Thomas R. Seitz

THE EVOLVING ROLE OF NATION-BUILDING IN US FOREIGN POLICY

Lessons learned, lessons lost

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For Stephanie, who has given me so much.

Contents

List of abbreviations

1290-<u>d</u>	NSC Action ordered in December 1954 to strengthen developing societies against communist subversion. Redesignated as OISP in 1957.
ANZUS	Australia – New Zealand – United States
CI	Counterinsurgency
CIA	Central Intelligence Agency
CIDG	Citizens' Irregular Defense Group
CoCom	Coordinating Committee for Multilateral Export Controls
CORDS	Civil Operations Revolutionary (later, 'Rural') Development Support
CPSU	Communist Party of the Soviet Union
DLF	Development Loan Fund
ECA	Economic Cooperation Administration
ECA	Economic Cooperation Act of 1948, *also known as* the Marshall Plan
ECA	Economic Cooperation Agency
EPU	European Payments Union
ERP	European Recovery Act
ESF	Economic Support Funds
FMF	Foreign Military Financing
FMS	Foreign Military Sales cash and credit programs
FOA	Foreign Operations Administration
IBRD	International Bank for Reconstruction and Development, *also known as* the World Bank
ICA	International Cooperation Administration
IDAB	International Development Advisory Board
IDF	International Development Fund
IMAF	International Military Assistance Force
IMET	International Military Education and Training
IMF	International Monetary Fund
JCS	Joint Chiefs of Staff
MAP	Military Assistance Program
MDAA	Mutual Defense Assistance Act of 1949
MSA	Mutual Security Act of 1951
MSA	Mutual Security Agency

MSAP	Mutual Security Assistance Pact of 1954
MSOP	Mutual Security Operations Plan
NATO	North Atlantic Treaty Organization
NIE	National Intelligence Estimate
NLF	National Liberation Front, *also known as* Viet Cong, the communist insurgency in South Vietnam
NSAM	National Security Action Memorandum
NSC	National Security Council
NSZ	National Security Zone
OCB	Operations Coordinating Board of the NSC
OISP	Overseas Internal Security Program
OSANSA	Office of the Special Assistant for National Security Affairs
PKI	Communist Party of Indonesia
PPC	Policy Planning Council
PPS	Policy Planning Staff, US State Department, *also known as* Policy Planning Council
PRC	People's Republic of China
PRT	Provincial Reconstruction Team
SEATO	South East Asia Treaty Organization
SSA	Security Supporting Assistance
STEM	Special Technical and Economic Missions Program
SUNFED	Special United Nations Fund for Economic Development
USAID	US Agency for International Development
USIA	United States Information Agency
USOIDP	United States Overseas Internal Defense Program
USSOCOM	US Special Operations Command
USSR	Union of Soviet Socialist Republics, *also known as* Soviet Union

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Introduction

At the cost of a great deal of treasure and no small amount of blood, the United States of America implemented nation-building and other internal security programmes – that is, programmes designed to strengthen a recipient state's control over its territory, enhance its popular legitimacy and generally improve its stability and viability – in dozens of developing countries at the height of the Cold War. A generation after these policies peaked in scope and intensity, representing what Townsend Hoopes called the 'tidal high water mark' of America's intervention in the internal politics of developing countries, the USA has embarked on similar projects in a range of countries, the most ambitious being in Iraq and Afghanistan.[1]

However, recent studies of America's experience with nation-building neglect these Cold War-era experiences in the developing world, instead looking to the post-Second World War democratization projects that transformed Nazi Germany and Imperial Japan for lessons that might inform today's efforts. Where are the lessons of these other, more relevant cases – costly lessons from efforts by which the USA attempted to build functioning, cohesive and legitimate state institutions in less developed contexts, including new states emerging from the decolonization process? Have these lessons been learned, or have they been lost?

