

A Case for Aid:  
Foreign Assistance Effectiveness in Maintaining Global Influence

by

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## **Abstract**

This dissertation examines how U.S. foreign aid provision impacts recipient nations' policy behavior. I address the following questions: Is aid provision an effective foreign policy tool? How does aid alter the payoff structure for donors (the U.S.) through repeated interactions? Can aid provision elicit policy compliance from recipients? Assessing the effectiveness of aid as a policy tool is naturally multifaceted and complicated. Properly defining what constitutes politically effective aid entails a thorough cost-benefit analysis encompassing objective measurements of costs, risks and payoffs. Effectiveness consists of successful coercion of a recipient's policy behavior and a relatively high yield in terms of payoffs versus rewards.

This dissertation analyzes aid effectiveness through the use of case studies pertaining to three prominent aid recipients: Colombia, Turkey, and South Korea. Aid's relevance in successful policy coercion is a significant foreign policy issue because aid's cost to yield ratio is far superior to any other available means of coercion, yet foreign assistance is repeatedly relegated by policymakers. Utilizing case studies, this dissertation convincingly demonstrates the promise of aid's relatively underused power in influencing policy behavior on the part of recipients. By using case studies, I will demonstrate that aid represents one of the most powerful tools available to the U.S. for influencing, coercing, and controlling state behavior globally.

## **I.A Case for Aid**

Is foreign aid a politically effective foreign policy tool? International relations scholars and policymakers alike have been critical of U.S. foreign aid policy since the earliest days of the Cold War. The steadily decreasing allotment of money and resources for foreign aid as a portion of the overall foreign policy budget over the past half century demonstrates the mainstream perception of aid's usefulness as a tool of influence. However, in order to truly understand the role that aid plays in contemporary international relations, a cursory knowledge of the basic theory of political aid as described by Morgenthau (1962) and McKinlay and Little (1977) is required as well as a baseline definition of what constitutes policy effectiveness. Analyzing aid effectiveness is no different from analyzing any other international interaction. As money and resources are spent in order to achieve a political end, properly assessing effectiveness consists of examining costs versus benefits and the ultimate results of aid provision interactions. Previous studies of foreign aid effectiveness have used a variety of indicators to determine success, but with limited success due to the sometimes subjective nature of the measures used by the researchers. Specifically, the scholarly community has failed to reach a consensus on what constitutes aid effectiveness and the debate over aid's usefulness as a diplomatic tool remains as contentious today as it was sixty years ago. In order to properly determine the value of aid provision as a foreign policy tool, it is necessary to ask: how does aid alter the payoff structure for

both donors and recipients? And what is the overall political payoff of aid relative to other foreign policy tools?

The contribution of the current study is two-fold. Beyond simply filling in a gap in the foreign aid literature, this study will establish the role of foreign aid in international relations overall. Through the use of case study analyses, I will demonstrate both the importance and the potential of aid as a foreign policy tool relative to other existing options. I intend to demonstrate throughout this work how foreign aid alters the payoff structure for both donors and recipients in any international interaction where a donor nation is attempting to coerce or influence policy behavior. I contend that the potential coercive power of aid is far greater than that of sanctioning, use of force, or any other potential inducements available for a major power because aid provision is typically small and does not elicit any type of defiance on the part of recipients. This concept defies a number of claims previously made by scholars who insist that sanctions are almost cost free compared to the investment of aid in its various forms. Such claims seem realistic if one is working under the assumption that aid-for-policy transactions only result in short-term policy gains. However, through the use of case study evidence, I will elaborate on the effects that aid has on the overall payoff structure in international interactions in both the short and long-term. This analysis will demonstrate aid's long-term effectiveness in establishing and strengthening bilateral relationships between donor and recipient, a result which is exactly the opposite of that fostered by any alternative means of gaining policy leverage. On a very broad scale this study serves the purpose of theoretically establishing what foreign aid means for international relations

overall. Rather than representing a small and borderline insignificant portion of the foreign relations budget of the average donor, aid is powerful because of its versatility in reaching a wide variety of policy interests. Foreign aid provision is more applicable in individual cases of international interactions than any other available tool and its risk versus reward ratio carries a significantly high yield. Additionally, any cursory examination of the historical record reveals that a superpower such as the United States provides aid in some form to almost every country on earth. This point demonstrates that despite increasing criticism from scholars and policymakers and waning financial commitments from the U.S. over recent decades, aid remains a crucial part of U.S. foreign policy overall.

### **Maintaining Superpower Status**

When a nation has achieved either hegemonic or superpower status, the norms of foreign policy behavior change dramatically. The primary foreign policy objective when a state has reached the pinnacle of global power is the maintenance of its status. More important than any other aspect of this behavior is the practice of influencing weaker states. Influencing or coercing behavior from weaker states allows the first world nation to protect its interests at a minimum of resource expenditure while providing for long-term maintenance of the status quo. Critics of hegemonic or imbalanced global power assert that this develops into a forceful relationship between the strong and weak powers resulting in relationships of either dependency or blatant dominance. However, rather than perpetuating the tragedy of great power politics, the

current study theorizes that the relationship between the developed and underdeveloped world can be better characterized by symbiosis whereby absolute gains are obtained while a superpower maintains its invulnerable status. This idea has both moral and realistic implications for all future superpower aid policies. Rectifying the schools of thought surrounding absolute versus relative gains (or any variation of rival political science theories) stands as the great challenge of the field, of course. And while this study will approach questions of policy coercion through the amoral lens of aid-for-policy, the individual case studies presented here will allow for idealistic analysis because such issues are vital for perpetuating U.S. power concerns in the long run.

In the more realistic world of power politics it is to be assumed that aid provision creates a system by which the preferences of weaker states will begin to mirror those of the dominant state over time (Moon, 1983, 315). The descriptive names applied for this type of behavior throughout the literature include: political aid, coercive aid, bargaining aid, dependency aid, leverage, etc. Whatever title is applied, the same general principle is applied. By establishing an aid relationship in any form, the donor nation will naturally expect to gain long-term foreign policy advantages (McKinlay and Little, 1978, 315). Successful policy coercion is naturally constrained by a number of domestic factors for both the donor and recipient of all kinds of assistance. In light of the current study, there are also international constraints which are often unseen but can significantly impact successful policy leverage. Playing multiple roles while trying to influence a regional policy outcome can be counterproductive because it often pits aid recipients against each other. Wheelock (1978) makes this point while also acknowledging that in

certain contexts, coercion attempts by major powers have been ineffective due to a lack of adequate commitment. Specifically he notes U.S. attempts at influencing policy behavior from Israel during the 1970s and the ultimate lack of sufficient bargaining leverage brought to the table (Wheelock, 1978, 130). This point is especially relevant to the current study for it sheds light on the fact that historically, U.S. attempts at gaining political influence through aid have been lacking and reflect a lack of steadfastness.

Successful coercion typically requires genuine sacrifice on the part of more powerful state, and some of the harshest critics of U.S. aid patterns over time have noted this fact. Supplying significant amounts of military grants and loans to both Israel and Egypt during the 1980s may have temporarily supported the peace process and prevented catastrophe (Coute-Morgan, 1990, 23). Unfortunately, a lack of any firm commitment on the part of the U.S. has led to a perpetual state of low level conflict which is unlikely to end any time soon. Despite the significant contributions to the literature of Wheelock (1978) and Moon (1983), the field has progressed little over the course of the last three decades in properly linking global political influence and aid provision.

## **Literature**

The practice of utilizing aid as a tool of coercion or influence of weaker states has a long history. In fact, what some have more blatantly referred to as political bribery was commonplace among major powers up to the early nineteenth century (Morgenthau, 1962, 302). However, as a younger nation, aid as a tool of foreign policy

influence in the U.S. arsenal is a relatively modern development. While U.S. assistance in various forms existed previously, the post-World War II era provided the perfect storm of circumstances conducive for the use of aid. The ruins of Europe became the new battleground for the ideological Cold War and an enormous split between east and west quickly transpired (Browne, 1999). In order to maintain the policy influence necessary to keep the Soviet onslaught in check, the U.S. devoted a vast amount of resources to the reconstruction of Europe. However, the United States' history of providing assistance to recipients under the guise of gaining foreign policy leverage is mixed.

While examples like Europe demonstrate the power of aid in creating lasting and ultimately effective protections against a very powerful enemy by fostering strong diplomatic kinships, other instances of aid provision have not been nearly as successful. Despite years of ideologically driven assistance to the most poverty stricken areas of Africa, little developmental progress has been achieved, although vocal advocates for aiding Africa remain hopeful (Goldsmith, 2001). In some instances, U.S. assistance has ultimately had the opposite desired effect. U.S. assistance during the Cold War to Afghan freedom fighters in their fight against the Soviet Union had adverse effects which became visible in subsequent years. In an effort to prevent the creation of a regional hegemony in the Middle East, the U.S. supported Iraq in their fight against Iran during the 1980s, only to go to war with Saddam Hussein's regime on two subsequent occasions.

It is because of these mixed historical results that the literature on the effectiveness of foreign aid remains divided. A great number of analyses of U.S. aid policy remain limited in their approach, typically focusing on key aspects of the recipient such as regime type (Poe, 1992; Bueno de Mesquita and Smith, 2004; Lai and Morey, 2006) or human rights records (Klare and Arnson, 1981; Cingranelli and Pasquarello, 1985; Carleton and Stohl, 1987). Studies that have explicitly proposed to analyze the effectiveness of aid as a foreign policy tool are likewise limited in scope, relying on United Nations voting records as evidence of successful U.S. coercion (Wittkopf, 1973; Rai, 1980; Kegley and Hook, 1991; Wang, 1999), or instead focusing on individual forms of aid rather than all forms of assistance (Sislin, 1994). In a similar vein, studies which have sought to explain the primary motivations of donors have often fallen short of capturing the big picture. Drury, Olsen and Belle (2005) analyzed the motivations of U.S. disaster assistance in an effort to determine how political in nature humanitarian assistance in times of emergencies is. While they cemented the political nature of all aid, including disaster relief, their assessment insufficiently accounted for the strategic concerns of the Global War on Terror. Instead, the authors posited that the main considerations when dealing with disaster relief involve domestic considerations of the recipient state, domestic politics of the recipient, and overall salience of the disaster in question (Drury, Olsen, and Belle, 2005, 456).

Acknowledging the inescapable truth of political salience is a good first step, but the authors fail to take into account both short and long-term strategic concerns, which is something that has become particularly relevant during the last decade. Therefore,

their analysis suffers from the same limitations of scope that have kept the overall study of foreign aid effectiveness divided for a number of years. It is in this area that the value of employing case studies becomes quite apparent. Studies which are limited in scope also work under the premise of one-size-fits-all aid provision, which is a relative oversimplification of international interactions that inadvertently prevents progress in the field.

The literature overall has focused primarily on the decision making process of aid donors and the subsequent effects of individual forms of aid such as military assistance or economic development aid without creating a cost benefit analysis of aid in order to determine its utility as a foreign policy tool. For example, what is the value of country A's conceding to donor demands? Is this concession less than or more than what the donor nation is willing to provide? What are the long-term effects of such an interaction? Can the donor nation count on compliance in the future without a similar provision of aid? Or has a new working friendship been established? This hypothetical set of considerations is naturally very simple, but through the use of case studies, it is possible to account for the largest number of contingencies (but likely not EVERY possible contingency) in order to create an analysis of aid effectiveness that is appropriately broad enough in scale to draw genuine conclusions about the future direction of U.S. aid policy.

Additionally, studies which are limited in scope represent methodological as well as theoretical shortcomings. This dissertation aims to develop a new theoretical

approach to analyzing aid effectiveness. Studies devoted to individual forms of aid suffer from a systemic flaw which defies the basic theory of aid as laid out by Morgenthau and other scholars who have posited the political nature of aid. If all aid is bribery, then differentiating between types of aid is insignificant with regard to overall policy coercion. While some types of aid may have more value to recipients in individual cases and therefore have greater coercive power, a true big picture examination of aid as a tool for maintaining global influence must account for all types of assistance. Such an undertaking from a purely quantitative perspective is enormous. However, the case study analyses in this work will properly address the problems inherent in previous studies of encompassing all types of aid as tools of political bribery.

This study would not be necessary if not for exceptional cases which have called the utility of aid into question. On the surface, it would appear that historical examples such as U.S. aid to Afghanistan defy conventional wisdom. If the primary objective of an aid donor is to gain political leverage, it stands to reason that the more poor a recipient is, the more susceptible to donor influence they are. However, this was not the case in Afghanistan during the Cold War. While the immediate goal of impeding Soviet control over the region was met, the long-term effects were tragically detrimental to U.S. interests.

This dissertation will analyze the problem of why poorer nations who are seemingly most in need of foreign capital are often the most difficult to influence. In their analysis of policy concessions and the domestic institutions of recipient nations,

Bueno de Mesquita and Smith (2004) propose that the history of aid provision by major donors has been characterized by efforts targeting leadership rather than citizens in order to gain influence. As such, long-term effectiveness in policy coercion is doomed. Bueno de Mesquita and Smith are correct in this regard, and such a criticism of U.S. aid policy is only the tip of the iceberg. Rather than focusing on tangible development issues in recipient nations, U.S. policymakers have been myopic in their pursuit of immediate strategic goals. Case in point, once the Soviet threat had been expelled from Afghanistan, what efforts were made by the U.S. towards encouraging any significant level of development for the war torn country they left behind? While a defeat for the Soviets was indeed a victory for the U.S., leaving behind an impoverished nation armed to the teeth with AK-47s and Stinger Missiles hardly represents a prudent policy of development assistance. The case studies in this dissertation and the cost-benefit analyses they include (particularly Colombia) will address this type of failure and create solutions for future policy behavior.

The vast majority of the previous literature has attempted to examine aid through analysis of benefits which were inappropriate for answering any big picture questions. In other words, previous scholars have ignored true cost-benefit analysis comparing aid expenditures with overall payoffs related to recipient foreign policy behavior within a rational choice framework. A significant portion of the literature has been devoted to characterizing aid's political nature in order to verify Morgenthau's basic theory of aid as direct bribery. While this type of work is important and has laid the groundwork for the contemporary study of aid, it is now necessary to apply the

basic theory to the overall utility of aid for donors. Few scholars have attempted to analyze aid effectiveness from the perspective of the donor (Kegley and Hook, 1991; Sislin, 1994; Bueno de Mesquita and Smith, 2004). The lack of study in this area is striking given the general assumptions of the major theories of international relations and in particular, the general framework of rational choice.

Perhaps even more integral to establishing the political nature of aid than Morgenthau and McKinlay and Little has been the work of James Lebovic. In addition to cementing the significance of political aid and the importance of disaggregating aid types (Lebovic, 1988), Lebovic's 2005 work on the consequence of donor positioning versus other major contributors firmly establishes the importance of achieving aid supremacy (Lebovic, 2005, 125). In other words, it is within a donor nation's best interests to provide the most aid to the country where their vital interests lay in order to achieve the greatest level of influence. Lebovic's conclusions further emphasize the significance of the theoretical foundation of the current study. Beyond altruistic giving or even aid provision in return for minor political concessions, Lebovic's conclusions indicate that aid provision is essential for achieving policy influence. However, the purpose of the current study is to take such a conclusion even further. More than merely out-giving the other major donors in order to maintain the highest level of political influence as described by Lebovic, I contend that policymakers consistently fall short in utilizing aid as the most potentially effective diplomatic weapon of all. True policy coercion and global influence can only be achieved through levels of aid provision

previously untried in U.S. history, and the case studies included here will lead to such a conclusion summarized in the final chapter.

Studies focusing on foreign aid's influence on UN voting patterns have yielded varying results (Wittkopf, 1973; Rai, 1980; Kegley and Hook, 1991; Wang, 1999). Additionally, these studies have differed from one another in their approach to what constitutes significant voting events and what does not. By applying different standards to UN votes overall and failing to objectively determine what votes are important versus routine, the use of voting coincidence rates has been unsatisfying overall. While UN voting patterns are certainly important, and in the work of Kegley and Hook (1991) serve as an ideal proxy for true compliance with U.S. objectives, these studies also fall short by not properly quantifying appropriate expenditure levels on the part of the donor for the policy concessions being sought. This is where the value of a case study approach to the question of aid effectiveness becomes apparent. UN voting compliance is simply too narrow of a policy concession to be used as a proper gauge for aid success, whereas case studies allow for a broad range of variable specific scenarios to be accounted for when making a final determination of aid effectiveness.

I argue that in addition to methodological problems plaguing the use of UN voting rates as a means of measuring policy compliance, such a measure is theoretically untenable. The theoretical limitations in the literature involve their split from the original premise of aid which dates back to ancient times. The Roman Empire utilized aid as a means for keeping smaller nations as allies, as well as keeping the peace in their sphere of influence (Brynes, 1966, 26). Thus, the use of aid by a superpower is

inherently a means of serving the superpower only. The UN is an international organization which utilizes a structure similar to that of a number of parliamentary democracies. Therefore, participants in UN voting are subject to pressures from the constituents they represent. Therefore, as Kegley and Hook discovered, in the arena of the UN attempts at coercing voting behavior are naturally doomed to end in resentment and backlash. Additionally, the central premise of Morgenthau's basic theory was that aid was a political tool for use by individual powers for their own gain. The UN was founded during an ideological storm as a means of avoiding large scale wars in the future and creating an international community which would work in harmony. The UN was not founded as an instrument for individual powers to expand their influence, and therefore attempts to use UN voting as a proxy for aid effectiveness are unstable. This point explains why the results from all previous scholars have been so terribly mixed and why a new theory of aid effectiveness is essential.

Rather than dwelling on the impact of aid in the limited arena of the UN, this dissertation will focus on the impact of aid on the payoff structure of bilateral interactions. My alternative theory, which is detailed below, provides a new way of thinking about aid effectiveness which in turn will facilitate the filling in of a number of gaps in the literature. The aforementioned absence of a large scale cost-benefit analysis provided in this dissertation stands in stark contrast to the repeated attempts at rectifying the question of aid's impact on UN voting behavior. By applying a cost-benefit analysis to each case study included here, I will be able to qualitatively demonstrate the validity of my theoretical contention that aid is a superior diplomatic tool in the short

and long-term for fostering positive international kinships which will serve U.S. interests into perpetuity.

### **Why the U.S.?**

This study is focused primarily on U.S. foreign aid policy. However, the implications for this type of study are universal for any major power seeking to coerce and influence behavior globally. I have chosen to focus on the U.S. because of the relevant history of the past decade. Between the end of the Cold War and September 11<sup>th</sup>, there was a general theoretical shift in the literature away from analysis of political motivations towards more idealistic pursuits. The onset of the Global War on Terror has had numerous implications for foreign aid policy. On the one hand, it is now quite evident that enlisting support or achieving certain policy concessions through aid provision is quite commonplace. On the other, the apparent decline in the utility of aid following the Cold War was completely illusory. The hindsight provided by the onset of the Global War on Terror has illuminated the policy shaping potential of aid in ways previously unimaginable.

For better or worse, U.S. aid policy has played a pivotal role in shaping the events of the last decade. Large and sometimes indiscriminate aid transfers to Israel, two wars against rogue nations in the Middle East and Central Asia, and the seemingly never ending stream of anti-American rhetoric from various unstable regions indicate the potential policy importance of aid provision. The U.S. is also an important example because of the endless criticism the U.S. receives from other developed countries for

not giving enough. While the U.S. provides an extremely large dollar amount, the amount of aid provided as a percentage of the overall GDP lags far behind the world's other donors. This point is striking because one of the central assumptions of political aid as it applies to the U.S. is that maintaining the position of the world's loan superpower requires constant maintenance. Maintaining superpower status means maintaining global influence over policy behavior. The increasingly treacherous state of U.S. global influence further emphasizes the importance of foreign aid provision. This point is vital for understanding the role of aid in international relations overall, rather than just as a small subfield. Rather than simply filling in gaps in the literature, this dissertation focuses on the U.S. as an ideal example for illustrating the significance of aid and aid effectiveness as part of all international interactions.

## **Theory**

**Foreign aid is an effective diplomatic tool of coercion because it has a higher yield relative to cost compared to other foreign policy tools.**

Methodological flaws throughout the literature are an understandable occurrence given the divisive nature of aid-for-policy coercion. However, there are also instances of theoretical shortcomings in the literature. Nowhere is this more apparent than in previous attempts to link aid provision with UN voting compliance. As described above, a frequent problem throughout quantitative examinations of UN voting compliance as a measure of aid success is too narrow of a focus.

For example, most studies of aid have focused on particular types of aid (development, military, humanitarian, etc.). Additionally, most studies utilizing UN voting compliance as

a proxy for successful coercion have focused on smaller timelines without answering any big picture questions (Wittkopf, 1973; Rai, 1980 and Wang, 1999). This ultimately manifests itself methodologically as a failure to account for lingering effects on the bilateral relationship between donor and recipient. This dissertation properly addresses this issue through its multifaceted analysis of aid effectiveness.

The existing holes in the literature left by a focus on quantifiable elements that are too specific in nature is especially regrettable because it does not allow for a proper large scale cost-benefit analysis applied to individual countries. As stated above, there cannot be a one-size-fits-all solution in any international interaction. In order to properly address my first theoretical point, case studies allow for a greater range of cost-benefit analyses over multiple instances on an extended timeline. Case studies provide a historical and variable specific scenario wherein the costs and benefits of other diplomatic tools which might have been utilized can be measured. Naturally the question must be asked, what type of aid provision is the most appropriate for this sort of analysis. An all-encompassing analysis (such as that provided by a case study) must necessarily include humanitarian aid, economic development assistance, military assistance and any other form of assistance provided because each form represents an attempt at coercion. One of the key underlying assumptions of this study is that all aid is political and provided for the purpose of eliciting a behavioral response. Also, because this analysis is focused on effectiveness for donors, all types of aid must be accounted for. When dealing with case study analyses, this will entail a great deal of historical

analysis and when possible, data accumulation. But this is necessary in order to determine aid's effectiveness is influencing policy behavior.

While most scholars have correctly approached questions of aid effectiveness through the strictly political lens of Morgenthau (1962), McKinlay and Little (1977) and Lebovic (1988), most have not addressed the relatively low costs associated with aid provision. The simple hypothetical set of questions laid out above drives at this point. In order to properly assess the value of aid, it is necessary to account for all possible investments of money and resources and compare them with similar investments associated with other tools of coercion. Assessing effectiveness and the superiority of aid as a diplomatic tool requires an examination of both political and economic factors for both the donor and the recipient. I theorize that a donor can invest less through foreign aid and achieve a similar or better end state compared to using other diplomatic tools.

