the granting of aid to Indo-China. In support of this alternative, it is argued that the only force to oppose a Communist advance into southeast Asia is French, and that the United States can ill afford to impose conditions on France that might reduce the French incentive to act. It is also held that France may be eventually brought by the pressure of events to make the required concessions. It is pointed out that France has already moved some distance toward liberalizing its colonial policy, and it is suggested that France cannot indefinitely carry the heavy burden of conducting costly and inconclusive campaigns against determined native resistance. The possibility is also envisaged that with United States material aid at its disposal, the Bao Dai Government might become strong enough to force France to take the progressive steps that would lead to complete self-determination. This alternative is opposed as speculative, and it is asserted that if unconditional American aid is successful in saving Indo-China from communism, it is just as likely to result in a firmer French hold on the country. These alternatives indicate that the problem is not the simple one of preferring a French-controlled Indo-China to a nominally independent Communist state. It is rather a question of acting in the short-term in such a way as to check the Communist regime that is likely to gain control in the guise of a nationalist movement if genuine self-government is not granted at an early stage.

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Chapter XVI

The Western Hemisphere

GEOGRAPHICAL factors give a special importance to the relations of the United States with the other countries in the Western Hemisphere. To the north of the United States lies the part of the hemisphere that is closest to Europe and Asia. Its northern frontier is the Arctic, once a barrier to human passage but now in an air-borne era a virtual pathway between the East and West. At this doorway stands the friendly power of Canada, closely linked historically and culturally to the United States. To the south of the United States, from the Mexican border to Cape Horn, lie the twenty Latin American countries and a scattering of small European possessions and dependencies. Within that region are the Panama Canal and the Straits of Magellan, important naval links in the hemispheric defense system, and the hump of Brazil, an important air link with Africa and Europe. This southern region is, moreover, a great source of strategic materials. In this southern sector are friendly states also, though of different cultural and institutional character.

The United States is linked with both the southern and northern sectors of the hemisphere by treaties of mutual assistance. The regional pact of Rio de Janeiro is evidence of the intention of the United States and the Latin American republics jointly to maintain hemisphere security. The North Atlantic Treaty ties the United States to Canada and to the states of Western Europe. The United States thus serves as the keystone of two great regional defense systems that, within the framework of the United Nations, are designed to protect the security of the Western Hemisphere.

Because of the close ties that Canada has with Great Britain and the other members of the Commonwealth, relations between Canada and the United States have been on a footing that is different from the basis of the relations between the United States and Latin America. This has been true especially since the Second World War, when assistance from the United States for the European Recovery Program and participation in the North Atlantic Treaty have given the United States and Canada a very close community of interest in Western Europe. Some of the most important aspects of that interest have already been treated.[1] For this reason, the present chapter is devoted entirely to the problems of United States relations with Latin America.

The strategic importance of Latin America to the United States

[1] See pp. 226-35.

has been implicit in United States policy ever since the declaration of the Monroe Doctrine in 1823. Today, however, the importance of Latin America to the United States rests on both security and economic considerations. Latin America now constitutes one of the sources of raw materials for American industry and will be a greater source in the future. The importance of Latin American coffee, sugar, and other tropical foods is obvious. World War II dramatized the significance of Latin American resources to American industry, which obtained, during the war, vital supplies of copper, tin, nitrates, manganese, balsa wood, fibres, and other items essential to war production. The dependence of American industry upon Latin American sources of raw materials continues during peacetime. Recent increases in the Latin American production of iron ore and petroleum indicate that this dependence may increase in the future as domestic supplies decline in the United States.

In the light of contemporary political and ideological warfare, Latin America has another great value for United States foreign policy. As the United States strives to invigorate and rally the forces of anti-communism it has the backing of the twenty Latin American countries. Their influence is dramatically expressed in the twenty votes that they cast in the General Assembly of the United Nations. On more than one occasion their allegiance to the principles for which the United States stands has played a major part in winning effective support in the United Nations.

But from the point of view of United States policy, Latin America is a land of contrasts. An area rich in resources, it is yet very poorly developed. The resources of the twenty republics are unevenly divided. Too often the various countries depend on the production and sale of one or two main products such as tin, sugar, or coffee. The exploitation of resources is frequently faced with tremendous obstacles born of jungle or mountain geography, dangers to health, and costly transportation. Finally, in some countries the pressure of population threatens to reduce sharply the productivity of the land by virtue of overintensive use, soil erosion, and other forms of depletion.

The history of Latin America also throws light on the present problems of the area. Settled largely under the Spanish and Portuguese empires, the southern Americas experienced more than three centuries of colonial rule. Political, economic, and social institutions built around the master-and-serf relationship of the feudal world took firm root in the New World, where a relatively small group of Europeans had seized power over large numbers of native Indians.

The rebellions led by Bolivar and San Martin, which threw out the royal power of Spain, left the life of the peon and of the Indian masses untouched. Beneath a façade of liberal political institutions, patterns of economic and social organization continued virtually unchanged. The

concentration of wealth in the hands of a small minority of people, the absence of any large or influential middle class, and the control of government by the landed aristocrats, the army, and the clergy continued, and they persist in most Latin American countries today.

Widespread poverty and political instability are twin features of this scene. The generally low standard of living and social backwardness of the Latin American masses is in sharp contrast with the luxurious and cultivated way of life enjoyed by the small upper class. Although conditions vary from one country to another, the vast majority of people everywhere are poorly paid, badly housed, and undernourished. Comparative indices of life-expectancy, incidence of disease, illiteracy, and other significant factors contrast vividly with the conditions of life in the United States and Western Europe. Yet modern means of communication, such as the motion picture, radio, and the press, have shown the Latin American masses that other peoples fare better and that their own hard lot may not be impossible to improve.

It is therefore only natural that Latin America should be in continual political ferment as its discontented peoples seek to establish governments that will be responsive to the needs of the underprivileged millions. Ever since achieving their independence, the Latin American countries have suffered from the tendency to resort to force as a means of political change. The "caudillos" who have led the traditional Latin American revolutions have found ready followers among the ignorant and the discontented masses. Normally these revolutions make little change in the existing order of things: one faction merely throws out another for reasons of private advantage rather than public policy. Although over the period of a hundred years or more the political stability of Latin American governments has slowly increased, a violent eruption like that which took place in Bogotá in April 1948 indicates that the political and social system of Latin America still rests upon insecure foundations.

In any description of the Latin American area as a whole, it is impossible to avoid giving the impression that Latin America has a far greater homogeneity than actually exists. Actually Latin America represents a remarkable combination of important divergencies with an equally significant unity. Countries differ in climate, in resources, in languages, in race, in population density, political complexion, economic progress, and capacity for orderly government. Yet they also have certain important characteristics in common. They are similar in their Latin outlook, in their Roman Catholicism, in their love of independence, and in their devotion to democratic principles in theory if not always in practice.

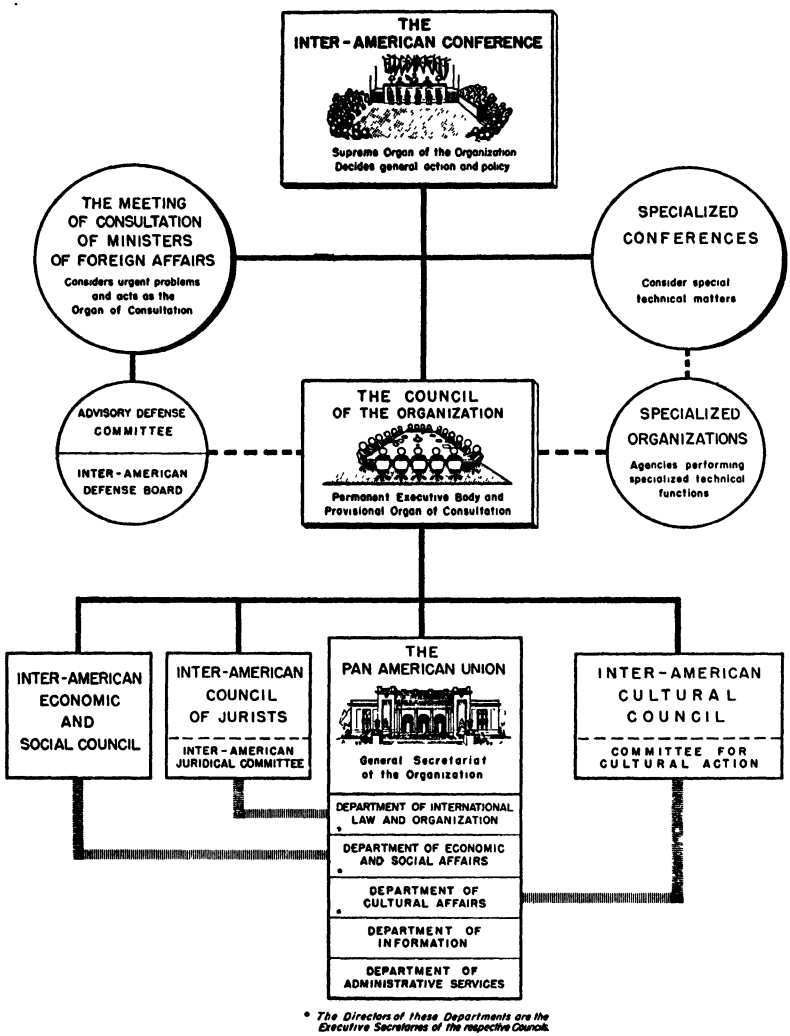
A major unifying influence has been their belief in certain rules of international conduct, which has found its greatest political expression in the development throughout the past half century of the inter-American system and, more recently, in the establishment of the Organization of American States. Begun in 1889-90 when the First International Conference of American States met in Washington at the invitation of the Government of the United States, the inter-American system grew slowly throughout the first forty years of its existence. During the 1930's and thereafter it proceeded more rapidly in establishing through international agreements the principles and procedures that would build confidence among the American states and would regulate their international relations. In the Treaty of Rio de Janeiro (1947) and the Charter of the Organization of American States (1948), the American republics established the firm basis of a regional organization to encourage co-operation in all major fields of inter-American relations and to provide methods for defending their peace and security against attacks or threats from any source.

The Organization of American States, as now established under the Charter of Bogotá, consists of six major entities. The Inter-American Conference, meeting every five years, is the supreme body. Next in rank comes the Meeting of Consultation of Ministers of Foreign Affairs, which is called into session to consider urgent matters of high importance and particularly problems of peace and security under the Treaty of Rio de Janeiro. In permanent session in Washington, D.C. is the Council, on which all twenty-one member states are represented. It carries out specific assignments of the Conference and Meeting of Foreign Ministers and acts provisionally as the consultative body under the Treaty of Rio de Janeiro. The Council also supervises the operation of the Pan American Union, which, headed by a secretary-general, is the permanent central secretariat. Finally, there are the specialized organizations and specialized conferences, which execute programs in technical fields such as agriculture, public health, and child welfare.

The provisions of the Inter-American Treaty of Reciprocal Assistance (the Rio Treaty) are of particular interest. This treaty establishes the proposition that an armed attack against one American state is an attack against all, and that in such an event each party will assist in meeting the attack. The treaty also provides for an "Organ of Consultation" (actually the Meeting of Foreign Ministers or, provisionally, the Council of the Organization of American States). This body may decide upon certain collective measures that are set forth in the treaty. When any measure is adopted by a vote of two thirds of the parties to the treaty, it becomes obligatory for all parties, except that no state may be required

ORGANIZATION OF AMERICAN STATES

The International Organization of the 21 American Republics established by the Charter signed at the Ninth International Conference of American States, Bogotá, Colombia, 1948



* *The Directors of these Departments are the Executive Secretaries of the respective Councils.*

Prepared by Pan American Union

to use armed force without its consent. The United States has thus bound itself to abide by a decision of two thirds of the American republics in such important matters as the adoption of economic sanctions against an aggressor state.

Both the Rio Treaty and the Charter of Bogotá recognize the primacy of the Charter of the United Nations and are related to the provisions of Articles 51 to 54, inclusive, of that document. Under these provisions the Organization of American States may not take enforcement action without the authorization of the Security Council of the United Nations. In the absence of such authorization force may be resorted to only in the event of an armed attack in the exercise of the right of self-defense, which is reserved under Article 51 of the United Nations Charter.

Although the main lines of the legal relationships between the regional organization and the United Nations are fairly clear in theory, no occasion has arisen to test these relationships or to expose the gaps in legal theory. The practical problems of gearing the work of the two mechanisms, moreover, are still numerous. Both organizations have agencies operating in similar fields. For example, the Economic Commission for Latin America (ECLA) of the United Nations and the Inter-American Economic and Social Council (IA-ECOSOC) of the Organization of American States have very similar terms of reference, a fact indicating a potential if not actual duplication of effort. One type of relationship currently being tried out to avoid duplication is exemplified in the field of public health: the long-established Pan American Sanitary Organization of the Organization of American States serves also as the regional branch in the Americas for the World Health Organization.

To ensure the successful functioning of the inter-American system has long been a major objective of United States policy, and this objective has had a powerful effect on United States relations with the other American republics. Perhaps nowhere else in the world has the collective will of a group of states achieved so powerful an influence on the actions of any one of them. Experience gained in the early part of this century has led the United States during the last twenty years to abandon intervention and since 1933 to pursue more and more its important objectives in Latin America on the basis of co-operation and mutual respect.

The significance of the Organization of American States has been highlighted by its successful handling of two international conflicts during the last two years. Invoking the Rio Treaty and acting through the Council of the Organization of American States, the American nations

were able to bring about a peaceful and apparently constructive solution of disputes among states of the Caribbean region that had on more than one occasion flared up into hostile acts. The question remains, of course, how far the regional system can be effective should a case involving larger powers be brought before it.

No less outstanding an issue than that of peace and security is the question of democracy in Latin America. The Charter of the Organization of American States recognizes that the effective application of the principles of representative democracy is essential to the purposes of the inter-American system. Yet all observers agree that democratic principles are widely flouted however sacredly they may be enshrined in constitutional documents. The more active spokesmen for democratic government in Latin America point with alarm to the threat that comes from both the extreme Right and the extreme Left today.

In the search for some way to bring the influence of the inter-American community to bear upon internal political conditions, loyal democrats in Latin America have at times found the road blocked by the deeply-rooted principle of nonintervention. Attention has therefore been largely focused on the possibility of achieving some protection for democratic governments by adopting a recognition policy that would discourage the overthrow of them by force. These problems are discussed in the following section on political problems.

The threat of communism to democratic government is less of an immediate problem in Latin America than in other parts of the world. It is to be expected that in an area of great poverty, where democratic government has so consistently failed to meet the needs of the people, communism would have a large, popular appeal. In some Latin American countries, Communist parties after World War II did achieve a fairly high numerical strength, notably in Brazil, Cuba, and Chile. In others, such as Mexico and Colombia, the Communists gained positions of influence far in excess of their numerical strength, largely by winning control of labor unions.

The high tide of the appeal of communism to the Latin American masses seems to have been reached in 1947, when it became clear that local Communist parties were serving Soviet policy. Vigorous opposition by governments such as those of Brazil and Chile, where the Communist party was outlawed, has now materially altered the picture. The establishment of a new, non-Communist labor organization is another step of significance. At Bogotá in 1948 the American republics declared their opposition to international communism and other totalitarian doctrines. They agreed to exchange information on Communist activities within their respective territories and to take such measures as might be necessary to prevent the subversion of American democratic institutions.

Communism is intimately connected with the economic problems of the Americas. It is generally conceded that a major approach to the strengthening of democratic institutions in opposition to communism in Latin America lies in the improvement of economic conditions. Latin Americans have openly expressed their disappointment at the absence of a Marshall Plan for their area. They have sought through bilateral and multilateral channels, including both the United Nations and the Organization of American States, to call attention to the seriousness of their own economic problems and the need for the development of their potential resources and production.

The need for increased technical knowledge is recognized as an important facet of the problem of economic underdevelopment in Latin America. During recent years and largely through the initiative of the United States, some interesting programs and techniques have been worked out for lending technical assistance in the solution of economic and social problems, especially those of agriculture, public health, and education. The Organization of American States has been drawn into active participation in this general endeavor. In the spring of 1950 a special session of the Inter-American Economic and Social Council devoted its major efforts to planning a program of technical assistance to be carried out through inter-American specialized organizations and the Pan American Union.

Financial capital, however, is what Latin America needs most of all. Latin American countries look to the United States, and particularly to the United States Government, as a source of investment capital. The United States, however, has declined so far to take on a major share of the burden of financing economic development in Latin America. Spokesmen for the governmental policy have emphasized that most of the investment capital that Latin America requires from the United States must come from private sources. This means that Latin American governments must take sometimes unpalatable measures at home to create conditions sufficiently attractive to foreign capital. Such steps are not easily taken in countries where the expropriation of foreign-owned enterprises has often been the basis of a popular political program. At the same time loans from the Export-Import Bank and from the International Bank for Reconstruction and Development have been extended to the Latin American countries for developmental projects, especially for major agricultural or industrial enterprises that are considered to fall more appropriately within the scope of public rather than private financing.

As long as the peoples of Latin America continue to be oppressed by poverty, ignorance, and disease, the solution of the political, economic, and security problems of Latin America will continue to face obstacles. Some of these problems are discussed in the sections that follow.

POLITICAL STABILITY

At the end of the war most of the Latin American states were faced with severe economic and political problems. The purchases of strategic materials dropped sharply, and the countries were faced with serious problems of readjustment. Instead of conserving foreign exchange reserves, they dissipated them on nonessential imports. Falling prices of some basic Latin American exports aggravated the difficulties. In addition, a widespread popular demand for higher standards of living and an increased government interest in long-range plans for economic development complicated the immediate problems. Since 1945 armed revolutions have constantly taken place throughout Latin America, and significant changes have been made in the character of governing groups. Until recently Communist propaganda has stimulated unrest and produced counterrevolution of the Right. The totalitarian methods and concepts of these latter forces have tended to check the growth of democratic reforms in Latin America.

It was to deal with this and other Latin American problems that a cooperative strengthening of the inter-American system was undertaken. It sought to adapt the older, traditional system to the new needs and requirements of the states of the Western Hemisphere, not only in their relations to each other, but in respect to their relations as a community of states under the United Nations. The Rio Treaty, signed by all twenty-one American states and ratified by all but Bolivia, Ecuador, Guatemala, and Peru, represents the present form of this effort to protect the peace and security of the Western Hemisphere.

Two opportunities have been provided within the past two years to test the effectiveness of this machinery for maintaining peace and stability. In December 1948 Costa Rica charged its neighbor, Nicaragua, with assisting armed forces to invade Costa Rica. The Organization of American States promptly dispatched a commission of inquiry and succeeded in putting an end to the incident. Subsequently, the governments of Costa Rica and Nicaragua signed a formal treaty of friendship that declared the incident closed, and laid down proceedures for dealing with any future disputes that might arise.

In the following year tensions developed between Cuba, the Dominican Republic, Guatemala, and Haiti. The Inter-American Peace Committee tried to relieve these tensions, but because it could only suggest methods of settlement, its efforts were unavailing. At the end of 1949 Haiti formally charged the Dominican Government with conspiring to overthrow the Haitian administration. The Dominican Government brought countercharges that Cuba, Guatemala, and Haiti had encouraged Dominican revolutionary activity. The Council of the Organization of

American States sent an investigating committee to the four states. The committee reported that the Dominican Government in one case, and the Cuban and Guatemalan governments in another, had assisted groups aiming at the violent overthrow of the governments of Haiti and the Dominican Republic respectively.

