

Cold War Imperatives of Peace and Development:
USAID in Selected Countries, 1961-1967

Chile
Korea
Vietnam

INTRODUCTION

At the time of the creation of the United States Agency for International Development (USAID) in 1961 the twin goals of U.S. development policy were simply put, stability and security.¹ In retrospect, these goals turned out to be elusive if not illusory. In theory they appeared sound enough. Economic aid to developing countries in the form of loans and grants would increase agricultural and industrial productivity, build desperately needed physical infrastructure, improve health and educational services, and produce a new managerial and civil service elite trained and educated in the United States. Large capital investments across all sectors of society would, in theory, create the necessary balance between dynamic economic development and cultural and political stability. Stable government was essential to economic growth but so too was a stable economy to the development of good governance, itself a vital ingredient to successful aid programs. Economic growth and political stability would work hand in hand to create the conditions for a new prosperity (what Cold War economists like Walter W. Rostow referred to as a country's "take-off")² by removing the causes of radical social revolution – a discontented working class, systemic inequalities, and corrupt, unresponsive politicians – and clearing the path to greater foreign private investment, the traditional barometer of successful development. What neither good government nor large infusions of foreign aid nor a guaranteed return on investment could alone hope to achieve, direct

military assistance would, especially in countries where the conditions fueling civil unrest and encouraging local insurgence seemed intractable, countries such as Chile and Vietnam. Economic aid linked to social reform and backed by the use or threat of military force, whether overt as in the case of Vietnam or covert in the case of Chile, was, according to Cold War policy makers, the best antidote overall to violent revolution.

The failure to balance and articulate these three functions – economic aid, military assistance, and social and political reform (often subsumed as “democratization”) – became the undoing of many otherwise well-intentioned development projects and programs, as the countries they were designed to support reverted to either socialist or autocratic and reactionary regimes. By the end of the 1960s many thinking people on both the right and the left began to question the liberal assumption that peace and development were interchangeable concepts, that “societies and states,” as Robert Muscat has put it, “are less likely in the long run to be prone to internal conflict . . . if they enjoy economic development.” That quite to the contrary economic development is an “inherently self-destroying process for the large group of countries recently emerged from colonial status.”³

For the period under consideration, 1961-1967, it is not clear that the aim of development was ever the cessation of conflict *per se* so much as the security (or sense of security) that foreign economic aid – “tied” to procurements in the United States as well as to fears of a world-wide communist revolution – would purchase at home. The argument that communist-backed “wars of national liberation” would envelop the developing world and in destroying free institutions in these countries undermine our own was a specious one, however.⁴ Not only did such free institutions fail for the most

part to exist in the post-colonial world; their notable absence was the primary reason for stressing the “political development” of those countries scheduled to receive U.S. aid.⁵ But political development did not always equate to democratization. In countries where the capacity for efficient and effective participatory democracy was either absent, historically untenable, or too weak to make a difference, political development took a markedly different route, one aimed at establishing security and stability often *at the expense of* democracy. In places like Latin America, for example, where according to Kennedy’s Assistant Secretary of State Edwin M. Martin there was “so little experience with the benefits of political legitimacy” [i.e. democracy], the real danger was not military government, which from experience could easily be turned to U.S. objectives in the region, but “intervention from outside the hemisphere by the international communist conspiracy.” However much to be desired democracy and constitutionalism were pipedreams in countries where the authority was absent to make a forceful stand against communist insurgents.⁶

As Joseph W. Nye observed somewhat prosaically in an early memorandum to USAID, “If we go beyond the notion of democracy in searching for the basis of political development, we are likely to note that development is often associated with the concept of stability.” Although probably no less authoritarian, “stable political systems,” added Nye, “are assumed to be more developed than unstable ones.” Not that stability had to entail “a static state of affairs.” Nye had in mind the need for capacity-building in countries where law and order and the ability to manage a crisis, whether cultural, economic, or political, was of greater immediate, practical importance than unrealistic efforts to install democratic regimes.⁷ Going back to Truman’s Point Four program, the

goal of U.S foreign policy was first and foremost to achieve “orderly social processes,” democratic or otherwise.⁸

While Nye was skeptical that either military or economic assistance could move hearts and minds in directions they were not already predisposed to go, while he questioned whether it would be possible without a great deal more empirical research than currently existed to know how or whether to effect change in another country’s social structure or value system, the leaders at USAID and in Kennedy’s own close circle of foreign policy advisors were not so dubious, especially when they believed the country’s national security was at stake. Nor did Nye’s appeal for “developmental diplomacy” – a sensitivity (rare at the time) to the needs and desires of aid recipients *as they understood them* – prevent the passage of Title IX of the Foreign Assistance Act of 1966, urging “the building of democratic and public institutions *on all levels – local, state, and national.*” In 1968 the clause was added: “In particular, emphasis should be given to research designed to increase understanding of the ways in which development assistance can support democratic social and political trends in recipient countries.” Hardly a tocsin call to disinterested research.⁹

Behind the rhetoric of democratization always lurked the reality of American security needs, translated in practical terms as the need to create the proper “mix” of military assistance and economic aid in the quest for stable government. The Eisenhower administration set the tone. The President’s Committee to Study the United States Military Assistance Program (MAP), the so-called Draper Committee named after its chairman William H. Draper, Jr., a former undersecretary of war, found in 1959 that a purely “defensive approach” to Soviet-Chinese expansionism was inadequate and that

“our best counteraction” was instead “a strong and growing economy throughout the free world. Our aid program is an important element in the achievement of this end.” Economic development and the resulting political stability of countries otherwise susceptible to “the threat of communism” was at the end of the day the best deterrence against aggression.¹⁰ Kennedy himself, in making the case for passage of his comprehensive new foreign assistance program, intoned to a high-level meeting of politicians and economists, “This is not an effort even though it brings beneficial results and fulfills responsibilities that we have as human beings to those who are less fortunate, this is a program that involves very importantly the security of the United States.” The American people needed to understand “the real nature of the struggle in which we’re engaged.”¹¹ In January 1962, as part of a National Security Council Record of Action aimed at further reviewing MAP, the President instructed the Joint Chiefs of Staff to “plan in terms of which mix of military and other forms of aid will best serve our overall national security aims.” MAP and USAID programs should be viewed as “complementary,” not “competitive.” Not only should they be “effectively coordinated” but efforts should also be made to “mesh” their planning cycles to achieve optimal complementarity. USAID was to take the lead, not the State Department or the Department of Defense, in ensuring that military assistance and economic aid did not conflict or work at cross-purposes by, for example, competing for appropriations or juggling between accounts in accord with the transferability provisions of the Foreign Assistance Act of 1961.¹²