*H<sub>1A</sub>: The risks associated with aid as a diplomatic tool of coercion is less than that of other means. Cost-benefit analysis of the contextual variables involved in any international interaction will indicate this.*

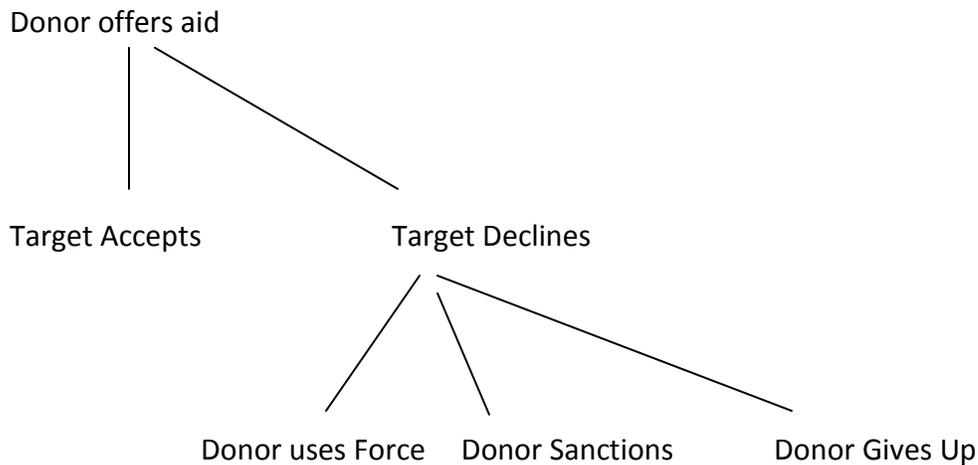
*H<sub>1B</sub>: The costs associated with aid as a diplomatic tool of coercion is less than that of other means. Cost-benefit analysis of the contextual variables involved in any international interaction will indicate this.*

**Expending comparable amounts of money and resources on aid yields a higher success rate than sanctioning or use of force. Aid is equivalent to positive reinforcement for policy behavior, and the same cannot be said of other policy tools.**

Naturally, a large scale cost-benefit analysis of aid effectiveness in coercing aid from an individual recipient will be accompanied by a number of questions. These include: How do we gauge effectiveness? What is an appropriate cost/payoff ratio?

What is the causal mechanism linking the receipt of aid with the willingness to make policy concession? Questions such as these can be portrayed in a relatively simplistic way by the following model:

### **Coercion Through Aid Provision**



This very simplified picture of how the bargaining through aid process works allows for an initial offer of aid, which can be accepted or declined by the potential recipient, followed by the choice of using other means of coercion or admitting defeat. This portrayal of coercive aid represents only an initial stage in the overall bargaining process that policymakers must go through when seeking to influence targeted states. However, this simplified picture represents the limits of the classic theory of aid provision. It does not account for repeated interactions which, taken altogether, create a more complex but significantly more realistic portrait of how the game of aid provision works.

Previous studies have come close to this type of analysis, but only through specific cases and usually only by analyzing individual types of aid. But assuming that all

types of aid are political in nature, a true picture of how assistance can influence recipient behavior emerges which previously did not exist. Naturally, individual iterations of international interactions require new cost-benefit analyses. It is here that the altering of the payoff matrix according to aid provision becomes evident. The individual case studies of this dissertation, along with their accompanying cost-benefit analyses, will demonstrate that while other scholars have focused on costs versus benefits as if an enormous risk was being taken by the donor, this simply isn't the case.

The sequence of events portrayed below demonstrates the presumed course of action for coercion through aid or political bribery as described by the classic theorists of power politics. Faced with the need to influence a targeted state, a donor nation will offer aid as an inducement towards a certain course of action.

**Aid alters the payoff structure in an individual international interaction subsequently requiring a new cost-benefit analysis.**

A more realistic picture which encapsulates the actual process of bargaining would include greater offers of aid at subsequent intervals, thereby changing the payoff structure for a potential recipient. I theorize that in a number of cases, the overall costs associated with influencing a course of action on the part of a recipient through aid pale in comparison to the costs of either unsuccessful coercing or use of other means; namely sanctions or use of force.



as silent acceptance, vocal support, support through a limited expenditure of resources, or more tangible physical support for U.S. policy initiatives such as military participation. Quite often, simply agreeing with U.S. foreign policy initiatives can result in immediate rewards for the targeted state. Such rewards are usually based on either an established track record of support for U.S. policy initiatives or support for an otherwise unpopular initiative where the U.S. may be having difficulty garnering international backing.

If the targeted state disagrees and chooses to defy U.S. wishes, the U.S. may be inclined to offer aid in order to elicit support (what has been referred to as coercion in this analysis). Alternately, the U.S. may feel inclined to elicit compliance through the use of force or sanctions. Additionally, in some situations the U.S. may simply give up if a targeted state chooses to defy U.S. wishes and this is based on the associated costs and benefits built up to this point in the overall bargaining process. If an offer of aid is made to the targeted state, that state then has the choice of either accepting the aid and acquiescing to U.S. demands, or continuing its defiance. At this point, the U.S. is again faced with the decision to either offer aid, use force or sanctions, or give up. However, because time has passed and a different level of uncertainty exists about the targeted states malleability, a new cost benefit analysis is required.

When dealing with a simplified model such as this, individual iterations or interactions create the necessity for revised cost-benefit analyses. In this simple model, an offer of aid can be accepted or refused by the potential recipient. If an offer of aid is refused, a potential donor can then decide whether or not to increase the offer, utilize a different coercive tool, or give up. I theorize that aid alters the payoff structure for

donors in a way that other foreign policy tools (sanctions and force) do not. This is because the risk versus reward ratio is much more promising for aid as opposed to other tools of coercion available. Repeated iterations of this process can theoretically continue indefinitely. However, the costs associated with political bribery through coercive aid will eventually outweigh the benefits gained from the support of the targeted state. At this point, the sequence will end with either the U.S. giving up and altering its policy initiative in the absence of the targeted state, or giving up the policy initiative completely.

Through the cost-benefit analyses of the individual case studies presented in this study, I will demonstrate that historically aid provision has not been given a proper chance to work through this sequence. From the perspective of a donor, in this case the U.S., the money and resources devoted to aid pale in comparison with the associated costs of other coercive tools. For example, as of July, 2010 the U.S. had spent an estimated \$1.21 trillion on the Global War on Terror. Of that money, 94% went directly to the Department of Defense while 5% was devoted to foreign aid (Belasco, 2010, 1). 30% of the money going through DOD is devoted to Operation Enduring Freedom in Afghanistan. Eleven years after the September 11<sup>th</sup> attacks and the beginning of the era of the Bush Doctrine, Afghanistan remains far from stable.

Naturally, the use of aid in a place like Afghanistan is different because the existing government was removed from power by the U.S. led coalition. However, if the U.S. had hypothetically used aid as a tool of coercion when dealing with the Taliban

government prior to September 11<sup>th</sup>, it might have been possible to influence a different course of action. This sort of criticism is very easy in hindsight, for a direct attack on U.S. soil prior to September 11<sup>th</sup> was unimaginable. However, given that Osama bin Laden was already wanted in connection with the first World Trade Center bombing, could it have been possible for the U.S. to use aid as a tool of coercion with regard to state sponsors of terror? I argue that it could have. The long history of war, poverty, and underdevelopment in Afghanistan fostered an environment where a government with no qualms about providing a safe haven for international terrorists could exist. The exact same scenario could be applied to the government of Khartoum, where Osama bin Laden resided prior to his return to Afghanistan.

This theoretical point further emphasizes the strength of aid over other tools of foreign policy coercion. As a tool of positive reinforcement for policy behavior, aid is superior because other forms of policy coercion or influence are inherently negative and will always elicit some form of resentment or backlash. A similar theoretical idea was explored by Kegley and Hook (1991) with regard to the threat of withholding aid, and the authors found significant evidence that such a policy engendered a backlash. However, the theoretical point that scholars have yet to fully enunciate is that sanctions and use of force breed hostility, which is always counter to the goals of a nation striving to maintain global security through the strength of its influence. To put it simply, the old adage that you can catch more flies with honey than with vinegar is essentially true for international interactions, particularly those involving a larger power attempting to coerce or influence a smaller one. Additionally, scholars seem to have ignored the fact

that sanctions are detrimental to donors as well as recipients, and use of force represents the costliest diplomatic tool of all. A comparable look at these three diplomatic options will reveal the intrinsic value of aid, and the case studies presented here will prove this. The sanctions and the conflict/bargaining literature has missed the underlying point that recipient nations, as autonomous actors, do not respond favorably to being forced under any circumstances. My theory is different not only because I am taking the underlying costs into account but also because I will demonstrate through case study evidence that the vicious circle of force and compliance is a dead end compared to the more promising route of assistance and influence/coercion.

The carrot versus the stick theoretical point of this dissertation will naturally carry a number of questions with it: How do the costs associated with different methods compare? How do the associated benefits compare? How does the end state of successful coercion through aid compare to that of successful coercion through force? The combined case studies of the current analysis are encompassing enough to address each of these questions, and they demonstrate that the costs and benefits associated with aid are superior to any other means of gaining policy leverage.

*H<sub>2A</sub>: Individual incidences of aid provision alter the payoff structure for donors in a way which is more economically sound (will require less financial expenditures) than sanctioning or use of force.*

*H<sub>2B</sub>: Recipients of individual incidences of aid are more easily coerced than they would be through threats of sanction or force*

**Aid must be properly directed, and given on a scale appropriate for eliciting policy concessions**

The greatest mainstream issue concerning U.S. aid policy revolves around the questions: Why are we supporting a government that doesn't comply with our interests? Moreover, why are we providing aid to a people who despise us? These are the questions upon which the entire field of aid study is predicated. They drive right at the heart of effectiveness and whether or not it can be achieved. American policymakers, as rational individuals who seek to satisfy their own constituencies, are only naturally going to be influenced by the protests that these questions provoke. However, here lies the value of case studies as a tool of analysis. By examining individual recipients and their history of compliance versus non-compliance with U.S. policy demands, two elements become immediately palpable: aid has historically been improperly dispersed instead of specifically directed and the levels of aid provided have not been significant enough to yield the policy concessions sought by the donor. The case study evidence of this work will demonstrate multiple instances of aid-for-policy miscalculations followed by proper dispersion. In particular, it will address the importance of donor control over the channels of aid provision in order to ensure proper compliance with donor demands.

*H<sub>3A</sub>: Aid is more effective for eliciting policy concessions when it is dispersed through channels approved of by the donor than through alternative means*

Too often throughout the U.S. history of aid provision, the road to hell has been paved with good intentions. While providing aid to Iraq in the 1980s, the U.S. was supporting a future enemy. While attempting to combat drug manufacturing in Colombia from the 1970s to the late-1990s, the U.S. was inadvertently supplying and training some of the region's worst human rights abusers. In an attempt to gather

support for the Global War on Terror, the U.S. has repeatedly provided assistance to authoritarian governments with miserable human rights records, no support for the U.S. among the general populace, and limited policy compliance with U.S. demands.

Therefore, it is perfectly reasonable to understand the skepticism among policymakers with regard to aid as a diplomatic tool. As previously stated, successful policy coercion through aid can only be achieved by dispersing aid through U.S. approved channels. The other element to this aspect of aid effectiveness is the level of aid provided in exchange for policy compliance. This is an aspect of U.S. aid policy that frequently comes under fire from mainstream media critics who fail to understand that the overall U.S. expenditures on foreign assistance are a mere drop in the bucket compared to the costs of overall U.S. policy initiatives.

*H<sub>3B</sub>: Aid must be provided on a scale that is equitable for the policy concession being sought by the donor*

A lack of success in the field of aid provision can almost always be traced not to a lack of political will but to a level of aid which is insufficient for eliciting an enthusiastic recipient response. Aid as a means of promoting the democratization process, especially in the aftermath of war, will only succeed if it is provided on the largest possible scale. Following World War II, the lines of the Cold War were drawn and the rebuilding process in Western Europe was accomplished only because U.S. assistance was given on a level that was appropriate for addressing the needs of the recipients. The result was a bloc of democratic countries, compliant with the general will of the U.S. (although still autonomous), ready to stand at the forefront and resist any Soviet incursions. Through the use of the case studies in this dissertation, general ideas about what constitutes

appropriate levels of aid in order to secure long-term self-perpetuating development, both economically and politically, in nations which have been shattered by war will be reached. It is in this way that U.S. aid policy for all scenarios can be revised in order to achieve the desired effect of maximized policy compliance.

### **Aid Fosters Long-term Bilateral Partnerships**

From the earliest days of the Military Assistance Program which was part of the Marshall Plan in post-WWII Europe and later became the Defense Security Cooperation Agency, the U.S. has been able to successfully use foreign aid for immediate and tangible strategic objectives. But the partnerships created with the nations of Western Europe for the purpose of holding back the Soviet Union have remained intact and continued to flourish to the present day. This fact illustrates the theoretical point that aid fosters healthy long-term bilateral partnerships, which is a positive, if often unforeseen, benefit. While this point is less tangible than the main theory of the current study, it has all but been ignored in the aid literature. It remains a stated objective of both the U.S. Department of State and U.S. Central Command to develop long lasting strategic partnerships through the provision of security assistance. Beyond just the realm of security assistance, aid provision in all of its forms can accomplish this goal. This has been a rather contentious point throughout the aid literature, as a number of scholars have examined the impact of aid on bilateral relationships within the confines of the United Nations. However, as previously discussed, this type of analysis is narrow in scope and no methodological consensus field exists. I will demonstrate the impact of aid on long-term bilateral relations in a much broader sense than immediate tangible

payoffs. As the world's lone superpower, the U.S. must utilize every tool at its disposal to protect its position. This entails providing aid to recipients for the sake of more than simple policy concessions or adherence to U.S. policy initiatives. Developing strong bilateral partnerships is vital to any foreign policy, and naturally other forms of coercion besides aid would inspire the opposite effect. This theoretical point coincides with the point about the overall yield that aid produces versus associated costs, because over a long enough timeline the tangible payoffs of aid provision will manifest themselves in the form of bilateral ties, which are invaluable to a major power.

### **The Value of Case Studies**

The theory of this dissertation will be verified through the use of three case studies: Colombia, South Korea, and Turkey. The cases used are intentionally quite different in order to present the most all-encompassing solutions and policy recommendations for future U.S. aid provision. This is an invaluable aspect of case study research, for unlike purely quantitative analyses, case studies enable researchers to identify and evaluate alternative explanations for potential feasibility (Yin, 1994, ix). Each case study begins with the questions of what the U.S. goals were/are, how successfully aid altered the payoff structure for both donor and recipient, and what the short and long-term effects were. Each case presents a unique example of how the aid-for-policy game played out. Colombia represents a continuing work in progress, while South Korea stands out as an extremely successful and long-term success story. Turkey in 2003 was an aid policy failure, but it demonstrates the importance of playing the

game properly in order to understand evolving payoff structures and incremental cost-benefit analyses. It must be reiterated that because no single solution for every recipient nation exists, case studies are invaluable. In a subject as convoluted as explaining aid-for-policy success rates, case studies can demonstrate causal links in a manner superior to quantitative analysis, which is why they are perfectly suited for the theory of the current study (Yin, 1994, 15). In the current analysis, I have intentionally chosen cases which are varied in their challenges and their results. In this process, conclusive evidence about aid's effectiveness will be demonstrated.

### **Colombia**

Colombia represents perhaps the most challenging of the case studies in this analysis. While the full history has yet to be written and the scholarly and policymaking communities remain divided over U.S. success, there are definite tangible gains which have been made through the use of aid in a Latin American country which has been characterized by violence. U.S. assistance to Colombia never ceased, but two particular initiatives stand out: The Alliance for Progress and Plan Colombia. While the first failed, the latter has seen a great deal of success due to the fact that it has been implemented under a structure which follows a similar line to that recommended in the current analysis.

The complications associated with a country like Colombia are numerous. Changing U.S. goals from the Cold War, to the War on Drugs, to the Global War on Terror, combined with a domestic situation characterized by infighting between leftist

guerillas, paramilitary groups, and an inept Colombian military created a perfect storm which brought Colombia to the brink of collapse (Crandall, 2008, 1). All political science beginners understand that the legitimacy of a state is its monopolization of the use of force. While U.S. interests in the area may have changed over time, the key factor in Colombia's inability to develop economically and politically has been the absence of a strong legitimate state (Holmes, et al. 2008, 12). Therefore, the challenges associated with eliciting policy concessions from a recipient such as Colombia become magnified when legitimate geographical control cannot be established. By analyzing the progress made under Plan Colombia, we can determine the effectiveness of aid when it is properly directed and provided at a level that is appropriate for the policy compliance being sought by the donor.

### **South Korea**

In an effort to make the current analysis as broad as possible, it is essential to include an aid effort that: A. included the use of military force from the donor on the recipient's behalf; and B. resulted in optimal success. The process of nation building under the Cold War Domino Theory was complicated and costly. And while the Korean experience is still technically incomplete, the economic and political development of South Korea clearly demonstrate the value of aid with relation to the aforementioned theoretical point about aid provision on a level which is appropriate for U.S. policy goals.

The night and day contrast between the North and the South demonstrates the value of aid over other means of diplomatic coercion. That said, there has been little

opportunity over the last 60 years to change course diplomatically with regard to the rogue state of North Korea, so U.S. policy should not be construed as the principal guilty party. But the development of South Korea from centuries of abuse at the hands of its neighbors to an economic powerhouse demonstrates not only that aid works, but also that aid fosters long-term bilateral partnerships which serve as an added benefit. The establishment of a mutual defense treaty led South Korean troops to support the U.S. during Vietnam, and during the 2003 invasion of Iraq. Additionally, the newly implemented free trade agreement between the U.S. and South Korea means that the two countries are inexorably linked economically. Thus, South Korea represents aid provision at its most effective.

### **The Coalition of the Willing**

In order to paint a real world picture of aid effectiveness, it is quite beneficial to use a negative case combined with hindsight. The assemblage of the 2003 “Coalition of the Willing” for the U.S. led invasion of Iraq provides an ideal case for study. Unable to garner the necessary international support or approval through the United Nations, and clinging to a tenuous domestic level of popular sentiment, the Bush administration set about creating its own coalition in order to guard itself from otherwise tragic reputational costs. The harshest critics of the Bush administration interpreted the use of aid and the threat of withholding aid as a bullying tactic for marshaling international support for an otherwise unpopular foreign policy initiative (Anderson, Bennis, and Cavanagh, 2003, 1). These critics contend that the Bush administration, in a vein similar

to obfuscating the reasons for invading Iraq by claiming a national security threat against the United States, created a coalition of global participants in order to shield the administration from domestic opposition.

However, these critics fail to comprehend the role of aid in the long global tradition of power politics. Utilizing aid as a tool of coercion is as old as the concept of the global superpower itself. But this should not be interpreted as an action which is either corrupt or unprecedented. As noted earlier, much like the use of force or sanctions, utilizing aid is simply a fact of life for maintaining the status quo for a global superpower. And such a wielding of power not only serves the interests of the dominant state, but also results in absolute gains for the targeted states which would not have otherwise been able to achieve anything without U.S. assistance. Therefore, the creation of the coalition for nations which embarked on the 2003 invasion of Iraq serves as a perfect portrayal of the bargaining effectiveness of aid at work.

While a number of states were successfully coerced through aid into supporting the U.S. initiative, others, namely Turkey, were unwilling to bow to American influence attempts and were ultimately excluded. In the case of Turkey, this resulted in a change of strategy on the part of the U.S. which might have potentially affected the military approach to the invasion. Through a case study analysis, we will be able to determine whether or not following the sequence of the bargaining model of aid through a different chain of events might have led to a better cost-benefit outcome for the United States in the war in Iraq. In other words, given the decision nodes of the bargaining model which allow for the offering of additional aid before giving up (the choice made

by the Bush administration), the U.S. might have ultimately saved time, resources, and international reputational costs by simply offering more aid to Turkey.

### **A Case for Aid**

The harshest critics of U.S. foreign aid policy indict it as being counterproductive at best and downright cruel at worst. A repeated theme throughout this work will be the question of human costs in recipient countries and the morality of U.S. hegemonic desires. While the intention of this work is to analyze aid's effectiveness as a diplomatic tool without any emphasis on idealism, such an analysis isn't completely possible. Acknowledging human costs and mistakes made on the part of the donor (the U.S.) is essential because the ramifications of human tragedies have far reaching consequences. If the intention of the theory in this study is to create a prescription for long-term policy success through aid (and it is), then the long-term impact on the majority of the populaces in recipient nations must be dealt with. Aid that is given at an equitable level and properly directed will alter the payoff structure for the recipient nation in a way which will suit U.S. policy desires. However, this can only be done on a case by case basis where all relevant variables are accounted for and potential negative consequences for the populace of the recipient are forecasted ahead of time. Naturally, this is a matter more for policymakers than political scientists, but it will be addressed in each case study because to do otherwise would be irresponsible and shortsighted. Chapter 2 of the current study will trace the history of U.S.-Colombian relations and reveal a number of powerful lessons learned concerning proper aid dispersal in return

for policy compliance. Chapter 3 is devoted to the success story of South Korea and also the long-term prospects for the continuation of the aid-for-policy game. Chapter 4 dissects the negotiation process involved when trading aid for compliance and pinpoints moments when the U.S. and Turkey should have behaved differently in order to adhere to the basic formal model presented here. The concluding chapter will illuminate the relevance of continued aid provision to U.S. foreign policy, the relatively high yield of aid as opposed to alternative means of coercion which could have been used in each of the instances described here, and recommendations for future courses of action as new policy issue areas emerge globally.

## **II.Colombia: Solving the Mistakes of the Past**

The complications associated with measuring human costs and benefits among the populace of a recipient country in the U.S. pursuit of policy concessions through aid are extreme. On the one hand it is the primary goal of the donor to obtain concessions immediately for the sake of strategic interest, but on the other the long-term costs and benefits for the populace of the recipient nation can have an impact on the overall bilateral relationship. Too often in the history of U.S. aid policy, immediate gains have taken precedence over human costs, resulting in a detrimental effect on the long-term bilateral relationship between donor and recipient. Sadly, only on rare occasions have global superpowers learned from the mistakes of the past. This is perhaps a harsh indictment, but in the overall scheme of maintaining superpower status by whatever means necessary and available, sometimes taking a step back and analyzing previous failures can produce bountiful gains for developed powers.