In April 1950 the Council approved the five resolutions that the investigating committee had proposed. Governments were called upon to carry out the treaty obligations that they had assumed under the Havana Convention on the Rights and Duties of States in the Event of Civil Strife, and not to allow interventionist activities to be organized in their territories. Procedures for removing the causes of outstanding disputes were recommended, and a committee was appointed to assist in applying these recommendations.

Official and private comments in the press suggest that the action of the Organization of American States was considered a triumph for the inter-American system as well as a proof of the effectiveness of the Rio Treaty. It might be argued, however, that only small countries were involved in these disputes. The question consequently still stands unanswered whether the organization would be equally active and equally successful in a case involving one of the larger nations of South America. It is possible that a large nation would not respond so readily to moral suasion and the force of public opinion. This would bring up the issue of sanctions, and the determination of the American states to act collectively against all forms of aggression would be put to a real test. Such a situation would confront the United States with a grave policy decision, for it might be called upon to bear the major share of the burden of applying the sanctions.

Despite these doubts, an elaborate mechanism for maintaining the peace and security of the Western Hemisphere does exist. But its existence and its operation do not dispose of another persistent problem of political quality that arises in a variety of forms within the inter-American system. This is the perennial problem of the development, extension, and maintenance of democratic institutions within the member states of the system. It was fundamentally involved in the two cases described above.

The problem is to examine the political methods for promoting democracy in the states of Latin America.

Two basic issues exist in connection with this problem. The first concerns the meaning and application of democratic principles in the actual social and political circumstances generally prevailing in Latin America. The second concerns the collective defense of democratic institutions in Latin American states without transgressing either the prin-

ciple of nonintervention or the related doctrine of recognition, as these have developed in the inter-American system. In the general conduct of inter-American relations the two issues are very closely related.

In connection with the dispute between Haiti and the Dominican Republic referred to above, the failure of some of the governments involved to apply democratic principles was cited as a factor contributing to unstable relations in the Caribbean. One of the resolutions passed by the Council of the Organization of American States called for a study of the possibility of applying the principles of democracy without intervening in the domestic affairs of a sovereign state. More generally, the entire question of whether democracy would expand in Latin America or be checked by dictatorships of the Right or Left has been debated at length since the Second World War. The extent to which the community of American states can exert a significant influence on this situation has been raised in the course of this debate.

If, as has been proposed, the Organization of American States should address itself to this question, two apparently conflicting principles in the Charter of the organization will require resolution. Article 5(d) of the Charter states that the effective exercise of representative democracy is essential to the high purposes of inter-American solidarity. Article 15 of the Charter declares, however, that "no State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State." This nonintervention provision has been pointedly referred to by those who, for political reasons, are against any move by the Organization of American States to concern itself with the internal politics of any member state.

Article 19 of the Charter offers, so it has been suggested, a way to reconcile these apparent contradictions. This article states that measures taken under existing treaties to maintain peace and security do not constitute violations of the nonintervention agreement. If a connection is established between internal political conditions and external aggressions, the maintenance of peace in the inter-American system can conceivably be linked with the preservation of democracy in individual states. But though a legal resolution of the issue might thus be devised, the practical political question of what can be effectively done continues to stand.

Democracy in Latin America is too often approached on the naive assumption that the phrases of a democratic formula will magically produce results. It is easily forgotten that the strength of democracy depends upon gradually influencing a large number of political, economic, and cultural tendencies. The tradition of the *caudillo* and of *personalismo* is strong in Latin American politics. The average level of economic and cultural life is relatively low. The lack of a sense of civic responsibility is characteristic of important segments of society. Even

liberal governments are often unable to check significantly the power of entrenched economic interests. Factors such as these are among the basic causes of the weakness of democracy in Latin America.

The alternative courses of action open to United States policy are to use its position of power to exercise strong pressure for rapid democratization, or to work toward democratization by gradual means.

Latin American sensitivity and experience in Latin American relations suggest that the first course of action is more likely to create resistance than it is to produce democracy. Such resistance would work to break down the solidarity that has been built up in the inter-American system, and the end product would probably be less peace, less security, and less stability than is now being achieved.

The second course involves a continuity of statesmanship over a long period of time and the slow development of accepted standards of political behavior. As a course of action it is frequently jeopardized by the impatience of sincere supporters of democracy who press for policies that consist of unrealistic short cuts.

The second issue, which in effect concerns the use of diplomatic recognition as a sanction against an undemocratic government, is closely linked in the inter-American system with the first.[2] It has been repeatedly urged that the American states should adopt a policy of not recognizing a government that has come to power by means of an antidemocratic revolution.

This subject was debated at the Ninth International Conference of American States at Bogotá in 1948. Two proposals were put before the conference. One made the recognition of a *de facto* government contingent on its adherence to democratic procedures. The other abolished the act of recognition and made diplomatic relations automatic with whatever government was in power. The discussions revealed that neither of these proposals commanded general acceptance. A third formula was drafted and now constitutes Resolution 35 of the Bogotá Pact. It declares that continued relations among the American republics are desirable, but that the maintenance of relations is not to be understood as approval or disapproval of the form or practices of the governments involved.

If these three formulas are for the moment considered as the alternative courses of action open under the second issue, it must be noted that choice between them became extremely difficult shortly after the Bogotá Conference. A series of revolutions throughout Latin America created a number of situations in which action had to be taken. In two cases, those of Peru and Venezuela, constitutional governments were overthrown by military *juntas*. When, after weeks of delay and consultation,

[2] See "The Doctrine of Recognition," Chap. 6, pp. 81-89 above.

these new governments were recognized, the recognizing states were criticized for encouraging undemocratic acts. Some states refused for several months to enter into diplomatic relations with Peru and Venezuela. Resolution 35 was attacked and its repeal was urged. The issue was thus opened for general debate once more.

The debate made it clear that no simple formula, such as withholding recognition, would meet the larger issue of promoting democracy. It was asserted on the one hand that there was no convincing historical evidence to support the belief that the nonrecognition of an American government with *de facto* control of its territory and people would lead to its replacement by a democratic regime. It was also argued that the maintenance of diplomatic relations serves a larger purpose than to show approval or disapproval of a given government. Such matters as the protection of nationals in a foreign state, the conduct of economic relations, and the general protection of national interests depend on the existence of established diplomatic contact. These functions cannot be entirely set aside in the hope of creating a more desirable government by a refusal to recognize a regime that holds power.

The real alternatives that emerge are (1) to consider recognition as a political action and as a stage in the development of sanctions designed to prevent any government except a democratic one from exercising authority; (2) to consider recognition as a legal action required for the conduct of normal business; and (3) to avoid any formula for recognition and make the action depend entirely on the merits of the particular case.

It is frequently argued that the difficulty of reaching a sound judgment about the nature of any government is so great that the use of recognition as a political weapon will rarely be absolutely justified. It is more likely, so this argument goes, to appear as intervention. Furthermore, when does a regime qualify as "democratic"? And if a representative government evolves into a dictatorship, must recognition then be withdrawn as a political action? On the other hand, it is asserted that the development of democratic solidarity is a process that calls for firm and consistent action against all groups that would undermine democracy. To recognize in this view is to condone, and to condone is to compromise a basic objective. These points of view indicate the complexity of the problem and suggest some of the reasons why the simple formula of Resolution 35 was the maximum for which general assent could be secured at Bogotá.

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ECONOMIC DEVELOPMENT

The disruptive forces of economic instability and social unrest that block the growth of political democracy and a stable international economic order are present in Latin America, as they are in much of the world. The immediate causes of them are the economic dislocations resulting from two world wars and an economic depression, all within the short span of three decades. The more fundamental causes, however, are to be found in the pattern of historical development that has been described above. This pattern has led to present economic difficulties and social tensions, and a change cannot be looked for except on the basis of a greatly increased productivity accompanied by improvement in domestic economic organization, trading relations, and regional co-operation to solve mutual problems. This goal will be extremely difficult to attain because of the underdeveloped state of the natural and human resources of the region and the relative lack of the particular resources necessary for a modern diversified economy. In the pages that follow, the factors contributing to the present economic state of Latin America are

developed in order to bring out the crucial importance of these primarily domestic problems and to emphasize the major internal adjustments and corrective actions that must precede or accompany any external assistance from the United States.

With the exception of Argentina, Latin America is one of the two lowest per-capita-income regions of the world. The range is from an estimated $98 a year in Cuba to $39 in Paraguay. These figures, which were obtained in 1939, suggest the extent of the destitution of the masses in this area. It is estimated that 75 per cent are undernourished, inadequately housed, and poorly clothed. Infectious and deficiency diseases affect approximately 50 per cent of the population. The rate of illiteracy ranges from 30 per cent in Uruguay to 92 per cent in Bolivia (Argentina is again in a separate class, with only 17 per cent). The birth rate is high and life expectancy short, which means that a relatively small percentage of the population supports a disproportionately large unproductive group under the age of fifteen. A combination of these and other factors has led to a situation in which large sections of the population take no part in a modern money economy.

These conditions are largely a result of the basic economic organization of the majority of the Latin American countries. What was set up as a colonial-feudalistic structure has become a concentration of the ownership of natural resources and land in the hands of a few wealthy Latin Americans and foreign investors. This concentration is especially characteristic of the major industries—mining and agricultural production for export. Agriculture is the occupation of the majority of Latin Americans, and they are usually employed under oppressive conditions of peonage, sharecropping, and tenancy. The possessors of economic power also enjoy sufficient political influence in many countries to prevent fundamental social change. The improvement of general economic conditions consequently depends on changes in the existing political and social order.

A result of this system has been the concentration of the wealth that has been produced. The accumulation of private capital that has taken place, in general, has been directed into speculative investments in land or building, or has been transferred into secure investments in Europe or the United States to the detriment of the development of a domestic capital market. The growth of governmental investment as an alternative has been far from effective because of the unstable nature of many governments, the lack of effective fiscal and monetary systems, and the absence of competent administrators. Even in Latin American states that have developed a considerable amount of industrial capacity net investment has averaged only 5 per cent of the national income. Bank credit has been the major source of development capital, and its

over-use has contributed to the inflationary forces at work in postwar Latin America.

The structure of most Latin American economies has restricted the development of a middle class business community. The concentration of production on one or two export commodities has encouraged the continued importation of manufactured goods and agricultural products, and it has discouraged the growth of local industry and local and intraregional trade. Business development is further limited by the lack of human and financial resources and by the existence of relatively few metropolitan market areas. These deficiencies have resulted in the operation of both business and industry on a high unit profit basis. A rise in prices becomes the normal response to an increased demand. Usually no attempt is made to meet demand by increased output. The stabilization of Latin American economies requires not only diversification, investment, and technical skills but, equally important, a change in business and economic philosophy.

This as a brief picture of the difficult and complex problems faced in varying degrees by the Latin American countries. The chief difficulties are largely domestic, and they are likely to be met only if governments themselves take the initiative. Outside assistance is of crucial importance as a source of technical knowledge and capital to be applied to developmental programs once they have been initiated. Aid of this kind can contribute to the power of governments to overcome the many obstacles that will develop as a program progresses.

The problem is to examine the factors involved in the economic development of Latin America.

The United States has recognized for many years its interest in the well-being of Latin America, and since the inauguration of the "Good Neighbor" policy, positive measures of assistance have been taken. The purposes guiding the hemispheric policy of the United States have been stated by Secretary of State Acheson as the

> . . . protection of the legitimate interests of our people and government together with respect for the legitimate interests of all other peoples and governments; nonintervention in the internal or external affairs of any American Republic; the stimulation of private effort as the most important factor in political, economic, and social purposes; the promotion of the economic, social and political welfare of the people of the American Republics. . . .

The specific economic policy of the United States, he has added, is to "give positive co-operation in the economic field to help in the attainment of our first two objectives [hemispheric security and the establishment of democratic governments]."

Before and after World War II, the United States developed this policy by extending unilateral aid, by seeking regional co-operation, and more recently through the United Nations system. Over the past ten years technical assistance has been provided by such governmental agencies as the Department of Agriculture, the Public Health Service, and the Institute of Inter-American Affairs. The Export-Import Bank has provided over 700 million dollars for developing steel plants, meat packing plants, hydroelectric works, highways, agricultural programs, and other large and small industrial undertakings. In 1949 the Point IV Program was formulated. It implied additional aid to Latin America, as well as to other underdeveloped areas. It was also proposed that the authority of the Export-Import Bank be increased to allow it to guarantee private investment.[3]

The main current issues relate to the form that United States assistance might take and to the actions that the receiving countries should initiate to help themselves. The two fundamentals of American policy in this matter were stated by Secretary of State Acheson. They are, that foreign countries seeking American capital must rely on private capital as the principal source, and that progress will come only to those countries that "help themselves vigorously. . . . Economic development, like democracy, cannot be imposed from outside."

The Latin American countries are wary of private capital. At the Havana ITO and the Bogotá conferences, the majority of these countries refused to give assurances that private American investment would be accorded fair and equitable treatment. Because no progress has been made in resolving these differences, the members of the Organization of American States have still not set a date for the Buenos Aires Economic Conference, although the conference was projected two years ago. The proposed purpose of this conference was to consider the regional economy of the Western Hemisphere and to seek more effective co-operative action on mutual problems.

It is a matter of considerable difficulty for the United States Government to decide if the Point IV Program as it is conceived at present can be applied in Latin America with any reasonable hope of the realization of its purposes. If the United States stands firm on the principle of private investment as the primary source of developmental capital for Latin America, the opposition of most Latin American countries to the use of this source can be expected to continue. If a more rapid rate of economic development is considered desirable by the United States on non-economic grounds, a program of increased economic assistance might produce results more quickly. It can be argued, for example, that the

[3] See, "Foreign Investment," Chap. 7, pp. 120-29 above.

present social and economic underdevelopment of Latin America is a potential threat to the stability and security of the hemisphere as a whole and that the threat will grow if the problem is not soon taken in hand on a large scale.

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PART THREE

A PROBLEM PAPER
ON
THE SECURITY AND STABILITY OF SOUTHEAST ASIA

INTRODUCTORY NOTE

THE PAPER that follows is a detailed discussion of a problem that was treated briefly in one of its aspects in Chapter XV. In this more extensive form, the analysis has been carried out in a manner that illustrates in a general way the methods of drafting and presentation used by Government officials in formulating foreign policy. There is no uniform method used throughout the Government in the preparation of the necessary materials for this purpose, but there is a basic similarity in all the methods employed. Therefore this paper, which is a composite of a number of methods, attempts to present the general type of analytical procedures that are used in the government.

Certain important differences, however, should be noted. One is that although official papers are based in part on confidential information, the following paper was prepared entirely on information that is available to the public. Another is that the paper presented here stops with an analysis of the issues and alternative courses of action, whereas an official paper would go on to a further stage and recommend a preferred solution or course of action. Because the purpose of this paper is to demonstrate a technique of analysis and discussion and not to reach conclusions and make recommendations, this further step has not been taken here.

Many readers of course will wish to take the next step for themselves and formulate a conclusion. It is suggested that this is essentially a process of selecting a course of action from among several alternatives, and that the selection of one course of action inevitably implies the rejection of others. The value of the analytical method illustrated here is that it emphasizes the importance of not making a final choice until the entire array of alternatives and of their relationships has been subjected to a rigorous examination.

It is believed that a close study of the following problem paper will put the reader in the position of a Government official charged with the duty of exploring possible courses of action in order to recommend ways of implementing policies that have been already decided. The official may or may not agree with the policies, but it is not his task to review them. Instead he is responsible at this stage for finding ways of carrying them out. By the same token the analysis in this paper, proceeding as it does within the framework of existing official policy, seeks primarily to emphasize the various implementing courses of action that are open to the Government of the United States.

In the end, the reader may wish to review the existing policy. Certainly nothing would give him a better understanding of the entire

policy-making process than to make such an effort. To be useful, however, the review itself must be made on the basis of a thorough examination of the alternative policies that might have been adopted but were rejected, and of the advantages, disadvantages, and implications of each of these alternative courses of action.

I. STATEMENT OF THE PROBLEM

BEFORE the Second World War, southeast Asia was internally stabilized by the control of various colonial authorities, and it was protected from external pressures by an adequate equilibrium of power in the surrounding areas. The dislocations of the war and the forces that it released have now created an entirely different situation. On the west, the authority that Great Britain formerly exercised and the security tasks that Great Britain performed have been relinquished to three new dominions—India, Pakistan, and Ceylon. On the east, where Japan at times acted as a powerful stabilizing force, there is now a projection of United States power. On the north, where China had formerly represented a state neutralized by the competing influences of Western nations, there is now a Communist China allied with the Soviet Union providing a channel by which Soviet influence can be transmitted into the region.

The Soviet Union, using the instrument of communism, appears bent on undermining the economic, social, and political stability of southeast Asia and on bringing the states of the region into the same pattern of alliance in which the People's Republic of China now stands. The states of Western Europe lack the earlier colonial incentives and power to protect their extensive interests in the region, much less to guarantee its security.

The problem of internal stability of southeast Asia has become transformed, as one colonial authority after another has been succeeded by independent governments. Where this shift in authority has not actually taken place, nationalist movements, paralleled by or associated with Communist activities, exert a steady and often violent pressure for political and social change. Even where a colonial regime is still functioning, as in Malaya, the difficulty of maintaining a stable community is increasing. The new governments, having been established in abnormal times and by processes that made the transition from a colonial to an independent status abrupt and disorderly, have gained freedom, and in the process have generated more profound problems than ever faced the preceding European authorities. Their independence is clouded by external threat and internal disorder. In addition, they have assumed the responsibility for satisfying the increasing demands of the masses for social change.

It is important to the United States that the countries of southeast Asia should be independent and stable, safe from internal subversion, and capable of maintaining their frontiers against external aggression. The United States interest goes beyond a general principle in this respect, just as it did in the case of Greece and Turkey.

Southeast Asia is a cross-roads of trade routes that are vital to maritime trading nations. It is an important link in the lines of communications of nations friendly to the United States, and of the United States itself now that its interests have become demonstrably world-wide. As a producer of



strategic raw materials, southeast Asia is also significant to the maintenance of the industrial potential of the United States. In addition, the production and export of these and other raw materials make the region economically important to the United States on three counts: (1) as a "dollar-earner" in multilateral trade on behalf of certain of the North Atlantic Treaty nations, whose financial stability is a factor in their capacity to contribute to the purposes of the treaty; (2) as a complementary element in the economic recovery of other Asian states, which in the case of Japan is a pressing problem of United States policy; and (3) as a potential market for United States exports of goods and capital.

It is generally recognized that if the countries of southeast Asia were to come within the sphere of influence of the Soviet Union, the political, economic, and military positions of the Western democracies relative to the Soviet Union and its satellites and allies would become weaker. A main link in the global communications of the Western democracies would be severed. Strategic material could be denied to them. Asian economy could be redirected away from its historical focus, the West. By controlling exports of rice and other commodities, economic pressure could be used to secure political advantages in Asian states that are dependent on this trade to make up their deficiencies. And finally, the region could be used as a base for further encroachment.

The disastrous effect of such developments on the interests of the United States can be briefly listed at this point. The United States would be precluded from developing ties of friendship with the newly formed states of the region, and its capacity to guide the emerging forces of nationalism into desirable channels would be reduced to nothing. This, in turn, would make it increasingly difficult to maintain even the present limited contacts with the peoples of Asia. The time might not be remote, in these circumstances, when it would become impossible to maintain the interests of the United States in Japan and the Philippines, where those interests are now established and generally accepted.

A general United States objective is to encourage and support the aspirations of all qualified peoples for the right to govern themselves. In the case of the peoples of southeast Asia, this means the creation of opportunities to develop effective governments and to encourage in their countries the evolution of democratic characteristics. Another general objective is to develop on as broad a scale as possible a world in which an expanding economy provides the basis for nations to live in security and peace. This means for the countries of southeast Asia the creation of an economic foundation for democratic statehood.