Responding to the President’s initiative, outgoing USAID Administrator, Hamilton Fowler, prepared a memorandum in May outlining a set of recommendations

and proposed actions for more effective coordination between economic and military aid programs. To solve “the ‘mix’ problem” he proposed incorporating mix studies into all aspects of the planning process in target countries on the Sino-Soviet periphery. These studies would not only identify budgetary needs at “high” and “low” levels, that is, high military/low economic, high economic/low military depending upon each country’s unique circumstances (its ability, for example, to self-finance some of its defense expenditures), but would also highlight the direct and indirect “side effects” of greater “complementarities.”¹³

The aim of this effort should be to find, on the military side, a combination of forces, equipment, and infrastructures that is approximately as effective as other combinations, in military terms, and yet performs substantially better, in economic, social and political terms. The design of development programs should make a similar effort to take into account, as secondary criteria of choice, those side-effects that may contribute to advancing the military program. . . . In revising programming methods, I intend to place greater stress on the role of non-military side-effects as an important element in the planning of military programs, and of military side-effects as an important element in planning economic programs.¹⁴

The whole point of complementary, Hamilton stressed to Kennedy, was to achieve “the maximum advantage of overall U.S. interests.”¹⁵

Two months later in July Secretary of State Dean Rusk issued a secret memorandum on the subject to all foreign mission heads as well as to the Military Assistance Advisory Group (MAGG), Foreign Policy Advisors (POLAD) (these were senior State Department officers serving in an advisory capacity to American commanders overseas) and to command headquarters in the Caribbean, Europe, the Atlantic, and the Pacific. Citing the NSC Action of January and the USAID Administrator’s subsequent memo to the President, Rusk called for “explicit consideration” of MAP/AID joint operations as from now on “a regular part of the

planning process” and announced the Department’s intention to formulate “a single long-term foreign assistance strategy, military and economic.”¹⁶

A year earlier in his Special Message to the Congress on Foreign Aid, the President outlined a new approach to foreign aid that clearly separated military assistance from social and economic development. The latter, he asserted, “must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs.” Was Kennedy being disingenuous or had the lessons of Laos, Berlin, Cuba, Korea and Vietnam, among others, taught him the futility of exclusively military as well as economic solutions to the problem of insurgency in developing countries? How could he loudly declaim the humanitarian purposes of foreign aid, touting “our economic obligations as the wealthiest people in a world of largely poor people,” while as President presiding over one of the largest military build-ups in recent U.S. history? Counsel peace and cooperation with the Soviet Union only to subsume the growing arms race in a vast new program of economic and political development to backward nations, a “development race,” in Kennedy’s words, aimed at demonstrating “that the United States, not the communist nations, represented the wave of the future”? These were not simply Kennedy’s own contradictions; they were the contradictions of his time and of a Cold War logic that made repressive policies abroad – the use, for example, of counterinsurgency forces to suppress popular dissent – the cost of freedom at home, the pursuit of national self-interest the basis of American altruism in the expenditure of development aid, especially in countries within the communist ambit. Kennedy like so many others of his generation viewed the United States in opposing terms as a sanctuary

of freedom and democracy whose sphere of action and influence was nevertheless the world.¹⁷

Taking up these and other Cold War imperatives and with a view to improving our understanding of the complex relations of peace and development, this chapter examines the development policies of USAID in three separate but related countries, Chile, Korea, and Vietnam between 1961 and 1967. By analyzing country-specific cultural and political conditions, it aims for a more nuanced and dynamic assessment of the development process and its potential role in averting violent conflict. Conditions in these countries and the cry for amelioration can look very different when undistorted by the American prism. At the same time, the refraction of ideas through this prism has undoubtedly molded not only the way these countries perceive the United States, its money and its intentions, but how foreign aid is actually utilized, whether to support peaceful coexistence or to exacerbate conflict and difference. Donors and recipients share a symbiotic relationship that is impossible to entangle without doing injustice to the fundamental equality of their needs and demands. We will not come to an appreciation of that equality however until we have understood the position of the dependent, the rearguard actions that create the relationship in the first place, or the struggle on the part of developing nations to achieve recognition, if not always parity, with their more developed partners.

CHILE

Foreign aid strategically employed can have unintended consequences for a country's development as well as for U.S. national interests. Education is an investment in the human resources of a nation but it can also help to radicalize a disenfranchised intellectual class already ripe for revolution. (The revolutionary communist leader Ho Chi Minh is a classic case in point. Educated in the West, Minh grew up on a steady diet of enlightenment ideals of freedom and equality.) Mechanization may raise levels of agricultural and industrial productivity in a country historically dependent on traditional farming and small handicraft but it can also swell the numbers of unskilled, unemployable workers and become a potential source of social and cultural dissolution with the usual off-setting effects. And of course as cities grow and transportation and communication facilities improve people of different cultures and ethnic backgrounds come into closer contact with one another with both positive and negative outcomes.

The most progressive Latin American country in the 1960s, harboring radical Marxist and socialist forces within a liberal Christian Democratic framework of constitutional reformism, Chile was also the most problematic for American developers. Considered by administration officials "the showcase" for Kennedy's Alliance for Progress – the President's foray into inter-American economic relations as a response to Castroism – Chile also aroused their gravest fears: the emergence of a communist regime not through violent revolution and overthrow but through legitimate democratic processes. Unlike many of the country's neighbors, Chile enjoyed a more or less uninterrupted record of democratic government from the time of its independence from Spain in 1918 to 1973 when a military *coup* overthrew the democratically-elected government of

Salvador Allende, an avowed Marxist. Presided over by a multi-party system operating within a bicameral parliament, the country, while subject to many of the same economic deprivations of its counterparts, boasted a constitutional order that was the envy of liberal democrats in the region. Castroism and its alleged manifestation in a rising coalition of Socialist, Communist, and leftist parties centering on a young Allende, U.S. officials were certain, threatened all that.¹⁸

Between 1962 and 1969 Chile received over a billion dollars in direct, overt aid in the form of loans and grants from U.S government and international agencies, making it the largest per capita recipient of aid in Latin America. In 1975 a Senate Select Committee to Study Intelligence Activities estimated that between 1963 and 1973 Chile received an additional \$13.4 million in covert aid, nearly \$4 million of that between 1962 and 1964 alone.¹⁹ These monies were approved by high-level, sub-Cabinet committee's like Special Group (later renamed the 40 Committee) set up by presidential order to monitor and fund counterinsurgency activities throughout the developing world. In Chile, in the run up to the 1964 presidential election, Special Group authorized funding for some fifteen covert action projects in four categories: propaganda, including "black" propaganda designed to create internal divisions within communist ranks and between communists and their natural allies in the labor movement; bribery and manipulation of the media; various forms of influence peddling within both public and private sector institutions; and direct subsidies as well as intelligence-sharing with the military to support a potential coup.²⁰

Set up by Kennedy in 1962, the membership of Special Group included the Attorney General, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of