An effective aid-for-policy strategy cannot be hampered by short-term memory loss. After years of U.S. interest in the affairs of Latin America which ranged from mild to non-existent, circumstances collided in the middle of the 20<sup>th</sup> century which brought the underdeveloped nations of the western hemisphere to the attention of U.S. policymakers. The Cold War that had been raging for a few years became an even more ominous prospect with the Cuban Revolution of 1959, which finally led U.S. policymakers to begin taking action (Randall, 1992, 221). The frightening prospect of Cuba replacing cigars with revolution as their chief export led to the U.S. again focusing

on forgotten and impoverished Latin American nations characterized by political fragmentation and ripe for communist influence. Colombia stood out among the areas of concern. Desperately poor, yet ripe for development, Colombia was, in a way, a geographic lynchpin in the U.S. effort to contain communism. However, variable dependent political and economic scenarios made the road to an effective aid strategy relatively complicated. Analyzing multiple instances of aid provision in order to attain policy concessions in the donor's favor satisfies one of the major tenets of the theory in the current study: aid alters the payoff structure in every international interaction, requiring a new cost-benefit analysis for both donor and recipient. With this major point in mind, Colombia serves as a suitable example of how additional offers of aid-for-policy can be used to attain U.S. goals in the long run relative to other means of policy coercion.

In the 20<sup>th</sup> century, Colombia was a nation that was more easily characterized by war than by peace. From the late 1940s until the late 1950s, the nation suffered from a 10 year civil war between the two major political powers known as La Violencia (Holmes, et al. 2006, 163). The subsequent formation of a national political front, which was almost akin to a two-party democracy, inflamed the passions of fringe groups who were shut out of the political process, resulting in further instability and violence. Despite geographic proximity, humanitarian concerns, and potential strategic value, some critics might claim that U.S. concern over Colombia waxed and waned repeatedly over the decades as a result of failed attempts to control insurgent elements throughout Latin America (Sweig, 2002, 124). But this would be oversimplifying the history of U.S.-

Colombian relations. U.S. foreign policy makers never actually *forgot* about Colombia, they simply became disillusioned at various points in the bilateral history of the two countries, and understandably so given the changing costs and benefits associated with successful policy coercion from Colombia. The current study analyzes two major instances of U.S. aid plans for Colombia (with varying policy aims for each) and why one failed and the other succeeded.

### **Colombian Violence**

If a state, or a national government, is to be defined as a group that wields the power to legitimately use force while providing the people with protection and all other means of survival, then Colombia is geographically cursed. While not the largest nation in South America, Colombia is still enormous, and beset by a number of geographic obstacles which make strong governance difficult. Large mountain ranges divide the country, and traditionally the most developed areas have been urban, leaving the rural areas at a serious disadvantage with regard to access to state services (Flynn, 2001, 2). Like any number of nations characterized by historical violence, Colombia has therefore been at a serious disadvantage not just with regard to democratization, but in terms of establishing statehood itself. Unable to look to a centralized national system for help, the people of Colombia have historically been forced to align themselves with local and regional powers for the sake of security and justice. As the aid-for-policy game has played out between the U.S. and Colombia, internal fragmentation has proven to be an almost insurmountable problem.

The general degradation of the Colombian state through fragmentation has always been perceived as a threat to U.S. interests domestically, economically, and strategically. The history of violence in Colombia has been described as a multipolar civil war, between rival factions on both the left and right. The widespread fear of Colombian violence spreading beyond its borders, deterioration of human rights and democracy, the loss of economic ties to Colombia, and widespread displacement resulting in mass immigration to the U.S. are all significant enough reasons for U.S. foreign policy makers to be concerned (Council on Foreign Relations, 2000, 16; hereafter COFR). By the late 1990s, these issues were reaching a critical point and the collapse of the Colombian state was imminent. The effects of this might have been catastrophic throughout the western hemisphere. But given the track record of Colombian underdevelopment, how could the U.S., as Colombia's primary benefactor, turn the tide?

The easiest and most all-encompassing explanation for Colombia's history of violence is governance, or a lack thereof. The mainstream American impression of Colombia, and one which unfortunately made its way into policymaking at various times throughout the last century, is of a nation under siege by left wing guerrilla groups funded by cocaine profits. This impression misses the point completely and fails to implicate all of the guilty parties associated with Colombia's violence. The history of violence in Colombia existed long before the explosion of the cocaine market. In fact, it could be argued that Colombia's guerrilla groups began primarily as political organizations dedicated to protecting the rural poor, while cocaine is merely an outgrowth, rather than the cause of violence (Livingstone, 2004, 3). And statistically,

there is enough evidence to attribute much of the human rights abuses to government defense forces and paramilitary groups claiming to be operating as counterinsurgency elements. However, I have no intention of giving a free pass to the left wing armed guerrillas.

The lack of governance as a primary cause for ongoing violence in Colombia can be found in Colombia's post-colonial legacy. Territorial control by the Colombian state has always been an obstruction to development because colonialism left behind a legacy of haves and have-nots. Nineteenth century Colombia saw the dominance of landowning elites with little desire to see the establishment of a strong state which could impact economic growth and thereby hurt their profits (Livingstone, 2004, 40). Even as Colombia entered the global economy as a coffee producer beginning in the 1850s, the landowning elites still relished their autonomy and shunned the notion of a genuine state while the majority of Colombians suffered under oppressive conditions of inequality. This shaped the political landscape of Colombia for roughly half a century. Despite the existence of two political parties, elite dominance ensured the control of conservative elements in Colombia (Livingstone, 2003, 4). But by the 1930s, advancement towards more liberal reform efforts had begun to gain momentum and by the late 1940s, Colombia was a political powder keg waiting to explode. Efforts to create a stronger state, levy taxes, and do anything in the name of the poverty stricken majority in Colombia were seen as a threat to the comfortable status quo that the political elite enjoyed. While dispute remains over the exact starting date of La Violencia, the assassination of radical liberal Jorge Eliecer Gaitan, which spawned the

riot/failed revolution known as the Bogotazo, is a likely suspect (Livingstone, 2004, 42).

La Violencia, like all subsequent violence in Colombia, is best characterized as multipolar. On the surface, it would seem to be a civil war between Liberals and Conservatives, but widespread uprisings against landowners were also occurring, as well as genuine attempts at national revolution (Livingstone, 2004, 43).

On the edge of state failure in 1953, a military coup led by General Gustavo Rojas Pinilla brought down the conservative government and quickly brought about desperately needed social changes nationwide (Livingstone, 2004, 44). However, the Rojas regime gradually took on a more dictatorial nature and Rojas was forced to step down in 1957 (Fajardo, 2003, 5). The result of this was a power sharing scheme developed by both Liberals and Conservatives known as the National Front which would endure for 16 years. The first elected leader of the National Front was President Lleras Camargo, and his administration shared similarities with those found in several other Latin American countries: social reforms, anti-communist, pro-U.S. (Fajardo, 2003, 5). The rise of these leaders occurring almost simultaneously with the Cuban revolution endeared them to U.S. policymakers, and by the time of the Kennedy administration it was clear that external support was needed to ensure their success.

### **The Alliance for Progress**

The academic background of the early 1960s effort to spur Colombian development through the stimulus of U.S. aid provision lay in the economic modernization ideas of prominent intellectuals of the time such as Walt Rostow. The

economic modernization theorists had gained prominence throughout the 1950s primarily through their decidedly non-communist approach to development, which would only naturally be attractive during the early days of the Cold War. In his 1956 work, Rostow hypothesized that self-sustaining growth in the underdeveloped world could be achieved through a short (two or three decade) period of increased productive investment in the range of 5 to 10% (Rostow, 1956, 32). This rise in investment, according to Rostow, would serve as the takeoff point for self-sustaining economic growth while the political and social institutions of the underdeveloped nation would naturally follow such a progression. While admitting that a uniform one-size-fits-all approach to sparking self-sustaining development was unlikely and probably impossible, Rostow specifies the importance of foreign capital injections into developing economies as a means of beginning the development process (Rostow, 1956, 40). Such an idea was quite attractive to policymakers at this point in the Cold War given the history of the Marshall Plan, and his ideas were adopted as a national plan for encouraging third world (primarily Latin America) development under the Kennedy Administration. This plan was known as the Alliance for Progress.

Supplying the underdeveloped countries of South America with some \$20 billion worth of external funds to be invested over 10 years, the Alliance for Progress was seen as the premiere solution to the problem of containing communist influence within close proximity to the U.S. (Fajardo, 2003, 3). Using the theoretical tenets of Rostow, U.S. policymakers were working under the assumption that development would naturally quell any attempts at communist subversion within vulnerable states. But to satisfy the

basic premise of Rostow's policy recommendations, a serious commitment of assistance was necessary, and one that the U.S. was tragically unprepared to carry out. The lack of commitment on the part of the U.S. to properly execute the Alliance for Progress can be characterized either by misguided judgments of which areas of concern needed to be targeted, or simply a lack of fiscal resources suitable for the task being asked of recipient nations.

What policymakers thought would be an all-encompassing Marshall Plan for Latin America was possibly based too much in pure economic theory, while ignoring the social and political aspects of development that modernization theorists would expand upon in subsequent years. However, more feasible explanations for the failure of the Alliance for Progress can be traced to tangible, unforeseen, and probably unavoidable circumstances. In his historically-based analysis of U.S. aid to Colombia, Luis Fajardo attributes the failure to achieve a significant economic takeoff point to factors such as a lack of internal political will, the death of President Kennedy, the expansion of the Vietnam War and various administrative difficulties (Fajardo, 2003, 4). All of these are problem areas which might have been solved through a greater fiscal commitment or, at a minimum, properly directed assistance resources. An inherent need to focus on internal security measures as a first step towards reaching a takeoff point for growth in Latin America likely also contributed to the failure of the Alliance for Progress. By the time of the Johnson administration, the focus had indeed shifted away from the economic modernization theorists' plan for stimulating growth and encouraging rapid social change to an emphasis on preventing the rise of populist movements and

addressing the emergence of armed left-wing guerillas (Fajardo, 2003, 14). These were problems which permeated a number of Latin American nations, not just Colombia. By the end of the decade, the Alliance for Progress was cancelled after a short history of limited success. The threat posed by the emergence of armed Colombian communist guerrillas such as the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN) became the new focus of U.S. policy in Colombia. Perhaps the most embarrassing indirect consequence of the Alliance for Progress was the bolstering of the strength of paramilitary groups, which critics liken to the legitimization of state terrorism (Stokes, 2005, 59).

In the context of the theory of the current study, and to state things more blatantly, the failure of the Alliance for Progress can be attributed in no small measure to the relatively tiny scope of the effort. If success in achieving support for U.S.-led policy initiatives lies in *more* levels of assistance, as stated at the beginning of this analysis, then the Kennedy Administration's endeavor in Colombia was doomed from the very beginning. Counter-insurgency did not become an integral part of U.S. policy in Colombia until after Kennedy died, thus the efforts of the administration were on a relatively miniscule scale compared to what would be necessary in succeeding years (Petras, 2001, 4617). The Alliance for Progress was able to achieve a number of successes in terms of public relations, which are not without value (Fajardo, 2003, 6). President Kennedy experienced massive public support among the Colombian people, who viewed him as a forward thinker with idealistic intentions about the future of Latin America. However, the contribution of the Alliance for Progress towards reaching an

economic takeoff point for Colombia was, in reality, a drop in the bucket. Even the specifics of the prescribed solution for stimulating self-sustaining growth provided by Walt Rostow, who by 1960 was actually working in the Kennedy administration, were ignored by the time any meaningful policy was put into place. The failure to fully commit any noteworthy resources towards rapid social change in Colombia, despite all the rhetoric and public relations efforts, only naturally resulted in a situation where meaningful success could not have been plausibly expected.

Thus, Colombia, like a number of other Latin American states, was doomed to linger in perpetual underdevelopment for many subsequent years. By the latter days of the Cold War, Latin America had moved to the forefront of U.S. diplomatic concerns. During the 1980s, the rise of revolutionary movements which fostered significant levels of public support throughout Latin America was perceived as a threat by the Reagan Administration, particularly in Nicaragua, El Salvador, and Guatemala to name a few. This is clearly a byproduct of a lack of state governance, and an inevitable result of internal fragmentation colliding with widespread social decay similar to that found in Colombia. Colombia naturally stood out for reasons of size, geography, drugs, and internal fragmentation. By the 1980s, the revolutionary threat of communism was moving geographically closer to the U.S. and it became ever clearer that a new approach was necessary for dealing with Colombian underdevelopment.

### **The End of the Cold War**

There was indeed a transition at the end of the Cold War for U.S. policy towards Latin America. The issues that had been fervently supported by the Reagan Administration and others with regard to the containment of left-wing revolutionaries were replaced by more immediate concerns (Pardo, 2000, 64). Whatever the ideological motivations for U.S. policy in Colombia, certain realities regarding Colombian development after the failure of the Alliance for Progress are undeniable. State stability in Colombia suffered from the 1970s to the 1990s as a result of threats from criminal, guerilla and paramilitary groups (DeShazo, et al., 2007, 3). Economic growth in Colombia, and for that matter all of Latin America, slowed dramatically during the 1980s. The rise of powerful drug cartels was matched by the rise of powerful paramilitary elements (DeShazo, et al., 2007, 4). By the mid-1990s, Colombia was the world's largest cocaine producer, accounting for 90% of the world's supply (Crandall, 2002, 2). The inter-generational cycle of perpetual violence, coupled with general economic distress and the rise of elements opposed to or beyond the control of state authority had created a dangerous situation. By the late 1990s, Colombia was a country on the brink of total collapse. Yet despite all of this, U.S. military assistance to Colombia continued aimlessly in the form of money, arms, and officer training contributing to the near conflagration of a country considered vital in its strategic importance to the U.S. (Livingstone, 2004, 157). The growing strength of paramilitary groups combined with a lack of geographic control and any foreseeable end to daily violence had sent the nation into a tailspin. The thriving narcotics trade was fueling the guerillas while Colombia's own military was neglected. All of these factors created a perfect storm for government

instability and Colombia nearly descended into complete chaos. Fortunately, U.S. interests in Latin America did not end with the conclusion of the Cold War.

The U.S. war on drugs in Latin America prior to the creation of Plan Colombia could be characterized not by a lack of will, but by a lack of control and proper monitoring of outcomes. A complete lack of accountability with regard to U.S. aid in Latin America (not just Colombia) was likely doing more harm than good as aid was funneled towards corrupt elements and human rights abusers (Knoester, 1998, 90). Despite warnings and criticism from scholars, international organizations, and human rights watchdogs, large scale U.S. aid was provided to Latin American governments with little direction on how it should be properly utilized. The statistical results speak for themselves, as the greatest human rights violator in the region (Colombia) also happened to be receiving the greatest amount of aid from the U.S. (Knoester, 1998, 93). This is likely yet another reflection of the legacy of the Cold War paradigm of aid provision, where accountability and direct control was limited and recipients were allowed extreme latitude with regard to their use of U.S. aid dollars. Latin American governments, often with the assistance of either the C.I.A. or the U.S. Defense Department truly were committing some of the worst human rights abuses and exacerbating an already treacherous situation (Sweig, 2002, 126). As the Cold War waned and the U.S. concerns shifted to the war on drugs, a fundamental change in U.S. aid policy did not necessarily follow. The legacy of the drug trade and its linkage with insurgency groups throughout Colombia and all of Latin America remained. Following the causal chain, U.S. policymakers were able to draw a connection between drugs and

underdevelopment in Colombia. Available economic resources were being diverted to support insurgent groups while the problems of poverty, state presence, and enormous refugee populations lingered (Holmes, et al. 2006, 158). Widespread corruption and violence helped to undermine any semblance of a legitimate legal system while foreign direct investment was frightened away, perpetuating a cycle of political and social underdevelopment (Thoumi, 1995).

Nagle (2001) characterized the faltering legal system as more a tool of repression rather than a tool of good governance. But there is little doubt that a correlation between a weakened legal system and widespread human rights abuses exists (Knoester, 1998, 98). The supposed virtues of Colombian democracy which survived years of violence throughout the Cold War and the War on Drugs existed merely on paper. What is closer to the truth is that as Colombia marched closer and closer to the brink of complete collapse, the justice system became an increasingly integral part of the overall control mechanism for Colombia's elite while the majority was shut out (Knoester, 1998, 99). This serves as another major, yet often completely overlooked, aspect of American failure throughout the Cold War and in the years immediately following the Cold War. Any cursory examination of the process of democratization or nation-building reveals that the imposition of the rule of law while protecting all citizens' rights is fundamental for securing self-perpetuating development, and this is doubly important for a nation like Colombia that was characterized by decades of violence and suffering from internal strife (Nagle, 2001, 6).

Whether the cause of Colombia's decades of misery can be traced to insurgency, counter-insurgency, drug trafficking, or weak political and legal state institutions, the outcome was certain: Colombia by the late 1990s was in trouble of becoming a failed state. U.S. attempts to bail Colombia out of trouble during the decades between the Alliance for Progress and Plan Colombia, no matter what strategic policy they were implemented under and regardless of the morality of intentions, had failed and perhaps even exacerbated the situation as many critics would argue. A great deal of Colombia's inability to consolidate itself as a state is the result of history and geography, resulting in seemingly a death sentence of Balkanization and fragmentation (Holmes, et al. 2008, 12). In the same way that geography has historically divided Colombia, democracy itself can be characterized as a divisive illusion. In her introduction to Grace Livingstone's Inside Colombia, Jenny Pearce states:

“Too much of Colombian history is defined by a gap between the ‘formal’ democracy and the realities of Colombian life as part of the majority”  
(Livingstone, 2004, XI)

This is clearly indicative of the presence of an elite ruling class and the need for a new approach to democratization and nation building in the post-Cold War era. The existence of a ruling class and an oppressed minority in an underdeveloped nation will invariably result in violence. The existence of violence, no matter who perpetrates it, is destined to lead to an economic quagmire. Prior to the era of Plan Colombia, i.e. the late 1990s when Colombia was truly on the brink, it was receiving only 1.24% of its GDP

from foreign direct investment, further damaging any opportunity for escape from underdevelopment (Holmes, et al. 2008, 36).

### **Plan Colombia**

It is not surprising that given the lack of success on most fronts of the Alliance for Progress, many Colombians viewed a renewed effort to develop their country through aid rather dubiously. Rafael Pardo, Colombian scholar, politician, and critic of U.S. foreign policy, could see the writing on the wall in Colombia by the late 1990s and early 2000s. While taking a somewhat cynical view of any U.S. efforts in the region, Pardo also knew that U.S. intervention with a new and proper approach was an absolute necessity (Pardo, 2000, 64). All efforts by the U.S. to encourage economic and political development as well as eradicate paramilitary violence from the AFP up to the late 1990s had been fraught with the same difficulties to the point that it was becoming painfully predictable. Pardo summarized this sentiment by saying that:

“Between 1989 and 1992, the Colombian government persuaded the United States to meet with Colombia and other drug-producing nations to develop new policies to combat drug trafficking. That effort to forge a multilateral approach died in 1993 when Peruvian President Alberto Fujimori staged an autogolpe, or self-coup, and Colombians elected President Ernesto Samper after a campaign dominated by drug money. The Clinton administration then retreated to the same tired, ineffectual, unilateral certification process whereby drug-producing nations must demonstrate that they are making major progress in the fight against drugs or face sanctions that has justly created so much ill will for America in the region.” (Pardo, 2000, 73)

Fortunately, by the mid-1990s, U.S. policymakers were beginning to emerge from the short sighted Cold War paradigm of aid's usefulness as a tool of diplomacy and development. And in 1998, President Andres Pastrana took office with widespread support from the Colombian people and U.S. policymakers (Sweig, 2002, 128). Fed up with violence, kidnappings, and human rights abuses, the new administration worked with U.S. lawmakers to create what would become an innovative approach to aid provision: Plan Colombia. Pastrana's election to office gave potential donors and Colombian citizens a glimmer of hope as the new administration set bold and all-encompassing goals: advance the peace process, strengthen the national economy, enhance the counter-drug strategy, promote justice system reform and protect human rights, and foster greater democratization and social development (COFR, 2000, 13). Perhaps even greater than Pastrana's clearly specified progressive goals was his desire to work with, rather than against, non-governmental elements. In addition to seeking peaceful resolutions for conflicts with guerilla groups, Pastrana reached out to key sectors of the economy and the church in order to consolidate a mass movement against violence.

Naturally, despite all good intentions and a new and better thought out approach to the problem, Plan Colombia was not immediately embraced by all. Pastrana's first year in office, despite bold claims, was not as successful as many had hoped. Most of this can be attributed to the administration's failure to secure a strong international backing for his plan (COFR, 2000, 14). The result was heightened skepticism with regard to his progressive plans. Pastrana had initially sought \$7.5 billion

in aid from the U.S. and Europe with the intention of fostering social, economic, and democratic development, as well as negotiating peace with paramilitary groups (Sweig, 2002, 128). However, this plan did not sit well within the halls of the U.S. Congress and was quickly revised to focus more on military assistance in order to face the paramilitary threat head-on and eliminate coca production in land controlled by FARC and others. Such a move by Washington once again engendered the ire of Colombia's most fervent critics of U.S. foreign policy. James Petras summarized the skepticism of such a plan by saying:

“Plan Colombia has the virtue of being a straightforwardly military operation directed by the US to destroy its class adversary in order to consolidate its empire in Latin America. The anti-drug rhetoric is more for domestic consumption than any operational guide to action.” (Petras, 2001, 4619)

Again, such cynicism is understandable in the Colombian experience. However, this sort of critical statement becomes obsolete in view of the outcome of Plan Colombia. And it should also be noted that even if this statement by Petras were completely factual, the intention of the current study is not to discuss the morality of a donor nation's intentions. Our focus here is on the success rate of aid as a means of gaining policy concessions and satisfying donor goals.

As the twentieth century came to a close, it was obvious that the only way Colombia would be able to develop as a democracy was to let the people choose their own path while being propped up by a multinational coalition. An independent task force sponsored by the Council on Foreign Relations recommended a set of tangible

goals to include: political solutions to the internal conflict in Colombia, security assistance to the Colombian military, an effort to curb the drug demand in the U.S., widespread institutional reform in non-security areas, special trade advantages, support throughout the hemisphere (COFR, 2000, 5). The report recommended these actions based on conclusions similarly drawn by others: Colombia's government lacked the capacity to effectively control the territory, few long term solutions were being examined, and Colombia needed some control over its own destiny (COFR, 2000, 11). While the exact methods used to bolster the effectiveness of the Colombian state varied from recommendation to recommendation, the final vision of Plan Colombia which became U.S. policy ultimately addressed the key issues at their core and resulted in a long term and effective approach.