The specific and immediate objective of the United States in southeast Asia is to establish conditions of security and stability. This can be taken to be the creation of the means by which the governments of the region can quickly establish their authority in their territories, can maintain it against subversion by minorities, and can be helped to defend their territories from external aggression.

These objectives and the problems of southeast Asia are very closely related to United States policies and problems of policy in other parts of the world. The historical connection between southeast Asia and Western Europe has been such as to make mutually dependent the solutions of some of the problems confronting the United States in the two regions. As the economic relationships between Japan and southeast Asia existed in the past and as it may be possible to re-establish them, they are of fundamental significance to a policy of restoring an economically viable

Japan to a community of free and peaceful nations. The objective of making southeast Asia secure against internal subversion and external aggression is an integral part of the United States policy of strengthening the free nations of the world against Communist subversion and Soviet aggression, and this is essential to the creation of those "situations of strength" that are considered a necessary condition for an over-all negotiation of differences with the Soviet Union.

The problem is to formulate the methods to be used and the steps to be taken to meet existing and potential threats to the security and stability of southeast Asia.

II. THE DEVELOPMENT OF THE PROBLEM

THE TERM "southeast Asia" is used in this problem paper to mean the area that lies south of China and east of India, together with the off-shore archipelagoes of the Philippines and the East Indies. The area comprises Burma, Thailand, Indo-China (Viet-Nam, Cambodia, Laos), the Federated Malay States, the Republic of Indonesia, the Philippine Republic, and various colonial holdings. The area is not a compact land mass, but is dispersed over a large expanse of ocean. It extends about three thousand miles from east to west and about two thousand miles from north to south.

Except for its northern fringe, the whole region lies within the monsoon area. Seasonal rainfall is consequently abundant, and there is intensive agriculture in the fertile river valleys and on the plains; on the high slopes there is a luxuriant forest growth. There are also vast tracts that soil erosion or floods have left waste jungle. Many parts of the region have valuable sub-soil deposits of petroleum, tin, bauxite, and iron ore.

The estimated population of southeast Asia is 155 millions. About eight million immigrant Chinese, many of them of families that have been established for generations, are widely distributed through the region; and there are large concentrations of Indian immigrants in Burma and Malaya. Except for scattered and isolated pockets of indigenous primitives, the inhabitants represent blends, in varying proportions, of wavy-haired and straight-haired types. The basic culture is Indian, with the exception of a Chinese intrusion in Viet-Nam (formerly Annam) and a western European intrusion in the Philippines. There is great religious diversity in the region. In Burma, Siam, and Cambodia the prevailing faith is Hinayana Buddhism; in Viet-Nam, Mahayana Buddhism; in the Philippines, Roman Catholicism; and in Indonesia, Islam. In addition, scattered throughout the region there are numerous patches of tribal cultures with animistic religions.

The native inhabitants are mainly farmers, craftsmen, fishermen, and sailors, with the Chinese and western European immigrants controlling domestic trade and operating local industries. These immigrant groups have shown themselves difficult to assimilate. The Chinese, even after generations of expatriation, have maintained close ties with their homeland, and most of the Indians hope to return home after a few years. The natives generally regard these groups as intruders and exploiters who have achieved a superior economic status and who play the detested role

of money-lenders. There has also been the superimposed stratum of European colonials, numbering only 0.2 per cent of the total population. This group has formed the ruling class in dependent areas, and throughout the region generally has controlled international trade and large-scale economic enterprise.

The native population is far from homogeneous. The region has been a meeting place of races and cultures, but ethnic fusion has been discouraged by natural barriers to communication, cultural diversity, illiteracy, and a constant procession of new rulers. The various ethnic elements that have made up the population of southeast Asia have tended to segregate themselves in separate communities. Racial and cultural differences have therefore remained sharply defined, and time and propinquity have done little to eliminate them.

In the Philippines, where there is perhaps the greatest cultural homogeneity, since 90 per cent of the population is Christian, eight vernacular languages are in current use, and there is a permanent cleavage with the Muslim Moros of the southern islands. In Thailand, where the dominant race forms more than 80 per cent of the population, the economic life of the country is chiefly controlled by Chinese, who constitute less than 17 per cent of the population. In Indo-China the Viet-Namese, though making up 80 per cent of the total, are a dominant majority in less than half the country, and in other parts they are outnumbered by Khmers, Laotians, or tribal peoples. The Burmese are no more than 66 per cent of the population of Burma; the Malays, less than 50 per cent in the Malay States (even excluding Singapore Island, where the Chinese predominate); and in the new Republic of Indonesia, the Javanese are only 45 per cent of the whole population.

The characteristic economic pattern of southeast Asia has contributed to division rather than to unity. For centuries, that pattern was based on self-supporting village communities, whose mainstay was agriculture supplemented by handicraft industry and fishing. Until the demographic balance was upset by the intrusion of an industrial economy, the bounties of nature satisfied basic needs, and the enervating climate bred habits of indolence and improvidence. The greater portion of the peoples of the region lived in a communal society of small village units. Production was co-operative, and the means of production as well as the distribution of what was produced were communally controlled. This pattern of life and economic activity still prevails. The historical political instability of southeast Asia has produced little change from generation to generation in the normal pattern of village life. The rise and fall of little empires, the creation and the destruction of a multitude of domains, and ever-disputed boundaries between kings, rajahs, sultans, and tribal chiefs impinged on the basic social pattern only in small ways.

THE IMMEDIATE HISTORICAL BACKGROUND

By the end of the nineteenth century the whole of southeast Asia, with the single exception of Thailand, was brought under the political authority of one or another of the states of western Europe. British, Dutch, and French colonial authority, constantly reflecting the industrial and commercial expansion of the mother countries, eventually superimposed on the ancient pattern of village life a framework of economic, social, and political stability. As internal security was established and as European administrative practices and measures became effective, the rate of population increase mounted.

The increasing population, however, was sustained by the simultaneous development of new economic activities. The plantation and extractive industries—tobacco, tea, coffee, cinchona, rubber, tin, petroleum—created by European capital and management, provided the basis for a flourishing export trade that supported in turn the production and importation of the goods and services needed to maintain a growing population and a more highly organized society. In this way an interdependence was built up between southeast Asia and western Europe. Into this relationship the United States ultimately entered by way of its requirements for rubber and tin. Thereafter the extractive economy of southeast Asia became a dollar-earning economy and hence an important factor in the operation of a system of international balance of payments.

A more direct relationship developed between the economy of the region and the economies of Japan and China. Both Japan and China came to rely heavily on the surplus rice production of Indo-China, Burma, and Thailand to make up their food deficits. Japan, in addition, imported large quantities of industrial raw materials for which it paid by exports of cheap manufactured goods that were suited to the tastes and limited means of the southeast Asian market. Japan also drew considerable earnings from the shipping and trading services which it provided for the region. A particular feature of the Chinese economic ties with the region was the export of labor, which gave China a regular flow of large remittances from Chinese immigrants.

At the same time that this complex of interdependent economic activity was being developed, the security of southeast Asia was also being brought to a more satisfactory condition. Internal security followed naturally from the establishment of efficient colonial governments. As far as security from external threats was concerned, an adequate equilibrium of power was reached in the Far East by the early twentieth century. Great Britain was the major stabilizing force within the region. Its establishment at Singapore was the basis of its power, and the British assumption of responsibility was accepted by France and the Netherlands, both of whom saw their own colonial interests as identical. The region was

amply secured on the west by the British Indian Empire. The Pacific Ocean approaches were controlled on the north by Japan, but Japan was balanced and checked by the land power of Russia and the naval power of the United States and Great Britain. The potential power of China, immediately to the north, was neutralized by Chinese internal weakness and by the balanced influences of the United States, Great Britain, Russia, and Japan. The total effect was an automatically working equilibrium, and the diplomacy that was concerned with the Far East, such as the Washington Conference of 1922, sought to maintain peace and security by fortifying the power equilibrium with political agreements, such as the Anglo-Japanese alliance of 1902 and the Washington Conference treaties of 1922.

The economic advances and the political stability initiated and enforced by the West influenced the well-being of the native population. Improved public health, higher standards of living, and educational facilities were the by-products of material change. When the formidable obstacles to such improvements are considered, the total change brought about in a comparatively short time is impressive. In fact, the degree of change can be measured in part by the extent to which its products—social demands, nationalism, and western-educated native leaders—have contributed to the present unstable situation. Although only a small percentage of the population was directly affected by European education, that small fraction was large enough to leaven the whole and to furnish leadership to nationalist groups, to revolutionary groups, and to the general movement to reject colonialism.

THE EFFECT OF THE SECOND WORLD WAR

The equilibrium of power described above was upset by Japan in 1931, when a policy of aggressive expansion was launched by the occupation of Manchuria. Six years later, and after uninterrupted pressure on the Chinese Government, China proper was invaded. Japanese armies gradually overran and occupied the strategic areas of the country, the lines of communication in the interior, and the great centers of commercial contact with the Western world. With the outbreak of war in Europe, the fall of France and the Netherlands, and the hardpressed condition of Britain, Japan considered the moment opportune for a full-scale effort to dislodge the Western colonial powers from southeast Asia. The campaign was initiated by the attack on the United States at Pearl Harbor in December 1941. The importance of this victory can be measured by the speed and ease with which a series of linked military and naval operations put Japan in control of virtually the whole of southeast Asia and in position to move into the Indian Ocean and to Australia. The defeat of Japan canceled these spectacular successes and reinstated the

Western colonial nations. But four years of Japanese control had profoundly changed the character of southeast Asia. None of the previous patterns—security, economic, or political—were any longer present.

The most obvious change was the increasing strength and determination of the nationalist movements, which had existed for many years. These movements, a natural consequence of Western education and example, had, nevertheless, been kept under control by colonial authorities. When they had become active, they were vigorously suppressed as seditious.

But the initial triumphs of the Japanese in the Second World War severely damaged the prestige of the West. Natives were embittered at having been abandoned to a ruthless Japanese imperialism, and they regarded themselves as the victims of a colonialism so weak and stupid that it had failed to prepare them even for something as fundamental as self-defense. The new Japanese overlordship, though unpleasant and unwanted, was in general lightly felt; and native leaders, who were left to fend for themselves, developed confidence and self-reliance and built up a semblance of local native authority.

The Japanese played an important part in this development. They carried on a systematic propaganda campaign in which Western imperialism was denounced. They organized collaborationist groups and brought forward leaders whom they flattered with attention, honors, and considerable local responsibility and power. Finally, in the latter stages of the war, when the inevitability of defeat was recognized, the Japanese organized and armed independence groups in Indo-China and Indonesia in order to impede or frustrate the re-establishment of Western authority. Thus the defeat of Japan and the brief interval before the West could even begin to reassert itself gave native leaders an opportunity to claim and use authority in the name of national independence.

There is no evidence that native Communist groups were deliberately encouraged by the Japanese as part of this general policy in southeast Asia. But they encouraged and supported revolutionary groups that had historically developed in conjunction with more diffused nationalist movements. Such groups were fundamentally an expression of protest against the uprooting of immemorial custom and the destruction of a way of life rather than an indication of an organized and regimented body of political and social doctrine. When the Dutch in the East Indies began in the 1920's to reform their colonial administration in ways that flouted tradition, they seriously disturbed the conservative masses and produced a flurry of ideological radicalism. And when trained Communist agitators and organizers later appeared, they had more success in many areas with villagers, whose self-sustaining village economy could no longer be maintained, than among the urban proletariat. Whatever Japanese in-

tentions may have been, there is no doubt that many of the arms they distributed fell into the hands of native Communists. There is also no doubt that the chaotic conditions that prevailed at the end of the war gave these armed revolutionaries a chance to establish a foothold and to take an active part in the political struggle that followed.

THE ESTABLISHMENT OF NATIONAL STATES IN SOUTHEAST ASIA

There are now in southeast Asia four national and wholly independent states: Thailand, the Philippine Republic, Burma, and Indonesia. Thus 77.4 per cent of the population of the region has realized its desire for self-government. There are three quasi-autonomous states—Viet-Nam, Cambodia, and Laos—constructed out of Indo-China. They include an additional 17.6 per cent of the population of southeast Asia. The remaining 5.0 per cent lives in the largely non-self-governing territories of Malaya, British Borneo, Dutch New Guinea, and Portuguese Timor.

The Republic of the Philippines came into existence on July 4, 1946. A year later Great Britain transferred its authority in India to the two new dominions of India and Pakistan. In 1948 Burma was granted independence and British authority was withdrawn, and in the same year Ceylon was granted dominion status. These changes, locally understood as triumphs of Asian nationalism, gave hope and stimulus to nationalist movements in the Netherlands East Indies and Indo-China.

The Dutch were probably no less sincere than the British in their intention of acceding gradually to native demands for self-government. Nevertheless they pointed to the records of many of the nationalist leaders of collaboration with the Japanese and attributed the rise of these leaders to this circumstance rather than to their being genuinely representative of the wishes of the people at large. The Dutch had also a preference for a slow and orderly transfer of authority in order to ensure the maintenance of their extensive economic interests. Dutch delay on the one hand and native impatience on the other created mutual distrust that led finally to chronic armed clashes and widespread conditions of chaos. When, in the interests of general economic and political stability, the United States applied pressure to the Dutch, directly and through the United Nations, the Indonesian nationalists were encouraged to hold out for immediate and full independence. Late in 1949 an agreement was concluded whereby the Dutch transferred their sovereignty over the Netherlands East Indies to the United States of Indonesia.[1]

The situation in Indo-China was from the start a fundamentally different one. Before the war, the authority of France was complete and unconditional. No concessions, even to the concept of preparing colonial

[1] See "The Problem of Indonesia," *Major Problems of United States Foreign Policy—1919-1950*, pp. 352-402, for a detailed analysis of the situation.

peoples for ultimate self-government, were contemplated. In July 1941 Japanese troops overran the country. In the last year of the war, the Japanese army took over entire control of Indo-China and interned French officials and troops. The Japanese united the Annamites of Tonkin, Annam, and Cochin China in a government called Viet-Nam and set up Bao Dai, the former emperor of Annam, as its head. Before French forces returned to Indo-China in September 1945, the Viet-Nam government collapsed and Bao Dai abdicated in favor of a Viet-Namese republic. The republican regime was composed of anti-Japanese and anti-French groups who called themselves the Viet-Minh. The head of this coalition, Ho Chi Minh, became president of the new republic. Both he and other leaders were Communists.

Somewhat earlier, in March 1945, the provisional French government in Paris announced a post-liberation plan for Indo-China. There would be set up an "Indo-Chinese Federation," which would be a part of the proposed French Union. Greater economic freedom was promised, as well as a more liberal labor policy, increased educational opportunities, and less discrimination against natives for government posts.

When the French returned to Indo-China, they had little difficulty in reaching agreement on the basis of this plan with those parts of the country that are known as Cambodia and Laos. But the status of Cochin China was not so easily settled. The Viet-Nam Republic under Ho Chi Minh, in signing an agreement with France in March 1946, had believed that Cochin China would remain an integral part of the republic, at least until a popular referendum was held. The French, however, organized an autonomous republic of Cochin China in a form that kept it subservient to French control. Because it was in Cochin China that French interests were most deeply entrenched, and because the population of Cochin China was overwhelmingly Viet-Namese, the difference could not be settled peaceably. After months of intermittent fighting, the parties pledged themselves to put an end to hostilities and to negotiate, but this truce was short-lived. In December 1946 there was a general attack on the French, and since then Ho Chi Minh and his followers have been uninterruptedly at war with the French.

In mid-1947 the French sought another method of adjusting the issue. They persuaded Bao Dai, who was then living in Hong Kong, to offer to act as an intermediary with the Viet-Minh groups. This effort collapsed when the Viet-Minh refused to receive Bao Dai. The French then encouraged the anti-Viet-Minh groups in Viet-Nam to send representatives to Hong Kong to try to persuade Bao Dai to return to his country and lead a native counter-movement against the Viet-Minh. Bao Dai hung back, not satisfied that France would offer enough in the way of national autonomy to enable him to outbid Ho Chi Minh for

popular support. Ho Chi Minh insisted upon complete autonomy, and though France was prepared to make many concessions, it would not grant Bao Dai control over foreign affairs or defense.

The position of France became steadily more disadvantageous and more expensive to maintain. Although the French retained their hold in the cities, life there was subject to constant guerrilla raids from the hinterland. In the country the French held only thin lines of communication. Commerce and industry were at a standstill, and French financial and military resources were being drained away in a struggle in which neither side was able to mount sufficient force to bring about a military decision.

France made a second political effort in June 1948 and set up a provisional government of Viet-Nam, of which it was intended that Bao Dai should ultimately be the head. General Xuan, an Annamite who had long served in the French army, was appointed Prime Minister. Bao Dai went to Europe, and the French Government, now spurred on by the steady gains of the Chinese Communists and by the potential threat they offered to the French position in Indo-China, pushed their negotiations with Bao Dai with great vigor. On March 8, 1949, a treaty was signed establishing an independent state of Viet-Nam, which was within the French Union, with France retaining control of foreign affairs and defense. The treaty became effective on December 30, 1949.

THE CHARACTER OF SOUTHEAST ASIAN NATIONALISM

The transformation of the colonial empires of southeast Asia into independent states has come about, not by gradual internal evolution, but precipitately and as a consequence of opportunities provided by a combination of remote events and external influences. The events were the demands of war, the consequent elimination of established controls, and the impossibility of their rapid restoration after the war was over. High among the external influences must be noted the operation of the American principle of action that encourages the independence and self-government of all peoples. This principle, which had been acted on in the case of the Philippines, was repeatedly stated as a general objective of United States policy. Consequently, it is understandable that at the end of the war there was a clearly expressed reluctance on the part of many Americans to see the restoration of colonialism appear as the first fruit of a Far Eastern victory that was felt to have been won largely by American arms.

In Great Britain also there was a strong anti-imperialistic sentiment. It coincided with an official conviction that British interests in Asia would be better served by the voluntary co-operation of Asian peoples than by an effort to enforce British authority on a relatively increased opposition

with inadequate means. This judgment of what was politically practical and militarily feasible was only partly shared by the Dutch and not shared at all by the French. The lack of a uniform European approach to the political problems of southeast Asia, along with diminished reserves of power that could be diverted to the region and the inhibitions imposed by American attitudes, all contributed to the rapid emergence of new independent states.

Certain observations can be made about the general difficulties faced by these new states, which throw light on the question of nationalism as well as on the security problems that have arisen in the region. In each of these new national units there are racial minorities for whom the political change that has taken place represents little more than an exchange of one alien master for another. One such minority, the Karens in Burma, has been actively resisting a national Burmese authority from the time of its establishment. The recent uprising of the Ambonese against Indonesian authority is another example of a group that is not reconciled to the change that has taken place.

At present, the heterogeneity of the populations in each new state is a source of national weakness and political instability. It is possible that independent native governments, in which a single racial or cultural group tends to dominate, might try to accelerate ethnic fusion. They would at least have strong motives for doing so that were absent in the case of the colonial powers. If such policies were set in motion, they could easily result in an oppression of minority groups to a degree unknown to them in the period of colonialism.

Another source of political instability is the general unreadiness of the peoples concerned to assume the minimum responsibilities of self-government. Although this unreadiness is largely caused by mass illiteracy and traditional habits, it frequently derives also from a lack of adequate leadership. This is more than a lack of experience, a charge that native governments answer by blaming the policies of colonial administrations that practically refused to give natives responsibility. Leadership is inadequate because few of the present leaders have more than local followings. Their ability to make their influence felt on a national scale is severely limited by the fact that knowledge and information in southeast Asia are normally transmitted by word of mouth. It is consequently proving extremely difficult to develop the wide command of public confidence that is essential to the exercise of national leadership.