Staff, the Director of the Central Intelligence Agency (CIA), the Administrator of the Agency for International Development, and the Director of the United States Information Agency. At the President's direction Special Group was to function as the promotional arm of the government for all counterinsurgency policy. It was to ensure that the importance of counterinsurgency was "reflected" in the "political, economic, intelligence, military aid and informational programs conducted by State, Defense, AID, USIA and CIA." Whenever the resources necessary to conduct counterinsurgency operation came into question, it was to "apply, increase or adjust these resources to meet anticipated requirements." And finally it was to create and coordinate interdepartmental programs, ensuring the free and unobstructed flow of resources and information within and across those programs. Special Group not only in its composition but also in the nature of its directives reinforced what the large amount of overt aid to developing countries was already demonstrating: the growing linkage at the highest levels between military assistance and economic aid.²¹

In the case of Chile, what exactly were the social and political issues that so worried and concerned American officials both at the embassy in Santiago and in the highest reaches of government all the way up to the President? How valid were those concerns? What was the Chilean government itself doing to remove the conditions for radical discontent and to advance the reformist agenda of the Alliance for Progress, an agenda that had been agreed upon by all the countries of Latin America, excluding Cuba, at an inter-American conference in Punta del Este, Uruguay in August 1961? The objectives of this ambitious new Charter were to achieve an annual growth rate of 2.5 percent per capita, gradually closing the gap between the living standards of Latin

Americans and those in advanced, industrialized countries; spread more widely the benefits of economic progress through “a more equitable distribution of national income”; raise industrial and agricultural productivity; improve and extend public education and by the end of the decade eliminate adult illiteracy; improve basic health services as well as access to affordable housing; and achieve greater integration and cooperation as a region around all of these concerns.²² What in this light were the political and economic goals of the socialist and communist left in Chile? To what extent, if at all, were they at variance with the Charter? Was it their goal, as Adolph Berle, Chairman of the President’s Latin American Task Force, suggested “to enslave the agricultural and industrial masses . . . and hold them in slavery for an indefinite period” or, in point of fact, something well short of this?²³ Finally, what role did USAID play not only in providing direct grants and loans to Chile but also in contributing to the process of political stabilization that by the 1960s had become practically synonymous with development itself?

We know now that the much-feared, much-touted excesses of communist rule never materialized when the left came to power in 1970. An Interdepartmental Group for Inter-American Affairs consisting of representatives from the CIA, the State Department, the DOD, and the White House concluded only a month after the election that Chile was no longer a security threat and that moreover, according to the Church Report, “the United States had no vital interests within Chile.” This was a startling admission reinforced by several National Intelligence Estimate (NIE) reports that downplayed Allende’s revolutionary intentions both in Chile and in Latin America generally. Contrary to expectations, Allende appeared to be a moderate, not a radical socialist; was

emphatically not a puppet of the Soviet Union or of Cuba; and instead of counseling repudiation sought “amicable relations” with the United States. However, even the best intelligence is not always free of ambiguity. Apparently there was caveat enough in the reports to convince the 40 Committee of the need for ongoing support of the kind it had provided in the past. Between 1970 and Allende’s overthrow in 1973 the Committee authorized an additional \$8.8 million for covert actions in the country.²⁴

Four interconnected problems faced Chile at the beginning of the 1960s, each with potentially devastating consequences for the country’s economy: a depressed agricultural sector; industrial stagnation; inflation; and a negative balance-of-payments. Chilean officials and U.S. development experts viewed land reform, although a politically explosive issue dividing right and left, as nevertheless the key to transforming a rickety social and economic structure inherited from colonialism. Chile’s large and growing peasant population, estimated at 2.5 million in 1966, had for a century and more lived and worked on large, private estates (*latifundia*) within a *hacienda* system that not only held them in perpetual bondage to their rural proprietors but that due to basic inefficiencies within the system itself – bureaucratic mismanagement, poor resource use and allocation, an aversion to mechanization – reduced agricultural productivity to such low levels that in spite of sitting on some of the richest and most fertile lands in Latin America, Chile found itself by 1960 a net importer of food stuffs. In 1964 alone Chile imported \$159 million worth of agricultural products, a sizeable portion of which (17 percent) came from the United States under its Food-For-Peace Program. One scholar estimates that under more promising agricultural conditions 77 percent of these products could have been grown and marketed from Chile’s own soil.²⁵

In a classic pattern of urban-industrial development, low productivity combined with a rapid decline in real wages (down 30 percent between 1953 and 1959) to drive disenfranchised peasants off the land and into the cities looking for work. Except that in Chile's case there was no work. Not only did agricultural productivity lag behind the consumption needs of Chile's growing population, fueling inflation and exacerbating foreign exchange imbalances; these same externalities together with a colonial history of unfavorable trade balances also slowed the growth of industry in Chile. In the absence of import-substitution policies – tariff protection, tax credits, government deregulation, infrastructure development – to create an environment conducive to local industrialization, the labor force of a displaced countryside was thrown back mercilessly onto itself. As the prospects for a viable urban-industrial order, one capable of producing Chilean goods and services for Chilean consumers, began to dim, land reform suddenly became everybody's business.²⁶

Conservatives became interested in land reform as a hedge against social revolution; the Marxist left to break the backs of the capitalist landowning classes and achieve redistributive justice for the peasant masses; Christian Democrats to create a “Revolution of Liberty,” a communitarian society of equals. “To the Marxist cry of ‘No proprietor,’” held a leading Catholic progressive, “we contrast the Christian ‘Everyone a proprietor’.” Officials within the Kennedy administration were unsure how they felt about land reform, even when it was carried out within the legal framework of Law 15.020, which in 1962 declared that “The exercise of the right of property in rural land is subject to the limitations required for the maintenance and progress of the social order.” Those in the State Department, as Jeffrey Taffet has pointed out, were more interested in

“the existence of favorable investment conditions [that] included low levels of inflation, balanced government budgets, and open markets” than they were in the kind of structural reforms (land reform chief among them) that they only feared would turn Chile into another Cuba.²⁷

To prevent the latter and to shore up conditions for the former, USAID was instructed to hold up much needed grants and loans to Chile pending a demonstration of the government’s willingness to pursue stabilization policies. Approving program and project loans to Chile on the basis that curbing inflation was, in the words of U.S. Ambassador Edward Korry, “primordial” or that Chile address its balance-of-payments problems led, however, to a series of consequences the actual effect of which was to harm American interests in the region and reduce the prospects for peace. By tying aid to government cutbacks, U.S policies antagonized social democrats like Chile’s president Eduardo Frei, pushing them only further to the left. By discouraging public spending, they eroded popular support for the moderate reform agenda of the Alliance for Progress. In contrast, concessional forms of aid expanded the base of support for more radical, anti-American forces on the Marxist left, endangering rather than improving the prospects for stable government on U.S. terms.²⁸