### **The Details of Plan Colombia**

The exact wording of Plan Colombia acknowledges all of the problematic areas which had kept Colombia stymied in economic and political underdevelopment for years, and is therefore very broad and bold in scope.

“The chief responsibility for us in government is to build a better, more secure country for this generation and future ones to make the Colombian state a more effective force for domestic tranquility, prosperity and progress. We need to build a state for Social Justice, which will protect all of our citizens, and uphold all their rights to life, dignity and property, freedom of belief, opinion and the press.” (Pastrana, 1999, 1)

This expansive statement found early in the document itself clearly signals the desperate need for strengthening the dominance of the state while mimicking the

language of democratic constitutions found throughout the developed world. From there, the document specifically lists the needs to create a system wherein the state can be strengthened through enhanced tax revenues gained by tax reform, reach a negotiated peace with insurgents, strengthen national defense, reform the judicial system, develop a counter-narcotics program, and create government accountability at the local level (Pastrana, 1999, 6).

Fundamental to the wording of Plan Colombia, and the most revolutionary aspect of its wording, is its clearly enunciated plea for help from the developed world. In a break from traditional Colombian leadership which had primarily sought U.S. help for the sake of saving diplomatic face, Pastrana's government sought diplomatic and financial aid for the sake of stabilization, promotion of trade and investment, and a mutually beneficial anti-drug strategy (Pastrana, 1999, 9). While pledging \$4 billion of Colombia's own resources and requesting an additional \$3.5 billion from abroad, Pastrana was taking a concrete step towards saving his country from collapse (Department of State, 2000, 1).

Plan Colombia's development represents an effort on the part of U.S. policymakers to acknowledge the mistakes of the past and finally accept that a comprehensive strategy for Colombian development was necessary rather than a myopic focus on counter drug initiatives. This point is pivotal, for it represents a break with the accepted Cold War doctrine of how to properly combat left-wing forces in Latin America. Initially, the U.S. commitment to Plan Colombia was still unquestionably

focused on military and counterdrug operations. In fact, 80% of the January 2000 package of \$1.6 billion was allocated for military assistance (Arnson, 2007, 151). This early commitment is obviously not too far astray from the Cold War theory of aid allocation. A number of the harshest U.S. critics immediately viewed this as the same old Americans making the same old mistakes. But given the failures of the peace process in Colombia up until that point, U.S. policymakers had every reason to be skeptical about the promise of success at the negotiating table. The Clinton administration had worked under the assumption that strengthening Colombia militarily in the name of counter drug operations would also bolster their ability to combat rebel forces while the U.S. was able to successfully remain detached from a potential quagmire. A significant change for the U.S. with regard to how to properly become engaged in the peace process happened in September of 2001.

The FARC and the ELN had been considered international terrorist organizations by the U.S. government as early as 1997 (Arnson, 2007, 133). U.S. Presidents and policymakers had frequently come under fire for declaring leftist rebel groups “terrorists” while ignoring the atrocities being committed by paramilitary groups in countries like Colombia and even providing them with aid, albeit indirectly. On September 10<sup>th</sup>, 2001, after months of consideration, the Bush administration declared Colombia’s principal paramilitary organization, the AUC (Autodefensas Unidas de Colombia), a terrorist organization (Arnson, 2007, 134). This is a significant step, for the lessons of other countries’ catastrophic losses in left/right civil wars (see Guatemala and El Salvador) were finally sinking in with American policymakers and causing them to

rethink the Cold War attitude where right wing forces had to be supported at all costs. The next day, when the U.S. strategic focus quickly changed to global terrorism after the attacks in New York and Washington, D.C., the Colombian peace process quickly gained importance in the eyes of policymakers. Amidst the chaos in Washington D.C., the left-wing guerillas of Colombia were already being labeled an imminent threat to U.S. interests. While these early estimations of the guerilla groups' ability to project power were certainly overstated, the result was a newfound commitment to Colombia. While allowing Colombia to control its own destiny, the new position of the U.S. would become one of building military strength while simultaneously boosting development in other areas as called for by President Pastrana a few years prior.

In 2005 before the U.S. House Committee on International Relations, Department of State Assistant Secretary for Western Hemisphere Affairs Roger Noriega plainly stated that U.S. goals with regard to Colombia remained: the strengthening of democracy, socio-economic development, and immediate humanitarian needs (Noriega, 2005, 57). Noriega paints a very realistic portrait of the situation in Colombia by emphasizing that much of the U.S. effort there is devoted to fighting drug trafficking, and that progress has not come without high costs. What becomes immediately clear through Noriega's statement is that the U.S. War on Drugs in Colombia has now been absorbed by the overall Global War on Terror, as numerous references to human rights abusers as terrorists are made (Noriega, 2005, 58). But amidst the myriad of goals referenced before the House Committee, it is not difficult to grasp U.S. intentions, which are clearly a strengthening of the Colombian state through a strengthening of the

military and eradication of guerrillas and paramilitaries. And Noriega clearly enunciates U.S. success in this regard, citing pertinent statistics regarding crime rates, narcotics interdiction, and paramilitary demobilization<sup>1</sup>. Noriega noted that as of 2005, the war was far from over. Paramilitary groups had, for all intents and purposes, been the primary human rights abusers in Colombia through 2002 (Sweig, 2002, 126). Cutting their numbers by 5,000 was a respectable achievement within 2 years, but hardly a completed mission. Acknowledging intangible stumbling blocks to development in a style similar to Livingstone (2004), Noriega notes that the roots of Colombian violence run deep, like the aforementioned inter-generational cycle of violence (Noriega, 2005, 59). In order to tackle these sorts of problems, Noriega's statement is a definite plea for continued assistance under Plan Colombia so that the positive gains can be duly solidified and Colombia can continue its progressive tack towards development and peace.

Large scale national statistics rarely tell the full story about the situation within a developing country or any recipient of U.S. aid. Sweig (2002) mentions that despite the desperate situation Colombia was facing by the late 1990s, it remained a democracy with regard to indicators such as freedom of the press and open elections (Sweig, 2002, 126). But indicators like that cannot account for the realities of daily life in Colombia at that time. Open elections are nice and indicative of some level of freedom, but without freedom from fear in daily life, it is still very easy to see why so much skepticism existed

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<sup>1</sup> From 2002 to 2004: A 30% drop in homicides, a 61% drop in massacres, a 51% drop in kidnappings, a 56% drop in acts of terrorism, and demobilization of 5,000 paramilitaries from combat (Noriega, 2005).

in Colombia during the infancy of Plan Colombia. Sweig (2002) refers to Colombia having a “schizophrenic national life” during this time period as all indicators showed an open democracy, thriving urban middle and upper classes, and a vibrant intellectual community while at the same time suffering from the widespread mass murder which kept the common populace living in a state of fear (Sweig, 2002, 127). But contrasting Sweig’s view of the Colombian situation with Noriega’s assessment two years later, it would be impossible to argue that positive and fruitful gains had not been made by U.S. efforts under Plan Colombia. Did Colombia become a global power during those two years? No. Was Livingstone’s perceived intergenerational cycle of violence broken in those two years? No. But lacking any indicators which tell the realities of Colombian life on the ground during those two years beyond crime rates, economic growth, and the disarming of mass murderers, we have to assume the life got better for the majority of Colombians from 2002 to 2004. And despite minority critiques of U.S. policy towards Latin America being thinly veiled efforts towards maintaining U.S. hegemony in the Western Hemisphere (Stokes, Chomsky, etc.), it must be accepted as fact that U.S. goals in Colombia were synonymous with quality of life gains for the masses which had previously lived in a state of fear and poverty.

The numbers associated with the proactive measures undertaken by the U.S. and Colombia speak volumes, and are difficult for any critic to dispute. The Clinton administration’s initial commitment of \$1.6 billion dollars, while primarily devoted to military assistance, also devoted valuable resources to other areas. \$93 million of the package was distributed through the U.S. Agency for International Development for the

sake of improving human rights and judicial institutions, while \$15 million went directly towards propping up the Colombian government itself (Department of State, 2000, 2). All of this money, along with the major military commitment, yielded positive results. From the significant drop in homicides and kidnappings seen by 2006<sup>2</sup>, to the slow but steady disintegration of the FARC and ELN<sup>3</sup> coupled with the concurrent demobilization of paramilitary groups, it becomes clear that Plan Colombia has yielded concrete success (DeShazo et al., 2007, 16).

Quantifying success purely from a donor perspective is significantly easier, and also the main point of the current study. Critics of U.S. aid policy can continue to make claims that superpowers give in order to conquer or maintain global control and the current study, which is based in the power politics tradition of gaining policy influence through any means necessary, accepts this as reality. Perhaps measuring success is merely a matter of how to properly pronounce the word tomato, but from a donor perspective, Plan Colombia has been successful in meeting a number of goals. Governance in Colombia in the last decade has improved significantly. Political participation and overall confidence in democracy have risen dramatically, while judicial corruption has declined. The World Bank concluded that between 1999 and 2006 Colombia experienced the second highest drop in political and judicial corruption in Latin America after Uruguay (DeShazo, 2007, 35). This is a telling statistic because beyond telling a story about corruption itself, it is indicative of improved governance

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<sup>2</sup> From 2002 to 2006: A 40% decline in homicides. From 2000 to 2006: An 80% decline in kidnappings.

<sup>3</sup> From 2002 to 2007 some 10,000 guerillas quit, drastically impacting their overall offensive capability.

which, as stated previously, lies at the heart of Colombia's underdevelopment. Opinion polls conducted by various sources indicate a significant improvement in the attitudes of Colombians with regard to their government, their system of justice, and faith in democracy. These polls were conducted by a broad range of groups ranging from USAID, to the World Bank, to firms from other Latin American countries, to the Colombian government itself (DeShazo, 2007, 32). Therefore, the improvement in the quality of governance becomes extremely difficult to argue with.

Naturally an examination of economic reforms and improvements stemming from Plan Colombia is necessary if we work under the assumption that a cycle of poverty is another key element in Colombia's historical violence and underdevelopment. Unemployment in Colombia dropped from 18% in 1999 to 12% in 2006 (DeShazo, 2007, 38). 12% is still a significantly high figure, but a drop in 6% is a dramatic improvement and clearly indicates development to a certain degree. In 1999, as Colombia was on the brink of complete collapse, the growth rate of the GDP was at negative 4.2%. In 2006 GDP growth reached 6.8% (DeShazo, 2007, 38). Improvements in employment and GDP growth do not immediately equate to widespread and equal development for *all* of the Colombian people, but with regard to U.S. interests, this is significant success. Economic growth creates financial inroads for U.S. private interests, improves bilateral trade (which will be discussed further in the concluding chapter), and leads to higher revenues for the Colombian government, thus allowing Colombia to rule itself in the long run. GDP growth, improved employment statistics, and higher government revenues have fostered a better business climate in general, which will

likely in time perpetuate and result in even more growth. Thus the desired goal of mutually beneficial gains for both donor and recipient can be met in time.

The aforementioned strides which have been made in directly reducing violence cannot be overestimated in their significance. If inter-generational violence has caused perpetual underdevelopment in Colombia, then it was in the best interest of the U.S. to do what it does best in the aid realm, which is fight fire with fire. In late 2009, the U.S. and Colombia signed a Defense Cooperation Agreement allowing greater access for U.S. forces to Colombian aid bases in order to fight terrorism, slow cocaine production, and carry out humanitarian missions. In other words, gaining policy leverage through aid via Plan Colombia has allowed the U.S. to implement its desired plans in Colombia through the military, which has been able to pursue U.S. policy goals on multiple fronts. Improved governance over a geographically divided land is the keystone in reversing the tide in Colombia. Decreasing levels of violence in hopes of breaking the painful historical legacy of war is impacting all facets of Colombian life from governance and justice to business and social services. Structural economic improvements and substantial growth rates will serve to foster in a new era of improved quality of life, and ideological repudiation of forces counter to the interests of the U.S.

Making an overly optimistic prediction about a donor nation's ability to alter the long standing history of a country characterized by fragmentation, corruption, violence and poverty would obviously be imprudent. But to a certain degree, objective assessments about the success of Plan Colombia with regard to improvement of political

institutions and social progress are possible. Aside from the exclusive U.S. government focus on security and narcotics trafficking, the underlying problem of strengthening state dominance for Colombia entails questions of administration, justice, and social spending. These elements ultimately indirectly contribute in a significant way to Colombian development overall.

The Colombian state has experienced a surge in strength and control over territory and tangible steps towards judicial restructuring have also occurred. Following the American example, the Colombian Congress established laws for an accusatorial system of justice which allowed for greater transparency and effectiveness (DeShazo, 2007, 33). And although the amount of funding for judicial reforms are still relatively weak compared to the overall scope of the problem (as described above), progress has been significant and palpable with an overall increase in Colombian government spending on the judicial sector of 32% from 2003 to 2006 (DeShazo, 2007, 34). The development of a responsible, open, and ultimately incorruptible system of justice has ramifications for social and political development, as well as security and drug trafficking concerns. To reiterate a point from earlier, Colombia's system of pretentious justice over the course of many decades served as a tool of repression to maintain the status quo and keep the majority population in check. Plan Colombia's progress toward establishing a legitimate system of justice serves as a shining example of how U.S. aid dollars can be used to directly benefit the average Colombian citizen and ultimately break the cycle of underdevelopment by reducing levels of violence and strengthening the legitimacy and control of the state.

## **Aid to Colombia in the Context of the Theory**

The first major tenet presented in the theory of the current study is the benefits of aid relative to other forms of diplomatic coercion. This point is especially relevant for Colombia and any country identified as being part of the overall war on drugs and the subsequent Global War on Terror. The U.S. ability to certify and decertify recipient nations during the 1980s based on their perceived willingness to commit themselves to fighting drug trafficking is not only reminiscent of a dominant-subordinate relationship smacking of imperialism, but also evidence of aid's coercive power (Abernathy, 1986, 106). Crandall (2001b) expounds upon this idea by describing U.S. policy towards Colombia as not simply traditional power politics, but realism combined with bureaucratic decision making (Crandall, 2001b, 99). Crandall's intention is to illustrate the U.S.-Colombian relationship as more than a realistic model of dominance through aid provision and rational decisions by bringing in the bureaucratic aspect of bilateral interactions. The conclusions for the current study are obvious as Colombia's leadership went through decades of changing leadership and motivations with regard to the war on drugs in order to arrive at a plan which best suited their interests with regard to fighting the war and remaining compliant with U.S. demands. Fed up with limited development, access to U.S. markets, rampant violence, and fluctuating guarantees of assistance, Colombia's leadership finally accepted that the payoff structure associated with accepting aid and complying with U.S. demands was to their benefit. Thus, Plan Colombia to date serves as evidence of aid's power over other methods of diplomacy. The complete history has yet to be written, but the mutual benefits associated with

acceptance of the “dominant” state’s demands in exchange for assistance appear to be bountiful.

Perhaps nowhere is the dividing line between the effectiveness of aid and other means of coercion more visible for Colombia than in the years immediately preceding Andres Pastrana’s victory and the subsequent execution of Plan Colombia. In particular, the U.S. relationship with Ernesto Samper’s administration represents everything wrong with alternative means of coercion which punish and isolate subordinate and underdeveloped nations. In one of the more unusual instances of U.S. foreign policy towards Latin America, the U.S. sought not only to achieve policy leverage over Colombia in the mid-1990s but also to tear down the entire Samper administration. The scandalous nature of Samper’s rise to power is no secret. The bilateral relationship with Colombia was heavily soured by the revelation that Samper’s campaign for the presidency (against future president Andres Pastrana) had been funded in part by the Cali drug cartel to the tune of some \$6 million (Darling, 1998). Accusations of corruption are significant on their own, but corruption tied directly to a drug cartel was akin to a slap in the face for U.S. policymakers. As a result, the U.S. embarked on a policy which on the one hand isolated Samper personally and on the other subverted Colombian sovereignty by establishing direct relations with the Colombian military and national police. Crandall (2001) emphasizes the unusual nature of the U.S. going so far as to even revoke Samper’s travel visa to the U.S. in 1996 (Crandall, 2001b, 1996). The problem with this sort of strategy is that by isolating the recipient nation during what turned out to be a moment of dire need, the strategy was completely counterproductive. This falls

directly in line with the theory of the current study. The benefits of working with aid and support rather than other means of policy coercion (in this case isolation and heavy handed meddling in domestic affairs) are easy to see when contrasting U.S.-Colombian relations during the administrations of Samper and Pastrana. U.S. decertification of Colombia and a long-standing embargo regarding drug related products aside, the harsh U.S. handling of Samper's administration stemming from his cartel ties represents an extreme use of negative policy coercion which did more harm than good. Not working with Samper while left wing guerillas and right wing paramilitaries were stepping up their campaigns of violence throughout the country resulted in Colombian state impotence, and set back the process of national development significantly (Crandall, 2001b, 96).

### **Benevolent Aid or Imperialism?**

In a step-by-step condemnation of U.S. policy towards Colombia up till 2005, Doug Stokes ties together the war on drugs, the U.S. need to diversify its access to oil producers, as well as the notion of a U.S. capitalistic hegemony within the western hemisphere, in order to critique U.S. diplomatic history in Latin America (Stokes, 2005, 3). Disregarding the major strides in Colombian economic growth, state governance, and all strength of democracy and freedom indicators, Stokes focuses on a perceived pattern of systematic repression and murder for the sake of protecting U.S. economic hegemony. Granted, Stokes might have also been hampered by the fact that he was writing in 2005, and therefore did not have the advantage of hindsight found in the

current study, but his critical intentions are easily discernible. The harshest critics of U.S. foreign policy towards Colombia often approach the debate with an ideological bias that is too extreme to allow for any meaningful contribution to the dominant question of aid's effectiveness. While U.S. interests in Colombia's natural resources are certainly significant, to simply paint U.S. foreign policy towards Latin America with broad brush strokes of oppressive imperialism misses the point. By identifying the U.S. pursuit of economic and political interests in the developed world as tyrannical or oppressive, critics of U.S. policy noticeably demonstrate their lack of understanding of power politics, global economics, and even traditional realist theory. This mischaracterization of U.S. intent would be forgivable in light of the decline of power politics/realist theory in recent years if and only if their underlying indictment of capitalism's evils weren't so thinly veiled and clichéd. Critics of U.S. foreign policy who focus entirely on the potential human costs associated with protecting American economic interests in the western hemisphere typically devote most of their scholarship to deriding the United States as a whole while offering little or no actual solutions to third world underdevelopment outside of a new global socialist order. While idealistic criticism of the U.S.-Colombia bilateral history is essential for gaining perspective on past diplomatic failures, to ignore *all* positive human, societal, and political gains for the people of Colombia in order to reiterate that capitalism is vile is simply political activism rather than political analysis. Putting all of this aside, the current study is meant to be comparative in nature, and therefore applicable to all donor nations seeking policy concessions, so it must be restated that questions of morality are irrelevant to the overall theory at hand.

## **Colombia's Future**

As the U.S. War on Drugs has been integrated into the overall Global War on Terror, the challenges faced in Colombia are eerily similar to those faced in Afghanistan. As a nation defined by geographical hurdles and a long history of a weak state, eradicating drug production and accomplishing U.S. strategic goals cannot be accomplished overnight. Much like eliminating Taliban insurgents, Colombian progress in eradicating leftist guerilla groups is often exemplified by seizing and clearing long held regions, and then maintaining subsequent control of them in a manner which can only be described as tenuous. Colombia's feeble infrastructure and fragmented geography makes long term security for the populace anything but a guarantee. While economic indicators may show a drop in poverty, the continued lack of access to public goods and services is indicative of sluggish socio-economic development in a nation which was desperately clinging to life just a decade ago. Without a level of state dominance which is conducive to a level of security comfortable for the majority of the population, Colombia will never reach its full potential. It is in the best interests of Colombia and the United States to continue working together to consolidate legitimate state authority, improve the rule of law, strengthen the judicial system and create a self-perpetuating peace (DeShazo, 2007, 53).

Fortunately, the lessons of the past have finally been absorbed by U.S. policymakers. In his plea for free trade with Colombia, Senator Richard Lugar emphasized the significance of the Colombian perception that the U.S. is and always has been concerned exclusively with drug production rather than development (Lugar,

2007). This is an enlightened viewpoint that the U.S. might have been wise to exercise forty plus years ago in Vietnam, and it is also a point which drives right at the heart of the current study's theory. No matter what means of assistance the U.S. chooses to use to accomplish its goals and achieve the desired policy concessions, aid must be properly directed and provided at a level that is appropriate for the recipient nation to achieve genuine growth and improvement in quality of life. Focusing entirely on drug production rather than fostering a peaceful climate conducive towards legitimate governance and economic prosperity, as Senator Lugar stressed, would be repeating the mistakes of the Cold War and propagating greater anti-American sentiment, ultimately spawning another Vietnam-like quagmire. It is not a stretch to conclude that the future of Colombia looks bright. Although challenges remain, Plan Colombia has produced immediate gains. Plan Colombia, or whatever official name it carries in the future, is a work in progress. Only time and incremental progress towards achieving the unresolved policy goals will reveal the true genius of U.S. policy towards Colombia since the late 1990s and serve as a testament to the greatness of aid as a diplomatic tool.

Framed within the most basic tenets of the current study's theory, Colombia is a U.S. foreign policy success story because rather than letting the recipient collapse after years of underdevelopment, non-governance, and general non-compliance with donor goals, the U.S. gave Colombia exactly what it needed. Any other tool of diplomatic coercion besides aid would have destroyed Colombia and benefitted no one. By properly directing aid, but not using it in any forceful way, the U.S. achieved an overall higher success rate than it would have utilizing other means. The vast and all-

encompassing strategy of Plan Colombia serves as a model for U.S. foreign policymakers to follow in the provision of economic and military assistance.