It is very probable, given these handicaps, that a national government will not be readily equated with a popular government. It cannot be assumed that nationalism in southeast Asia will be automatically accompanied by Western concepts of democracy and by the use of Western political institutions. It is, in fact, more likely that nationalism will take

various oligarchical forms in which Western institutions will be formally acknowledged but distorted in practice, and from which local institutions will gradually evolve. It can be argued, however, that a popular government is not indispensable to stability in southeast Asia or even to progress. A competent, disciplined, and patriotic oligarchy could be capable of providing the necessary degree of efficient public administration, economic management, and military leadership if it could command the requisite skilled personnel.

Another handicap that is now being felt by the new national governments is the realization of how underdeveloped their economies actually are and how deficient their economic institutions, now that their links with a world system of commerce and finance have been interrupted and Western managerial skills partially withdrawn. Rich as the region is in potential resources, its developed resources are not adequate of themselves, as far as a national, self-sustaining economy is concerned, to create the freedom from want and the social stability that the citizens of an Asian national state have learned from the West to consider a right.

The once flourishing export industries that the colonial system developed are stagnant. To be sure, the rewards that native labor drew from these industries were small; but it is equally true that these industries did have an improving and stabilizing effect economically and socially, and that the livelihood they were once assured is now uncertain. A very painful lesson is in process of being learned: political independence and economic betterment are not automatically connected.

The first reaction of the new governments to this lesson has been a policy of nationalizing key industries and services. In some cases, as in Burma, this has been justified mainly on doctrinaire grounds. But in other cases it has been a practical method of getting around the fact that there were no native entrepreneurs who possessed either the capital or the experience needed for the ownership and management of a modern economic enterprise. Whatever the reason may have been, the evidence to date is that the problem of economic reorganization and development will not be solved until an adequate corps of officials and technicians is available.

Thus the first general impression of southeast Asian nationalism is that the solid bases of national unity are lacking. The present basis for regional co-operation is even flimsier. Heretofore, the major integrating forces, political and economic, in southeast Asia were the nations of western Europe, for they provided peace, security, and economic integration. Dutch conquests and administrative penetration, for example, did more in fact to create the political entity that is now called the United States of Indonesia than any efforts of the peoples of the same area.

Yet the national states of southeast Asia are an international fact. These observations are therefore pertinent only in that they indicate the nature and scale of the problem that is now presented. The Western

nations have a strong interest in the independent survival and the development of these states into effective members of an international community. The new states themselves have an identity of interest in maintaining not only their individual independence but also the security of the region that they form. The difficulty of bringing them together or of their coming together to take concerted measures against an external threat are enormous. Their economies are competitive; their new governmental institutions vary widely; they lack the experience of international consultation and of the processes by which the agreements of such consultation are translated into action. And it is by no means certain that what the West defines as the threat to their security is clearly felt to be so by the new national states themselves.

SIGNIFICANT CHANGES IN THE AREAS SURROUNDING SOUTHEAST ASIA

The problem of the security of southeast Asia would have arisen from the changes that have taken place in the areas that border the region even if there had been no changes within the region itself. Among these external factors are the relinquishment of British authority in India, the disappearance of Japan as a force in east Asia, the emergence of the Soviet Union as a contender for world domination, the shift of China—except for Formosa—to the Soviet orbit, the precarious position of Hong Kong and Macao as outposts of Western influence, and the expanding interests and responsibilities of the United States in the western Pacific area. To these must be added an awakened consciousness on the part of Australia and New Zealand of the importance, as far as their own interests are concerned, of playing an active part in the region.

India and Pakistan

When British authority was transferred in 1947 to the two states of India and Pakistan, the structure of power in the Indian Ocean region was profoundly altered. Great Britain had maintained an unchallenged control over the entire region from the east coast of Africa to Australia and north to the central Asian mountain barrier. Command of the sea was complete, and it was ensured by the possession of naval bases at the strategic points of Cape Town, Aden, Colombo, Singapore, and Perth. Land defenses were concentrated in India, largely on the northwest frontier, the historical invasion route from the north. A small professional British force was the hard core of a larger native army. The significant feature of the situation was that the security of the whole region was accepted as a single problem and treated as such.

The transfer of British authority automatically transferred the responsibility for the defense of the Indian sub-continent to India and Pakistan. The establishment of an independent Burmese state still further divided the responsibility for the defense of the region. The only direct

responsibility retained by Great Britain was the defense of the Malay States. Thus what was previously a well-co-ordinated structure of power is now broken down into several un-co-ordinated parts.

The main question that arises is of the ability of India and Pakistan, either by themselves or with such support as Great Britain and the United States can give them, to carry out the responsibility that they have acquired. This responsibility is divided between them, and the successful fulfillment of it depends on the harmonious co-operation of the two states in a common defense. For the new political boundaries of the Indian sub-continent have little relation to its strategic position.

The real external threat that can now be anticipated to which the two states are open comes from the Soviet Union, to the north. The feasible approach for this threat is by way of the northwest land frontier, the defense of which lies wholly in Pakistan hands. Though both states possess ample military man power, some of which is well trained and of good morale, the security of India is directly dependent on the readiness of Pakistan to take action. The defense of the sea approaches, in contrast, is primarily the responsibility of India, supported in the first instance by Great Britain. Pakistan has no navy and few facilities. India took over from Great Britain a naval establishment adequate for local use. In that quarter the security of Pakistan is dependent on the readiness of India to take action. Thus relations between the two states are a measure of the security of the sub-continent.

China

Before the proclamation of the People's Republic of China in October 1949, China of itself could not be described as a threat to the security of any state or region on its borders. The only conceivable danger was that a strong aggressive power, taking advantage of the weakness of China, might create a threat by controlling China. This danger was kept in check by the equilibrium of power that developed in the Far East, and in two instances the checking process led to war after an attempt by a single power to break this equilibrium to its own advantage—Russia in 1904-05, and Japan in stages from 1931 to 1941.

Today China is probably no more able than before to carry out a policy of direct military aggression against neighboring states. It lacks the developed industrial plant and the military resources, other than crude man power, that are needed to wage a modern war. On the other hand, China provides an admirable staging area for the kind of indirect aggression at which the Soviet Union, now allied with the People's Republic, is conspicuously adept. The Chinese Communist regime provides a channel for the transmission of arms, aid, and agents to Communist movements in neighboring states.

China has a common border with Burma and Indo-China. There are some eight million Chinese in southeast Asia. The Communist groups in Thailand and Malaya are largely Chinese. Even the non-Communist Chinese have very close family ties with their homeland, have not been assimilated in southeast Asia, and will probably remain in touch with China regardless of what regime is in power there.

Even if the People's Republic of China were at this time judged to be unequal to, or uninterested in, embarking on aggressive ventures in southeast Asia, an important reservation must be made in view of the influence of the Soviet Union on the new regime. Account must be taken of the importance that Soviet policy may attach to maintaining a vigorous Communist movement in Asia and to preventing the West from stabilizing areas that are at present disorganized and open to subversion. The basis of such action has in any event been laid by the treaty of friendship, alliance, and mutual aid that was concluded between the Soviet Union and the People's Republic on February 14, 1950.

The situation in Formosa calls for brief comment. Formosa occupies a special position in relation to the security of southeast Asia because it is the sole territory under the control of the Chinese National Government and because the main anti-Communist Chinese forces are concentrated there. It is a link in the chain of islands that extends from Kamchatka to the Philippines. Part of this chain has been described by Secretary of State Acheson as the "defensive perimeter" of the United States. It is not impossible that a re-examination of an earlier decision may lead to the inclusion of Formosa in this defensive perimeter. In fact, the action taken by the United States on June 27, 1950, to use armed force as a means of preventing, for the time being, a conquest of Formosa by the Communists may well point in that direction.

When Japan surrendered in 1945, Formosa was re-occupied by Chinese Nationalist forces. This action was in accordance with the Cairo Declaration of December 1, 1943, which promised the return of the island to China. This intention was reaffirmed by the Potsdam Declaration and became part of the surrender terms. There is some doubt, however, in international law whether sovereignty was actually transferred from Japan to China or was merely suspended until a peace treaty was concluded with Japan. At the present moment the National Government is in actual possession of Formosa; the People's Republic claims sovereignty; and the United States has not made a final judgment.

Japan

The status of Japan in Asia was completely altered by defeat. The country was demilitarized, its continental and outlying possessions were detached, and the home islands were placed under an allied military

occupation. In 1947 Japan voluntarily adopted a new constitution in which war was forever renounced as an instrument of national policy. Even without this the revival of Japan as an independent military power in the Far East is unlikely in any foreseeable future.

Nor is the prospect that Japan will once more become the hub of an integrated trading system in the Far East especially promising. Japan can become self-supporting and economically significant only as other countries are willing and able to do business with it. The livelihood of Japan was based on a flourishing foreign trade in which it exchanged manufactured goods and services for food and raw materials. The complex commercial relationships that were built up before the war have been destroyed, and many factors militate against their reconstruction. The principal Japanese prewar trading area, southeast and east Asia, is so unstable politically and so chaotic economically that almost no market exists. The Communist regime in China does not encourage trade except on politically unacceptable terms. There is a widespread fear of Japanese competition and of an economic and military revival; substitutes have been developed for many goods previously supplied by Japan; and Japanese freedom of action is restricted by the allied occupying powers.

The total consequence is that the part Japan formerly played in the equilibrium of power in the Far East has gone unfilled since the end of the war. This change in status has had profound effects in the Far East, including southeast Asia. The chief effect has been to draw both the United States and the Soviet Union more deeply into Asian affairs.

The Soviet Union

By virtue of the Yalta Agreement of February 1945 the Soviet Union took over from Japan the Kurile islands and the Japanese half of Sakhalin. A treaty with the Chinese National Government, concluded on August 14, 1945, restored the Soviet position in Manchuria. These arrangements put the Soviet Union in substantially the same position in the Far East that Russia had occupied before the Russo-Japanese War of 1904. By this treaty, the Soviet Union was granted for a period of thirty years a naval base at Port Arthur, joint and equal ownership and control with China of the vital Manchurian railways, and a thirty-year lease of one half the port facilities of Dairen. In return for these concessions, the Soviet Union undertook to support the National Government as the legitimate government of China.

By agreement the Soviet Union received the surrender of the Japanese forces in Manchuria and Korea north of the Thirty-eighth Parallel. In Manchuria Soviet forces stripped Japanese factories of equipment valued at two billion dollars, allowed arms and military supplies to get into the hands of the Chinese Communists, and impeded the entry of Chinese

Nationalist troops by refusing them the use of Dairen as a port of entry. Consequently the National Government found the Chinese Communists well established in a strategically and economically vital area. It was from the Manchurian base that the Communists later launched the attack that led to the overthrow of the National Government.

After accepting the Japanese surrender in Korea, the Soviet Union set up a Communist regime in North Korea. The existence of this regime effectively prevented the unification of the country that allied policy had intended. On June 25, 1950 the regime launched without warning a full-scale and unprovoked invasion of the Republic of Korea, which had been established in the southern part of the country under the sponsorship and with the support of the United Nations.

These developments, with the recent Sino-Soviet alliance, have brought Soviet power significantly to the front in the Far East.

The British Commonwealth

In addition to India and Pakistan and to Great Britain itself, the units of the Commonwealth that constitute important factors in southeast Asia are Australia and New Zealand. British territorial possessions within the region are the Federation of Malaya, the crown colony of Singapore, and British Borneo. Prior to the Second World War, Great Britain counted heavily on its fortification of Singapore to ensure the security of the area, but the Japanese demonstrated that the island was not impregnable against land attack. The weakening of British power generally as a consequence of the war and the undermining of the stability of Malaya by Communist insurrection are significant features in the new situation.

In the area immediately contiguous to southeast Asia is the crown colony of Hong Kong. Its security is intimately bound up with the security of southeast Asia, and this fact adds to the British stake in the security of the latter.

For the last decade, ever since Japan first showed indications of aggression against the regions to the south, Australia and New Zealand have shown an increasing awareness of the threat to their security from east Asia. In the Pacific war they played a resolute role, and since the war they have made clear their purpose to assume their full share of responsibility in collaboration with other members of the Commonwealth and with the United States in furthering the security of the entire western Pacific region.

The United States

The war left the United States more convinced than ever of the vital importance of the western Pacific to its national security. United States policy accordingly accepted heavy military and financial responsi-

bilities in order to safeguard its interests in the region. The power that had been brought to bear to defeat Japan was only partially withdrawn. The island of Guam was strengthened and turned into a permanent military base. The Japanese mandated islands were occupied as strategic areas under a United Nations trusteeship. The Japanese islands south of the Thirtieth Parallel, which include the Ryukyus (Okinawa), Bonins, Marcus, and Iwo Jima, are provisionally held by the United States pending their final disposition under a peace treaty. The allied occupation of Japan is in all essential respects an American responsibility. Although United States troops were withdrawn from Korea in 1949, the Republic of Korea continued to receive economic as well as military assistance from the United States even before the attack upon it in June 1950.

The commitments of the United States to the Philippine Republic are also substantial. Beginning with the Philippine Rehabilitation Act of 1946 and running through the commercial agreement of the same year to various military assistance and base rights agreements in 1947, the United States has indicated the extent of its interest.

The United States has contributed heavily by loans, by grants, by military assistance, by economic aid, and through the Economic Cooperation Administration (ECA) toward the maintenance of the Chinese National Government. Allocations of ECA assistance are still being made to Formosa. More recently, commitments have been made to extend economic and military assistance to both the Bao Dai regime and the French authorities in Indo-China.

After the launching by North Korean Communist forces of an armed attack on the Republic of Korea, President Truman on June 27 issued a statement in which he said that the attack had made it plain that communism had passed beyond the use of subversion to conquer independent nations and would now use armed invasion and war. With regard specifically to southeast Asia, the President announced:

> I have also directed that United States Forces in the Philippines be strengthened and that military assistance to the Philippine Government be accelerated.
>
> I have similarly directed acceleration in the furnishing of military assistance to the forces of France and the Associated States of Indo-China and the dispatch of a military mission to provide close working relations with those forces.

THE POWER POSITION

One major fact emerges from the foregoing examination of the changes that have taken place in the power structure of the Far East. The reduction of Japan left a vacuum in that structure. The internal weakness of China kept that country from filling the vacuum. The United States and the Soviet Union were drawn in, or they moved in, to fill it. And these two major powers now confront each other across the Sea of Japan.

Early in 1950, the cumulative effect of local conflicts in southeast Asia—some anti-colonial, some factional, some Communist insurrections—was so great that what had previously been considered a somewhat incidental regional problem suddenly took on the character of a major policy problem for the United States. Contributing factors were the establishment of a Chinese Communist authority on the borders of Indo-China and Burma, in both of which Communist-supported forces were in revolt, and the drain of a highly unsettled situation on France and Great Britain, whose military and financial resources were desired in Europe in connection with the North Atlantic Treaty defense arrangements. It was concluded that in the whole of southeast Asia communism was engaged in a concerted drive for power. The assumed aim was to disintegrate existing governments, to undermine authority, to create economic and social disorder, and to create a situation in which disciplined Communist groups would be the sole remaining effective force.

The apparently smooth transference of sovereignty from the Netherlands to the United States of Indonesia on December 27, 1949, was a little deceptive. As originally designed, the new nation was to be a federal republic of sixteen states. Of these, the Republic of Indonesia, which comprised most of Sumatra and about one half of Java, was the most powerful. Indonesia did not have a homogeneous population, and culturally was highly diversified. It was considered that these differences would be less likely to produce dissension under a federal system than under a centralized government dominated by a single racial group. An opposite tendency has now been clearly established, for all but three of the sixteen states have been merged into the Republic of Indonesia—most of them voluntarily but in some cases, such as in East Java and Madura, under pressure of the Republican army. East Sumatra and East Indonesia were still holding out in June 1950.

It is possible that attempts at unification by force will lead to more extensive resistance and delay the economic recovery and the political stabilization of the new state. There have already been three revolts against the new government. The first was promptly crushed. The second, in the course of which the island of Amboina declared its independence, is still continuing. The third, in the Celebes, appears to be under control. The efforts of the Republic of Indonesia to replace the federal system with a unitary one under its own dominance contrary to what was originally agreed upon by all the parties concerned are not the sole cause of the political stresses and unrest. Other causes are reported to be a growing administrative inefficiency, arising from the struggles of native aspirants for public office and from the apathy of Dutch civil servants, who are being retained on a temporary basis.

The present difficulties were not caused by communism, but the dis-

orders to which they are giving rise can easily provide situations for the Communists to exploit. The recognition of Indonesia by the People's Republic of China was greeted with enthusiasm by politically militant groups of Indonesian Chinese. An Indonesian mission left for Moscow on April 15, 1950, to hold exploratory talks with the Soviet Union. It is possible that the decision of the Indonesian Government to recognize the dissident regime of Ho Chi Minh in Indo-China is one of the first fruits of this mission.

The Philippine Republic, after four years of freedom, has reached a critical point in its existence. Governmental corruption and fiscal mismanagement have forced the republic into serious financial difficulties. In spite of sincere efforts to check corruption, public office is still widely considered an opportunity to accumulate wealth. Tax collections in particular have suffered. The estimated budgetary deficit for 1950 is 187 million pesos, with a total expenditure of 400 million pesos. The deficit for 1951 is likely to exceed 200 million pesos. The present deficit has been met by borrowing from the Central Bank to the legal limit, by withdrawals from the Government-owned Philippines National Bank, and by the use of sinking funds. Capital has begun to take flight and American investment has slackened. Restrictions on imports have had an inflationary effect on commodity prices, and a black market for dollars has developed. Unrequited imports have been paid for in the past out of American grants, but funds for this purpose are diminishing each year. President Quirino has replied to American criticism of his government by accusing the United States of imperialistic designs.

Public order has been endangered by a fresh outbreak of Hukbalahap guerrillas. The Hukbalahap movement, originally a peasant anti-landlord revolt, is now firmly in the hands of Philippine Communists. Its strength is estimated to be between ten and fifteen thousand. Early in 1950 the Philippine army and constabulary broke up the principal Hukbalahap concentrations, and they are now scattered but not eliminated. The Hukbalahaps maintain that when Formosa is taken from the Chinese Nationalists, they will receive aid from the Chinese Communists.

In Malaya the British have been involved in a continuous policing operation against Chinese and Malayan Communist terrorists for two years. The British forces have grown in this time to about one hundred thousand men, and the guerrillas have been reduced to about five thousand, but they have not been suppressed. The terrorists have drawn their support from the Malayan Chinese, and in an effort to break this connection the British authorities are offering greater citizenship rights to the Chinese. The Malayan natives, however, dislike and fear the Chinese. Malayan nationalism is not an active political movement, chiefly because it is generally feared that a British withdrawal would do no more than

open the way for a Chinese influx. The maintenance of so large a concentration of troops in Malaya has been costly to the British Government, but economic activity, especially rubber and tin production, has not been greatly impaired. The Malay States are still the major dollar-earners of the sterling area.

Burma, since its establishment as a national state, has been the scene of six or seven simultaneous revolutions. Two are led by antagonistic Communist factions. The most persistent revolution, that of the Karens, is the revolt of a racial and cultural minority. The Government, which is Marxist-Socialist but anti-Soviet, has been doctrinaire, inefficient, and sensitively nationalistic, and it has conducted Burma from one crisis to another. The Burmese rice industry, formerly one of the major producers of exportable surpluses in Asia, has fallen behind. Public finances are in extreme confusion, and although Great Britain and the Commonwealth early attempted to provide financial support, negotiations foundered on the touchy nationalism of the Burmese. The United States has now taken an interest in the Burmese situation as an aspect of its general interest in the stability and security of southeast Asia. It has been reported that Burma is considered to have a chance to escape both anarchy and Communist subversion. A fifty-million dollar loan for rehabilitation has been requested from the United States, and an additional request for military aid is expected.