Officials within USAID, bound to yet wary of the reformist agenda of the Alliance for Progress, walked a tightrope between demands for land reform in Chile, demands which raised the specter of expropriation and nationalization and thus of a much-feared socialist take-over, and more conservative agricultural adjustments like livestock improvement and credits to small farmers, rural extension and agricultural training. But this elaborate balancing act was unnecessary. Christian Democrats and

Marxists, at closer examination, were not so much at loggerheads as in general agreement over solutions to the land problem. Leftists organized into the Popular Action Front or FRAP worked in close collaboration with ruling Christian Democrats to push through a land reform bill that eschewed the wholesale confiscation and redistribution of large estates, preferring a “mixed form of individual holdings, cooperatives, and state farms” that would preserve and extend “gains already won within the framework of the established system,” gains like the constitutional right to unionize and with it the right to strike. There was much in the Christian Democratic party program of non-capitalist development – its vision of economic development as “the construction of a new society of workers: harmonious, democratic, and popular” – to which Marxists and socialists alike could subscribe. Officials in Washington, even those on the ground like Charles Cole, U.S. Ambassador to Chile in the early 1960s, resisted this interpretation, insisting instead that political stabilization dictated a policy of counterinsurgency, if not of the cruder sort we see in South Korea and Vietnam where the communist threat was more direct, less democratically constituted and contained than in Chile.²⁹

The objective was to provide technical assistance, training, and riot control equipment to the national police force (Carabineros de Chile) in order to “more effectively prevent and control public disorders and to counter acts of subversion, terrorism and other threats against the internal security of the country.” Although there was little or no evidence of real terror in Chile, for the Cold Warriors in USAID’s new Office of Public Safety there was always the imminent threat of it, especially in the aftermath of a contentious presidential race pitting Marxist-Socialists against liberal democratic moderates. In the face of such a threat and with an overriding U.S. aid policy

of stability and security, the lack of police preparedness became the real enemy. AID workers expressed alarm that in Santiago, a city of three million people, less than half of the 78 patrol cars in its inventory were operational and that the parts and mechanical knowledge to repair these cars was wholly absent in at least half of these cases. As a result, only about eight patrol cars, some of them without adequate mobile radio equipment, were available on any given day to make police rounds. Emergency riot equipment was available in very limited quantities only in the Santiago area; none at all in the outlying areas where AID and U.S. government officials feared an outbreak was most likely to occur.³⁰

In June in collaboration with MAP/Chile and a special U.S. Military Assistance Team from a police-training school in Panama, AID and the Embassy in Santiago developed a Special Emergency Equipment and Training Program that involved the provision of basic riot control equipment to the Carabineros and in-service training for new recruits in seven regional training centers and cities where the potential for civil disturbance, officials believed, was the highest, cities like Valparaiso, Antofagasta, Valdivia, and Concepcion. Undersecretary of State George Ball himself weighed in on the looming problem of Chile's internal security and its maintenance both by military and police forces, more importantly, in Ball's view, by the local police. "In apportioning aid to military forces in riot control," he directed in a secret memo to the Office of Public Safety and other agencies, including the CIA, the Army, the Navy, and the National Security Agency (NSA), "the role of the Carabineros should be considered paramount and US aid to military forces for this purpose should not become disproportionate to that being furnished Carabineros under the AID program." By the end of 1964 USAID could

boast the training of over 500 police personnel in eleven new schools throughout the country, schools staffed by officers educated at its own elite training facilities in Panama. The government in cooperation with USAID stationed over 600 non-commissioned police officers in Santiago alone. These new centers of police protection, thanks to the rapid infusion of American aid and know-how, were now at “good capacity,” bristling with “the supplies and weapons for handling public disorder.”³¹

Did the militarization of Chile (with the help of \$1.7 million in police assistance programs between 1963 and 1970 and MAP loans and grants of \$100 million over a similar period) compromise hard-won gains in the country’s social and economic development, many of those gains also paid for by U.S. program loans and grants, the former totaling 279.7 million between 1963 and 1968?³² An angry and frustrated Eduardo Frei, Chile’s new president, thought so, writing in *Foreign Affairs* in 1967 that the militarization not only of Chile but of Latin America generally had divided the region, exacerbating not reducing the threat of internal subversion and violent revolution. Militarization, argued Frei, was precipitating an arms race that fueled nationalization and was dashing hopes for the kind of regional integration announced by the Alliance for Progress. In addition to a short-sighted focus on structural adjustments to combat inflation – policies directed at price stability, increasing private investment opportunities, liberalizing trade relations – the focus on security distracted attention from much needed social reforms, the very reforms that Kennedy had originally called for as a prelude to peaceful revolution.³³

At USAID in the mid-1960s calls for Latin America reform had instead become an “irritant,” in Chile’s case one deriving from a non-compliant government resistant to

“a common outlook on world problems” and trying to carve out for itself an independent position on matters of economic development.³⁴ Chile’s history of constitutionalism produced more not less political stability than Americans were ever willing to admit, the price of which was a pyrrhic victory in which the cost in dollars and loss of social capital exceeded the one dubious benefit of the aid mission – the establishment of a solid beachhead in the region for U.S. national security interests. In South Korea, where the polarities were much starker than they were in Chile, U.S. aid policy operated upon both a much more open and restricted field of action.

KOREA

For much of the 1960s, U.S. foreign aid to South Korea was dictated by military necessity, the need to shore up the Republic of Korea (ROK) against the inroads of a communist movement in the North that seven years after the Armistice was still aggressive, insistent, and – to the notion of a unified Korea under international auspices, the U.S. goal in the region dating back to 1950 – antagonistic. North Korea sought reunification to be sure but on its own terms, as the establishment of an all-communist state in the region. And it was not above exploiting co-lateral sentiments in South Korea, where unification remained a popular ideal, toward that end. By the early 1960s officials within the Kennedy Administration like Carl Kaysen, the President’s Deputy Special Assistant for National Security Affairs, were convinced that “the principal external threat is not one of renewed aggression but of Communist exploitation of South Korea’s weaknesses via the unification theme.” The defense of the ROK was no longer simply a matter of developing and maintaining the country’s 600,000 man army (no match in any

case, reasoned U.S. officials, for an all-out invasion of North Korean and Chinese Communist forces). In a return to the familiar refrain of winning hearts and minds, what was most needed now was a greater concerted effort to support South Korean economic and social development. Economic growth, Cold War logic dictated, would trickle down to the poorest elements of Korean society, lift them up, and in lifting them up, especially in the area of industrial productivity, shield them from the powerful allure of the Communist message. Only by out-performing their communist counterparts could liberal developmentalists hope to prove the efficacy of their less idealized plans to the popular masses. As a case in point, U.S. officials, who met with enthusiasm the new military junta's Five Year Economic Plan, worried about its undercapitalization of areas crucial to the expansion of the private industrial sector – urban water systems, power transmission, coal mining, and cement manufacturing, for example – and so spoke of leveraging development funds to generate new sources of “power” generally.³⁵