A substantial body of scholarship has argued that American foreign policy-makers have long exacerbated or even created problems of instability and militarism in the Third World through shortsighted 'security assistance' programmes. One central problem such scholars perceive is a tendency on Washington's part to analyse events in the Third World through a Realist lens and formulate its policy responses in accordance with the dictates of the Realist framework of analysis. Security assistance has often been reduced to a policy of 'bolstering dictators' with weaponry or otherwise throwing American support behind leaders whose legitimacy in their own societies is either presumed or considered irrelevant in the greater scheme of East–West power politics. In their blinkered focus on securing recipient states against external threats, American policy-makers ignored the domestic challenges to the security of Third World states and the societies within them. This neglect of their recipients' internal sources of insecurity has left a legacy of regional

arms races, militarized dictatorships and entrenched authoritarianism in the developing countries.[2]

Such arguments suffer from their incomplete assessment and analysis of American policies in the developing world. These arguments paint a more accurate portrait of Washington's security assistance approach from the Nixon era onward, but they hardly do justice to the more complex, interventionist approach of presidents Johnson, Kennedy, Eisenhower and even Truman. Contrary to the assertions of some scholars, the USA and other actors were promoting state-building and nation-building efforts in developing countries long before the end of the Cold War.[3] The first two decades of the Cold War embodied an American approach to Third World security that was qualitatively different from policies implemented after 1969. During those early decades, Washington pursued the political development of recipient states as an indispensable element of efforts to contain communism. In America's pursuit of these 'nation-building' and similar political development objectives the primary instrument was foreign aid, non-military as well as military.

This study explores Washington's use of foreign aid as an instrument of security policy in the Cold War. Specifically, it explores the central place of nation-building objectives in Washington's containment efforts in the developing world in the period 1953–68, a period in which American policy-makers came to perceive a clear link between security and stability in the developing world and security at home. The ensuing chapters will illuminate the ways in which the USA constantly pressed aid into service as a weapon, especially during the early decades of the Cold War when the nation was embarked on a broad political development project in the developing regions of the globe.

The purpose of this study is threefold. First, it explores a largely unexplored aspect of US foreign policy – how development assistance became a key element of US security policy. Second, it provides a comprehensive, descriptive analysis of America's evolving Cold War security assistance policies using newly available source materials, evaluating these US policies in terms of their intended aims and critiquing these in terms of their side effects. Third, it challenges Critical Security School scholarship that attributes the failure of US policy-making in this area to its reliance on Realism for its theoretical underpinnings. In this manner, this study illuminates lessons applicable to current policies intended to promote security at home by promoting development and/or stability abroad.

In the process of challenging criticisms focusing on the presumably Realist nature of US policy approaches, this study offers its own criticism of US policy, namely, a critical exploration of the 'universalist' nature of US security assistance policies, the presumed applicability as well as desirability of American ideas, institutions and government ethos in every political, social, cultural and economic context of the developing world. As subsequent chapters will show, just as elements of America's own political

culture shaped the conceptualization and formulation of these policies, these same elements effectively undermined their implementation.

The study also demonstrates that Washington's analysis of developing world politics was more sophisticated than is often assumed in retrospective studies. Further, Realist analyses of the Cold War in the developing world and, more importantly, analyses that presume American decision-makers operated within a narrow, Realist framework fail to address three key characteristics of US containment policies. First, aside from helping to secure basing and transit rights for US forces, security assistance was not primarily designed for power projection in the developing world, nor to create 'proxy forces'. Second, Realist analysis fails to address the importance of domestic politics in US decision-making: not only the role of US domestic politics in the foreign policy decision-making process but also the importance of the recipient's internal political situation in American decision-making. Washington did not necessarily view recipients as unified actors. Finally, US policy in the developing world reflected strong ideological motivations that often belied the presumption of rationality so basic to Realist analysis.

The geographic focus of this study is on Southeast Asia, the region to which America's foreign aid policy focus shifted after the Korean War, and the region in which most of Washington's nation-building approaches were developed and tested. While these nation-building efforts were often most intense in Indochina, this study views the Indochina Conflict in the context of regional political developments. As will be shown, Washington devised these programmes on a region-wide, even worldwide basis, and American actions in Indochina were often responses to events transpiring elsewhere in East and Southeast Asia. Vietnam was but one of the dozens of countries in which the USA implemented these measures, but it was the case wherein these efforts went most terribly awry.