Unlike other states in southeast Asia, Thailand remained independent throughout the period of European colonial expansion, although it did not develop strong national unity. No resistance was offered to the Japanese in 1941, and Premier Pibul Songgram and his government easily accepted Japanese dictation. A Free Thai movement was organized in the later stages of the war, and after the defeat of Japan, Premier Pibul was ousted; but he regained political control by a *coup d'etat* in November 1947. A staunch opponent of communism, he instituted repressive measures against it. He also made a bid for popular support by oppressive measures directed against the unpopular Chinese community. The present threat from communism is not regarded so seriously as the possibility that the local Chinese may be driven by severe treatment to co-operate with the Chinese Communist regime.

The vital spot and the heart of the present problem is Indo-China. Attention was publicly focused on Indo-China when the Soviet Union, its satellite states, and the People's Republic of China recognized Viet-Minh, the dissident regime of Ho Chi Minh, a step that the Soviet Government did not take in the case of Greece. Shortly afterwards, Viet-Nam, the French-supported government of Bao Dai, was recognized by the United States and by the majority of the countries of Western Europe. Since an agreement signed by Mao Tse-tung on behalf of China and the Ho

Chi Minh, arms deliveries to Viet-Minh have been accelerated. There is evidence that the rate will probably increase.[2] The recent capture of Hainan island by the Chinese Communists will facilitate the shipment of arms to ports held by Viet-Minh. Previous deliveries have had to be packed over the mountain trails of the northern border.

French commitments in Indo-China had grown until in 1950 military operations were costing 500 million dollars a year and required a force of 140,000 regulars, colonials, and *legionnaires.* The economic and financial strain and the diversion of military resources were incapacitating France to play her assigned role under the integrated defense plan of the North Atlantic Treaty Council.

The general situation had come up for re-examination by the United States Government when the Chinese Communists reached the borders of southeast Asia. The re-examination had included a fact-finding trip by Ambassador-at-large Jessup in February and an economic mission in March 1950. Ambassador Jessup's recommendations have not been made public, but in a radio address he emphasized that "the United States believes that free people who are determined to maintain their independence are entitled to military aid which will help them to remain free." In May the Department of State announced that a special study group had recommended the expenditure of 64 million dollars in assistance to southeast Asia, allocating 23 millions for Indo-China, 10 millions for Thailand, and the balance for Burma, Malaya, and Indonesia. After conferring with French Foreign Minister Schumann, Secretary of State Acheson said that the United States had decided to grant economic and military aid to France and to the Indo-Chinese states of Viet-Nam, Cambodia, and Laos for defense against Communist threats, for "the restoration of security," and for "the development of genuine nationalism." This aid is to be granted directly to the three associated states as well as to France.

The Secretary of State further said that "the United States Government, convinced that neither national independence nor democratic evolution can exist in an area dominated by Soviet imperialism, considers the situation to be such as to warrant its according economic and military equipment." It is expected that some of the funds authorized by the Mutual Defense Assistance Act of 1949 for use in the general area of China will be applied for these purposes.

[2] The Czech newspaper *Rude Pravo* reported on Mar. 17, 1950: "Great China counts on our heavy industry. Reading the contracts between the USSR and Viet-Minh we find heavy products particularly."

III. MAIN ISSUES AND ALTERNATIVE COURSES OF ACTION

THE United States has repeatedly declared that a threat to international peace and security, wherever it may occur, is a threat to its own security. The United States has, moreover, carried out in many cases a policy of aiding free nations to maintain their national integrity against external aggression and against internal subversion if the subversion has been directed by a foreign power. This policy recognized that the Soviet Union was engaged in a policy of expansion and that it was employing internal subversion, the fomenting of disorders, and threats of aggression as means of extending its influence and control.

The armed attack on the Republic of Korea has made it abundantly clear that the forces of international communism, guided by the policy of the Soviet Union, are intent upon subjugating the newly established national states of Asia. The economic and political instability of these states offers easy opportunities for every variety of disruptive action. The immediate advantage to the Soviet Union would be to set up a drain on the resources of the West, whose interests in the region are so great that they cannot be abandoned by default. The longer-run benefits would be the possible extension of Communist influence and the strengthening of the relative position of the Soviet world.

In the opening section of this paper, the problem confronting the United States was stated as follows: The problem is to formulate the methods to be used and the steps to be taken to meet existing and potential threats to the security and stability of southeast Asia. The problem presents two aspects, and they are distinguished from each other in the analysis that follows. There is the short-term aspect, which is concerned with an immediate state of emergency; and there is the long-term aspect, which relates to the establishment of a more lasting stability and security. It would serve no good purpose to bring southeast Asia through the present emergency by measures that might be the source of graver difficulties in the long run. Conversely, if the immediate threat to the independent states of southeast Asia is not effectively met, and if these nations succumb because the measures taken to support them are faulty or inadequate, long-range programs of economic improvement and political stability will be of little use.

Finally, it should be clearly understood that the problem is focused on southeast Asia. Although the preceding analysis of the situation has shown that the problem has been created as much by forces that are external to the region as by internal conditions, that it has global im-

plications, and that local remedies cannot of themselves be expected wholly to effect an improvement, these external factors will not be treated in detail. They have been noted under "The Development of the Problem," and any further examination of them would call for consideration of types of action involving a fundamental alteration of policy and also would take the discussion into other problem areas—Japan, China, India —and even into the all-inclusive problem of current international relations: the possibility of an ultimate accommodation between the West and the Soviet Union.

The issues that present themselves concern the implementation of established policy. Each broad category of measures that calls for consideration raises a distinct issue. These issues are discussed under four principal captions: military measures, economic measures, political measures, and patterns of action.

1. MILITARY MEASURES

The issue is to determine the form of military assistance to be given to the states of southeast Asia, and the means of rendering it.

Inasmuch as the United States must deal with governments, it is to the governments of the states that any assistance determined upon must be given. In this connection it is pertinent to review the plans that have been formulated and the steps that have already been decided upon by the United States before discussing the further alternative courses of action that are open.

The Mutual Defense Assistance Act of 1949 authorized 75 million dollars to be used at the discretion of the President in "the general area" of China. The President made no use of this fund until he could receive reports from the chiefs of United States diplomatic missions and from a special mission charged with making an economic survey. These reports were presumably in hand in March and April 1950. In May the Acting Secretary of State announced that about 60 million dollars would be expended in southeast Asia.

The United States, Great Britain, and France agreed on May 12, 1950, to exchange information on the steps that each was planning to take in the region, to co-ordinate their efforts to prevent gun-running, to co-ordinate their propaganda, and to encourage jointly the economic development of southeast Asia and the raising of its standards of living. In presenting his proposals for the Mutual Defense Assistance Act of 1950, the President in June 1950 asked for aid for the general area of China and for some parts of southeast Asia. Later that month, in connection with the Korean crisis, he announced the acceleration of aid to Indo-

China and the Philippines and the sending of a military mission to the former.

The policy of providing aid has been based on the general argument that if Communist regimes come to power in southeast Asia and if Soviet influence expands from China into that region, the security of the United States would be vitally affected. The Soviet Union would in this view be able to threaten indispensable trade and communication routes, to render the Middle East and India insecure, and to pre-empt the vast strategic resources of southeast Asia. As a result, the economic stability of Western Europe would become more difficult to maintain, and the collective strength of the North Atlantic Treaty organization might be impaired. It is finally concluded that by stages the relative strengths of the Western democracies and the Soviet bloc would be significantly changed in favor of the Soviet Union. The alternatives that follow must be examined in the light of the foregoing facts, of the basic policy decisions, and of the underlying argument. No account is taken of possible other alternatives that would carry the discussion far beyond the scope of policy as it is at present defined.

Alternative One is merely to continue to furnish military assistance in the form of equipment and supplies to the states in southeast Asia.

There has been very little controversy about this course of action, either during the tentative stages of its development or now that it has become an accepted practice. The principal objections to it are raised on the grounds that it falls short of what is required to achieve the objective and that more vigorous measures are needed if the security of the United States is to be effectively ensured. There is therefore a demand that this course of action be supplemented by more comprehensive efforts.

Alternative Two is, in addition, to commit United States forces to assist the states in southeast Asia.

This alternative can be most profitably examined at this time in connection with the situation in Indo-China, for there the threat of external aggression from China is an acknowledged possibility, and the United States has warned the People's Republic of the serious view that it would take of military adventures beyond the Chinese borders. The French have shown themselves unable to concentrate sufficient power to bring dissident Viet-Minh forces under control. If the Viet-Minh insurgents now receive organized support from across the Chinese border, the French might well be unable to maintain even their present foothold. It is reported that even though the French are now making delayed concessions to the claims of Indo-Chinese nationalism, they are unlikely

to get effective support from the Indo-Chinese. It could consequently be concluded that unless the French are supported by United States forces, a vital area in the defense of southeast Asia against communism may be suddenly lost. This argument is strengthened by the fact that in a similar situation in Korea, American forces were committed.

Arguments against this course of action are derived from two general considerations. The first is that it would identify the United States with French colonialism. Because the political difficulties in Indo-China have arisen as much from national resistance to French colonialism as from any other single cause, such an identification would naturally undermine the entire United States position in Asia by appearing to justify the widespread propaganda that the United States is the leader of an economic imperialism. The French have, however, in Indo-China a constitutional position that neither China nor the Soviet Union can rightfully challenge. Intervention by these countries would, it is held, justify counteraction by the United States with due regard to United Nations procedures.

A second consideration is that this course of action might well be another step along the road to global war. It is pointed out that the United States and the Soviet Union have recognized respectively the two regimes that are in conflict. The addition of American forces to those of the French already operating in support of the Bao Dai regime might be used to justify the Soviet Union in taking equivalent action on behalf of Ho Chi Minh.

A third consideration is that the United States forces are too limited in numbers to be dispersed in secondary areas. If any forces were thus tied down, they would have to be replaced by partial mobilization in the United States; otherwise the plans for mobilization and protection of necessary bases in case of full-scale war would be seriously weakened. Since the French to date have at least maintained their position without United States assistance, it is regarded as likely that adequate assistance to the French and the Indo-Chinese governments would enable them to quell the revolt. Consequently, it is held, there is no cogent argument in favor of committing United States forces until either the effect of American aid has been evaluated or a more direct threat has become imminent.

ECONOMIC MEASURES

The issue is to determine the character of the economic measures to be taken to strengthen the national states of southeast Asia.

There are many types of economic measures that call for consideration as possible means of strengthening the national states of southeast Asia, and there are various ways in which such measures can be applied.

They include the granting of loans and credits for general or for special purposes, the supplying of goods and services on an *ad hoc* basis, ECA programs, developmental and investment programs, and technical assistance under the Point IV Program. The selection of the types of measures and of the method of applying them would depend to some extent on local circumstances, and to a considerable degree on whether the purpose was to meet an immediate threat to security or to lay the economic foundation for more permanent stability. Thus, in the first case it might be judged that what was most urgently needed was the granting of credit to support the national currency, or shipments of grain to meet an acute food shortage, or the allocation of shipping tonnage for the movement of troops and supplies.

In the second case, although it might be equally essential on political grounds that measures be initiated forthwith, the measures would necessarily require a longer time to be productive of more material results. Types of aid appropriate in this case would include various kinds of development and investment programs. Although in the first case the measures to be employed would generally in the nature of things be transactions between governments, in the second case private enterprise might also be made the recipient of aid.

Whether or not the United States should assist the states of southeast Asia to strengthen themselves is not in question, for it has been decided to provide such assistance. A 64 million dollar program of economic assistance has been agreed upon, and the funds have been earmarked in a pending ECA appropriation of 100 million dollars for use in the general area of China. The alternatives that present themselves are concerned rather with methods of implementing an established policy. The alternatives are suggested by the considerations mentioned in the foregoing paragraph: whether aid should be directed to stop-gap measures to meet the immediate emergency without regard to long-term stability; whether there should be combined with stop-gap measures such long-term measures as are possible and are consistent with short-term objectives; or whether measures should be planned primarily for the achievement of long-term aims, and only those short-term measures adopted as are consonant with long-term aims.

Alternative One is to adopt only stop-gap measures without regard to objectives of long-term stabilization.

An argument in favor of this alternative is based on the thesis that southeast Asia is only one of many regions where United States assistance is needed to meet threats to free nations from external aggression; that at best the limits upon United States resources require that aid be spread

very thin; and consequently that failure to concentrate on the immediate emergency might result in defeat in a situation that otherwise might have been saved. It is held that the world situation today is so critical that however desirable and important long-term stabilization might be, measures to further this objective should be deferred until the immediate crisis has been dealt with. If the effort to save southeast Asia from the immediate threat that confronts it should fail, efforts directed to long-term stabilization would be wasted.

On the other hand, it has been argued that a start must be made in dealing with the fundamental weaknesses of southeast Asia, for unless a process of improvement is begun, the strains that current threats are imposing on its people will increasingly impair their capacity for resistance. The efforts of outside states to maintain the security of southeast Asia would consequently be a mounting burden.

Alternative Two is to combine stop-gap measures with such long-term measures as are consistent with short-term objectives.

This alternative meets in part, at least, the objection to the previous alternative that it takes no account of the necessity for making an immediate beginning toward ameliorating the fundamental ills in the situation in southeast Asia. It is argued also that there are occasions when, if emphasis is placed solely on long-term requirements, slight shifts in the nature of measures taken or in the way in which they are applied will contribute to those requirements without seriously impairing their effectiveness in serving the primary purpose of meeting the immediate crisis. As between supplying a government with goods or services for specific purposes and granting it credit, the first course might make relief much more promptly available, especially in the case of an inexperienced native officialdom, which at best might lose valuable time in negotiating for the purchase and delivery of supplies needed.

On the other hand, the second course might contribute, as the first course would not, to developing in the native government a sense of responsibility—an end that is worth the price of certain mistakes if these countries are to be expected ever to stand on their own feet. It might also contribute to promoting a spirit of co-operation with the United States, which is indispensable to the effectiveness of its aid in the long run. Those who favor this alternative point out that the degree of concession to long-run objectives must vary according to circumstances.

This alternative encounters objections from those who believe that the gravity of the situation precludes any deviation from a line of action calculated to meet the immediate requirements with the utmost expedition and effectiveness. It fails to impress those who are skeptical of the

possibility in the foreseeable future of developing a due sense of responsibility and a spirit of co-operativeness among the native leaders of southeast Asia. This alternative is likewise unsatisfactory to those who believe that it would be futile to attempt to save southeast Asia unless its peoples are convinced that their interests lie in aligning themselves squarely on the side of the Western democracies, and that for this reason an earnest start must be made now to lay the foundations for long-term stability.

Alternative Three is to plan measures primarily for the achievement of long-term objectives and to adopt only such stop-gap measures as are consistent with long-term objectives.

Those who favor this alternative stress the economic basis of the ills from which southeast Asia suffers. They point out that until the problem of providing the masses with a reasonable livelihood can be solved, the region will remain in constant danger from the threat of subversion. They urge that if effective means for attacking the problem are wisely chosen to produce the maximum change in the social structure, they need not entail costly and elaborate programs.

Southeast Asia is predominantly a society of peasant cultivators, and rice has been the agricultural mainstay from prehistoric times. Rice yields have been increased only as trial and error have resulted in improvements. It is now asserted on good authority that yields could be greatly increased by scientific methods and that acreage could be increased by the use of modern machinery. A concerted drive at this one point could produce immediate and direct benefits for millions of people. The standard of living is so low throughout southeast Asia that a very small improvement has an incalculable social value. Increased yields would again make southeast Asia a rice-exporting region and would provide a reliable basis for a national economy. From this could be expected to flow increased public revenues and generally better government. The desired product of a disciplined and self-reliant body politic and an efficient and responsible government becomes a reasonable expectation if a line of growth of this kind is initiated.

The arguments against this alternative are in general those in support of the first alternative, and less cogently those in support of the second alternative.

POLITICAL MEASURES

The issue is to determine the kind of political influence that the United States might exert to assist the states of southeast Asia to protect themselves against external threats and to establish stable political systems.

Various means are open to the United States for exerting political influence on the states of southeast Asia. Among these means are the dissemination of information and the strong forces of suggestion and example. These means might be appropriately and effectively employed to harmonize the conflicts of interest, within states and between one state and another, that stand in the way of unified action against a common threat. This course of action might be developed on two parallel lines. One would be to undertake to conciliate specific conflicts of interest; the other would be to convince the nations concerned that their differences must be composed in order to develop a common front against their common danger. The first line was followed by the United States in connection with the differences between the Netherlands and the Indonesian Republicans. The second might be opportune even where no concrete opportunity to offer good offices presents itself.

The essential foundation for this course of action is the creation of confidence in the disinterested friendliness of the United States. This immediately involves dealing successfully with Soviet and Communist propaganda. The Soviet Union is especially diligent in its effort to sow dissension, to spread confusion, and to impugn the motives of the United States, but a defensive refutation of these efforts is not enough.

A propaganda offensive has been proposed to set out United States principles and objectives in a positive way and at the same time to expose Soviet policies and Communist methods. Such a program, however, can succeed in Asia only to the extent that evidence is given of actual efforts on the part of the United States to achieve its objectives and to act upon its principles. Professions of impartial friendship, assertions of sympathy for Asian problems and aspirations, and reiterations of a desire for collaboration with Asians as equals are constantly weighed against actions.

In spite of its acknowledged difficulties, a course of action involving an information program of a positive kind is widely advocated. It is considered by many to be more in keeping with normal American attitudes and methods than various other courses that have been proposed.

Political action of this kind raises, however, a very important question about the degree of consistency with which the United States as a nation of varying individual attitudes can present an effective portrayal of its attitude. Objectives, policies, intentions, and purposes that would have to be projected and acted upon unequivocally are themselves matters of public debate within the United States, and contradictory statements are made and given wide attention. Interpretations of the motives and actions of other governments and peoples are equally debated and just as freely voiced.

Many observers recognize that there are obstacles in Asia to the effectiveness of measures of this sort. They consider that Asians look with

misgivings on United States policy for the reason, as they affirm, that it seeks to introduce political and social institutions without reference to Asian conditions and needs. Although it is generally conceded that the United States is sympathetic to Asian nationalism, a disposition is perceived on the part of Americans to translate Asian nationalism into ideological and technical formulas that reflect American experience and attitudes but have no relationship to Asian concepts or Asian realities. The desirability of making the effort along the lines that have been suggested is not, however, in question. The issue does not lie here but in another aspect of the problem, to which attention should be turned.

In a democratic society the relationship is especially close between the responsiveness of a government to the needs and aspirations of its people and to their requirements for an orderly administration of public affairs on the one hand, and the country's internal stability and its capacity to make itself secure from external threats on the other hand. It is clear, furthermore, without disparaging the importance of the economic factor as a source of the ills from which southeast Asia suffers, that political and social factors also enter into the problem, for economic improvement is hindered by maladministration and by social unrest, which is produced by bad government as much as by economic distress. This justifies the United States in considering the extent to which it can use promises of support and proffers of economic and other assistance as a lever to force improvement of administrative efficiency and broadening the basis of popular support of the governments of the region.

Alternative One is to rely only upon confidence created by the grant of unconditional assistance.

This course of action assumes that better results can be obtained by suggestion, persuasion, example, and generous conduct than by calculated pressure. Students of Asian psychology point out that a contractual obligation has little moral binding force to an Asian compared with the compelling obligation to make a suitable return for an unconditionally granted favor. It is accordingly suggested that unconditional assistance, followed by an informally expressed interest in knowing the extent to which the aid had permitted constructive programs to be developed, would be more likely to gain the ends desired.