Not that American officials resisted the view, popular among South Korea's military leaders, that privatization (an essential element of democratic systems) would have to await the consolidating gains of economic development. In the minds of development officials democratic reform, even the goal of reunification itself, was secondary to securing both economic growth and military security.³⁶ In 1964, working with the Korean government, USAID moved expeditiously to help Korea combat what experts deemed was its greatest obstacle to growth: an unfavorable balance of trade exacerbated by a reputation on the international market for the poor quality of its consumer products. It helped set up an Export Promotion Sub-Committee of the Korean-American Economic Cooperation Council, seating itself on the committee along with

representatives from private industry and government. Over the next decade USAID provided the moral and material support for a campaign to increase the amount of and improve the quality of Korean exports. It sent in experts to help institute new quality controls at the factory level, improve productivity, and establish new legal standards and guarantees, while using its own considerable influence with American businesses to bolster confidence in Korean-made goods. In just over a year, Korean products began appearing in such large department chains as Sears, J.C Penney, Macy's, and Woolworth.³⁷

Considered like Chile a “showcase of American effort and intention,” Korea was nevertheless still under the thrall of a strong nationalist government that was often repressive and authoritarian in its methods.³⁸ To compound this problem, its social and economic institutions were still largely rooted in traditional village life and in dynastic norms that, in effect, discouraged entrepreneurship and technological innovation. Rejecting the concept of private property so sacred in the West and reinforcing instead ancient Confucian norms of status and prestige, traditional Korean society, according to development officials, placed the country irrevocably at odds with the free market ideology and consumption patterns of the economically advanced countries. In the Confucian world of Korea, lamented USAID, “barely over the slave, came the businessman and trader. . . . Business was despised and considered the legitimate expropriative prey of the officials who could not themselves engage in it; it reacted often in the resentful, clandestine role Korean society carved for it.”³⁹ And yet if Korea, as “one of the key outposts” of “free world forces,” was to resist the advances of an aggressive Communist North, the growth, modernization, and sustainability not only of

its armed forces but also of its economy and society was essential.⁴⁰ Although USAID officials recognized that the “breakdown of traditional society” would create “social and political instability,” this was less important than the “rise of individualism, cosmopolitanism, liberalism and individual initiative” as prerequisites for Korean prosperity.⁴¹

Just how much relative peace and conflict Korea’s model of “guided capitalism” produced on balance is a difficult question, compounded, on the one hand, by a prior history of cultural and political authoritarianism and, on the other, by ambiguities in the American mind itself over the best relationship between democracy and development.⁴² One answer to this question lies, as in the Chilean case, in the peculiar mix of MAP and USAID funding and its discernible impact on the militarization of the ROK, culminating in 1972 in President Park’s declaration of martial law. At the outset of the Park regime in 1961 United States officials were persuaded to believe they could have it both ways – a strong, national government capable of making “the difficult decisions required for economic reform without excessive interference from the civilian population” and progress toward democratization that would open the country up to greater participation.⁴³ Events and their own zeal to contain Communism in the region proved them wrong. While looking to the Park government to combat internal “corruption” and “factionalism,” which it feared could hinder “a stable political . . . environment” and “basic economic growth,” the United States pushed also, against strong popular opposition, to enlist Korean armed forces in its growing military build-up in Vietnam and to promote normalization with Japan, a distressing possibility for most Koreans. For its cooperation in these tasks, the ROK made fresh progress toward attaining a positive

balance of trade, a perennial American policy favorite. Between 1965 and 1968 South Korea earned \$402 million in export sales to Vietnam and the U.S military and made Japan, whose economy was growing in leaps and bounds, its number one importer.⁴⁴

The Korean War was America's first "proxy war" and as such held a special place in the development thinking of counterinsurgency experts. While aid workers and government officials alike worried about the state of the Korean economy, especially under conditions of political repressiveness, they were also sensitive to the need to strengthen local Korean police forces against the new and very real threat of communist infiltration and insurgency. In September 1963, Bryan Engle, the Director of Public Safety at USAID, outlined a MAP plan for the Korean National Police (KNP), the first line of defense against civil disturbances. Citing an absence of "standardization of weapons," "inadequate" mobility and communications capabilities, and "deficiencies" in police training and preparedness, Engle worried that at its current force level of 30,000 men the KNP was not ill-equipped to combat "continuous Communist efforts to infiltrate and then to undermine the internal security" of the country.⁴⁵ With talk in the air of reducing the Korean army by more than half and sending the bulk of the men into the Korean countryside where, in the words of Secretary of State Dean Rusk, they might be "helpful to economic development," the problem of police preparedness was more urgent than ever. The military may be "essential to inhibiting insurgency," yet in countries like Korea, with little or no real democracy, the best way of achieving this mission was to cultivate "friendly relations" between the military and the populace. In practice this meant employing the former in civil works projects in public transportation and communication, health and sanitation, and only tangentially in counter-infiltration

activities. But it was a double-edged sword. A large military presence in rural areas, no matter how “helpful,” might, U.S. officials worried, only further alienate the local populace. Which only made all the more pressing the problem of creating an efficient and effective local police force.⁴⁶

By 1968 the threat of communist infiltration seemed more credible than ever. At the beginning of the year a team of highly trained North Korean agents entered Seoul in a failed attempt to assassinate the President of South Korea.⁴⁷ According to intelligence sources, an estimated 15 to 20,000 North Korean guerillas stood poised for action in the ROK. Engle was now requesting \$5 million in FY 68 (out of a proposed \$100 million in military assistance for Korea) to build up the counterinsurgency capabilities of the KNP. These funds would go to USAID but be administered by the United States Operations Mission (USOM). In a secret memo to the Department of State, the Department of Defense, and the American Ambassador in Seoul, Engle spelled out the case for additional police assistance in language by now familiar: “We have pursued this policy considering that an effective police force for this purpose would enhance the public image of a democratic civilian government, avoid degrading the ROK/US military posture to meet overt NK military aggression, and minimize the political and social strain within the country that could develop as a result of the use of military forces for counterinfiltration activities in their contacts with the civilian population.” With \$5 million in funding, USAID/USOM would be able to train and equip a 4,000 man Combat Police Force; provide for an elite Reserve Task Force of 9,281 police; and in Seoul itself train and equip a Tactical Mobile Force of 407 men. In personal correspondence to Park

within a month of Engle's memo, no less than President Johnson himself gave his imprimatur to efforts to combat the growing threat of North Korean infiltration.⁴⁸