To a certain degree, the notion of Rostow's "Takeoff" point has validity. However, Rostow was writing purely as an economic historian and his vision of creating self-perpetuating growth in a third world economy did not include the development of social and political institutions. By giving the Colombian government the resources it needed to carry out its goals, which were within the constraints of U.S. desires, state control was drastically improved, democracy flourished, and the economy followed. However, the current study is not dedicated solely to an analysis of the necessary conditions for sparking long term economic development. The focus remains squarely on the benefits of aid with regard to meeting donor demands. In this instance, development and donor policy objectives went hand in hand. The U.S. could only tackle the international objectives of curtailing the drug trade and the strength of left-wing paramilitary groups by aiding Colombia out. Therefore, this instance of U.S. foreign policy success has implications for the progression of the study of international relations in two regards: the virtues of aid provision and the value of strong democratic governance coupled with economic stability in solving long standing domestic crises.

Summarizing the differences between the Alliance-for-Progress and Plan Colombia, and their associated successes and failures requires a deeper understanding not only of the fervor of the U.S. commitment to Colombian development, but also of the changing Colombian cultural sensibilities over time. Similar to Colombia's divisive

geography, the Colombian people do not necessarily share a homogeneous culture. This characteristic should not be overlooked when examining Colombian life in the early 1960s. Despite a decidedly anti-communist and anti-Castro stance among Colombia's elite at the inception of the Alliance-for-Progress, it would have been nearly impossible at that time for a true societal consensus on the preferred course of developmental action to be achieved. In other words, we can't assume that the entire nation was willing to embrace American values. Internal division, be it political, cultural, or geographic, has been a major obstacle to long term Colombian development, and the Alliance-for-Progress did little to change this. It was only under the most desperate of circumstances that U.S. policymakers were able to finally recognize the errors of the past and formulate a plan that was appropriate for Colombian needs and, in turn, beneficial for U.S. interests. A primary tenet of this study's theory is that aid must be equitable and properly directed if effectiveness is to be realized. Plan Colombia is the prototypical manifestation of this sort of careful aid-for-policy analysis.

### **III: South Korea: An Aid Success Story**

The principal lesson of the current study is that aid constitutes a favorable method of coercing policy compliance with donor interests, especially relative to other diplomatic measures. The case of Colombia demonstrates that aid levels must be properly directed towards appropriate areas of interest and adequate for eliciting the desired policy outcomes. Colombia's circumstances also demonstrate that assistance (be it economic, military, humanitarian, etc.) has more favorable cost-benefit ratio for the donor than force, sanctioning, or political disengagement. If gaining political leverage through the use of aid constitutes the most favorable method of attaining policy compliance with donor goals, then the case of South Korea represents a true success story. Faced with the prospect of controlling a region (East Asia) in the post-World War II era through force while stifling indigenous dissent and repressing calls for independence, the U.S. chose a proper and incremental plan for state development and, in turn, informal political influence. The prospects of gaining political leverage on the Korean peninsula through long-term occupation or use of force following the catastrophic hardships of World War II represented a significant risk. As stated in the general theory of the current work, the aid-for-policy game necessarily includes a cost-benefit analysis where one course of action in seeking policy concessions will always yield a higher outcome than the alternative. By following the premise that an amount of aid equivalent to the expenditures associated with the use of force will always yield a higher rate of success, the United States achieved both immediate and long-term policy goals in South Korea.

In keeping with the general theory, the U.S. expended equitable levels of aid which inherently fostered a desire on the part of the recipient to concede politically. Additionally, the more indirect benefit described in the general theory of the current study: fostering long-term bilateral partnerships, was achieved on a monumental scale. Thus, U.S. aid policy towards South Korea resulted in political gains during and after the Cold War, financial benefits throughout the course of South Korea's development into an economic power, and a strategic and military bilateral partnership which continues to yield benefits to this day. In order to properly analyze the success of the United States in nation-building and fostering long-term political influence, a summary of the political, economic, and military history of Korea from World War II to the present day is essential.

### **Creating Spheres of Influence for the Cold War**

From the rubble of the Second World War the United States emerged as the dominant global superpower. However, unlike previous global hegemony, the U.S. sought to undertake the process of empire maintenance in a more informal, yet at the same time highly sophisticated manner. The pain of the war and the global shifts of power it brought about created an obvious need for new methods in order to control spheres of influence. In other words, the goal became status quo maintenance at a reduced cost. While the powers of Western Europe picked up the pieces of their shattered societies, they were forced to deal with the looming threat of Soviet domination, which geographical proximity made impossible to ignore. Meanwhile the

U.S. had achieved a capability for power projection that was unprecedented. But rather than use this newfound imperial power to its immediate advantage for the sake of exploitation, the U.S. sought to maintain security in the new strategically bipolar world through the use of diplomacy, assistance, and coercion. In order to maintain a strong defense against the expansion of communism from the Soviet Union or China, the U.S. established an informal empire in potentially weaker regions susceptible to communist influence by fostering pro-western sentiments among the indigenous people through aid and diplomacy (Lee, 1995, 5). To understand U.S. Cold War aid efforts, particularly in East Asia, it is essential to understand the fundamental concerns of early Cold War politics and perceived strategic threats in the region.

The seeds of the containment policy of communist imperialistic designs appeared several years before the outbreak of hostilities on the Korean peninsula. With the Truman Doctrine in March of 1947 following crises in Greece and Turkey, the U.S. established a policy for action through force or aid against Soviet aggression towards free-states (Morley, 1983, 14). For many scholars, this signaled the beginning of the Cold War. The fear engendered by the arcane nature of the Kremlin's foreign policy contributed to the American zeitgeist and culminated in an outpouring of scholarly policy recommendations characterized as nothing short of a widespread panic. The call for more aggressive countermeasures to repel the godless Soviet horde was clarified by George Kennan in July 1947, in his article, "The Sources of Soviet Conduct". In the article Kennan dissected the thought process of Marx and Lenin to conclude that "...the outside

world was hostile and that it was their duty to eventually overthrow the political forces beyond their borders.” (Kennan, 1984, 111)

With this, the ideological seeds of the containment policy were laid, and a call for the U.S. to shore up the borders of the Soviet empire was explicitly formulated. Kennan’s conceptualizing of Soviet expansive objectives quickly became the standard for U.S. foreign policy throughout much of the Cold War. Under the assumption that the interests of the capitalist world were incompatible with the desires of the Kremlin, Kennan concluded that:

“In these circumstances it is clear that the main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies.” (Kennan, 1984, 119)

Given the size of the Soviet Union and the perceived strength of its sphere of influence, containment would necessarily have to become a global policy. On this basis, the U.S. interests in East Asia and any other region within reasonable proximity to a bastion of communist power became that of firm resistance accomplished through large scale assistance, political support, or direct force. This is how the Korean peninsula became a focal point of global politics in the early days of the Cold War.

Despite receiving considerably less attention than the seemingly more imminent threat of Soviet attacks upon free world interests in Western Europe, the Korean peninsula was recognized as a likely candidate for Soviet expansion in the pivotal Report to the National Security Council – NSC 68. Dated April 12, 1950, and declassified in 1975, NSC 68 built upon Kennan’s analysis and virtually shaped U.S. foreign policy for

subsequent decades. When the North Korean attack upon the Republic of Korea occurred on June 25, 1950, American officials had little doubt of the existence of a Soviet influence (Lee, 1995, 72). This was due to the impact of NSC 68, which virtually enshrined Kennan's conception of containment of the Soviet Empire as a necessary condition for the survival of the free world as official U.S. foreign policy. On its own, the document focuses primarily on assessing Soviet capabilities in terms of conventional military and nuclear strength, as well as economic capability. However, the ideological impetus for the conduct of U.S. foreign policy vis-à-vis the Soviets for the early days of the Cold War is clearly visible:

“For us the role of military power is to serve the national purpose by deterring an attack upon us while we seek other means to create an environment in which our free society can flourish, and by fighting, if necessary, to defend the integrity and vitality of our free society and to defeat any aggressor.” (National Security Council, 1950, 12; hereafter NSC).

Although this statement on its own does not directly imply warmongering, NSC 68 details Soviet intentions and emphasizes the need to consolidate the countries of the free world and protect them from communist infiltration and subversion. Again, the ideology of the document clearly reflects the impact of Kennan's work a few years earlier, which highlights the inevitability of Soviet expansive tactics.

For the purposes of the current study, NSC 68 also clearly emphasizes the importance of aid as a tool for fighting the Cold War without resorting to the worst case scenario of war. Two of the key tenets of containment, as defined by NSC 68 are: (1) blocking Soviet expansion and (2) forcing a retraction of the Kremlin's control and influence (NSC, 1950, 21). In order to accomplish these goals and succeed in protecting

the interests of free-world capitalism, NSC acknowledges the significance of aid as a building block:

“Improvement in political and economic conditions in the free world, as has been emphasized above, is necessary as a basis for building up the will and the means to resist and for dynamically affirming the integrity and vitality of our free and democratic way of life on which our ultimate victory depends.” (NSC, 1950, 56).

This is a very broad ideological statement reaffirming the concept of containment, but quite applicable to the circumstances of a number of underdeveloped nations throughout East Asia that were susceptible to ideological influence. Addressing the needs of Eastern Asia more specifically, NSC 68 also says:

“Sixth, throughout Asia the stability of the present moderate governments, which are more in sympathy with our purposes than any probable successor regimes would be, is doubtful. The problem is only in part an economic one. Assistance in economic development is important as a means of holding out to the peoples of Asia some prospect of improvement in standards of living under their present governments. But probably more important are a strengthening of central institutions, an improvement in administration, and generally a development of an economic and social structure within which the peoples of Asia can make more effective use of their great human and material resources.” (NSC, 1950, 31)

This properly synthesizes the broad ideological brushstrokes of containment with the realities of life on the ground in the underdeveloped world where communist subversion was perceived as a genuine threat. It is not difficult to see how this very basic prescription for propping up regions susceptible to Soviet influence became a reality over the course of the Cold War. Intertwining economic, political, social, and military needs to create an effective aid policy ultimately fostered a sense of strength on the Korean peninsula and allowed the South Korean people to flourish. NSC 68

categorizes Korea as an area of special circumstances arising from the end of the war and the onset of the Cold War, as well as its colonial past (NSC, 1950, 29). Therefore, the primary ingredients for aid to Korea as a prerequisite for fighting the Cold War and maintaining South Korea as a strategic stronghold against communist aggression were in place before any violence occurred.

### **Early U.S.-Korean Bilateral Relations**

In order to properly assess the ramifications of long-term success in the aid-for-policy game with the Republic of Korea, an examination of the U.S.-Korea bilateral relationship prior to the outbreak of hostility is fundamental. By the spring of 1950, the U.S. was acting as South Korea's primary benefactor. Based on South Korea's proximity to communist China, the strategic importance of the relatively small nation was obvious when viewed through the perspective of containment. Establishing order and promoting economic stabilization in South Korea were vital steps towards establishing the country as a bulwark against communist expansion in the bipolar global climate of the early Cold War. The process of nation building for the U.S. would entail the bolstering of South Korea's internal military power, a significant amount of economic aid, and political support within the UN framework (Lee, 1995, 34). The consolidation of South Korean democracy was not itself an immediate goal, but rather a long-term expectation for U.S. policymakers who foresaw the southern half of the peninsula as a bastion of western-held values pending the ultimate victory of liberal capitalism over communist expansion. Again, it must be stressed that the U.S. was not pursuing any explicitly imperialistic goals

on the peninsula, and this is reflected in the contents of NSC 68. It remained an official part of U.S. policy that South Korea would maintain its independence, even if democratic consolidation was not immediately forthcoming. That its political independence must necessarily entail a pro-western leaning was implied and understood by both aid donor and aid recipient, despite the consistent pressures of communism.

Maintaining a pro-western ideological leaning in Korea was presumed to be of vital strategic importance for U.S. policymakers when the southern half of the peninsula had the option to do otherwise. In the minds of many scholars and policymakers, the Korean peninsula represented the forefront of the burgeoning Cold War.

Geographically, Korea was at a crossroads of the interests of the great powers: China, The Soviet Union, and the United States. And neighboring powers found it essential to maintain something akin to a balance of power, lest the entire peninsula fall into enemy hands. In the years immediately following World War II and before the establishment of the Republic of Korea, the south was simply too weak and small to defend itself in a conflict which was quickly reaching global significance (Morley, 1983, 10). Morley (1983) illustrated the state of affairs on the Korean peninsula before overt North Korean aggression occurred and how they served as a lynchpin for the prevention of World War III by balancing power:

“The result, the division of Korea into two parts, each aligned with its own set of neighboring sponsors, would seem to reflect directly the relative parity in strength which the two blocs of interventionist powers were prepared to exert in the peninsula, thus seeming to confirm the fourth principle of the historic dynamic of intervention: that Korea’s fate is determined in large part by the balance of power among its great neighbors.” (Morley, 1983, 15).

In other words, the stability of the peninsula represented the Cold War balance of power itself. Managing the tension between the north and south served as a proxy for maintaining the appropriate level of tension between the major powers and for keeping the Cold War cold. As early as September of 1945, U.S. military personnel had arrived in Korea to disarm Japanese troops and maintain order south of the 38<sup>th</sup> parallel. One month prior, the Soviet Union had already begun aggressive efforts to integrate the north into the communist empire (Curtis, 1983, 2).

Amidst the power and territory grabbing occurring just prior to the outbreak of hostilities prompted by the north, the U.S. was already seeking to solidify and consolidate South Korea's legitimacy as a sovereign state, specifically one built upon a pro-western ideology despite a lack of full-fledged democratization, which would not occur for several decades (this point is discussed further below). Yet despite immediate U.S. efforts, South Korean compliance with U.S. goals was not readily forthcoming. Throughout early 1950, the U.S. repeatedly called for reforms on the part of the South Korean government, both political and economic. The U.S. economic recommendations were primarily focused on inflation control and establishing an interdependent trade relationship with Japan (Lee, 1995, 35). The South Korean government, understandably, was wary of U.S. economic recommendations and perceived such demands as intrusive upon their own autonomy and sovereignty. Throughout March and April of 1950, the South Korean government consistently abstained from undertaking U.S.-mandated reforms. However, in a perfect portrayal of aid-for-policy success, Secretary of State Dean Acheson in April of 1950 wrote to the South Korean government demanding that

they implement U.S.-recommended economic reforms, lest U.S. economic and military assistance be cut off. Republic of Korea officials quickly caved and began pursuing the desired policies immediately (Lee, 1995, 35). The long-term implications of U.S. economic and military assistance initiatives will be discussed in greater detail below.

The diplomatic wrangling between the U.S. and South Korea during the phase immediately preceding the Korean Conflict is a textbook illustration of the rudimentary formal model presented in the first chapter of the current study. By altering the payoff structure for the South Korean government through the threat of withholding aid, the U.S. achieved the desired outcome: policy concession. The game began in a state where aid was already being supplied to the South Korean government. From there, the South Korean government was given the choice of either accepting or declining to follow U.S.-mandated policy reforms (the aforementioned economic restructurings). By declining to follow the reforms, the U.S. altered the payoff structure for the South Korean government by explicitly threatening the suspension of aid. The South Korean government was then faced with deliberating two choices: decline to make policy concessions and maintain complete autonomy, but lose U.S. assistance; or make policy concessions while risking the long-term loss of independence and retain U.S. assistance. Whether or not the threat to long-term independence was real (and history has proven that it was not) is unimportant from the perspective of a rational aid recipient in this game of aid-for-policy. The South Korean government knew that without U.S. assistance, their future was far more uncertain against the monolithic communist threat than under the thumb of a democratic power which may or may not have had

imperialistic designs. This was all prior to the outbreak of hostilities on the Korean peninsula, which took the bilateral partnership between the U.S. and South Korea in an entirely new direction, a direction towards a consolidated strategic bond that would ultimately prove mutually beneficial.

### **The Korean Conflict**

Under the guise of carrying out defensive measures to counter South Korean military provocation, the Soviet-supplied North Korean forces crossed the 38<sup>th</sup> parallel on June 25<sup>th</sup> 1950 and the Cold War turned violent (Weathersby, 1999, 92). U.S. forces, which had only recently pulled out of South Korea, were quickly dispatched to contain the northern advance. The result was a three year stabilization effort resulting in 34,000 lost American Soldiers and billions of dollars in military assistance (Curtis, 1983, 2). Prior to outbreak of hostilities, the U.S. had already guaranteed an aid package of \$11 million dollars to South Korea under the general assumption that neither the North Koreans nor the Soviets would be reckless enough to attempt any offensive aggressions (Levin and Sneider, 1983, 33). However, perhaps this is indicative of a consistent underestimation of South Korea's strategic value up until that point. U.S. Department of State strategy in the late 1940s, along with the growing acceptance of containment as the Cold War strategic posture would indicate that the U.S. took the precarious nature of the peace structure on the Korean peninsula quite seriously. Yet, by the time the war started the South Korean military was terribly ill-equipped and U.S. presence had dwindled to the small 500 man Korean Military Assistance Group (Levin and Sneider, 1983, 34).

The conflict took a toll that South Korea was not ready to face. Having barely begun to establish anything resembling the political or economic reforms necessary for full independence and consolidation, the Republic of Korea was suddenly faced with an emergency they could not handle on its own. Its paltry force of 100,000 men was helpless in the face of the North's army, which had been built up over time. The U.S. troop commitment reached roughly 350,000 troops from 1950 to 1953, and the ROK Army increased in size to 650,000 by 1954 (Levin and Sneider, 1983, 38). Military development may have been an unexpected and forced occurrence for South Korea, but there is little doubt that the conflict itself spurred a number of developments in the country's evolution as an independent country. The war necessarily brought about enormous commitments of aid from the U.S. in order to stave off disaster. Economic assistance, which was already being provided to some degree, was increased in order to grow a state that would hopefully become self-sufficient. Additionally, the Korean War had a number of side benefits beyond simply prompting the U.S. to provide additional assistance. The war and the training provided by the U.S. left a large number of South Korean men with skills in transportation, communications, construction, and other fields. Eventually these men would go on to join the workforce and prove instrumental in establishing a rapid path towards economic development for the South (Chung, 1983, 191).

Piecing these events together, there are certain early Cold War lessons that can be learned about the value of aid in fighting a global battle. First, the outbreak of hostilities, and the obvious vulnerable nature of the South Korean military are

indications that military transfers alone do not equate to security (Levin and Sneider, 1983, 42). While military transfers were an accepted part of U.S. policy towards the South already, the military was still woefully unprepared. Second, South Korea's unpreparedness is an indicator that military assistance must necessarily go hand-in-hand with economic assistance if any long-term defense strategy is going to be found. The assumptions of the early Cold Warriors like Kennan that communism in underdeveloped nations would feed upon internal strife and poverty were proven correct by the Korean War. The Korean War fully established the U.S. as South Korea's primary benefactor, a relationship which would become mutually beneficial over the decades. Although the relationship may have been unbalanced in favor of the U.S., the commitment to the cause of South Korea created by the war proved to be the starting point for economic progress on the peninsula far beyond anyone's expectations.

### **Post-Conflict Korea**

South Korea is an incomparable success story in the game of aid-for-policy. Beyond the military commitment made by the U.S. during the open hostilities of the early 1950s, the political, economic, and military assistance in the pre and post-conflict years was invaluable in creating an ally and a partnership of immeasurable value that has existed to the present day. Celebrating the 30<sup>th</sup> anniversary of the Mutual Defense Treaty between the U.S. and the Republic of Korea, U.S. Ambassador Richard Walker summarized the long-term gains accumulated by both countries through more than simply a formal military alliance:

“Tested through the aftermath of the destruction of the Korean War, in the learning process for both our countries during the period of Joint Mutual Economic Assistance, during the common struggle when our Korean allies joined us in Vietnam, and all through the building of our Combined Forces Command, the Alliance whose anniversary we commemorate here has proven that open societies can indeed work toward global contributions in full cooperation” (Han, 1983, 10).

The bilateral relationship between donor and recipient in this case represents something of a rarity in the context of the Cold War. Unlike occasional aid-for-policy efforts in certain countries where the effects were minimal or perhaps even counterproductive, the aid provided to South Korea was properly directed with the full and trustable consent of the recipient that policy courses of action would be followed. The levels of aid provided were commensurate with the policy concessions being sought by the donor. Political, economic, and military assistance were adequate enough to alter the payoff structure, thus causing the recipient to acquiesce to donor demands. The levels of aid provided before, during, and after the Korean conflict of 1950 to 1953 were enough to engender a healthy long-term bilateral relationship. Thus, the basic tenets of the current theory were followed almost seamlessly in the case of U.S. aid to Korea, resulting in unquestionably significant gains for both donor and recipient.

Quantifying U.S. success in the aid-for-policy game with South Korea must necessarily be done through analysis of both military and economic concerns. Following the hostilities with North Korea, the Republic of Korea was left decimated with no option but to begin rebuilding from scratch. From 1954 to 1970, the U.S. provided the Republic of Korea with some \$3.5 billion in economic assistance, making up almost 5% of South Korea’s total GNP for that period (Curtis, 1983, 3). The immediate and tangible

payoffs from the U.S. perspective came in the form of political influence. Aside from the obvious role played as a forefront country in the Cold War, the Republic of Korea became an important trading partner and even a strong military ally, providing some 40,000 troops for the U.S. efforts in Vietnam (Curtis, 1983, 3).

Tracing the evolution of the Korea economy can be done in phases, each with differing levels of U.S. assistance. The great certainty from 1945 to the present day is that U.S. economic assistance has been pivotal in creating an economic power that is self-sufficient and even competitive on a global scale. From 1945 to 1961 the U.S. supplied vast amounts of grant-type aid in the form of relief supplies and military and reconstruction assistance (Chung, 1983, 183). The peak of U.S. assistance during this period was \$383 million dollars in aid from the U.S. funneled through multilateral sources for the sake of humanitarian relief and economic development (Chung, 1983, 187). Following this period, a transition to more loan-type development aid took place and over time, economic interdependence developed. By the early 1960s, the Republic of Korea began to compete on a global level against foreign enterprises and truly came into its own as an economic force (Chung, 1983, 192). This long evolution of U.S. aid to South Korea demonstrates that a strong enough commitment to an underdeveloped nation can result in mutual benefits as the present day economy and production levels of South Korea are strong, while the U.S. has gained a long-term strong ally and maintained a relative peace throughout the region of northeast Asia. U.S. assistance to the Republic of Korea in the earliest days contributed to the development of human capital by providing necessary humanitarian support and eventually developmental

loans. By committing an equitable level of aid to a country for the sake of gaining political coercion, the U.S. succeeded in playing the aid-for-policy game and inherently increased its own security and global superpower status. Within the confines of the current study, this represents shrewd foreign aid policy. On the other hand, a number of the critics of U.S. foreign policy, typically oblivious to the realities of global power politics, interpret U.S. actions as heavy-handed exploitation pursued in order to maintain an imperialistic status quo.