It is pointed out that the principle underlying this course of action has a significant relationship to Asian nationalism. Neither India nor Pakistan has asked for economic assistance, though they have acknowledged their need. Both have, in addition, clearly stated that they have no interest in loans, grants, or programs that would restrict in any way their complete freedom of action. Spokesmen for southeast Asia have expressed

the same attitude, though in a slightly different context. The conditions to which the new states of southeast Asia are most sensitive are those that might limit their freedom of action with respect to foreign enterprises within their territories. This is to be understood as reflecting the extent to which feelings of having been economically exploited by foreign entrepreneurs have entered into national economic policy.

On the other hand, it is argued that the present political leaders in southeast Asia are not likely to take resolute and sustained action unless they are constantly prodded to do so. Their view of national needs and of national dangers are not necessarily identical with the judgment that the United States makes of their position. Furthermore, insofar as existing regimes are unprogressive, unpopular, and weak, unconditional aid from the United States would automatically become a means for perpetuating them.

Since a sense of regional unity is not strong in southeast Asia, and a sense of nationalism is powerful, it is finally pointed out that unconditional aid would probably be utilized in ways that would not lead to collective regional strength. Every new government in southeast Asia, for example, is convinced of the absolute need to improve the lot of the peasant. Agricultural improvement and expansion are marked down as essential first steps. There is little doubt that a good portion of unconditional aid would be allocated for this purpose. Yet the agricultural commodities that each of these states can most advantageously produce are frequently the same. Care would therefore need to be exercised lest there occur an overproduction of particular items, a development that might impair a balanced economy for the region as a whole.

Alternative Two is to make support conditional upon the taking of measures to increase the effectiveness of resistance.

This alternative would meet the objections to the first alternative, at least insofar as meeting the immediate emergency situation is concerned. The measures here envisaged relate primarily to military arrangements and to strategy, mobilization of national resources, and other matters for dealing with the immediate situation that, it is held, would be not so likely to evoke widespread resentment and non-co-operation as would attempts to uproot any traditional customs and modes deemed in the United States to be incompatible with establishing a sound basis for stability and progress.

This alternative, however, is unacceptable either to those who consider that conditional assistance, even if the conditions were restricted to the matters already indicated, would be resented and arouse hostility

rather than willing co-operation, or to those who believe that the United States should go much further and insist on comprehensive administrative and political reforms.

Alternative Three is to exert influence by making support conditional upon the maximum attention being given both to resistance and to steps looking to the development of political stability.

In support of this course of action it is generally argued that a favorable opportunity now exists for bringing influence to bear on the governments of southeast Asia, not only fully to mobilize their resources for defense but also to establish democratic institutions and to develop efficient administrative systems. The need as well as the desire of these governments for assistance is held to provide a powerful motive for accepting conditions. It is suggested that political resistance to such proposals could be reduced if it were made clear that the Government and the people of the United States considered a recipient government a better risk when it was demonstrating its willingness to make every effort to strengthen itself.

The internal reforms that have been proposed are to remove corrupt and incompetent personnel from the governmental service; to institute a professional civil service based on merit; to set up modern systems of governmental accounting and finance; to organize an impartial judicial system; to initiate modern programs of education, public works, welfare, and economic development; to guarantee and to enforce the provision of basic human rights; to make the government truly representative; and to provide safeguards against the abuse of political power. In addition, it has been suggested that during the early stages of a program the United States should also insist on the use of American advisers and technicians.

Many objections to this course of action have been expressed. In the first place, it has been asserted that there is no warrant for assuming that Asian people are so conscious of the nature of the threat they face, or so fearful of the consequences of unsuccessful resistance, that the offer of support or assistance would be a sufficient inducement to bring them to accept voluntarily the irksome discipline and the controls incidental to effective defense or to submit to political and social reforms that would represent a radical transformation of their traditional order of life. It is argued that any effort on the part of the United States to inject itself overtly into the internal affairs of one of these new national governments is sure to be resented. Governments and public opinion in these states are highly sensitive to slights on their national pride. Fears have been expressed that the critical implications of a policy of aid in return for

reforms might easily create a state of mind that would refuse even badly needed assistance or that would accept humiliating conditions under compulsion and then make a mere pretense of observing them.

Aside from questions of pride, it is pointed out that Asian peoples have little notion of what is involved in executing complex programs of reform. They will enter lightheartedly into agreements to take steps that they cannot carry out. It is also insisted that if novel institutions, highly technical reorganizations, and legislative enactments have been dictated, they cannot produce significant changes. They can only gradually evolve in relation to local tradition, local need, and the automatic pressure of circumstances.

Those who object to this course of action also argue that efficient government is dependent on a body of efficient administrators and technicians. Whether a government is democratic and representative, oligarchic and arbitrary, or even authoritarian, its effectiveness depends on the skill and morale of the individual group. Personnel of this kind, in the numbers needed, are not naturally developed by peoples who have only recently emerged from political dependence. They cannot be created by fiat or by agreement.

And although Asian states are accustomed to the presence of foreign advisers, there is an important difference between a foreign adviser who has been invited to serve a national government and one who has been imposed on a sovereign state as the price of assistance. To stipulate the use of foreign advisers is to suggest political inferiority, and national sensibilities are again aroused.

THE PATTERN OF ACTION IN SOUTHEAST ASIA

The issue is to determine the pattern of action in southeast Asia for achieving basic objectives.

This issue is concerned with whether, and to what extent, the United States should seek collective action to strengthen the security of southeast Asia with other nations possessing an identity of security interests in the region. The issue is significant chiefly in connection with a broad policy designed to be carried out gradually and over a long period of time. It does not arise prominently in relation to current measures, because it has already been decided officially that immediate steps will be taken in some instances in conjunction with Great Britain and France, in other instances in conjunction with Great Britain and the Commonwealth, and in others unilaterally by the United States.

Alternative One is for the United States to act unilaterally.

An attempt is usually made to justify this choice by reference to the probability that the United States will have to provide the major share of all the assistance provided for southeast Asia. On this basis it is asserted that in return for assuming the greater part of the burden, the United States should have a free hand in administering the aid, in defining the purposes for which it is to be used, and in ensuring the realization of United States objectives. The United States should therefore not be hampered by the possibly conflicting objectives and policies of other nations.

This argument places great weight on the contradictions between European colonialism and the American principle of the right of all peoples to govern themselves. This may lead, however, to the inference that the constitutional position of colonial authorities can be flouted with United States encouragement, thus producing the very state of disorder that United States policy is designed to remedy. It also anticipates the possibility of conflict between a policy of nationalized economy and trade controlled by potential co-operators and the United States policy of encouraging a freer flow of international trade, thus keeping the United States free to press for its own policy.

Unilateral action is opposed, however, by those who point out that although it may be desirable, it cannot be in fact carried out. Great Britain and France exercise actual authority in some parts of southeast Asia. Great Britain, the Commonwealth, France, and the Netherlands have tangible assets and clearly definable interests in southeast Asia. These facts cannot be overridden, and United States action must take them into consideration, if for no other reason than its interest in maintaining concerted action in other parts of the world. To consider these facts is to be prepared to negotiate differences, and the decision to take unilateral action is abandoned at the start.

Alternative Two is for the United States to develop joint programs with Great Britain and the Commonwealth.

This choice has been urged by those who believe that it corresponds more closely with the political facts of the situation while at the same time leaving room for action unhampered by objections on the policies of other powers. It is pointed out that Great Britain has in principle granted independence to those of its colonial peoples who are prepared to assume the responsibilities of freedom, and that there is a firmer ground of interest in southeast Asia common to the United States, Great Britain, Canada, Australia, and New Zealand than that shared by the United States, France, and the Netherlands. It is pointed out further that there are positive advantages in utilizing British experience and information, and that the foundation has already been laid for this form

of co-operation. The Commonwealth established a position with respect to southeast Asia at the Colombo Conference, and it drafted a program of economic development at the Sydney Conference. The United States announced its intention of co-ordinating its activities with the proposals made at these conferences.

Special collaboration with Great Britain has also been supported by the argument that it would provide an opportunity to liquidate the sterling balances held by southeast Asian countries within the Commonwealth. This would be an important contribution to the economic rehabilitation of the region, as well as being of assistance to Great Britain. But there is much to be said for not mixing this complicated question with the problems of southeast Asia. On the other hand, some doubt has been expressed about the uncertain attitude of India, which points to a more selective grouping of countries. It is argued further that to ignore the interests of other nations, especially France and the Netherlands, would be unrealistic and the source of friction in American relations with these states.

Alternative Three is for the United States to work jointly with the British Commonwealth and France.

Adoption of this alternative would constitute recognition of the position of France as a great power and as the possessor of both an important stake in Indo-China and strong material interests in the region of southeast Asia as a whole. Proponents of this alternative argue that the safeguarding of valuable interests would give France a strong incentive for extensive and resolute co-operation with the United States in the pursuit of common objectives, whereas without the support and co-operation of France the United States would find it impracticable to take action in Indo-China, the area most vital to the security of the whole region. The principal argument made against this alternative is that it would tie the United States to the interests of French colonialism, and hence it is assumed to be antagonistic to American interests. Another objection is that this course would ignore the interests of the Netherlands and of the countries of the region itself.

Alternative Four is for the United States to work jointly with all the free countries that have interests in Southeast Asia.

This course of action is essentially the reverse of the first alternative, and the discussion of it follows the same general pattern as given above. It should be noted, however, that the policies and programs involved are all long-term. Insofar as the objections to this course are based on present conditions, such as the persistence of colonial practices, it is recalled that

they are undergoing rapid modification and may cease to be a source of difference of opinion between the United States and other nations. It is argued, for example, that while the French-supported Viet-Nam Government is being strengthened to resist the threat of Communist aggression, it is also being accorded, and is assuming, greater responsibilities; and it may eventually achieve so great a degree of power and self-reliance that France will be able to fulfill the stated aim of French policy by granting it complete self-determination. If the basis for common action should broaden with time, the arguments in favor of this alternative would gain weight.

Closely related to this alternative are proposals for the development of a regional security arrangement. These have been brought up from time to time ever since the Charter of the United Nations went into effect. Early proposals envisaged an arrangement that would include the principal nations with Far Eastern interests, including Australia, New Zealand, and the Philippines. This concept was modified as tension developed between the West and the Soviet Union and as new national states emerged in Asia.

In May 1949 the National Government of China proposed to the United States a regional defense arrangement on the pattern of the North Atlantic Treaty. Two months later, Generalissimo Chiang Kai-shek and President Quirino of the Philippine Republic announced their advocacy of a regional arrangement even without the participation of the United States. A similar joint announcement was made a short time afterwards by Chiang Kai-shek and President Rhee of the Republic of Korea. Secretary of State Acheson discouraged the idea of American sponsorship and even participation saying that in view of the conflicts within the region, an Asian defense pact was premature. The Congress of the United States, however, in September 1949 favored, in the Mutual Defense Assistance Act, the formation by the states of the Far East of a joint organization to develop programs of self-help and mutual co-operation. The participation of the United States was not expressly ruled out.

The arguments against this alternative in general are those in favor of unilateral action by the United States, which have been already mentioned. The arguments against a regional security arrangement, however, merit brief special mention. Even with the major nations participating, questions are raised as to the extent to which these nations can commit their resources to the defense of southeast Asia. At present under the North Atlantic Treaty the United States is making its resources available to strengthen other treaty states, and all signatories are working toward self-help and mutual aid. The diversion of resources from this purpose to an equivalent purpose in southeast Asia immediately involves an estimate of relative needs and relative danger.

It is pointed out that the feature of reciprocal aid has little significance

for southeast Asia. Except for Australia and New Zealand, none of the states whose home territories are in the western Pacific area can be considered capable of acting in their collective self-defense to the extent required of the signatories of the North Atlantic Treaty. The burden of defense would inevitably fall on major nations with interests in southeast Asia. The fulfillment of such a responsibility by them would follow from their national interests, the achievement of which requires stability and security in the Asian states.

Furthermore, the relationship thus established between major foreign powers and independent but weak Asian states would be a source of political difficulties. Since two of these major foreign powers would be the very colonial powers from whom independence had been so lately won, the operational details might have to be handled in an atmosphere of resentment and suspicion. There is also the possibility of conflicts of interest arising between the major nations themselves.

Alternative Five is for the United States to rely mainly upon programs developed and carried out internationally by the United Nations.

This alternative is supported by the contention that in this way the pressure of world public opinion would be brought to bear to restrain aggressive policies at an early point in their development. The possibility of checking further development would consequently be opened. It is also argued, on the basis of the success with which the conflict in Indonesia was handled, that it is only in the United Nations that the complex struggle of interests now going on in southeast Asia can be effectively and safely handled.

As far as concrete measures of material assistance are concerned, specialized agencies of the United Nations are available for use as appropriate channels for achieving United States objectives in southeast Asia. They include the Food Agriculture Organization (FAO), the International Labor Organization (ILO), the International Bank for Reconstruction and Development, and the International Monetary Fund. Especially pertinent to all programs of economic assistance is the Economic Commission for Asia and the Far East (ECAFE).[8] These agencies have been of considerable practical use on many occasions.

[8] The terms of reference of ECAFE provide that it shall:

"(a) Initiate and participate in measures for facilitating concerted action for the economic reconstruction of Asia and the Far East for raising the level of economic activity in Asia and the Far East and for maintaining and strengthening the economic relations of these areas both among themselves and with other countries of the world;

(b) Make or sponsor . . . investigations and studies of economic aid and technological problems . . . within . . . Asia and the Far East. . . .

(c) Undertake or sponsor the collection, evaluation and dissemination of . . . economic, technological, and statistical information."

This alternative is supported by the argument that to use the United Nations as a channel for the development of a long-range policy of stabilization would serve to keep attention focused on southeast Asia and its security, while at the same time spreading responsibility for the success of the policy over all free nations. It is also argued that world opinion would be enlisted in support of the policy and that this would be an obstacle that an aggressor would not light-heartedly flout. This course of action would finally minimize political suspicions and charges of ulterior motives.

On the other hand, a particular drawback attaches to bringing cases of aggression to the United Nations, for such action provides the Soviet Union with an opportunity to make propagandist capital out of the proceedings. This is especially true in the case of Indo-China, because the Soviet representative would be certain to argue that it was France, with the support of the United States, that was attempting to force a puppet government on the Viet-Namese, whereas the Soviet Union, in supporting the Communist regime, was encouraging genuine national aspirations. Asian judgment of the situation in the present condition of sensitivity to anything that smacks of colonialism would be by no means immune to this propaganda, and a clear decision might not emerge from the United Nations.

A final objection often brought against this alternative is that the United Nations is not competent to handle a prolonged operation of the size and complexity required for the development and execution of a constructive program in the strengthening of southeast Asia. It is also felt that the political and security objectives that are involved in a long-term economic program should not be entrusted to the United Nations or its specialized agencies, for these objectives are too important to be overridden by technical considerations or compromised in the cumbersome processes of international administration.

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APPENDIXES

I. DEFINITION OF TERMS

Definition of terms is one of the first difficulties that arise in analytical work in the field of international relations. As in the social sciences generally, the handicaps of an inexact terminology are quickly felt. The need for greater precision must, however, be adjusted to the need to communicate on matters that concern not only the specialist, but everyone. With these different requirements in mind, five basic terms—as they are used in this volume—are explained below.

National interests reflect the general and continuing ends for which a nation acts. They embrace such matters as the need of a society for security against aggression, for the development of higher standards of living, and for maintaining conditions of national and international stability. The particular form in which such interests are felt and stated is the product of changing social habits and values, and it reflects the aspirations and expectations of peoples. Despite changed meanings, *national interests* are the constants rather that the variables of international relations. They are durable and few in number, and they provide the broad frame of reference for *objectives* and *policies.*

It should be observed, by way of caution, that though the term *national interest* has sometimes been criticized on the ground that it implies self-seeking at the expense of others, no such connotation is intended here. National interests exist, and foreign policy would be conducted in a vacuum if it ignored them. Yet the existence of national interests does not preclude the acceptance of international obligations. Under present conditions, acceptance by a state of agreed international obligations may conceivably be the best guarantee of its national interests.

The word *principles* does not lend itself readily to having its meaning made precise, yet the persistency with which it has always been used in connection with the international conduct of states is not merely accidental. A strong sense of proper action, or a sense of dismay at presumed wrong action, is so constantly revealed in the responses of peoples to the courses proposed or taken by governments that the existence and importance of standards of conduct and rules of action must be recognized as playing a significant part in international relations. Although principles cannot be easily identified and are often demonstrably ignored, they are noted here, therefore, as representing the more or less clearly formulated patterns of behavior that guide national action and to which *interests, objectives,* and *policies* are made to conform. As sources of action, principles are deeply imbedded in the cultural patterns and political philosophy of a people.

Objectives designate the particular ends toward which *policy* is directed. They derive from national interests and are conditioned by the national interests of other states.

When a national interest—either because it is felt to be threatened or because a pressure of expectation within a state brings it into sharp focus—becomes sufficiently compelling for a state to seek to establish it with finality by the active exercise of power or influence, it is delimited and particularized for a given context and becomes an *objective.* If it were possible, at any given moment, to identify and correlate all the objectives of all the *policies* that a state is formulating and implementing, a picture would emerge of how a state believes that its national interests can best be guarded or forwarded under existing conditions.

Policies are taken to mean specific courses of action designed to achieve objectives. There is a greater degree of flexibility inherent in the formulation and

application of policies than in the framing of objectives. At the same time it must be recognized that certain policies are of such long standing that their modification is likely to be attended by a dangerous upsetting of established expectations. In popular usage *policy* is often made synonymous with *interests* or *objectives*. However, distinctions do exist between ends and means; and objectives are thus here considered as ends, and policies as means.

This does not imply that means are less important than ends or that means do not help shape ends. It implies merely that for analytical purposes the distinction is useful. It should be added that policies vary greatly in scope and duration. Some, established over a long period of time, such as the Open Door policy in China, become deeply rooted; others come to an end as soon as the particular situation they are designed to meet undergoes significant change.

Commitments denote specific undertakings in support of policies. Commitments may be vague or precise depending upon circumstances, but in either event they represent fixed points in the application of policies. In popular language a commitment is often used loosely and interchangeably for a policy. The two terms are not interchangeable as used in this volume. Thus, in the example given earlier, a *policy* of aid to free nations is distinguished from *commitments* to supply designated amounts of military and financial assistance for a fixed period of time to Greece and Turkey.

By way of additional caution it should be stated that an overemphasis on terminology can lead to the obscuring or oversimplification of the complex and dynamic nature of international relations. It is recognized that interests are frequently interlocked and that objectives, policies, and commitments are often difficult to disengage analytically without doing violence to reality. This difficulty leads to the last distinction it is desired to make: the distinction between *the foreign policy of a nation* and *a nation's foreign policies*. The latter term is used only in the sense defined above for policies. The former is used to refer to the complex and dynamic political course that a nation follows in relation to other states. A nation's *foreign policy* is more than the sum total of its *foreign policies*, for it also includes its commitments, the current forms of its interests and objectives, and the principles of right conduct that it professes.

National interests, as the essential framework for the definition of objectives and the conduct of policy, are conditioned by the geographical location of a state, shaped by the network of power relationships in which a state has developed, and expressed in terms that reflect the historical experience of the peoples concerned. Definitions of national interest tend to acquire the character and force of traditional habits of thought and understanding and they are not easily modified.

Because of their continuing nature, national interests can be and are popularly identified with objectives and policies of diverse kinds. Yet over a sufficiently long period of time, and in spite of choppings and changings, objectives and policies seem to fall into a comprehensible pattern that partially reveals the underlying national interests to which they have given particular form. Though such a pattern must be accepted with reserve, it is nevertheless useful as a tentative hypothesis of what actually guides states along certain courses of action.