In the context of Vietnam, where South Korea was being called to fight its own proxy war; in an environment of increasing North Korean belligerence (part of a strategy, in U.S. eyes, to turn South Korea into another South Vietnam); in the face of growing democratic opposition to the Park regime and its excesses; and with U.S. aid to the country tied less to evidence of democratic reform as to cooperation with its Cold War goals in the region – it should not be surprising that the most in-depth study at the time of U.S.-Korean economic relations, an eight volume joint study by the Harvard Institute for International Development and the Korean Development Institute, would conclude: “We have argued that, during a period of rapid economic growth, the existence of an authoritarian government accepting economic development as its first priority, able to maintain economic stability, and capable of making difficult economic policy decisions, and implementing these decisions, has been a positive factor in promoting growth.”⁴⁹ Yet in Korea, given these same factors, the choice for economic policy makers was not a clear-cut one between political liberty and social and economic stability. More important for our understanding of the role of development in the peace process is what Amartya Sen has called “the interconnections between political freedoms and . . . the fulfillment of economic needs.”⁵⁰ On this score, given the intrinsically parlous relations between the two, Korea and the United States may have accomplished both less and more than their detractors would allow.

VIETNAM

U.S. foreign aid spending reached a peak in the 1960s, when fears were at their height that without the requisite U.S. military and economic assistance developing countries around the world would fall like “dominoes” to either Soviet or Chinese-style communism. The U.S. Congress authorized 1 billion in foreign aid in 1960, 3.6 billion in 1963, down to 2 billion in 1967 and 1.4 billion in 1968. In 1965 Vietnam, our third case study, received a larger portion of U.S foreign aid than any other country in the world. The vast majority of this assistance (nearly 90 per cent) went to military appropriations, including support for the training of indigenous armed forces and intelligence services. Only a “minute fraction” of these monies went to traditional development programs supporting industry and agriculture. Out of this gross imbalance emerged perhaps the most creative albeit most politically explosive program in Vietnam designed to combine security with social reform and change: the Strategic Hamlet program of civilian pacification led by John Paul Vann, a USAID official in the office of Civil Operations and Revolutionary Development Support (CORDS) and a controversial figure in his own right.⁵¹

Aid to Vietnam was the ultimate test of the assumption that development assistance, organized around the twin goals of security and stability, could be an effective deterrent to civil unrest. Here too history matters. Although the enormous amount of military assistance and economic aid to Vietnam failed to stem the tide of war or to secure victory when the war did come, the legacy of U.S foreign aid to Vietnam has to be measured, as with Chile and Korea, against the ability of the local system to meet and absorb the demands of modernization, to cleanse itself of historic elements of power and

greed, and to achieve some modicum of economic and political independence under conditions of abject dependency.⁵²

Unfortunately South Vietnam was in a poor position to accomplish either of these ends, with or without foreign assistance. A debilitating history of dependency under French-rule; a much older countervailing history of Mandarin elitism and Confucian “personalism,” which relegated material progress to the demands of moral and spiritual uplift; traditional anti-western, anti-industrial attitudes (also manifested in opposition to the entrepreneurial, profit-seeking values of market fundamentalism) – all these things made it difficult for the country to absorb the much-touted lessons of modernization: “psychic mobility,” a “technological” orientation to change, and self-reliance, a feeling of individual efficacy in the face of impersonal social forces. Most South Vietnamese, if not by instinct by education, were ill-disposed to respond to these requirements, requirements that were nevertheless imposed upon them with increasing vigor by Americans determined to transform their country into a model constitutional democracy, one that could withstand, morally and structurally, the blandishments of the North and of the Viet Cong.⁵³

Faced in 1974 with the imminent collapse of South Vietnam, with the spectacular failure to establish a viable democracy in the country in spite of thirty years of U.S. economic, technical, and military assistance, the Senate Foreign Relations Committee sought blame not in the vagaries of U.S. foreign aid or in growing strength of the North or in any number of other exogenous forces but in Vietnam itself:

Vietnam is rich in agricultural resources but cannot feed herself, has absorbed western technology but cannot afford the imports to operate it, has a well trained labor force but cannot employ it, and provides a wide

range of government services but does not have the means to pay for them.⁵⁴

The assumption of Vietnamese intractability in the face of U.S. foreign economic aid and assistance, the belief that systemic weaknesses in the ability of the country to absorb and carry out U.S. plans for its development dashed the do-gooder's best intentions, is both true and false. Certainly the prospects for democracy were slim under the oligarchic, paramilitary governments of both Ngo Dinh Diem and Nguyen Van Thieu. It is practically a commonplace that "The unpopularity and ineffectuality of the Vietnamese government conditioned the effectiveness of assistance and ultimately neutralized any impact it might have had." But this is only one half of the story. Competing conceptions on the part of American economic and military advisors of the role of U.S. foreign aid in Vietnam played no less a determining part in the fate of the country and of U.S. expectations in the region.⁵⁵

These conceptions – the one aimed at economic programs designed to win "legitimacy" for the positive functions of government, the other at military assistance programs designed to increase "security" in a country threatened by civil war – ran along more or less parallel lines at the beginning of U.S. involvement in Vietnam in the late 1950 and early 60s, converging increasingly in the strategic hamlets and in other pacification programs. The "legitimacy school" argued for a Point Four approach to social and economic development, including technical assistance and capital inputs into public health and education, land reform, agricultural productivity, and small-scale industry. The security school sought very different kind of results, "body counts and village stability ratings" that would lend credibility to the overriding American mission to prevent an infiltration of revolutionary communist forces, what came to be called the Viet

Cong Infrastructure or VCI. As the latter reached heightened proportions (both cause and effect of the failure to achieve genuine legitimacy) the role of aid began to shift almost exclusively to counter-insurgency in what one USAID official described in stark terms as “‘Militaryization’ of Program.”⁵⁶

As early as September 1962, a full four years before the first major spike in military aid and U.S. troop size since the beginning of U.S involvement in Vietnam, USAID issued a confidential addendum to its 1963 Operating Year Budget (OYB), claiming that the Vietnam program due to “changing forces of the war” had been “drastically reoriented from the traditional economic development and technical assistance theme . . . to one primarily concerned with counter-insurgency.” In practice this meant the allocation of \$12.4 million in “non-project commodities” (i.e. military and police equipment – radios, for example; 2,193 in 1963, 34,000 by the end of 1968) for use in the villages and hamlets; under the Food For Peace Program another \$12.7 million of PL 480, Title II commodities (basic staples designed to address emergency food shortages); an additional \$11.6 million in “direct support” of counter-insurgency activities to repair roads and improve provincial hospitals, two of many (13) such “Action Plans” aimed at basic infrastructure development; and Balance of Payments support of \$15 million of non-project imports. All this and more in 1963 alone.⁵⁷