### **The Fine Line between Aid-for-Policy and Imperialism**

In the grand scheme of superpower politics and the utilization of aid as a tool of policy leverage, it is often difficult to distinguish between aid coercion which results in lasting mutual benefits and imperialism with subsequent exploitation of the recipient. Scholarly critics of U.S. foreign policy during the Cold War often cite South Korea as an example of a nation unable to control its own destiny because of its strategic position and the global politics of the time. In a particularly scathing assault on comments made by President Ronald Reagan in 1982 which described the U.S.-Korean bilateral partnership as continuously beneficial for a full century, R. R. Krishnan (1984) takes severe umbrage with the notion that South Korea had ever been left in control of its own destiny and asserts that the small nation with large geographical importance has been treated as a pawn in the game of power politics. Krishnan describes the initial opening of relations between the U.S. and the Korean Peninsula in 1882 as being nothing short of gunboat diplomacy in the style of “opening” Japan (Krishnan, 1984, 4).

From there, U.S.-Korean relations entered a dark period where Japanese presence on the peninsula amounted to nothing short of authoritarian control.

It was not until 1943 when the U.S. began contemplating the disposition of former colonies in the post-war era that Korea became an issue again. Faced with the options of occupation or trusteeship (and eventually UN control in later years), the U.S. was left with limited options for dealing with Korea in the long Cold War which was known to lie ahead. However, Krishnan (1984) surmises that the U.S. had sinister motives within each of these options while immediately granting the Korean's their independence was stifled as unfavorable to U.S. imperialist desires. The critical perception that FDR's desire for a trusteeship was a reflection of a distrust of the Korean people to properly govern themselves is a stretch. Trusteeship involving Korea's neighboring powers in the immediate post-war years was FDR's preferred solution at the time for maintaining stability in the face of potential Soviet aggression while incrementally making Korea independent and securing positive relations with Japan. This fact is supported by the U.S. Department of State strategy released in 1946 which is described in greater detail below. Krishnan interprets the concept of incremental or gradual independence as being completely self-serving to U.S. interests (Krishnan, 1984, 8).

However, the idea of the U.S. edging out former colonial powers to step in and create asymmetrical economic dependence runs counter to the Cairo Declaration of 1943 and the fact that Soviet encroachment onto Korean land had already taken place by the time of the Japanese surrender (McCune, 1947, 605). In a rather conspiratorial

and race-baiting manner, Krishnan ponders the question of why the Korean people were not immediately left with independence following the Second World War and concludes that the projected indeterminate duration of U.S. occupation at the time can only be the result of imperialistic intentions (Krishnan, 1984, 9). Of course this completely ignores the actual course of events that occurred in Korea, as well as some painful realities about the state of the people on the peninsula at the time.

That Korea existed as a de facto Japanese colony for decades until the end of the World War II is an immediate indication of the inability of the Korean people to properly democratize on their own. Even a perfunctory knowledge of the process of democratization would illuminate the fact that decades under dictatorial rule created complete isolation from the liberal progressive ideologies of Western-style democracies. Additionally, in the power vacuum left by the Japanese police state, there was an immediate rise in Korea political factionalism, with the most uncompromising voices coming from the extreme left (McCune, 1947, 610). After decades of police state control at the hands of the Japanese, leaving the Korean people alone would have been catastrophic for all parties involved, excluding the Soviet Union. The Korean peninsula would have slipped from the grasp of Japanese control right into the hands of Soviet control, thus shattering post-war stabilization and reconciliation efforts and putting the U.S. and Japan in a treacherous position when the Cold War began gathering momentum. Despite the unjust criticism of U.S. foreign policy towards Korea in the years prior to 1950, Krishnan does portray an interesting notion that should not be

ignored with regard to the historical record after the outbreak of hostilities on the peninsula: that Korea was a pawn in the game of Cold War politics.

Beyond U.S. pressure on South Korea with regard to matters of economic stabilization in the post-war years, there were definite instances of overt U.S. political influence. The armistice of 1953 itself was signed under U.S. pressure. The 1960 resignation of President Rhee, the normalization of relations with Japan, and especially ROK troops in Vietnam are all indicators of direct U.S. influence upon Korean policy (Levin and Sneider, 1983, 43). However, to indict U.S. policy as blatantly imperialistic with regard to control of the Korean peninsula would be misguided. While there is a perceptible hint of a core-periphery relationship between the U.S. and South Korea from the end of World War II until the late 1960s, this hardly qualifies as imperialism. Making this sort of claim is possible by examining the relationship through the lens of the Cold War. In their quest to either match U.S. strategic decisions or remain a step ahead of U.S. decisions, the Soviets allowed for limited (if any) autonomy in the regions they sought to bring into their sphere of influence. In the eyes of the most ardent critics, this obviously does not absolve the U.S. of any guilt with regard excessive pursuit of political control. But this sort of hardline perception of what constitutes imperial desires misses the point of the historical record, as well as the stated intentions of U.S. policymakers every step of the way. If a critic of U.S. policy in East Asia chooses to interpret the patron-client relationship that developed between the U.S. and Korea as imperial, they would be misinterpreting the method behind the madness of U.S. strategic policy going all the way back to 1946.

True imperialism would violate not only the public face of U.S. foreign policy and thus trigger massive international reputational costs for the U.S., but also the underlying strategy which is undeniable. U.S. intentions in South Korea were based on World War II lessons and a cost-benefit analysis of what was necessary for power projection, maintaining influence, and leveraging aid recipients. In the Department of State's Foreign Relations of the United States in 1946, the conclusions reached by U.S. strategists with regard to South Korea were:

“(1) To establish a self-governing Korea, independent of foreign control and eligible for membership in the United Nations; (2) To insure that the national government so established shall be a democratic government fully representative of the freely expressed will of the Korean people; and (3) To assist the Koreans in establishing the sound economy and adequate educational system necessary for an independent democratic state.” (Foreign Relations, 1946, 693)

This sort of approach to Korea was more than simply paying lip service to idealistic elements of the U.S. government or deflecting assaults claiming imperialism. These conclusions reflected ideas associated with realism. Rather than pursue a costly policy of tight control with the limited possibility of gains to be made through blatant exploitation, the U.S. chose a strategy of political leverage while granting independence with economic and military assistance serving as the magic wand. This is an alternative strategy that was intended to keep the U.S. from becoming too far entangled into the political affairs of East Asia while still maintaining a wall of resistance against Soviet expansion. And it is worth noting that the conclusions with regard to this strategy were reached even prior to the Truman Doctrine and the influential work of George Kennan.

Perhaps arguing for the righteousness of an aid-for-policy strategy versus imperialistic control is splitting hairs, but within the context of the current theory, such an approach is valuable even when viewed from the most basic of cost-benefit analyses or formal modeling. But the harshest critics of U.S. policy towards South Korea are not without legs to stand on. The democratization process of the Republic of Korea was in fact, spectacularly slow. However, this was a result more of the circumstances of the times rather than heavy handed U.S. control. Between 1953 and 1987, ROK government control can be described as oppressive, and at worst, authoritarian. This was a direct result of the legacy of the U.S. military rule from 1945 to 1948 followed by the anti-leftist structure fostered by Syngman Rhee's regime until 1960 (Oh and Arrington, 2007, 336). Media censorship, control over the right to assemble, and at times iron fisted control over individual free speech sprung from the Cold War apprehensions of the time, as well as the Korean legacy of limited autonomy and the immediate strategic threat to the north. It took almost simultaneous events in the late-1980s to finally bring about constitutional changes and true democratization: the end of the cold war; the 1988 Seoul Olympics; the economic deterioration of the DPRK; and the general reform of the anti-leftist political structure (Oh and Arrington, 2007, 335).

The U.S.-Korean relationship is still best defined as realist or power politics, and does not qualify as imperialism. A closer description of the U.S.-Korean relationship prior to full democratization in 1987 would be hardline ideological coercion through assistance measures. Imperialism, on the other hand, implies not only an unequal working relationship, but absolute domination, subjugation, and exploitation for

advantage of the dominant state in the relationship. Imperialism better suits the decades of Japanese rule over the peninsula in the first half of the 20<sup>th</sup> century. While certain economic benefits were achieved for the U.S. by politically leveraging the Republic of Korea prior to democratization, this does not qualify as exploitation for the sake of U.S. advantage because of the high price tag associated with building South Korea up as an economic power. Additionally, it is worth noting that South Korea enjoyed a significant level of policy leverage on its own despite its beginnings as an underdeveloped society ripe for ideological influence. South Korea could have easily submitted to communist influence and followed a path similar to that of their neighbors to the north. Instead, South Korea was cognizant of its own bargaining power based on its strategic value and played its role in the aid-for-policy game to its own advantage quite effectively. Within the context of the current theory, there is not even a need to defend U.S. policy towards Korea, but understanding the intricacies of the U.S.-Korean relationship helps to illustrate how the aid-for-policy game is played out in real life. There is no need for moral judgments or analysis of the righteousness of U.S. intentions. The only thing that matters is success or failure in establishing policy control for the betterment of the donor through assistance measures. This is what qualifies as aid effectiveness.

### **Aid to Korea in the Context of the Theory**

Can we conclude that the aid-for-policy game in South Korea has been equitable for the U.S.? Does Korea represent an unqualified success in the use of aid as a tool of

diplomatic coercion? Evaluating the case of South Korea for each theoretical point in the current study, it is not a stretch to conclude that it represents one of the most successful uses of aid-for-policy influence to date. As the starting point of modern U.S.-Korean relations (1945), it is understood that the U.S. possessed a number of policy options for dealing with a relatively small territory found in a strategically treacherous location. This much is directly reflected in the U.S. Department of State's General Political Policies of the United States towards Korea (1946). Although the course of Korean development from Japanese occupation to democratized capitalist success may have taken a few twists and turns along the way, the general policy structure of aid in return for a pro-Western public stance on the part of the recipient was followed closely.

The U.S. military occupation of Korea from 1945 to 1948 does not represent a serious deviation from the general aid-for-policy theory put forth in this study, because it was done in the name of stability and strategic advantage opposite aggressive Soviet intentions at the time. It is true that the U.S. military presence on the peninsula beginning in September of 1945 was pursued entirely for the sake of U.S. interests in the region, and the U.S. was fully prepared to continue the occupation indefinitely if given no other alternative (Foreign Relations, 1946, 693). However, the occupation was meant only to serve the greater purpose of setting up a self-perpetuating pro-Western state, and should not be construed as a blatant use of an alternative means of diplomatic coercion. Thus, we can conclude that the first tenet of this study's theory was followed from the beginning of U.S. involvement. Foreign aid is an effective tool of coercion because it has a higher yield relative to cost compared to other foreign policy tools.

Rather than employing a heavy handed approach to dealing with post-World War II Korea and utilizing force and indeterminate occupation, the U.S. immediately exercised an aid-for-policy approach for the sake of gaining indefinite political influence. Again, it should be stressed that this was done entirely within the U.S. self-interest, and not for the sake of charity. The first tenet of the working theory in this study is that aid entails a lower cost compared to other means of coercion, and U.S. policy from the very beginning reflects this fiscal concern. Establishing independence for South Korea was beneficial for U.S. interests beyond simply freeing a traditionally oppressed people and bolstering the legitimacy of the United Nations. Through pure cost-benefit analysis, it is glaringly obvious that establishing South Korea as an independent and autonomous state sympathetic to U.S. economic and Cold War interests was the proper course of action. Providing the Republic of Korea with \$6 billion in economic aid from 1945 to 2002 and \$8.8 billion in military assistance over the same time frame was simply a bargain compared to the costs associated with other means of influence such as force (Niksich, 2005, 1). It was a sound investment with a limited cost relative to U.S. strategic concerns at the time.

Accepting that the costs associated with the U.S. plan of aid-for-policy were ultimately lower than any alternative means of gaining political leverage we also have to look at costs relative to long-term yields. The benefits gained from the bilateral partnership with South Korea, as asymmetrical as they may have been, have far exceeded any costs politically, economically, and militarily. The Republic of Korea remains a vital U.S. trading partner and has even established a Free Trade Agreement

with the U.S., which will be discussed in the concluding chapter. The U.S. military presence in Korea has allowed for greater global power projection, and a definite lynchpin for maintaining regional peace in East Asia. Within the ROK government, the U.S. has been able to maintain a soft but strong hand of influence. United States Forces Korea maintains de facto control over the ROK Armed Forces, the terms of the Korean Armistice Commission were dictated by U.S. representatives, and for at least an initial period of time the U.S. had a reliable voice of support on the floor of the UN (Sungjoo, 1980, 1076). These are all enormous payoffs relative to the cost of aid and represent aid effectiveness. Therefore, the first tenet of the theory of the current study is upheld as valid.

Had the U.S. chosen a long-term policy of occupation and military government, which certainly could have been a viable option given the events from 1945 to 1953, it is easy to assume such a course of action would have entailed a far higher cost, and not just in pure dollars. While the costs of maintaining a permanent occupying force in South Korea (an alternative means of policy leverage and control) would have been outrageous, such a move would have also constrained U.S. military capabilities over time. An occupying military force might have required the permanent presence of up to half a million personnel, rather than the roughly 30,000 on the ground today (Niksich, 2005, 1). Maintaining a strong global presence in the Cold War and competently exercising the policy of containment would have been impossible without establishing an independent South Korea and reducing troop levels. Therefore, relative to other means of policy coercion, aid-for-policy in South Korea has been extremely cost-

effective and beneficial for U.S. interests. A comparable amount of money and resources spent on any alternate means of policy coercion would not have yielded payoffs that even come close to what aid has provide.

With regard to fostering long-term bilateral partnerships, putting aside pervasive anti-American sentiments among younger Koreans over recent decades, certain aspects of the U.S.-Korean Mutual Defense treaty demonstrate the power of aid in cementing strong bonds between donor and recipient. For two decades following the signing of the Mutual Security Treaty in 1953, the U.S. provided 8% of its worldwide economic and military assistance to the Republic of Korea (Curtis, 1983, 2). This sort of commitment later manifested itself in the South Korean participation in the Vietnam War. By the end of 1969 there were 49,000 ROK military personnel on the ground in Vietnam accompanied by 15,000 civilian specialists and technicians Kim, 1970, 519). For a nation of South Korea's size, this represents significant devotion to a defense treaty. This same devotion was demonstrated more recently with South Korea's participation in the U.S.-led invasion of Iraq in 2003 as part of the Coalition of the Willing. Thus, the South Korean government, despite domestic political infighting, still recognizes the importance of the U.S. to ROK interests and understands the costs the U.S. paid in order to make South Korea independent. Vietnam and Iraq represent the often unforeseen value of aid as a tool of policy coercion long after assistance has been provided.

## **The Future of U.S.-Korean Relations**

Predicting the future direction of U.S.-Korean relations is a task best accomplished by looking at the evolution of the relationship since the end of World War II. Despite the strategic significance of South Korea as a lynchpin in the fight against global communist expansion, and the donor resources committed for the sake of maintaining an autonomous safeguard opposite the Soviet horde, the U.S. was by no means quick to encourage South Korean democratization. The Republic of Korea's political evolution has also followed a generally progressive path, but key differences exist between its political and economic development. True democratization of South Korea did not occur until 1987, and the fact that economic development outpaced political liberalization has created a generational gap with regards to Korean political ideology and impacted Korean public support for the U.S. presence and influence. Even from the time of democratization in 1987 until 1998 the ROK government retained a great deal of the hardline anti-communist rhetoric, only gradually allowing for greater ideological dissent. This was the result of the persistent divisive nature of the peninsula, which fostered an environment where concerns of national security held sway (Oh and Arrington, 2007, 338). In time, democratization allowed for the opening up of ideological space where radical ideas would be allowed. Openly anti-American positions intertwined with pro-North Korean attitudes were not particularly popular, but the underlying desire for unification coupled with elements of historic ethnic nationalism led to a broadening of the ideological spectrum. Anti-Americanism, with its various degrees of vitriol, was born amidst this opening of the ideological space. So while the

establishment of the Republic in 1948 indicated U.S. desires to one day allow for complete autonomy, a firm grip was held by the U.S. to ensure donor interests came first. This caused political development to take place at a slower rate than economic development, leading to unusual conclusions about the future of aid-for-policy in Korea.

Despite rampant anti-American sentiment that has grown among South Koreans over the course of the last decade (particularly during the Bush administration), the bilateral ties remain strong and are not likely to weaken in the foreseeable future. A 2004 poll revealed that South Koreans perceived the United States to be a bigger threat than North Korea (Niksich, 2005, 15). However, this does not indicate that an end to the aid-for-policy game between donor and recipient is imminent. Despite the fact that South Korea is a consolidated republic and a thriving economic power in East Asia, an element of reliance upon the U.S. still exists even though economic assistance ended in the mid-1970s. An unusual cultural paradox is revealed through public opinion polls wherein a certain level of distrust of U.S. intentions exists while a belief in the fundamental importance of the U.S.-ROK military alliance and U.S. military presence in South Korea to overall security on the peninsula remains intact (Oh and Arrington, 2007, 332). Additionally, the U.S. remains the Republic of Korea's 2<sup>nd</sup> largest trading partner (after China) and the U.S. is South Korea's largest export market (Niksich, 2005, 1). Therefore, the answer to questions concerning a logical endgame for aid-for-policy will naturally depend on circumstances. Even more pertinent to the current theory, there never has to be an end to the aid-for-policy game. Instead, there are only evolving payoff structures. South Korea is a realist power player seeking to maximize its own

payoffs, so while accepting U.S. assistance has always been a necessary part of life, South Korea would certainly like to establish itself as a self-reliant state and no longer interact with the U.S. on any level resembling asymmetry or dependence (Sungjoo, 1980, 1077). But this does not mean that U.S. influence over South Korean policy cannot still be bought. Influence simply becomes a more difficult commodity to obtain when the recipient reaches a high level of development.

Beyond the reality of reaching a level of development where policy influence is difficult to gain through assistance, there are other less tangible elements to U.S.-ROK relations which complicate the aid-for-policy game further. Shin and Chang (2004) examine the often overlooked aspect of Korean ethnic identity and nationalism when determining the future probabilities of unification as well as positive U.S.-ROK relations. Combining the aforementioned desire on the part of younger Koreans to reach a point of equal partnership with the U.S. and a long held traditional fear of outside influence (globalization), the authors determine that a new tactic must be adopted by the U.S. which accounts for Korean nationalist and ethnic sentiments (Shin and Chang, 2004, 143). Centuries of domination by outside forces have fostered a sense of distrust of most foreign elements within the Korean psyche. Additionally, there remains an element of kinship in the minds of a great number of South Koreans with the people north of the demilitarized zone. This has fostered a sentiment of nationalism centered on resentment of the U.S. as well as a desire for reunification. But if a South Korean desire to spur perceived U.S. imperialist advances is the predominant element of the South Korean mass opinion, how can the U.S. continue the aid-for-policy game in a way

that is self-serving? If nationalism and anti-imperialism are becoming intertwined, how can the U.S. maintain any influence through aid at all?

The answer lies in taking an approach that accommodates South Korean nationalist sentiments rather than ignoring them. Shin and Chang imply that a softer stance with regard to communism is likely the answer for future U.S.-ROK relations (Shin and Chang, 2004, 144). In their view, this is the only solution for accommodating South Korean desires to be on equal ground with the U.S., China, Japan, and North Korea. But this does not mean that U.S. influence has to be cut out. The undercurrent of South Korean nationalism is itself intertwined with democratization and development, and a definite generational gap exists between South Koreans. Because of this, younger South Koreans, as they assume positions of power, will continue to take a harder stance against the U.S. because the legacy of poverty and subjugation at the hands of truly dictatorial forces will be forgotten. It must be anticipated that any long-term assistance effort could end accommodating this general cultural and ideological shift in South Korea. A generation unfamiliar with the significance of donor contributions that comes of age during a period of peace and prosperity will naturally be predisposed to have a skeptical view of a foreign military presence or foreign political influence. In some instances, the American involvement in South Korea has prompted younger citizens to look upon the U.S. as an occupying, rather than protecting force (Kim, 2004, 268). But again, this does not signify the end to the aid game, only changing payoff structures. In order to continue influencing South Korean policy, the U.S. must learn to differentiate between Korean nationalism and communism, and break with the Cold War paradigm

that has dominated U.S. aid policy to South Korea since 1945. Despite dissent among college age South Koreans and intellectuals, poll numbers reveal that a great many citizens still believe in the value of the alliance and often regard it as more vital to security than reunification itself (Kim, 2004, 269). Accomplishing an effective change in the U.S. aid-for-policy stance might be accomplished through a softer stance regarding North Korea, or it might be accomplished by loosing the reins on the South Korean government and allowing the recipient state to achieve something closer to power symmetry while not completely giving up policy influence through assistance.

Like so many other conclusions in the field of political science, it is often very unsatisfying to determine that the answer is relative or determined by case specific variables. This analysis will by no means cave in so easily. There are definite and universally comparative answers to be found concerning the effectiveness of aid by looking at South Korea. In particular, by contrasting the case of U.S. aid policy to South Korea with the case of Turkey in 2003 and Colombia, a very generalizable picture emerges. In 2003, Turkey was not easily coerced through the use of aid because they were stable enough that they weren't desperate or dependent on U.S. assistance (although they should have taken the offer). Colombia to this day is still in a weak position, and finds itself desperate for U.S. assistance, making it easily susceptible to U.S. policy leverage attempts. South Korea represents a different situation, where aid has been used to influence policy decisions for a very long time to the point that aid-for-policy has become the accepted norm.

With the people and the government of the recipient state becoming less enthusiastic about donor control, it simply becomes necessary for the U.S. to take a softer stance with regard to policy demands and if necessary, increase aid inducements until an equilibrium can again be reached where donor and recipient enjoy a mutually beneficial relationship. This is a key point of the general theory of the current study: aid alters the payoff structure in any international interaction thus requiring a new cost-benefit analysis by both donor and recipient. In this manner aid can remain an effective policy tool relative to other means of diplomatic coercion and the bilateral relationship between the two states can continue to flourish indefinitely. This point is vital to understanding the failure of U.S.-Turkish negotiations in 2003 prior to the U.S.-led invasion of Iraq. The absence of proper cost-benefit analyses subsequent to individual international interactions led to material and policy losses for the proposed donor and recipient in that instance, a fate that the U.S. can avoid in South Korea if a proper policy equilibrium is reached whereby both parties benefit from assistance provision.