The time frame for the study spans the Eisenhower, Kennedy and Johnson presidencies, allowing us to examine the evolution and development of Cold War policy in the context of massive structural change, namely the emergence of dozens of new states from what were colonial possessions of the West. After setting the stage through a theoretical discussion and brief examination of Truman-era policy development, the study begins its in-depth exploration with the launch of the National Security Council (NSC)'s Action 1290-<u>d</u> programme, the Eisenhower administration's attempt at a coordinated, multi-agency institution-building effort designed to meet the communist threat of 'piecemeal conquest' through political aggression. This exploration concludes with Johnson's spring 1968 decision against further escalation of the war in Vietnam, the turning point representing what Townsend Hoopes called the 'tidal high water mark' of US political and military intervention in the developing world.[4] While Johnson's successors continued with nation-building efforts in Indochina during the 1969–75 period, these efforts represent America's efforts to extricate itself from the conflict there, part of Nixon's 'Vietnamization' policy. The Guam Declaration

of 1969, or 'Nixon Doctrine', signaled a retreat from the deeply involved, interventionist policies of the 1950s and 1960s. The broad, region-wide, hands-on institution-building approach to containment had given way to the more distant approach that reflected Nixon's analysis of world trends as well as America's broader disillusionment with such interventions. Nixon's approach prevailed, for the most part, until the events and aftermath of 11 September 2001, when American policy-makers seemed to discover anew the conceptual link between security at home and development abroad.

Nation-building was a fundamental, if understated, element of containment from the earliest years of the Cold War and indeed, through most of the twentieth century.[5] As eventually codified in the text of NSC 68 in 1950, American victory in the Cold War would require the building-up of the economic and political strength of the 'free world' to the point where its success would overwhelm the communist bloc economically and undermine it politically through the power of its compelling example. However, in light of the presumed aggressive nature of world communism, these building-up processes would require 'an adequate military shield under which they could develop.'[6]

Beneath the umbrella of American military power and beneath a system of military alliances and 'Mutual Security' pacts, Washington instituted nation-building programmes in dozens of developing countries. During the time covered by this study – roughly from 1948 to 1968 – foreign aid programmes and policies sought to promote economic and political stability in recipient countries, especially those new states emerging from what had been the empires of the great powers. These aid programmes made up the 'internal security' or 'internal defence' element of US policy, representing a relatively small but crucial element of containment overall. However, these programmes, with their interweaving political, economic and military efforts, formed the central project of containment in developing areas.

As the Cold War progressed, American policy-makers recognized that, in the long term, containment in the developing world hinged on the success of these broad, internal defence programmes, for as internal upheaval offered opportunities for communist exploitation, internal stability was essential to protecting societies from communist subversion. As George Kennan had said, communism was like a 'malignant parasite' that fed on 'diseased tissue'.[7] Although a strong sense of universalism certainly permeated containment policies, this was not the driving force behind the internal defence effort. Instead, a sense of urgency drove these nation-building programmes, a sense that the Cold War was not going well, and that time was not on the side of the free world when it came to securing developing regions.

These nation-building and other internal defence programmes addressed what Averell Harriman called the 'politics of despair'.[8] Washington acknowledged the link between the deprivations suffered by a society and its potential for radicalization, and presumed that the communist bloc stood ready and willing to exploit actively and capitalize on such popular radicalism.

The USA was keenly aware of the strategic importance of Western Europe in the event of any East–West conflict and of its vulnerability to communist subversion in its shattered post-war condition. Consequently, American efforts to secure this area from communism featured massive programmes of economic and technical assistance to ease such deprivations while US military commitments and security assistance helped to fend-off aggression and keep domestic communist movements under control. These efforts proved quite successful; the European Recovery Program had a fixed time limit of only a few years and, in the end, finished its work ahead of schedule.