II. BIBLIOGRAPHICAL NOTE

The importance of international affairs and the present interest in the field can be judged by the enormous and increasing volume of written information, analysis, and comment that is now available on every aspect of the subject. Full information is most desirable and necessary for the student and the informed layman, especially in countries where public control of the processes of government prevails. But the vast fund of available material makes selection anything but an easy task.

In selecting reference materials for the study of current international affairs and foreign policy problems, there are five types to be considered. The first is material which examines or illustrates the basic character of international relations. The second is general background material about the immediate past to provide some "sense of the times," the milieu within which present events find their significance. The third is background material on specific problems in international relations, that is, the framework of events out of which a specific problem emerges. The fourth is current material to provide a broad view of the present world scene. And the fifth is current material on specific problems to provide the basis for the study of problems as they develop. An attempt has been made in this volume to provide suggested references including all these various types of materials, although limitations of space do not permit extensive coverage.

Background material on specific problems of foreign policy is available in abundance. In order to give the reader a few essential sources from which the background may be further developed, each problem statement in Parts Two and Three of this volume is followed by a short list of "Selected References." These are in no sense complete, for they are limited chiefly to official sources and even then only a basic few are suggested. The purpose of these is to provide a starting point for developing the background more fully.

Several regular publications provide current official materials of various kinds. Foremost among these is the Department of State *Bulletin.* This publication, issued weekly, is a basic source of official information on American foreign relations. It contains signed articles, texts of notes, official statements, and many other indispensable materials. On various phases of foreign economic matters, *Foreign Commerce Weekly,* published by the Department of Commerce, *Foreign Agriculture,* published monthly by the Department of Agriculture, the *Treasury Bulletin,* a monthly, and the *Federal Reserve Bulletin,* a monthly, have much valuable information.

The Department of State also publishes an abundance of material on general and specific subjects relating to the foreign relations of the United States: treaties, diplomatic correspondence, official analyses of various aspects of American foreign policy, collections of documents, records of international conferences, and many other useful materials such as the *Foreign Relations of the United States,* which are annual volumes of state papers. These are being issued regularly and are available in libraries that are designated as "government depositories." The Department also issues semiannually a cumulative list of its publications from October 1, 1929.

Congressional documents contain a wealth of information, both official and nonofficial. Hearings, materials printed as "public documents," and texts of

bills are important sources and can usually be obtained upon request from members of Congress. Records of debates in deliberative bodies are an excellent source of information on the development of foreign policies. The *Congressional Record* is available in nearly all libraries.

The official state papers of foreign governments are often not readily available to American students. However, most such governments maintain information services in the United States and frequently issue English-language publications containing texts of official documents and statements, as well as other pertinent foreign material. An unofficial publication that is especially helpful because of the difficulties in obtaining Soviet material, is the *Current Digest of the Soviet Press.* A weekly survey of Soviet newspaper and magazine articles, published by the Joint Committee on Slavic Studies, the *Digest* often has complete texts of important items in translation.

Records of debates in foreign legislative bodies are not as accessible as might be desired, but there are several sources that should be kept in mind. *Hansard,* the record of debates in the United Kingdom Parliament, can be found in larger libraries, as can the *Journal Officiel* of the French National Assembly. Full records of debates in the Dominion parliaments are not generally available, but the *Journal of the Parliaments of the Empire* contains the record of selected debates in various dominion legislative bodies.

United Nations documents are in a class by themselves, because they are so numerous and also because a special classification has been developed to facilitate their use. The General Assembly, the Security Council, the Economic and Social Council, and the Trusteeship Council have separate series of "Official Records." These contain records of debates and in some instances, texts of resolutions, which can be consulted for the detailed consideration of problems in which these bodies are concerned. In addition, the resolutions passed in each session of the General Assembly, the Economic and Social Council, and the Trusteeship Council are published in collected form. The *Yearbook of the United Nations* contains texts of resolutions, summaries of the deliberations of United Nations bodies, and brief factual analyses of principal events. The specialized agencies usually issue "bulletins" or "reviews" at stated intervals, as well as annual reports, that are useful in following the activities of these organizations.

One group of United Nations documents, not a part of the complex numbered classification, is useful and usually more available than the official documents that are distributed to the United Nations depository libraries. These are published by the Research Section of the United Nations Department of Public Information, and are entitled "Information Papers" and "Background Papers."

The United Nations began issuing a monthly *United Nations Documents Index* in January 1950, which includes "all documents and publications received by the Documents Index Unit from the United Nations and Specialized Agencies," except confidential and internal papers. They are listed by organization, with a General Index covering all items in each issue. At the end of the year, an annual cumulative index will be issued.

There is also available a useful guide to United Nations materials entitled *Documents of International Organizations—A Selected Bibliography,* published quarterly by the World Peace Foundation. Volume 1, Number 1, contains an Introductory Note explaining the United Nations documentation system, and detailed references to United Nations documents carefully classified. The United Nations *Bulletin,* formerly called the United Nations *Weekly Bulletin,* available

in most libraries, contains articles, a calendar of meetings, and other materials pertinent to United Nations.

The Pan-American Union is a principal source for official documents dealing with inter-American affairs. The Union publishes texts of documents, analyses of inter-American problems, and many other materials of value on this aspect of foreign relations.

There are several nonofficial collections of documents that are readily available and include both primary and secondary materials. *Documents on American Foreign Relations,* published annually since 1938 by the World Peace Foundation, contains documentary material classified in a manner that facilitates easy reference. *International Conciliation,* published monthly by the Carnegie Endowment for International Peace, often contains documentary material of considerable value. This publication also presents well-written analyses on various problems in foreign relations. The *American Journal of International Law,* a quarterly, contains a "Chronicle of International Events" and a "Supplement of Official Documents," as well as signed articles on specific problems.

International Organization, a quarterly published by the World Peace Foundation, contains summaries of the activities of the most important international organizations and a supplement of official documents. Each issue also contains a "Selected Bibliography" giving references both to official documents and to books, pamphlets, and periodicals. *Vital Speeches,* a semimonthly journal, reprints the texts of many public addresses made by high government officials. The metropolitan newspapers, such as the *New York Times,* and the New York *Herald Tribune,* are a constant source of information to the student of international affairs. The coverage of world events by the *Christian Science Monitor* is also usually quite full. All three papers frequently publish texts of official documents not otherwise easily obtainable.

It is not the purpose here to treat secondary materials at great length, but a few might be mentioned. Several periodicals contain helpful material, including: *Foreign Affairs, International Affairs, Pacific Affairs,* the *Middle East Journal, Inter-American Economic Affairs, Military Affairs,* and *World Politics,* all quarterlies; *Current History* and *American Perspective,* monthlies; and *U.S. News and World Report,* a weekly. Each issue of *Foreign Affairs* also contains a list of "Recent Books on International Relations," and the Council on Foreign Relations has also published *Foreign Affairs Bibliography, 1932-1942* which is a handy reference list for background material. In addition, the Council issues an annual survey of *The United States in World Affairs.* The *Foreign Policy Reports,* published regularly by the Foreign Policy Association, are pamphlets, each devoted to analysis and comment on a special subject.

On military matters, there are a number of service journals that contain comment, reprints of public statements made by the nation's military leaders and technical military information not usually available elsewhere. The *Combat Forces Journal* and the United States Naval Institute *Proceedings* contain signed articles, "Notes on International Affairs," and "Professional Notes."

The Royal Institute of International Affairs, Chatham House, regularly publishes books and pamphlets on various aspects of international affairs. This group also publishes *World Today,* a monthly journal that contains informed comment and analysis, and a semi-monthly *Chronology of International Events and Documents.*

The American Foreign Policy Library series, published by the Harvard Uni-

versity Press, provides secondary material of a slightly different character. Each volume in the series is a short treatment of some problem of interest in American foreign policy by a competent author.

The Yale Institute of International Studies publishes "memoranda" from time to time, each of which is a detailed treatment of a special subject. The memoranda are rather specialized, but they deal with current topics in international affairs.

The *Current Developments in United States Foreign Policy*, a monthly summary published by The Brookings Institution, has since November 1947 included a list of the more important current references to official materials on various subjects. These are classified according to the subject headings of the Summary and provide a ready reference to materials of interest. In some respects, the items listed in the "Selected References" in Part Two of the present volume duplicate some of those listed earlier in the monthly summary, but the lists of the summary contain many items not included in this volume.

The current nature of international relations makes it difficult to assemble collections of readings on the subject, a device widely used in other academic fields. There is one collection of this type, however, *International Relations*, a selection of current readings, published by the Massachusetts Institute of Technology, which reprints periodical articles or excerpts from them, speeches, newspaper articles, and some pertinent documents, all arranged under general subject headings.

The list of references below has been selected primarily to give the reader a general view of the war period and some sense of the world scene up to the present time. The memoirs of leading statesmen represent, of course, only the views of those who wrote them and in this sense they are not official. All of the memoirs, however, are based in some degree on documents heretofore not available to the public, and in this sense they offer new material for consideration. The other references are specialized to a degree, but they illuminate some of the broad problems of the immediate past and offer to the reader a means of viewing a broad panorama of events. They have been arranged under five headings.

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Byrnes, James F. *Speaking Frankly.* (New York: Harper & Bros., 1947), 324 pp. Personal account by the former Secretary of State on developments from the Yalta Conference through the Paris Peace Conference.

Campbell, John C. *The United States in World Affairs 1948-49.* (New York: Council on Foreign Relations, 1949), 604 pp. The third volume of the post-war series of annual reviews (resumed in 1947 after a lapse during the war years) of the Council on Foreign Relations. Gives an account of the way in which United States policy developed to meet the new conditions of the postwar world in the year following the adoption of the Marshall plan. (Vol. I recorded the main lines of American foreign relations from the end of the Second World War to the spring of 1947. Vol. II recorded developments from the spring of 1947, when the President announced the "Truman Doctrine," to the spring of 1948.)

Hull, Cordell. *The Memoirs of Cordell Hull.* (New York: Macmillan Co., 1948), 2 vols., 1804 pp. An account of the major developments and decisions in American foreign relations during the twelve years Mr. Hull was Secretary of State, 1933-45.

Leahy, William D. *I Was There.* (New York: Whittlesey House, 1950), 527 pp. The personal story of the Chief of Staff to Presidents Roosevelt and Truman, based on his notes and diaries, covering the years 1942-49.

Perkins, Dexter. *The Evolution of American Foreign Policy.* (New York: Oxford University Press, 1948), 187 pp. A brief outline of the history of American foreign relations, serving as an introductory background to the consideration of current problems facing the United States.

Plischke, Elmer. *Conduct of American Diplomacy.* (New York: D. Van Nostrand Co., 1950), 542 pp. This volume emphasizes the principles, procedures, and governmental machinery involved in the conduct of United States foreign relations.

Rauch, Basil. *Roosevelt from Munich to Pearl Harbor: A Study in the Creation of a Foreign Policy.* (New York: Creative Age Press, 1950), 527 pp. A study of United States foreign relations for the period 1938-41, with special emphasis given to a refutation of the isolationist thesis and a presentation of the "internationalist argument" in favor of Roosevelt's conduct of foreign relations.

Roosevelt, Franklin D. *The Public Papers and Addresses of Franklin D. Roosevelt, 1928-1945.* (New York: Harper & Bros., 1950), 13 vols. This collection was compiled with special material and explanatory notes by Samuel I. Rosenman; it covers the late President's two terms as Governor of the State of New York and his three administrations as President.

Sherwood, Robert E. *Roosevelt and Hopkins: An Intimate History.* (New York: Harper & Bros., 1948), 979 pp. The story of relations during the war years between the President and Harry Hopkins, in the form of a biography of Hopkins in that period, preceded by a sketch of his career before he became directly involved in major world affairs. Based on private and official papers.

Stettinius, Edward R., Jr. *Roosevelt and the Russians: The Yalta Conference.* (New York: Doubleday & Company, Inc., 1949), 367 pp. A detailed account of the historic meeting in the Crimea (Feb. 4-11, 1945) between Roosevelt, Churchill, and Stalin, written by the late Secretary of State.

Stimson, Henry L. and Bundy, McGeorge. *On Active Service in Peace and War.* (New York: Harper & Bros., 1948), 698 pp. A documented record of Stimson's public career under six presidents. Over half the book is devoted to his years as Secretary of War during the Second World War.

Stuart, Graham H. *The Department of State.* (New York: The Macmillan Co., 1949), 517 pp. A historical account of the Department of State's organization, procedure, and personnel since its creation in 1789.

Thomson, Charles A. H. *Overseas Information Service of the United States Government.* (Washington: The Brookings Institution, 1949), 397 pp. The functioning of OWI and CIAA during World War II, and issues and problems arising out of the decision to maintain a peacetime information service.

U.S. Chief of Counsel for the Prosecution of Axis Criminality. *Nazi Conspiracy and Aggression: Opinion and Judgment.* (Washington: Government Printing Office, 1947), 190 pp. Text of opinion and judgment handed down by the International Military Tribunal at Nurnberg, Germany.

U.S. Senate. Foreign Relations Committee. *A Decade of American Foreign Policy: Basic Documents, 1941-49.* (S. Doc. 123, 81 Cong. 1 sess., Washington: Government Printing Office, 1950), 1381 pp. Prepared at the request of the Senate Committee on Foreign Relations by the staff of the committee and the Department of State. A collection of the more important international instruments and official statements having a bearing upon American foreign policy during the past decade.

U.S. State Department. *International Organizations in Which the United States Participates.* (Washington: Government Printing Office, 1949), 335 pp. Publication 3655, International Organization and Conference Series I, 8, released February 1950. Information on the international bodies with which the United States is concerned, with brief accounts of the origins, functions, membership, and activities of each.

———. *A New Era in World Affairs.* (Washington: Government Printing Office, 1949), 58 pp. Publication 3653, General Foreign Policy Series 18. Selected speeches and statements of President Truman, January 20 to August 29, 1949.

———. *Peace and War: United States Foreign Policy, 1931-1941.* (Washington: Government Printing Office, 1941), 114 pp. Publication 1853. This booklet and the collection of documents with the same title give the ten-year record of policies and acts of the Government to promote peace and world order in the light of world-wide dangers resulting from Japanese, German, and Italian aggression.

———. *Postwar Foreign Policy Preparation 1939-1945.* (Washington: Government Printing Office, February 1950), 726 pp. Publication 3580, General Foreign Policy Series 15. A documentary record of the structure and conduct of the preparation of United States postwar foreign policy as made in the Department of State during World War II. The study primarily answers the question: How was postwar foreign policy formulated?

———. *Strengthening the Forces of Freedom.* (Washington: Government Printing Office, 1950.) Publication 3852, General Foreign Policy Series 58. Selected speeches and statements of Secretary of State Acheson, February 1949-April 1950.

PARTICULAR AREAS

American Academy of Political and Social Science. "The Soviet Union Since World War II," *Annals*, Vol. 263. (May 1949), 211 pp. A survey of basic trends in Soviet development since the last war, covering political, social, economic, and cultural life within the country and its foreign policy in the United Nations and the various areas of the world. Articles by a group of 19 American scholars.

Beloff, Max. *The Foreign Policy of Soviet Russia, 1929-1941.* (London and New York: Oxford University Press, 1947 and 1949), 2 vols. A survey of the aims and policies of the Soviet Union for the period cited.

Berg, L. S. *Natural Regions of the U.S.S.R.* Translated from the Russian by Olga Adler Titelbaum. (New York: The Macmillan Company, 1950), 436 pp. An extensive study of Soviet physical geography and its influence in shaping the history and present situation of the Soviet peoples.

Black, C. E., and Helmreich, E. C. *Twentieth Century Europe.* (New York: Alfred A. Knopf, 1950), 910 pp. An examination of the forces and events of the first half of the twentieth century which have torn apart the continent that once formed the heart of Western civilization.

Chiang Kai-shek. *Collected Wartime Messages of Generalissimo Chiang Kai-shek*, compiled by the Chinese Ministry of Information. (New York: The John Day Company, 1946), 2 vols., 881 pp. The wartime papers of the President of the National Government of China.

Churchill, Winston S., Churchill, Randolph S. ed. *Europe Unite, Speeches 1947 and 1948.* (Boston: Houghton, Mifflin Company, 1950), 506 pp. A collection of speeches covering two years of oratory on themes both of international unity and of British party strife.

Clay, Lucius D. *Decision in Germany.* (Garden City, New York: Doubleday and Co., 1950), 522 pp. The record of four years of the United States occupation in Germany (1945-49) as disclosed through the Allied Control Council, the story of the Russian blockade of Berlin and the allied airlift that broke its might.

Crankshaw, Edward. *Russia and the Russians.* (New York: Viking Press, 1948), 223 pp. Termed an "objective attempt to understand Soviet behavior in terms of Russian history and geography." Before giving an account of developments during the last 30 years in Russia, the author sketches the essentials of Russian history before the 1917 Revolution—with particular emphasis on geographical factors believed to be partly responsible for Russian political, social, and economic attitudes.

Dallin, David J. *The Rise of Russia in Asia.* (New Haven: Yale University Press, 1949), 293 pp. The author chronicles the course of Russia's Asiatic expansion from its beginnings in the middle of the nineteenth century until 1931. A companion volume to *Soviet Russia and the Far East.*

———. *Soviet Russia and the Far East.* (New Haven: Yale University Press, 1948), 398 pp. The Soviet Union's international relations in the Far East beginning with the crucial year 1931 and covering the period through 1948.

———. *Soviet Russia's Foreign Policy, 1939-1942.* (New Haven: Yale University Press, 1942), 452 pp. A study of Soviet foreign policy, including a discussion of Anglo-Soviet and German-Soviet negotiations during 1939, and the German-Soviet war.

Dean, Vera Micheles. *Europe and the United States.* (New York: Alfred A. Knopf, 1950), 349 pp. A review of United States policy toward various

European countries in which the author seeks to analyze the present condition of Europe and to define the main outlines of American policy being pursued.

Deane, John R. *The Strange Alliance.* (New York: Viking Press, 1947), 344 pp. An account of American efforts at wartime co-operation with the Soviet Union by the head of the U.S. Military Mission to Moscow.

Degras, Jane, compiler. *Calendar of Soviet Documents on Foreign Policy.* (London and New York: Royal Institute of International Affairs, 1948), 248 pp. This calendar on foreign policy is an attempt to provide students and research workers in this field with a comprehensive and reliable guide to available source material.

Deutscher, Isaac. *Stalin: A Political Biography.* (London and New York: Oxford University Press, 1949), 600 pp. An orderly and extensive collection of material tracing the course of Soviet political developments. While attempting to establish the facts of Stalin's actions throughout the course of his career, the author succeeds primarily in telling the story of an epoch built around the central figure of Stalin.

Duggan, Laurence. *The Americas: The Search for Hemisphere Security.* (New York: Henry Holt and Company, 1949), 242 pp. Within a brief compass, this study gives the basic facts about United States relationships, past and present, in the Western Hemisphere. It also contains a synopsis of Inter-American Conferences, 1826-1948.

Emerson, Rupert; Thompson, Virginia; and Mills, Lennox A. *Government and Nationalism in Southeast Asia.* (New York: International Secretariat, Institute of Pacific Relations, 1942), 242 pp. A study in three parts covering the governments of southeast Asia and the rise of nationalist movements in the area.

Fenwick, Charles G. *The Inter-American Regional System.* (New York: Declan X. McMullen Co., 1949), 96 pp. Three lectures by the director of the Department of International Law and Organization of the Pan American Union on the "Historical Background of the Inter-American System," the "Development of Inter-American Law," and "Relations Between the Inter-American Regional System and the United Nations."