#### **IV. The Coalition of the Willing: The U.S. and Turkey**

The current study firmly asserts that utilizing aid as a tool of coercing policy concessions is a favorable course of action relative to other available means. This theoretical tenet serves as the most basic summation of this study. But almost as important is an understanding of the sequence in which the game is played. This point was specified in the introductory chapter as: Aid alters the payoff structure in an individual international interaction subsequently requiring a new cost-benefit analysis. Understanding the basic sequence of the aid-for-policy game allows us to see the implications that the negotiating game has on the other elements of the theory and thus, on aid effectiveness.

When examining a success versus a failure in attempting to gain policy leverage, we can find precise moments when the donor offered either too little or just enough to achieve policy compliance from the recipient. Following the basic formal model presented in the first chapter, we can see that aid or other coercive means are employed if the targeted state chooses to defy donor policy demands. If aid is offered, the targeted state can either accept or decline the offer. At this point, a new cost-benefit analysis is required if the donor is going to continue pursuing an effective policy that maximizes its own self-interest. Quite often, it is shortsightedness on the part of the donor that results in a final outcome that is less than optimal. In other words, it is often difficult to see the long-term losses associated with failure to gain policy compliance when faced with the immediate escalating costs of coercion. This is why understanding the sequence of the aid-for-policy game is vital to understanding all of

the other elements of the current theory. While analysis of bilateral interactions between donor and recipient is complicated, understanding large scale multilateral efforts on the part of the donor in order to gain support for an international policy initiative is exponentially more difficult.

In stark contrast to the relative successes of aid-for-policy efforts throughout the globe from the end of World War II, throughout the Cold War, and in various regional interests in recent decades, the U.S. experienced mixed results throughout 2002 and early 2003 with regard to establishing a coalition for the invasion of Iraq. This is a result of the haste with which the U.S. pursued its policy objectives rather than a reflection of aid's capacity for eliciting policy compliance. Analyzing success and failure in the assemblage of the Coalition of the Willing means necessarily focusing on the U.S. aid-for-policy game as it was played out with regard to Turkey. Turkey stands out among the recipients of U.S. assistance during this period because of: (A) its unwillingness to comply with U.S. demands (B) its geographic and therefore strategic significance to the war effort and (C) the mutually beneficial gains that *would* have been achieved if both sides had followed prudent strategies. At various points throughout the negotiation process, policy success was achievable, only to be derailed by failures on the part of both donor and recipient to perform a proper cost-benefit analysis with regard to long-term outcome expectations. The result of this breakdown in the aid-for-policy game, indicated in the formal model as the U.S. choosing to "give up", was mutual losses for Turkey, the U.S., the war coalition, and the Iraqi people.

### **Coalition Types and Aid-for-Policy**

The notion of aid-for-policy came into the mainstream of American political consciousness most recently in the buildup to the invasion of Iraq in 2003. The “Coalition of the Willing”, as it was called by the George W. Bush administration, was created to serve multiple purposes, and has subsequently come under extreme scrutiny. Cooper (2005), in his analysis of the types of international coalitions, addresses the potential benefits the creation of a coalition might have had for the U.S.-led initiative. Most sources indicate that the Bush administration was not only prepared, but determined to invade Iraq with or without a coalition based on intelligence indicating a possible regional security threat and possible weapons of mass destruction (Hale, 2007, 97). Ultimately the reasons behind the Bush administration’s decision to invade Iraq are unimportant in the context of the current study. The relevant issues surrounding the creation of the coalition of the willing include: why the coalition was created, how aid was used as a diplomatic tool, the diplomatic wrangling which ensued, and how successful the use of aid was.

The harshest critics of the U.S. war in Iraq have referred to the use of aid and/or withholding aid as bullying tactics (Anderson, Bennis, Cavanagh, 2003). But in the theoretical framework of the current study, such an assessment is misguided. As stated in the previous chapter, aid is perfectly suited for use as a diplomatic tool by any nation seeking policy concessions from a target. In the case of the coalition of the willing, policy support was obtained from a number of countries which provided some semblance of legitimacy to the invasion. In other instances, the U.S. offer of aid was ineffective and

the desired policy concession could not be obtained. In particular, the case of Turkey represents a complicated instance not of the shortcomings of aid, but of the unwillingness of the U.S. to commit a certain level of aid resources to a recipient in a situation which hindsight has shown to have critical strategic importance.

Cooper (2005) identifies the 2003 coalition of the willing as a top-down coalition. That is, it was a coalition created by the leader of the policy initiative, which also happened to be the world's lone superpower (Cooper, 2005, 3). The coalition of the willing can be characterized as one in which the leading nation (The United States) has primacy and autonomy. This is different from what Cooper (2005) calls bottom-up coalitions where international players come together as equals seeking to pursue a common policy initiative. A typical bottom-up coalition would be one concerned with issues such as third world hunger relief, anti-landmine initiatives, or environmental concerns.

The definition of the coalition of the willing is important because it begs the question: why did the U.S. seek to create it? Naturally, answers seem to vary throughout the literature with some claiming that the U.S. needed others to share a portion of the burden while others claim that the coalition was merely political appeasement in order to prevent international reputational losses. What is important is that the type of coalition that was formed is indicative of the extent to which the U.S. was willing to use aid as a tool for gaining support. While some nations were on board with the invasion of Iraq by their own volition (Great Britain), others required a significant amount of enticement. Ultimately, by whatever means the U.S. gained international support, all of

the coalition members were subject to U.S. leadership, which epitomizes Cooper's model of a top-down coalition. In order to properly understand the successes and failures of U.S. aid policy in the creation of the coalition of the willing, understanding the significance of the coalition type is vital.

Coalition type is also important in the case of the 2003 Coalition of the Willing because it is very telling about how the war effort played out. It is safe to assume that without widespread global support for an invasion of Iraq, the U.S. was forced to assemble an ad hoc coalition of its own and the countries that chose to join the coalition did so for their own differing reasons. One country may choose to join because it believes in the cause, while another may join simply to curry U.S. favor. For example, NATO candidate countries were far more likely to send troops to join the U.S.-led effort (Sikorski, 2004, 3). The self-serving interests of these countries are obvious. Other nations were willing to join the effort strictly for the purpose of gaining greater access to U.S. economic and military assistance, which is more pertinent to the current study.

However, a nagging problem that emerges from this type of coalition building is an automatic perception of military power asymmetry felt by the leadership of the coalition partners. Each coalition member in a top-down coalition enters into such a group with its own intentions and level of commitment. Because the operation is under the control of a centralized leader (in this case the United States), the inherent problem of expecting full compliance with the leader's war aims at all times puts the strength of the coalition at risk in the long run (Sikorski, 2004, 4). Lesser members of the coalition are placed in an awkward position of carrying out the leader's war aims strictly for the

sake of material gain, while ideological leanings or relevant concerns over individual national security become secondary. All of these elements played out in the formation of the U.S.-led coalition, and the aid-for-policy process was pivotal in establishing the force necessary for the invasion.

### **Gaining Tangible Support? Or Gaining Legitimacy?**

In a number of instances, governments which expressed their support for the U.S. invasion did so at extreme domestic political peril. This includes such allies as the UK, Australia, Spain, Italy, Denmark, Portugal, and Japan (Anderson, Bennis, and Cavanagh, 2003, 1). Nations that were already dependent upon U.S. aid as a significant portion of their GNP were the most easily influenced and quickly joined the coalition of the willing despite any political misgivings they might have had (Newnham, 2008, 186). This included a number of nations in the Middle East and Central Asia whose natural policy preferences were in complete opposition to that of the United States. A number of African nations such as Angola, Eritrea, Ethiopia, Rwanda, and Uganda also joined the U.S.-led coalition while receiving a significant amount of U.S. development assistance (Newnham, 2008, 187). The harshest critics of the Bush administration and this type of coercive diplomacy made claims such as, “This ‘coalition of the coerced’ stands in direct conflict with democracy” (Anderson, Bennis, and Cavanagh, 2003, 1). There would be a slight semblance of truth to this sort of a statement if the international arena was under the control of a global democratic government. However, this is not the case and critics making this claim are clearly unfamiliar with the basic theory of political aid as laid out

by Morgenthau (1962). As stated before, the basic theory of the current study acknowledges aid as a diplomatic tool, a natural fact of power politics and the necessary behavior of a superpower seeking to maintain the status quo. Critics such as Anderson, Bennis and Cavanagh (2003) are clearly using the aid provision record of the United States as a means for attacking the policies of the Bush administration, which is not the goal of the current study. The goal of the current study is not to address the morality or immorality of the U.S.-led invasion of Iraq, but rather to analyze the effectiveness of aid provision in gaining political leverage for a donor's policy initiative.

However misguided their attempts to criticize a particular administration, Anderson, Bennis and Cavanagh (2003) did manage to successfully identify the complicated nature of the coalition of the willing at a very early stage. Because the coalition was/is a top-down coalition characterized by U.S. supremacy, questions about U.S. motivations invariably lead to questions about U.S. foreign aid provision techniques. Was the 2003 invasion of Iraq an imperial project? Or, was it an attempt by the U.S. to shift the burden to others?

The implications of these questions have a direct link to the diplomatic techniques used by the U.S. while assembling allies. Cooper (2005) states that, "The U.S. maintained a hard security agenda and created a sense of urgency" (Cooper, 2005, 9). This harkens back to the aforementioned point that the U.S. was likely dead set on carrying out the invasion at all costs. Assuming that this is true, then sharing the burden of work associated with an invasion, regime change, and subsequent democratization of Iraq was really an afterthought relative to the potential international reputational losses

the U.S. might have experienced had it carried out the invasion unilaterally. This is an important point because it has implications for the price the U.S. was willing to pay to gain international support for its Iraq initiative. It is also worth noting that aid has an inherent “expressive value” because it serves as protection for decision makers who are under fire domestically (Lasensky, 2004, 212). Internationally, if sharing the burden had been the primary goal of creating the coalition, then the U.S. might have been willing to pay a higher price in order to gain support and protect its own military resources and troops.

However, because the coalition was top-down, and created in order to create an illusion of international legitimacy, the money the U.S. was willing to use in order to gain political leverage was limited. This view is mostly shared by critics of the aid-for-policy game who have a perception that it violates democracy. As will become apparent below, there were important military and strategic needs for certain coalition partners, and the U.S. was willing to spend far more than would have been necessary simply to save face with the international community or with domestic constituencies.

Beyond the mere promise of aid dollars in exchange for membership or endorsement of the coalition of the willing, the United States used military and political tactics as well. As a veto holding member of NATO, the U.S. has the power to allow or disallow membership. Additionally, the U.S. has the power to remove or threaten to remove troops stationed overseas at any time according to the host country’s willingness to support U.S. initiatives (Anderson, Bennis, and Cavanagh, 2003, 2). Politically, the U.S. wields a significant amount of power through its status as a

permanent member of the UN Security Council, and its status as the world's lone superpower. This can result in a tit-for-tat strategy with regard to international interactions where a number of weaker nations may find it in their best interest to support the U.S. at all costs. This sort of military and political leverage is fairly common, albeit harder to pinpoint relative to the strategy of aid for policy concessions. Economic leverage beyond the use of aid also exists, typically in the form of trade policy concessions. This type of coercion will be elaborated on further below with regard to Turkey.

Faced with significant levels of international condemnation for its proposed actions against Iraq, the U.S. was left on its own to establish an invasion coalition. And the U.S. accomplished this by employing all diplomatic means available, to include economic, military, and political coercion. The result was a coalition comprised of 49 countries (which became 48 after Costa Rica dropped out) whose contributions to the U.S.-led cause ranged from verbal support, to non-combatant logistical support, to providing troops (House, 2007, 1). Naturally some nations joined the coalition completely of their own accord, likely motivated by a perceived security threat posed by Iraq or a sense of solidarity with U.S. interests. In a move similar to the British contribution of 45,000 troops, Australia and Poland committed themselves to the U.S.-led coalition without coercion or promises from the United States (House, 2007, 9). On the other hand, there were a number of developed nations who could not be enticed economically, militarily, or politically. Nations such as France, Germany, and Russia voiced their opposition from the outset. In terms of the nations which required some

sort of coercion to elicit support, the majority of them were smaller and more easily manipulated countries. Third world nations in Africa, the South Pacific, South America, and Central Asia were quite susceptible to U.S. offers of aid because aid made up a significant portion of their GNP (Newnham, 2008, 186). The fact that the nations who were the most dependent on the U.S. for their economic survival were also the most easily induced is again indicative of a top-down coalition as described by Cooper (2005).

There is no doubt that potential international reputational losses played a part in the U.S. formation of the coalition, and that adding a semblance of legitimacy to U.S. actions was important for the Bush administration. If sharing the burden of fighting a war was the only concern the U.S. had, then it could have directed its coercive efforts entirely to countries of vital strategic need like Kuwait, Saudi Arabia, and Turkey. With the U.K., Australia and Poland already on board of their own accord, U.S. material concerns were already solved. The nature of the top-down coalition also demonstrates the amount of resources the U.S. was willing to devote to gaining additional membership. The number 49 sounds much more impressive than the number 4. While a large number of the members of the 49 nation coalition contributed non-combatant support, this level of support is generally regarded as a drop in the bucket relative to the resources spent by the U.S., who was the main player in the coalition. This further cements the point that one of the purposes of the coalition was to justify the U.S.'s actions in Iraq. In order to prevent reputational losses based on its Iraq initiative, the U.S. could point to its fellow members as if to demonstrate international solidarity and support. Unfortunately for the U.S., one nation that had development issues and

economic needs could not be successfully coerced, and that nation was in a strategically vital position.

### **Bringing Turkey on Board**

International interactions of all types typically feature a limited role for the legislature and an even smaller level of impact for the general public of a participating state. This is a feature of power politics which has been in existence for a long time, and even democracies can usually be characterized this way. In 2001, Turkey had experienced its worst recession in 50 years (Migdalovitz, 2003, 10). Never quite up to the European level of development, Turkey arguably had the most to gain or lose from the invasion of Iraq, depending on the course of events. Couple this with Turkey's membership in NATO and strategic importance as a bordering nation, and it is easy to see why the U.S. assumed it would be an ally that could be bought through various means. However, the memories of Turkish lawmakers and the Turkish people ran long. The economic impact of the 1991 Persian Gulf War and the resultant humanitarian/refugee crisis it created left a lasting impression in Turkey about the treacherous nature of the region. The vast majority of the Turkish people were opposed to the war in Iraq, and the threat of regional instability, as well as other international concerns, loomed large in their minds (Migdalovitz, 2003, 1).

The U.S. did not approach Turkey expecting it to be a readily willing ally. The diplomatic efforts of the United States were in fact underway for nearly a year before the invasion. U.S. military planners understood the hesitancy of Turkey with regard to

participating in an invasion of Iraq after the dramatic aftermath of Operation Desert Storm. As early as September of 2001, in the wake of the September 11<sup>th</sup> attacks, Turkish Prime Minister BulentEcevit was expressing concerns about including Iraq in the war against terrorism (Hale, 2007, 95). In the minds of Turkish policymakers, an attack against Iraq would only destabilize the region and foster an environment conducive to the spread of terror. In July, 2002, Paul Wolfowitz, the Deputy Secretary of Defense had visited Turkey to discuss matters of regional stability and the U.S.-Turkish partnership in the GWOT. Although nothing was officially said at the time, it is presumed that the U.S. invasion plan was already in the works (Hale, 2007, 95). In December of that year, Wolfowitz visited again in order to lay out the U.S. plan and left under the assumption that Turkish participation was “assured” (Hale, 2007, 103). Given the long memories of the Turks with regard to the previous war in Iraq, it was naturally assumed from the beginning that Turkey would be on the receiving end of some sort of economic compensation package in the event of an invasion. Just how large such a package would be, would be the product of extensive negotiations over the months preceding the attack.

The actions of the Turkish parliament with regard to participation in the U.S.-led invasion of Iraq stand out as something of an international relations anomaly. Most of the scholarly community in international relations accepts that foreign policy decisions made by any state are contemplated primarily within the office of that state’s executive, leaving little room for legislative input. This notion generally holds up for all theories of international relations, even those who attribute a high level of value to the sentiments

of the general public in foreign policy decision making. Even when taking public opinion into account, decisions at the international level are made by unitary state actors, meaning that an executive, dictator, or monarch makes the final call. Therefore, despite Turkey's obvious misgivings about military participation, it was not unreasonable that the U.S. was expecting Turkish involvement in the invasion following a January 31<sup>st</sup>, 2003, agreement by the Turkish National Security Council to present parliament with a resolution allowing for necessary military measures for protecting Turkish interests (Hale, 2007, 105). While the Turkish Security Council as well as the Turkish parliament were hopeful for a peaceful resolution, or at least international legitimacy for an invasion, the diplomatic efforts of the U.S. reflected an assumption that Turkey would be an ally, willing or not.

The actions of the Turkish parliament during the buildup to the invasion and concurrent negotiations with the U.S. reflected a number of political complications present at that time. It is somewhat difficult from an American perspective to understand the difficulties associated with coercing Turkey into joining the coalition of the willing. The U.S. did not have to live through the resulting regional instability caused by the 1991 Persian Gulf War, and the concept of serious separatist movements is completely alien in the American experience. Despite the fact that Operation Desert Storm could be carried out under the guise of protecting a sovereign land from a foreign invader, economic issues were certainly at stake in 1991. Assuring regional stability in order to keep the energy pipeline moving was vital to American interests, and at the same time, the U.S. did not have to suffer any serious negative side effects from the

destruction left behind. This was not the case for Iraq's unfortunate neighbor to the north.

Although the estimates put forth by Turkish officials are somewhat dubious, it is estimated that Turkey experienced an economic loss of somewhere between 30 and 100 billion dollars by closing its border during the 1991 Gulf War (Kesgin and Kaarbo, 2010, 19). While the U.S. was primarily concerned with protecting regional stability for the sake of keeping the energy flowing, Turkish concerns were similar, but even more severe. Migdalovitz (2003) points out the fears of Turkish officials with regard to not only the loss of energy, but also threats to foreign investment and even tourism, elements the United States did not have to concern itself with. The possibility of regional stability caused by an invasion, occupation, and regime change in Iraq would only naturally seem threatening to a country which was already living in fear of economic loss, as well as its own internal separatist movements. In the grand scheme of the long-term challenges associated with the invasion of Iraq, it turned out that regional stability and the significance of border security were even greater than what either country had expected. This will be discussed further below.

While the economic concerns of the Turkish government were important, perhaps no other issue stood out as much during the buildup to the invasion as the Kurdish problem. Following Operation Desert Storm, a Kurdish uprising against the Hussein government in Iraq led to a significant refugee crisis and the bolstering of Turkish fears of an independent Kurdish state (Park, 2003, 13). The geo-cultural region inhabited by the Kurdish people covers a land area which touches on both Turkey and

Iraq. Fear of Kurdish separatism was immediately threatening to the Turkish government (Migdalovitz, 2003, 1). Prior to 2003, the international community had already been sympathetic to the Kurdish cause, further exacerbating Turkey's worries. If the 1991 Persian Gulf War was to serve as any indication of things to come, then the government in Ankara had good reason to worry about a potential loss of sovereignty caused by a U.S.-led invasion of Iraq. Indeed, as Dr. Kenneth Katzman of the Congressional Research Service, speaking before the House Subcommittee on International Organization, Human Rights, and Oversight in 2007, said:

“Turkey’s primary concern, however, is the disposition of the Kurdish region, particularly the possibility that the Kurdish region might try to become an independent state. Such an action, Turkey fears, could serve as further inspiration for separatism among Turkey’s Kurds, and would further jeopardize Turkey’s efforts to insist that the Iraqi Kurds expel guerrilla fighters from the Kurdistan Workers Party (PKK) that are present in some refugee camps in Northern Iraq. The three Kurdish inhabited provinces of Iraq – Dohuk, Irbil, and Sulaymaniyah – form a legal “region” in post-Saddam Iraq with its own administration, parliament, and security forces.” (House of Representatives, 2007, 18)

At the end of Operation Desert Storm, the George H. W. Bush administration, as well as the international community, felt confident that expelling Iraqi forces from Kuwait, imposing harsh sanctions on Iraq, and creating a no-fly zone over northern Iraq would create a new regional order where incursions such as the one made by Hussein would no longer be tolerated or even possible. However, the intervening years between U.S. operations only exacerbated the plight of the Iraqi people while fanning the flames of Kurdish separatism in both Iraq and Turkey. The no-fly zone, which was meant to protect the Kurds in northern Iraq from possible Hussein reprisals, had served to bolster the confidence of Kurdish nationalists. The PKK, under the protective cloak of the no-fly

zone, was able to establish its own autonomy to such an extent that Ankara began to perceive a threat to Turkish unity (Gresh, 1997, 71).

Fears of a refugee crisis similar to 1991, fears of Kurdish separatism, and fears of regional instability would only naturally cause the Turkish government to be hesitant about assisting a country that they would normally have no problem standing behind. In fact, specific problems that Turkey had with an invasion of Iraq were actually voiced prior to September 11<sup>th</sup> during the Clinton Administration when Iraqi regime change was suggested (Hale, 2007, 95). More than any economic, political, or strategic issue pertinent to Turkey's refusal to join the coalition of the willing, the threat of regional instability and a subsequent loss of sovereignty stood out as the most frightening.

Another fear which loomed large in the minds of Turkish government officials was that of a loss of sovereignty or some level of territorial control brought on by the presence of a foreign military. Whether a country is the target of a liberation effort (Iraq), or the potential takeoff point for an international coalition (Turkey), the fear of allowing foreign troops onto one's soil is always palpable.

But perhaps even greater than the tangible political and strategic concerns a foreign presence might generate is the cultural impact of allowing such an invasive presence. Cagaptay (2003) noted in January of 2003 that, "Most Turks harbor suspicions toward any foreign military presence, taking pride in the fact that they have never been subjugated to outsiders" (Cagaptay, 2003). Cagaptay does clarify the fact that the Turks would likely be more trusting of an American presence rather than a European presence given the history of U.S.-Turkish relations, as well as Turkey's NATO membership.

However, the military presence on Turkish soil would likely have been unprecedented in its overall size. This is a rather vague and indefinable concern on the part of the Turkish government and does not easily lend itself to an open and shut political analysis. It is perhaps because of this fact that the U.S. diplomatic effort was unable to reach the ultimately desired end state. Fortunately, the issue becomes easier to grasp when viewed through the lens of Turkish public opinion, which was staunchly opposed to the invasion of Iraq, and even more opposed to Turkish participation.