The situation in the developing world was far more challenging. In the early years of the Cold War, the US relied on the European powers to secure their own colonial possessions from presumed communist aggression. However, structural change in the international system was already underway, change that would threaten containment in less developed regions of the periphery. To base containment in developing areas on a presumption that the imperial powers could retain control of their remote possessions was, in effect, to build on sand. The decolonization process, like an incoming tide, shifted the sand and rocked the foundations of containment in the periphery. Washington now had to strike up alliances and security agreements with the governments of these new states in order to secure their regions from communism.

Establishing and maintaining such pacts confronted Washington with a complex set of challenges. The entire Mutual Security concept could be undermined by the endemic economic and political instability that characterized many of these new allies, as security agreements were only as stable as the governments with which they were made. The decolonization process created an ever-broadening array of new states with a range of internal problems qualitatively different from those addressed by the European Recovery Program. In developing areas, the task at hand was not so much one of rebuilding shattered economic and political institutions; but rather one of building them virtually from scratch, or from the remnants of the previous, colonial state. To compound Washington's problems, many elites in these new states did not share the American view of the communist threat; in fact, communism, with its example of speedy industrialization, held broad appeal among many groups in the less developed world.

To secure these areas, the USA found it necessary not only to deter the communist bloc from acts of outright military aggression but also, more fundamentally, to combat the communist *idea* as well, all the while trying to stabilize 'the internal political and economic situations of aid recipients, consolidate the authority of their new governments, build functioning internal institutions and promote the legitimacy of regimes. The South East Asian Treaty Organization (SEATO) and similar security agreements could provide for US military intervention in the event of external attack, but truly securing these areas from communism required stability-building programmes, programmes to address the political and economic upheaval and

despair that undermined regime legitimacy and lent credibility to communist appeals. At the same time, these programmes would require an internal 'military shield' to protect development processes and developing institutions from internal threats, generally identified as communist insurgents, subversives and 'fellow travellers'. Throughout the 1950s and 1960s Washington progressed through ever-deepening stages of involvement in the inner workings of recipient societies. In this context, military and non-military aid programmes served as complementary instruments of America's broader nation-building efforts. However, establishing a proper balance between the stability-building programmes and the 'shield' intended to protect them proved a chronic problem in the nation-building approach to containment, and ultimately undermined political development efforts.

This aforementioned issue of *time* – on whose side it truly was, and of buying time – emerged repeatedly in the formulation and reassessment of US policies towards developing areas. This concern reflects a chronic tendency on Washington's part to intervene, not simply in contexts of severe need and dislocation but more specifically when it perceives what might be called an ideational threat in the context of systemic change or upheaval. In Cold War policy, the ideational threat was communism, and the context was the postwar decolonization process. Arguably, more recent US policy is motivated by the threat of an ill-defined and somewhat amorphous 'extremism' in the context of accelerating globalization. Harriman's 'politics of despair' aside, desperate need and even internal political violence were never enough to move Washington to action. For the USA to intervene, its leaders had to perceive a threatening idea by which such despair could be exploited by the other side. While the triggering idea may vary with time, the challenges of nation-building were and are embodied in the context, and in the situation on the ground. Accordingly, the lessons of these Cold War interventions remain relevant today.

Terminology and categories of aid

Most of the aid programmes dealt with herein can be grouped under the broad rubric of 'security assistance', but these efforts involve much more than just military aid. Military assistance as well as non-military aid instruments, such as technical assistance, economic aid, development assistance and food aid, were all elements of Washington's containment efforts in Southeast Asia and elsewhere, and all of these aid instruments were employed in pursuit of security objectives.

As mentioned at the outset, for the purposes of most academic studies, foreign aid is divided into 'military' and 'non-military' (or 'economic' or 'development') categories, a distinction strictly observed by most scholars. Since US government statements tend to use such categories, it is perhaps understandable that scholars of US foreign aid have taken these at face value. These categorizations facilitate quantitative approaches to analysing