Much of this aid was coordinated by the USAID Public Safety Division (PSD) until in May 1967 it was incorporated into CORDS under the Military Assistance Command, Vietnam (MACV). Headed by General William C. Westmoreland yet directed by a civilian, Robert W. Komer, a former Kennedy hand and then Ambassador to Vietnam, CORDS was charged with coordinating all civil and military pacification

programs in Vietnam.⁵⁸ Whether conducted under USAID or AID/MAP auspices, what this boiled down to, according to John D. Montgomery, a public administration scholar and one of hundreds and later thousands of military and civilian advisors working in Vietnam under contract either with USAID or Defense in the 1960s, was “counter-insurgency through civic action, the theoretical hope that an army can contribute to nation-building by providing both security and an infrastructure of small public works constructed by troops and village volunteers.”⁵⁹

As the war in Vietnam grew from cold to “hot,” its original Cold War objectives dissolved in increasing numbers of friendly and enemy “body counts,” the struggle for legitimacy was “overruled” and in the end corrupted by the demands of security.⁶⁰ The casualties for a soft power approach to peace and development were felt up and down the line within USAID. The whole relationship between theory and practice, between program planning, implementation, and review was upended. “There was never time in the heat of war,” lamented one USAID official, “to fully dissect theories and prove them in pilot operations before launching into large-scale operation.” In the transition from a peace-time to a war-time economy, traditional programming areas within the Agency – public health, education, agriculture, refugee relief, supply management – were no longer recognizable in their original form. Where public health had once recalled “advisory services on preventative medicine” it now meant “an unprecedented program of direct medical care for sick and wounded Vietnamese”; where education programs once entailed “long-range development of an integrated educational system” they now called for “a crash program of providing new elementary schools in the rural areas in order to gain political impact”; whereas under normal conditions agricultural programs were

organized on an experiment station-extension plan, in Vietnam they supported “large operations with immediate impact.”⁶¹ The controversial historian of Vietnam Frances Fitzgerald has lampooned this tendency not without some historical accuracy: “thousands of tons of bulgar wheat, thousands of gallons of cooking oil, tons of pharmaceuticals, enough seed to plant New Jersey with miracle rice, enough fertilizer for the same. . . .”⁶² Supply management, once a function of local intermediaries, grew to Total War proportions: “a modern logistics operation,” reads an internal administrative history of USAID, “with hundreds of Americans in port management, coastal sealift, airlift, warehouse construction and operation, repair and maintenance.”⁶³

The USAID program in Vietnam was unlike any other in yet one other important respect. In conventional settings AID advisors worked collaboratively with their local counterparts. In Vietnam “major operations were sometimes planned, supervised and partially performed by American personnel,” a dramatic reversal of the rhetoric of self-help and of the advising function that had driven development theory since the beginning. The prosecution of aid in Vietnam, the vast majority of it dedicated to counter-insurgency, had become a big business with aid workers serving no longer as advisors but as “operators.” In 1967 USAID established a separate Vietnam Bureau with a staff of over 400 to expedite the provision of aid and enable “quicker procurement of goods and services” than would be normal under traditional procedures, procedures, for example, requiring prior host country agreement before loans or shipments could be made.⁶⁴

CONCLUSION

In the administration of aid in our three case studies the goal of political and economic stabilization almost always took precedence over the social reforms associated with democratization – free elections, constitutional governance, broad economic opportunity, and an equitable distribution of goods and services. U.S. containment policy in Latin American and Southeast Asia restricted the field of action for reform-minded officials at USAID; it made the Agency a reluctant partner with the U.S. Department of Defense, joining the two – USAID and MAP funding – uncomfortably at the hip, in effect subordinating the peace-time uses of aid to martial necessity in the war against Communism. In Chile this took the form of a rejection of Christian democratic liberalism on the one hand and an exaggerated and ultimately baseless fear of Allende's Marxist radicalism on the other, leaving U.S. aid officials in an unconstructive limbo between policies that supported industrialization (at the expense of land reform and greater agricultural productivity) and new levels of anti-communist police preparedness guaranteed to frighten and discourage foreign investment in the countries growth.

Unlike in Chile where, U.S. counterinsurgency policies notwithstanding, parliamentary democracy remained a viable political force, in Korea an authoritarian central government, one understandably fearful of communist aggression from the north (less so of indigenous democratic forces, which were weak in a dominant Confucian society), was fast to accommodate modernizing demands that were nevertheless the same in both countries – import substitution, inflation-fighting measures, and other structural adjustments to stop the hemorrhaging of American gold reserves. The Park government accepted millions of dollars in U.S. grants and loans toward this end with the additional

quid pro quo that it would restore economic relations with Japan and send its troops to Vietnam to support the United States mission there. Whereas in Chile the United States traded economic development for political stability, in Korea it traded democracy, and along with it a large measure of political stability, for economic development, widely recognized by the 1960s as the most effective deterrent to communist expansionism with or without a strong military presence.

This truism felt itself with tragic force in Vietnam, a country that came to rely almost wholly on U.S. military support as the prospects for both democracy and development, independent variables in Korea yet essential bedfellows in Vietnam, grew dimmer with each passing year. Military solutions to problems of development sabotaged the good work of aid officials even in strategic hamlet and pacification programs, where the value of their contributions was often under-appreciated. Instead the strategic hamlet became a kind of government decoy for local insurgents in search of asylum in the Vietnamese countryside. Visiting one such hamlet in March of 1962, the head of USAID's Public Safety Division reported back to Washington the remarks of their guide, Presidential Advisor Ngo Dinh Nhu: "Under my plan," said Nhu, "we force the Communists to attack the Strategic Hamlet; thus it is no longer guerrilla warfare."⁶⁵ Rather it becomes a police action against local thugs, a domestic problem not an international one, Nhu wanted to say.

If the war in Vietnam was a domestic civil conflict it was also an international war largely of the United States own making. Inherited from the French and from a history of European colonialism in the region, the war led to new and unprecedented levels of U.S. involvement in the political order, physical infrastructure, and social and

economic organization of the country. Achieving the right mix of economic aid and MAP funding, which was so much a part of development assistance in countries like Chile and Korea, simply did not apply in Vietnam. Military and civilian operations were indistinguishable, USAID workers forming counterinsurgency teams and U.S soldiers directing relief work under one unified command structure. The line between friend and foe was also fast disappearing when to destroy a village was to save it and to meet the enemy on his own ground was to pacify the South Vietnamese homeland. Not even the best economic planning by the best minds under the most promising conditions – in the case of Vietnam, an active government presence combined with strong traditions of local autonomy and self-help – could compensate for the depredations of a militarized social and political landscape. This was the one overriding lesson of our development experience in Vietnam. In hindsight, it should have given us pause in Chile and Korea, where reactionary forces were in the ascendancy due in the case of Chile not to any credible Marxist threat or in Korea's case to any counter-hegemonic movement in the country but in both cases to the failure of the United States to recognize and support liberal-democratic forces of change.