Friters, Gerard M. *Outer Mongolia and Its International Position,* Eleanor Lattimore, ed., with an introduction by Owen Lattimore. (Baltimore: Johns Hopkins Press, 1950), 358 pp. Discusses Outer Mongolia beginning with the revolution in 1911 and considering its relations with Russia, China, Japan, and other powers. Most of the facts known in the West about this inacessible area are summarized in this book.

Grew, Joseph C. *Ten Years in Japan.* (New York: Simon and Schuster, 1944), 554 pp. A contemporary record drawn from the diaries and private official papers of Joseph C. Grew, Ambassador to Japan, 1932-41.

Hailey, Foster. *Half of One World.* (New York: The Macmillan Company, 1950), 207 pp. An account of the peoples of the Orient and their national aspirations as seen in the present-day setting of world power relations.

Hawtrey, Ralph G. *Western European Union: Implications for the United Kingdom.* (London and New York: Royal Institute of International Affairs, 1949), 126 pp. A report based on the discussions of a study group of the Royal Institute which examined the implications of a closer union of Western Europe in an attempt to clarify "a subject of vital importance on which there is much misconception on both sides of the Atlantic."

Hourani, Albert H. *Syria and Lebanon: A Political Essay.* (London and New York: Oxford University Press, 1946), 412 pp. A study of the role of the West, and of France in particular, in the development of Syria and Lebanon.

Humphreys, R. A. *Latin America.* (London and New York: Royal Institute of International Affairs, 1949), 63 pp. A selective guide to some 900 publications in English on Latin America.

Iraq Petroleum Company. *Handbook.* (London: St. Clement's Press, Ltd., 1948), 152 pp. A useful summary of the background and extent of IPC activities in the Middle East, and of the political and social environment in which the company operates.

Kirk, George E. *A Short History of the Middle East: From the Rise of Islam to Modern Times.* (Washington: Public Affairs Press, 1949), 301 pp. A comprehensive study of Middle Eastern history from A.D. 600 to 1947 with emphasis on recent developments in the area.

Lattimore, Owen. *Pivot of Asia.* (Boston: Little, Brown and Company, 1950), 279 pp. A study of China's inner-Asian province of Sinkiang, a vital front in the East-West conflict. Politics and power are presented against a background of the peoples of Sinkiang and the varied land in which they live.

Lenczowski, George. *Russia and the West in Iran, 1918-1948: A Study in Big-Power Rivalry.* (Ithaca, New York: Cornell University Press, 1949), 383 pp. A political study of Soviet action and Western counteraction in Iran, drawn from the author's own observations and a thorough examination of pertinent documents.

Manuel, Frank E. *The Realities of American-Palestine Relations.* (Washington: Public Affairs Press, 1949), 378 pp. A close scrutiny of the evolution of American interest in Palestine from 1832 through 1948.

Mikolajczyk, Stanislaw. *The Rape of Poland: Pattern of Soviet Aggression.* (New York: McGraw-Hill Book Co., 1948), 309 pp. An account of the pattern of Communist rule in Poland, dating from 1939.

Mills, Lennox A., and associates. *The New World of Southeast Asia.* (Minneapolis: University of Minnesota Press, 1949), 445 pp. Eight experts contribute chapters to this integrated survey of recent political developments and their geographical and historical antecedents in Burma, Indo-China, Indonesia, Malaya, Siam, and the Philippines.

Millspaugh, Arthur C. *Americans in Persia.* (Washington: The Brookings Institution, 1946), 293 pp. A personal report on a problem area by a former Administrator-General of the Finances of Persia.

Morgenthau, Henry, Jr. *Germany Is Our Problem.* (New York: Harper and Bros., 1945), 239 pp. A program for the treatment of Germany after its defeat, containing a copy of the memorandum on the "Morgenthau Plan."

Reitzel, William. *The Mediterranean: Its Role in America's Foreign Policy.* (New York: Harcourt, Brace and Co., 1948), 195 pp. A survey of the development of American interests in the Mediterranean from the invasion of North Africa through 1947, in an attempt to define the nature of the national interest in that region and "to examine the general conditions that American policy must satisfy if its participation in Mediterranean affairs is to serve and not to frustrate national aims."

Sansom, G. B. *The Western World and Japan: A Study in the Interaction of European and Asiatic Cultures.* (New York: Alfred A. Knopf, 1950), 504 pp. A scholarly account of how the intrusive civilization of the West has affected

the Asiatic peoples, especially the Japanese, with a reinterpretation of the nature of cultural interaction.

Shapiro, Leonard, compiler and ed. *Soviet Treaty Series, Vol. I—1917-1928.* (Washington: Georgetown University Press, 1950), 406 pp. A collection of bilateral treaties, agreements, and conventions, etc., concluded between the Soviet Union and foreign powers.

Schlesinger, Rudolph. *The Spirit of Post-War Russia: Soviet Ideology of 1917-1946.* (London: Dennis Dobson, Ltd., 1947), 187 pp. Soviet attitudes to general issues of Soviet life, including consideration of the constitution, socialism, nationalism, and Soviet philosophy generally.

Smith, Walter Bedell. *My Three Years in Moscow.* (Philadelphia and New York: J. P. Lippincott Company, 1950), 335 pp. The author, former United States ambassador to Moscow (March 1946 to March 1949), presents a description of many phases of Soviet life and policy and gives a general account of the diplomatic negotiations that took place during the years after World War II, when the rift between the Soviet Union and the Western powers was widening.

Speiser, Ephraim A. *The United States and the Near East.* (Cambridge, Mass.: Harvard University Press, 1947), 263 pp. A brief introductory description of the Middle East environment with major attention given to recent problems in the area and United States interest in them.

Thompson, Virginia, and Adloff, Richard. *The Left Wing in Southeast Asia.* (New York: William Sloane Associates, 1950), 298 pp. A handbook on the current over-all southeast Asia political situation, together with specific chapters on the development of the left-wing movement in the different countries of the area.

Tompkins, Pauline. *American-Russian Relations in the Far East.* (New York: The Macmillan Company, 1949), 426 pp. A study which traces American-Russian Far Eastern relations beginning with the early 1800's and coming up to the present period of bitterness and rivalry.

USSR Ministry of Foreign Affairs. *Documents and Materials Relating to the Eve of the Second World War.* (New York: International Publishers, 1948), 2 vols. Published by the Soviet Government in reply to the publication of the U. S. State Department on "Nazi-Soviet Relations, 1939-41." Includes English translations of documents from the German Foreign Office and private papers from the estate of the German ambassador to Great Britain, chiefly covering the period of Munich and attempting to show how the Czechs were sold down the river.

U.S. Library of Congress, Legislative Reference Service. *Communism in Action,* H. Doc. 754, 79 Cong. 2 sess. (Washington: Government Printing Office, 1946), 141 pp. A documented study and analysis of communism in operation in the Soviet Union, prepared for the use of Congress by the Legislative Reference Service.

U.S. Library of Congress, Legislative Reference Service. *Trends in Russian Foreign Policy Since World War I,* prepared for use of the Senate Committee on Foreign Relations. (Washington: Government Printing Office, 1947), 68 pp. A chronology of events from March 15, 1917, to January 1, 1947.

U.S. State Department. *Germany 1947-1949: The Story in Documents.* (Washington: Government Printing Office, 1950), 631 pp. Publication 3556,

European and British Commonwealth Series 9. The present volume tells in documents the story of United States policy toward Germany and of pertinent developments in Germany from January 1947 to September 1949. (Early documentation on occupation policy respecting Germany was published by the Department of State in the pamphlet *Occupation of Germany: Policy and Progress, 1945-1946.* Publication 2783, released August 1947.)

———. *Nazi-Soviet Relations, 1939-1941.* (Washington: Government Printing Office, 1948), 362 pp. Publication 3023. Collection of documents from the Archives of the German Foreign Office bearing on German-Soviet relations during these years.

———. *The Spanish Government and the Axis.* (Washington: Government Printing Office, 1946), 39 pp. Publication 2183, European Series 8. Official German documents on Spanish-German relations from August 8, 1940 to December 15, 1943.

———. *United States Relations with China,* with special reference to the period 1944-1949. (Washington: Government Printing Office, August 1949), 1054 pp. Publication 3573, Far Eastern Series 30. A documentary record of United States relations with China which reveals the salient facts that determined United States policy during the period under consideration and which reflects the execution of that policy.

van Mook, Hubertus J. *The Stakes of Democracy in Southeast Asia.* (New York: W. W. Norton & Co., 1950), 312 pp. The author, formerly Lt. Gov. General of Indonesia, analyzes the political and economic structure of the seven southeast Asian nations and examines such questions as whether their new nationalism will bring liberty and democracy, or whether the Western world must accept their absorption by totalitarian communism moving southward through the wreck of China.

Warriner, Doreen. *Land and Poverty in the Middle East.* (London and New York: Royal Institute of International Affairs, 1948), 149 pp. A survey of the chronic agricultural ills of the Middle East treated as a whole and separately for Egypt, Palestine, Transjordan, Syria, Lebanon, and Iraq.

Webster, Sir Charles, Jacob, Major General Sir Ian, and Robinson, E. A. G. *United Kingdom Policy: Foreign, Strategic, Economic.* (London and New York: Royal Institute of International Affairs, 1950), 104 pp. An authoritative appraisal of the fundamental factors which govern British policy.

Wint, Guy. *British In Asia.* (London: Faber and Faber, 1947), 224 pp. A study of British politics amidst the changing pattern of Asia.

Wright, Gordon. *The Reshaping of French Democracy.* (New York: Reynal and Hitchcock, 1948), 277 pp. The story of the founding of the Fourth Republic and an interpretation of postwar French constitutional development. Discusses political forces at work in France since the liberation.

Particular Functional Fields

American Academy of Political and Social Science. "Aiding Underdeveloped Areas Abroad," Hoskins, Halford L. ed. *Annals,* Vol. 268 (March 1950), 259 pp. In view of the potential importance of the Point IV program, this series of articles is designed to set forth some of the circumstances under which it can or will have to be carried out among those living in underdeveloped areas.

American Academy of Political and Social Science. "Military Government," Connor, Sydney and Friedrich, Carl J. eds. *Annals,* Vol. 267 (January 1950), 261 pp. A series of papers designed to clarify some of the conflicting opinion concerned with the deeds of the Military Government following World War II in both Europe and the Far East.

Behrendt, Richard F. *Inter-American Economic Relations: Problems and Prospects.* (New York: Carnegie Endowment for International Peace, 1948), 98 pp. A four-part study covering foreign trade of Latin America before and during the Second World War, problems of postwar reconversion, the principal issues of current inter-American economic relations, and constructive suggestions for future trade promotion.

Bennett, M. K., and associates. *International Commodity Stockpiling As An Economic Stabilizer.* (Stanford, California: Stanford University Press, 1949), 205 pp. The purpose of this volume is stated to be a discussion of "how to attack the problem of avoiding wide swings in economic activity through concerted international action in the specific and limited sphere of commodity stockpiling."

Brown, A. J. *Industrialization and Trade: The Changing World Pattern and the Position of Britain.* (London: Oxford University Press, 1943), 71 pp. A study of industrialization and national specialization in the United Kingdom, in world trade, and factors involved in necessary adjustments for the future.

Brown, William Adams, Jr. *The United States and the Restoration of World Trade.* (Washington: The Brookings Institution, 1950), 572 pp. The historical background of the ITO Charter and the General Agreement on Tariffs and Trade, with a detailed account of their negotiation, provisions set up, and the relationships between them.

Buchanan, Norman S., and Lutz, Friedrich A. *Rebuilding the World Economy: America's Role in Foreign Trade and Investment.* (New York: Twentieth Century Fund, 1947), 434 pp. A discussion of the difficulties in the way of an early and lasting reconstruction of international trade and investment, including a survey of the international economy in the interwar period, the impact of the war in terms of balance-of-payments changes, the spread of industrialization and economic development, etc. Also includes the report and recommendations of the Committee on Foreign Economic Relations of the Twentieth Century Fund.

Churchill, Winston S. *The Second World War:* (Vol. I, *The Gathering Storm;* Vol. II, *Their Finest Hour;* Vol. III, *The Grand Alliance).* (Boston: Houghton, Mifflin Co., 1948, 1949, and 1950), 784 pp., 751 pp., and 903 pp., respectively. Both a chronicle and discussion of outstanding political and military events: Vol. I covers the interwar years, 1919-39; Vol. II, through the fall of France and the Battle of Britain; Vol. III, blitz and anti-blitz, 1941, and United States-British relations and the entrance of the "strange new ally," Russia.

Cohen, Jerome B. *Japan's Economy in War and Reconstruction.* (Minneapolis: University of Minnesota Press, 1949), 515 pp. A well-documented description of Japan's economic development from 1937 to 1949, including a wealth of statistical material. One chapter is devoted to Japan's postwar economic problems and the policies of the allied occupation.

Eisenhower, Dwight D. *Allied Forces.* (Washington: Government Printing Office,

1946), 123 pp. Report by the Supreme Commander to the Combined Chiefs of Staff on the operations in Europe of the Allied Expeditionary Forces, June 6, 1944 to May 8, 1945.

———. *Crusade in Europe.* (New York: Doubleday & Co., 1948), 559 pp. World War II record by the Supreme Commander of the Allied Expeditionary Forces in Europe.

Fuller, Major General J. F. C. *The Second World War.* (New York: Duell, Sloan and Pearce, 1949), 431 pp. A strategical and tactical history of the years 1939-45, based on official despatches and reports, memoirs and biographies of participants, war correspondents' reports and histories, and reports on the Nuremberg Trial.

Gantenbein, James W., ed. *Documentary Background of World War II: 1931-1941.* (New York: Columbia University Press, 1948), 1122 pp. Some 400 significant addresses and papers arranged by countries and, under them, by topics. No editorial matter included.

Harris, Seymour Edwin. *Economic Planning: The Plans of Fourteen Countries With Analyses of the Plans.* (New York: A. A. Knopf, 1950), 577 pp. The volume includes the major part of the plans of such countries as the USSR, Argentina, France, Great Britain, India, and aspects of planning in other nations.

International Labour Office. *Action Against Unemployment.* (Geneva: International Labour Office, 1950), 260 pp. An analysis of the kinds, causes, and suggested cures of unemployment, together with conclusions concerning the possibility of removing this menace to social stability by appropriate public policy and international co-operation.

Lewis, Cleona. *The United States and Foreign Investment Problems.* (Washington: The Brookings Institution, 1948), 359 pp. A survey of the problems created by the international situation in which the United States must play the role of the world's leading creditor country, including a description of governmental actions and policies of the United States in relation to foreign investments.

Marshall, Arnold, and King. *War Reports of General of the Army Marshall, General of the Army Arnold, and Fleet Admiral King,* with a foreword by Walter Millis. (Philadelphia: J. B. Lippincott Company, 1947), 801 pp. The reports of the Army, Navy, and Air Force chiefs on the operations of their branches of the service during the period of hostilities.

Millis, Walter. *This Is Pearl: The United States and Japan—1941.* (New York: William Morrow and Co., 1947), 384 pp. An account of the Pearl Harbor attack and of the events, policies, and attitudes which led up to it.

National Association of Manufacturers. *The Bold New Plan: A Program for Underdeveloped Areas.* (May 1949), 11 pp. NAM Economic Policy Division Series, No. 11. A report of the International Relations Committee of the NAM, containing its recommendations on the Point IV proposals, and including the statement of principles prerequisite to the free flow of foreign investment capital earlier developed in connection with the study on capital export potentialities.

———. *Capital Export Potentialities After 1952: An Economic and Statistical Analysis.* (March 1949), 72 pp. NAM Economic Policy Division Series, No. 7. A study directed at estimating the amount of capital available in the United States for private foreign investment under conditions assumed to exist in the

1950's, with a statement of principles prerequisite to the free flow of capital.

Organization for European Economic Cooperation. *European Recovery Programme: Second Report of the O.E.E.C.* (Paris, February 1950), 277 pp. This report was made as the end of the second year of Marshall aid approached. It records the progress made in the first two years and assesses the prospects for the next two years as United States aid diminishes. The report is divided into three parts: progress to date, programmes of the participating countries, and the policies of full recovery.

Public Affairs Institute. *Bold New Plan.* (Washington: Public Affairs Institute, Bold New Program Series, Nos. 1-8, 1950), 8 vols. A series of eight studies on programs, policies, and methods for aiding the underdeveloped areas of the world.

United Nations. *Catalogue of Economic and Social Projects, 1950.* 515 pp. Publications Sales No. 1950. II.D.1. This catalogue, an important reference source, lists, describes, and classifies the work of the secretariats of the United Nations and the specialized agencies in the economic and social fields.

United Nations. *Economic Development in Selected Countries: Plans, Programmes and Agencies.* Vol. II. (February 1950), 271 pp. UN Publications Sales No. 1950. II.B.1. The second in a series of studies presenting a factual descriptive account of the most significant aspects of economic development programs of individual countries. Vol. I, Publication Sales No. 1948. II.B.1., 286 pp. Describes the methods used by various governments to cope with the problem of economic development in less developed areas.

United Nations. *International Capital Movements During The Inter-War Period.* 70 pp. Publications Sales No. 1949. II.D.2. A study prepared in the International Financial and Commercial Relations Section of the Division of Economic Stability and Development of the Department of Economic Affairs; limited to an analysis of the volume and direction of international capital movements and the return on foreign capital during the inter-war period.

United Nations. *Major Economic Changes in 1949.* 101 pp. mimeo. Publication sales No. E 1601. A preliminary review of important economic developments during 1949, prepared for the February 1949 meeting of the Economic and Social Council.

United Nations. *Non-Self-Governing Territories.* (1950), Vol. I. *General Survey and Analyses of Information Transmitted During 1949,* UN Publication Sales No. 1950. VI.B.1., 254 pp.; Vol. II *Summaries of Information Transmitted During 1949.* UN Publications Sales No. 1950. VI.B.1., 676 pp. Summaries and analyses of information transmitted to the Secretary-General by members responsible for the administration of such territories.

United Nations. *Salient Features of the World Economic Situation, 1945-1947.* 354 pp. Publications Sales No. 1948. II.C.1. The first of an annual series of reviews of the world situation to be issued by the United Nations Secretariat, analyzing major economic developments since the end of the war, economic conditions in various regions of the world, and the activities of U.N. economic bodies, together with a *Supplement* (Publications Sales No. 1948. II.C.2, March 1948; 140 pp.) giving the discussion of Report in Economic and Social Council Sixth Session, February and March 1948.

United Nations. *World Economic Report,* 1948. 300 pp. Publications Sales No. 1949. II.C.3. The second comprehensive annual report dealing with world economic conditions prepared by the U.N. assembles a considerable volume of postwar economic data relating to all regions of the world and

indicates major economic problems and prospects at the end of the year.

United Nations. Economic Commission for Asia and the Far East. *Economic Survey of Asia and the Far East, 1949,* 289 pp. Publications Sales No. 1950. II.F.1. The third broad economic survey of the region prepared by the Secretariat of the Economic Commission for Asia and the Far East.

United Nations, Economic Commission for Europe. *Economic Survey of Europe in 1949* (Geneva, 1950), 299 pp. Publications Sales No. 1950. II.E.1. A major study of current economic conditions undertaken by the Research and Planning Division of the Economic Commission for Europe. A like report for 1948 (288 pp.) was prepared by the Secretariat of ECE, Publications Sales No. 1949. II.E.1.

United Nations, *Technical Assistance for Economic Development.* 328 pp. Publications Sales No. 1949. II.B.1. A plan for an expanded co-operative program through the United Nations and the specialized agencies, prepared by the Secretary-General in consultation with the executive heads of the interested specialized agencies.

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