ENDNOTES

¹ “The security and stability of nations half a globe away,” Secretary of Defense Robert S. McNamara made imperative in 1966, is directly linked to the security of the United States, “whether communists are involved or not.” McNamara quoted in Joan M. Nelson, *Aid, Influence, and Foreign Policy* (New York: The Macmillan Company, 1968), 19. See also *Ibid.*, 20.

² See Walt W. Rostow, “The Take-Off into Self-Sustained Growth,” *Economic Journal* 66 (1956): 25-48 and his *Stages of Economic Growth: A Non-Communist Manifesto* (New York: Cambridge University Press, 1960).

³ Robert J. Muscat, *Investing in Peace: How Development Aid Can Prevent Or Promote Conflict* (Armonk: NY: M. E. Sharpe, 2002), 106, 110.

⁴ The term was Krushchev’s but was blown out of all proportion by John F. Kennedy and others as a direct threat against the United States. See Stephen G. Rabe, *John F. Kennedy, World Leader* (Dulles, VA: Potomac Books, 2010), 38.

⁵ For the meaning and usage at the time of the term “political development,” see Lucian W. Pye, “Political Development and Foreign Aid,” USAID Development Experience Clearinghouse (USAID DEC), 6-7, <http://dec.usaid.gov/>. See also Brain E. Butler, “Title IX of the Foreign Assistance Act: Foreign Aid and Political Development,” *Law & Society Review* 3, No 1 (August 1968), 115-151.

⁶ Martin quoted in Thomas G. Patterson, ed. *Kennedy’s Quest for Victory: American Foreign Policy, 1961-1963* (New York: Oxford University Press, 1989), 115-116.

⁷ Pye, “Political Development and Foreign Aid,” 6-7.

⁸ Jacob J. Kaplan, “United States Foreign Aid Programs: Past Perspectives and Future Needs,” *World Politics* 3, no. 1 (October 1950), 55.

⁹ Pye, “Political Development and Foreign Aid,” 10-11, 13; Committee on International Relations, Committee on Foreign Relations, *Legislation on Foreign Relations through 2002*, Volume 1–A, Sec. 296 Foreign Assistance Act of 1961 (Washington, D.C.: U.S. Government Printing Office, 2003), 143.

¹⁰ Draper Report quoted in “The Time Has Come to Face the Facts,” A Summary of the Four Reports of the President’s Committee to Study the United States Military Assistance Program, September 1, 1959, Committee to Strengthen the Frontiers of Freedom, 6, 8, 10, USAID DEC. For the full report, see President’s Committee to Study the United States Military Assistance Program, August 17, 1959, 355 p., USAID DEC, (PC-AAA-444).

¹¹ John F. Kennedy, “Remarks at the Eighth National Conference on International Economic and Social development, June 16, 1961, *Public Papers of the President (PPP)*, 1, <http://www.presidency.ucsb.edu>.

¹² “National Security Council Record of Action No. 2447,” *Foreign Relations of the United States (FRUS)*, 1961-1963, Vol. IX: Foreign Economic Policy: Section 7, 32; Foreign Assistance Act of 1961, Section 610, in *Legislation on Foreign Relations Since 2002* (U.S. Government Printing Office, 2002), 290.

¹³ Fowler Hamilton, Memorandum for the President, “Methods for Improving the Coordination of Economic and Military Aid Programs,” May 25, 1962, 1-4; Box 6; Folder: Program FY63; Entry P39: Classified Vietnam; Records of the United States Agency for International Development (USAID), Record Group 286; National Archives and Records Administration (NARA), College Park, MD.

¹⁴ Ibid., 3.

¹⁵ Ibid., 1.

¹⁶ Dean Rusk, AID/WASHINGTON, "Methods for Improving the Coordination of Economic and Military Aid Programs," July 19, 1962, 1, in Ibid. See also the earlier, widely discussed Charles Wolf, Jr. "Some Relations between Economic and Military Assistance," Policy Discussion Paper No. 2, March 9, 1962, USAID DEC.

¹⁷ John F. Kennedy, "Commencement Address at American University in Washington," June 10, 1963, PPP; Rabe, *John F. Kennedy*, 143.

¹⁸ "Covert Action in Chile, 1963-1973," Staff Report of the Select Committee to Study Governmental Operations with Respect to Intelligence Activities. United States Senate. (Washington, D.C. U.S GPO, 1975), 4.

¹⁹ Ibid., 7; Stephen G. Rabe, "Controlling Revolutions: Latin America, the Alliance for Progress, and Cold War Anti-Communism" in Patterson, *Kennedy's Quest for Victory*, 116.

²⁰ "Covert Action in Chile," 14, 7-11.

²¹ National Security Memorandum 124, "Establishment of the Special Group (Counterinsurgency)," 18 January 1962 in *The Pentagon Papers*, Gravel Edition, Vol. 2 (Boston: Beacon Press, 1971), 660-661.

²² See "The Punta del Este Charter" reprinted in Jeffrey F. Taffet, *Foreign Aid as Foreign Policy: The Alliance for Progress in Latin America* (New York: Routledge, 2007), 207-208.

²³ Berle quoted in Rabe, "Controlling Revolutions," 107.

²⁴ "Covert Action in Chile," 46-48.

²⁵ Terry McCoy, "The Seizure of 'Los Cristales,'" *Inter-American Economic Affairs* 2, No. 1 (1967), 74.

²⁶ Brian Loveman, *Struggle in the Countryside: Politics and Rural labor in Chile, 1919-1973* (Bloomington, IN: Indiana University Press, 1976), 197, 189-220; Milton D. Lower, "Institutional bases of Economic Stagnation in Chile," *Journal of Economic Issues* 2, No. 3 (September 1968): 283-287; Robert R. Kaufman, *The Politics of Land Reform in Chile, 1950-1970: Public Policy, Political Institutions, and Social Change* (Cambridge, MA: Harvard University Press, 1972), 39-44.

²⁷ Loveman, *Struggle in the Countryside*, 187, 199, 225; Taffet, *Foreign Aid as Foreign Policy*, 73, 86; see also Albert L. Michaels, "The Alliance for Progress and Chile's 'Revolution in Liberty,' 1964-1970," *Journal of Interamerican Studies and World Affairs* Vol. 18, 1 (February 1976): 74-99.

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²⁹ Kaufman, *Politics of Land Reform in Chile*, 197, 217, 85.

³⁰ Bryan Engle, Director, Office of Public Safety, USAID to Joseph Lingo, Special Assistant to the Director, November 23, 1964, "Airgram report," 1, 3-5; Office of Public Safety, Chile; Box 23; Folder IPS-1, File Material Chile 2 of 2; USAID; Record Group 286; NARA.

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⁴⁰ *Ibid.*, 10.

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