### **Negotiating with Turkey**

Turkish public opposition to the war most likely came from somewhere in the often murky and abstract area of the political culture at the time. Divisions between the Turkish parties in power stymied the forward progress towards a mutually beneficial resolution of the issue between Turkey and the United States (Migdalovitz, 2003, 1). This fact, coupled with a strong division between the executive and his cabinet and the parliament and the military created a perfect storm of resentment towards support of the U.S.-led effort. As noted earlier, it is very rare for a legislative body to be so heavily influenced by public opinion as to overrule the foreign policy preferences of an executive, but Turkey in 2003 is just such an instance (Kesgin and Kaarbo, 2010). The vast majority of Turks at that time did not feel that Saddam Hussein was a menace to their own national interests, and thought that an invasion could only result in regional instability and Turkish losses economically and potentially in terms of sovereignty (Cagaptay, 2003). By the time of the March 1<sup>st</sup> resolution, Turkish public opinion stood

at 95% opposed to the invasion (Kesgin and Kaarbo, 2010, 19). And while such an example of public opinion overruling executive foreign policy decision making is rare, it is likely a reflection of a number of facets of the civic culture of Turkey at the time.

Where the Ecevit Government had been lukewarm about the prospects of an invasion of Iraq and the possibility of U.S. troops on the ground in Turkey, the Justice and Development Party (AKP), which took over in November of 2002, appeared to have a very pro-American stance (Salmoni, 2003, 1).

Unfortunately for U.S. military and strategic planners, the relative inexperience of this new government was not taken into account. Fragmentation throughout the Turkish government, the higher echelons of the Turkish military, the parliament, and the general public created an unusual storm whereby gaining a full commitment was going to be difficult. Widespread fears of the creation of a more dangerous situation in the region play a role. The intangible economic fears of the general public also contributed. But perhaps greatest of all was the general distrust and fear of the United States which existed among the general public. A general perception of a coming worst-case-scenario, combined with the view that the U.S. was seeking to transform the region in its own image through a “with-us or against-us” attitude built a public opposition which was too powerful for the Turkish government to ignore. The unfortunate downside to this perception, for both the Turkish people and for the U.S. war effort, was that a great deal might have been accomplished had the Turkish government conceded to U.S. demands or had the U.S. been willing to offer a greater assistance package.

The U.S. requirements of Turkey in the coalition, to be sure, would have been heavy. The U.S. would have necessarily needed Turkish forces to alter their own strategic posture with regard to northern border operations in order to gain Iraqi Kurdish cooperation for coalition efforts. This inherently bred mistrust of U.S. intentions within the Turkish military (Salmoni, 2003, 2). Throughout late 2002 it became increasingly obvious that the U.S. was determined to carry out the invasion while the Turkish government felt the timeline for invasion was moving too quickly. Throughout all of this, the Turkish government indicated that it desired UN approval before supporting any invasion coalition.

The numbers associated with U.S. aid offers and desired troop deployments through Turkish soil vary greatly, even to the present day. Within the Turkish media, the wildly different reports about U.S. demands fueled an already burning dislike of U.S. war plans and did little to change public opinion. Early reports from December of 2002 varied from 15,000 to 40,000 troops on Turkish soil in exchange for 4 to 30 billion dollars in U.S. compensation (Salmoni, 2003, 3). In January of 2003, Chairman of the Joint Chiefs of Staff Myers visited Ankara and received a lukewarm response to his diplomatic efforts. The AKP-led Turkish government was indicating readiness, but on nowhere near the scale desired by the U.S. military. A U.S. promise of \$2 billion in grants and \$2 billion in loans was deemed insufficient by AKP leadership while a Turkish allowance of only 15,000 U.S. troops on Turkish soil was seen as unsatisfactory by U.S. military leadership (Salmoni, 2003, 3).

In mid-February, 2003, a Turkish delegation visited Washington, D.C. in order to ask Secretary Powell for as much as \$92 billion in aid as compensation for estimated losses over five years of war and occupation in Iraq (Hale, 2007, 108). From the U.S. perspective, this was seen as hardball negotiating or even the Turks exploiting their strategic advantage to the detriment of U.S. war aims. However, from the perspective of the Turkish ruling party, an enormous aid package was seen as a prerequisite for gaining parliamentary support for a vote allowing U.S. troops on the ground. By the time of the March 1<sup>st</sup>, 2003 vote in the Turkish parliament, the Turkish National Security Council had not offered a firm recommendation concerning the strategic and military value of allowing American incursion into Turkish territory, and the results were disappointing for U.S. military planners and ultimately for the entire coalition.

By a vote of 264 in favor and 250 opposed with 19 abstentions, the measure to allow U.S. troops into Turkey in exchange for U.S. aid failed in the Turkish parliament by 14 votes (Kesgin and Kaarbo, 2010, 31). Reporting after the fact, U.S. Secretary of State Colin Powell indicated that an aid package in the range of \$6 billion was offered with \$4 billion in the form of economic aid which could then be leveraged to obtain \$24 billion in loan guarantees (Migdalovitz, 2003, II). However, by this time the U.S. had already altered its invasion strategy. Eventually U.S. overflight rights were granted, but the major U.S. aid commitments had already disappeared. The resulting changes to the U.S. invasion plan had repercussions which lasted the duration of the war, occupation, and rebuilding effort. These will be discussed in greater detail below.

In the 2007 House of Representatives Committee on Foreign Affairs hearing on Economic and Military Support for the U.S. Efforts in Iraq, a number of questions were brought up concerning the inability of the U.S. to foresee the future. In particular, Representative Ron Paul of Texas took a different approach to the question of what might have been by bringing up analyses conducted by both the UN as well as the CIA indicating that an invasion of Iraq would be a much more costly endeavor than the Bush administration was anticipating (House of Representatives, 2007, 5). This type of after-the-fact critique however, is a moot point if the administration was already dead set on proceeding with the invasion, and serves no purpose in the current study. The more pertinent question with regard to the current study is what greater levels of participation on the part of U.S. allies might have meant for the success of the long term war effort. The anticipated Turkish participation in the invasion of Iraq would have led to some 62,000 troops, 255 warplanes, and 65 helicopters having access to Turkish bases. Military analysts believed that this level of strength would have allowed for an assault across Iraq's northern border, subsequently leading to a significantly shorter invasion, thereby securing the country in a far more timely fashion (The Guardian, Feb 27, 2003). Given the subsequent fiasco associated with securing Iraq post-Saddam that U.S. lawmakers elaborated upon during the 2007 House Subcommittee hearing, reaching an agreement with the Turkish government would have proven invaluable in saving both money and lives.

Unfortunately the post-combat phase of U.S.-led operations in Iraq was not optimally planned for, perhaps as a result of U.S. overconfidence or perhaps attributable

to ignorance of pertinent regional variables such as stability and anti-western sentiment. Even for a brief period following the success of combat operations in Iraq, a number of analysts had not yet fully grasped the imminent obstacles to securing peace. In his analysis of the breakdown of U.S.-Turkish negotiations leading up to the invasion, Salmoni (2003) was hampered by a lack of historical perspective when he optimistically concluded that:

“A strong *a priori* assessment of the strategic map is also essential. Two operational fronts were not essential to OIF victory. One may conjecture that two fronts could have doubled combat casualties, fatal accidents, etc. The rapid success of American troops—slowed more by sandstorms and prudent field commanders than Iraqi forces —raises the question whether U.S. negotiators pushed Turkey too hard on a matter ultimately not mission critical, but guaranteed to spark acrimony” (Salmoni, 2003, 4).

Writing in 2003, Salmoni was focused entirely on the breakdown of negotiations rather than the possibility of a prolonged fight against insurgents throughout Iraq. From the perspective of quickly toppling the ruling regime, U.S. success in Iraq was immediate bordering on easy. The subsequent occupation and rebuilding of Iraq were a different story, one that might have taken a different course with Turkish participation.

Palka, Galgano and Corson (2005), writing from the perspective of political and military geography, emphasize that the subsequent difficulties after the official end of the Hussein regime might have been avoided through certain force multiplying measures undertaken by the U.S.-led coalition. After regime change in Iraq had occurred, the country became a popular destination among violent Jihadists and rapid stabilization became a desperate need. A larger sized force, or more pertinent to the current argument, an open northern front would have made the critical tasks of

securing borders, stabilizing the country, and restoring order after the completion of combat operations significantly easier (Palka et al., 2005, 396). Palka et al. (2005) also acknowledge that U.S. military planners were not ignorant of this fact. U.S. intelligence at the time indicated that the area of greatest need would not be in the realm of combat operations, but in securing Iraq afterwards to prevent the kind of insurgency that subsequently became a reality. This is a pivotal point when analyzing the significance of the breakdown in U.S.-Turkish relations.

Given the overall costs of the U.S. effort in Iraq, which according to the Congressional Budget Office's Budget and Economic Outlook of 2010 totaled around \$709 billion, the inability of U.S. forces to enter Iraq through a northern front may have been devastating (Congressional Budget Office, 2010, 15; hereafter CBO). This possibility is further backed up by examining the cost timeline from 2003 through 2010 where an obvious difference exists between the costs of combat operations versus the costs of the occupation and stabilization effort (CBO, 2010, 15). Border security became the most glaring difficulty during the occupation years, and the only way this could have rectified was through an appropriate change of strategy, i.e. additional troops (which was likely impossible given the U.S. strategic posture at the time) or a northern front into Iraq through Turkey allowing for quicker stabilization. Therefore, 50, 60, or even 70 billion dollars in grant compensation to Turkey would have been a drop in the bucket in the grand scheme of the operation, and yielded undeniable military and strategic benefits while saving countless lives during the recovery process.

### **Aid-for-Policy in Turkey in the Context of the Current Theory**

As noted at the beginning of this case study, U.S. negotiations in establishing the invasion coalition of 2003 represent the significance of the how aid alters payoff structures leading to necessary new cost-benefit analyses. This theoretical point truly stands out compared to the other elements of the current theory, but the rest of the theory should not be ignored. Although bilateral interactions with Turkey were ultimately unsuccessful in attaining what the U.S. truly wanted and needed, hindsight does demonstrate aid's relatively low cost, especially if the U.S. had considered other coercive means. Because of the healthy history of relations with Turkey, the U.S. could never truly consider any other option outside of aid for gaining Turkish support. While the negotiation process certainly strained bilateral relations between donor and recipient, employing other means for gaining policy leverage was never considered a viable option.

Therefore the major lesson to be taken from the failure in dealing with Turkey is the breakdown of the process itself and the implications of a lack of foresight when undertaking a major invasion of a country that was already accepted as a regional and even global hotspot. Putting aside moral judgments concerning the U.S.-led invasion of Iraq, there are a few things that can be established as fact. Stability did not come easy, and foreign influence on the stabilization problem was a constant thorn in the side of U.S. policymakers in subsequent years. The difficulties associated with an inability to account for foreign influence (insurgents, Jihadists, terrorists, freedom fighters, whatever name one chooses to apply) are directly connected to the inability to control borders, the inability to quickly install an interim government which would be

responsible for managing the continuing affairs of Iraq, and the inability to quickly reconstruct and consolidate Iraq as a democracy. The presence of a subversive foreign element in Iraq can be tied to the U.S. failure to negotiate equitable terms with Turkey. The 2003 invasion of Iraq demonstrates aid's power in averting catastrophe at a high level.

From a purely economic viewpoint, the failure to conclude negotiations with Turkey leading up to the invasion of Iraq was heavily detrimental to the U.S. war effort as a whole. Referring back to the formal model presented early in the current study, changing payoff structures should have directed the U.S. to continue offering more aid to the Turks in exchange for their support. While alternative means such as sanction or force were off limits when dealing with Turkey, this case demonstrates that the "give-up" option in the formal model also carries significant costs. Although these costs are obviously the most difficult to quantify, choosing the option of giving up in any international interaction will clearly have ramifications later when coping with the extreme uncertainties of the future. The uncertainty of the future was not something that was completely ignored by U.S. and Turkish policymakers. While the scale of the insurgency effort and the influence of foreign elements may not have been completely understood, it was widely known, even within the upper echelons of the U.S. military that a continuing struggle against insurgents was a possibility. The subsequent U.S. fighting against insurgents in places like Najaf, Karbala, Sadr City, and Fallujah all serve as examples of how the U.S. military underestimated the scale of the insurgent war and the threat of foreign elements. The cost of this fighting in both resources, lives, and the

intangible battle to win hearts and minds cannot be concretely estimated. But in the context of this theory, it is not difficult to see how the breakdown of negotiations with Turkey had a ripple effect in succeeding years.

The great theoretical conclusion to be taken from the U.S. assemblage of the invasion coalition in Iraq is that haste and improper cost-benefit analysis are killers. The losses suffered by the U.S. in material and manpower were significantly higher than the costs of an aid package to secure Turkish support. Then Army Chief of Staff Eric Shinseki was hesitant about the war plan because he believed a greater force was necessary (Palka, et al., 2005, 396). Unfortunately U.S. political leaders did not share his cautious outlook. This point is understandable given the relative ease of toppling Hussein's military forces, but the insurgent war triggered by the instability of Iraq and porous nature of its borders clarified the true nature of what an invasion of Iraq entailed. This represents a hard learned lesson for U.S. diplomats and stands as truly representative of what aid means not just in bilateral negotiations, but potentially to the entire U.S. strategic posture towards a region.

In U.S. policymakers' defense, the blame does not lie entirely with them. The tenet of a new cost-benefit analysis associated with international interactions and offers of assistance clearly points to a failure for Turkish policymakers as well. Much like D.C., Ankara was overly confident in its bargaining power and complete indispensability for the U.S. effort to the point that they believed they could demand any price for compliance with U.S. demands. In purely mathematical terms, this cost Turkey dearly. Perhaps their motivations were compounded by U.S. arrogance, or perhaps the unusual

impact of public opinion on parliamentary decision making led to Turkish refusal to comply. Whatever the exact cause of the breakdown of negotiations was, neither side won.

### **Conclusion**

The coalition created for the 2003 invasion of Iraq demonstrates the importance of aid in creating international support for otherwise unpopular policy initiatives, avoiding international reputational losses, and potentially gaining military advantages which can have long term positive impacts. While it is a negative instance (The Turkish government refused the aid, refused to comply with U.S. demands, and the U.S. refused to increase the size of the aid package being offered), hindsight provides support for the theory of the current study. Quantifying the military value of having full Turkish support is difficult, but given the overall costs associated with what became a long and expensive military effort on the part of the U.S., the ramifications of Turkish non-compliance were likely severe. Amid the hundreds of billions that were spent in carrying out the long term war effort in Iraq, an increase in the size of the aid package being offered to Turkey would likely have been marginal. The myopic failure of the U.S. to offer an adequate aid package to Turkey could be chalked up to hubris, or perhaps a misunderstanding of the Turkish political climate at the time as well as an incorrect appraisal of what lay ahead in Iraq. Whatever the reason, this case exemplifies the idea that diplomatic aid provision can alter the payoff structure for recipients to such a degree that their compliance with donor demands becomes guaranteed, resulting in high yield payoffs for the donor in the long run.

The U.S.-Turkish negotiations prior to the invasion best illustrate the theoretical tenet of the current study that individual international interactions require subsequent cost-benefit analyses. For the entire second half of 2002, Turkey sought to engage the US. In hardcore bargaining to maximize its own strategic and geographic leverage, playing off of what it considered to be its own indispensability to U.S. intentions (Park, 2003, 12). U.S. policymakers looked upon Turkish obstinate resistance as pure exploitation of the coalition war strategy without devoting enough energy to understanding: (A) Turkish fears and hesitations regarding the consequences of the invasion; (B) the long-term ramifications of failing to open a two-front war and (C) the costs versus the benefits of continuing the aid-for-policy game. U.S. policymakers, beginning with Deputy Secretary of Defense Wolfowitz truly took Turkish support for granted in a policy game where doing so with a potential recipient already holding a great deal of policy leverage is a dangerous and shortsighted mistake.

## **V. Conclusions**

The bilateral wrangling between the U.S. and Turkey in 2003 best demonstrates the importance of the negotiation process and how a failure to observe obvious costs and benefits can have long-term consequences. The cases of Colombia and South Korea illustrate aid's effectiveness in eliciting policy concessions. Taken altogether, the cases of this study uphold the tenets of the theory by demonstrating how aid can be the most effective tool of all for coercing desired policy outcomes. These cases demonstrate that when faced with alternative methods of eliciting policy compliance (or simply giving up in the case of Turkey), the U.S. wisely provided aid through properly controlled channels at levels that were fair for ensuring compliance, thus cementing the value of aid as one of the most valuable tools in the diplomatic arsenal. But despite what has been portrayed in the cases here, and the documented mutual gains between donor and recipient in the cases of Colombia and South Korea, there will always be a visceral reaction to the notion of a global superpower controlling or influencing others through aid provision from certain critics.

### **Aid and Imperialism**

Central to the conduct of foreign policy for any global superpower throughout history has been maintenance and vigilance to protect the established position of strength. In some periods of history this desire manifested itself in outright subjugation of lesser powers, while in other periods a softer hand has been used. The modern era of U.S. aid provision (since the end of the Second World War) exemplifies the use of softer

tactics for the purpose of holding a position of global strength, although unforgiving critics of U.S. foreign policy would argue just the opposite. But ignoring the use of tactics aimed at influencing policy without force and indicting the U.S. for utilizing strong tactics to maintain hegemony at all costs is ideologically narrow-minded and ignorant of the history of U.S. foreign policy. Even with that in mind, there is little that can be said of U.S. foreign aid policy with regard to altruistic intentions. U.S. aid policy has always have been built around self-serving interests:

“While it is a general source of strength to us that our relations with our allies are conducted on a basis of persuasion and consent rather than compulsion and capitulation, it is also evident that dissent among us can become a vulnerability.”  
(NSC 68, 24)

A brief description like this, which emphasizes ideological unity for states within the U.S. sphere of influence, captures the essence of how certain diplomatic tools can be used for the benefit of the U.S., particularly aid provision. This statement from NSC 68 does not absolve the U.S. from any intention to maintain strength to the detriment of others. In fact, the final part of the statement unabashedly lays out the Cold War-fueled zeal for conformity and compliance with U.S. interests. But the purpose of this study has not been to defend U.S. policy in any particularly moralistic way. In fact, the cases used in this study were chosen based on their outcomes and their all-encompassing nature.

### **Why Colombia, South Korea and Turkey?**

There are cases of aid provision where the U.S. and the recipient did not experience mutual gains and in a number of cases, mutual losses were realized.

However, the track record in this regard is not detrimental to the current theory, nor were the cases in this study chosen purely upon their dependent variable (success). For every South Korea and Taiwan, there is another example such as the Philippines, which did not experience a similar growth level as a recipient of U.S. assistance and host to U.S. military forces. In his strong criticism of money politics, Kang (2002) notes that the Philippines serves as the “paradigmatic corrupt state”, with a long standing history of money driven politics gone wrong while the masses suffer (Kang, 2002, 2). The failure to achieve a proper take-off point for development in the Philippines until recent years was due to a recipient failure compounded by a donor failure. The Philippines government was fraught with corruption, while the U.S. likely did not apply similar standards of policy compliance that it did to South Korea, where the immediate military threat seemed to pose a graver risk. The point here is that if the standards of the current theory are applied in every aid-for-policy interaction, success will be achieved and aid will be an effective tool. If, however, the Cold War paradigm of aid provision continues to be utilized, similar failures such as the Philippines will continue to occur.

Even taking the current success in Colombia into account, it is impossible to ignore a long history of failure on the part of donor nations (particularly the U.S.) leading up to the success of Plan Colombia. Strategic thinking during the Cold War and the War on Drugs was not only misguided with regard to proper channeling of aid funds to Colombia, which often ended up in the hands of dangerous paramilitary groups, but with regard to a number of recipients in Latin America beyond Colombia. During the course of the Cold War, perhaps driven by the recurring fear of communist

expansionism, the U.S. intervened in Latin America with counter insurgency measures more than any other continent (Stokes, 2005, 1). The results of this, coming either through support for corrupt governments or paramilitary assistance, have been a consistent state of underdevelopment in places like El Salvador, Guatemala and Nicaragua. It has only been in more recent years that the U.S., having absorbed the lessons of the past, has acknowledged the perilous nature of the Cold War method of coercion and adjusted its aid-for-policy techniques to better suit individual recipients.

The example of Turkey, which was a blatant aid bargaining failure, certainly was not chosen for this study because of its end state. Turkey was included for demonstrating the importance of the bargaining process itself and how the informal model included in the first chapter is played out in real life. Each case in this study represents a different aspect of the theory. Colombia and South Korea represent successes at different phases in recipient development, while Turkey represents failure at the negotiating table.

Above all else, choosing Colombia, South Korea and Turkey as case studies to test out the validity of the theory was based on how dissimilar each case was from the other. The point will be discussed further below, but it is also necessary to emphasize how each case represents a comparative lesson for future aid provision policy. With the major theoretical tenets of the current study in mind, and a basic understanding of the formal model of aid bargaining, a roadmap is laid for every aid-for-policy instance in the future. Proving the validity of the theory and gaining a universal lesson in aid-for-policy

by examining Colombia, South Korea and Turkey is useful because these cases represent a number of different scenario-dependent variables for a donor. For each case, the donor is presented with: A. a different global strategic posture; B. a different timeline of expectations; and, C. a different level of recipient development and therefore a different level of receptiveness to coercion (which will be discussed in greater detail below). To clarify, the U.S. had a different strategic approach to aid recipients from the Cold War, to the War on Drugs, and subsequently to the Global War on Terror. And the three cases in this study reflect each different approach. With regard to a timeline of expectations, Colombia and South Korea were approached with expectations of achieving long-term developmental success while coercion was attempted with Turkey in order to achieve an immediate military goal. Recipients that are less developed enter into aid-for-policy interactions from a position of weakness, and are therefore more easily coerced (such as Colombia and South Korea) while the payoff structure for developed recipients is much more difficult to alter.

### **Summarizing Success**

Having examined three very diverse instances of U.S. aid-for-policy efforts in action, large scale and encompassing conclusions about the significance of aid as a coercive tool can be drawn. In particular, when referring back to the basic formal model presented in the introductory chapter, each of the three examples demonstrates a different aspect of the way the aid-for-policy game is properly played. This is in addition to the contribution of each case in addressing the current study's hypotheses and main

theoretical points. The formal model presents a number of alternatives for both donor and recipient based on their potential payoffs at that particular instance. The donor state will only continue to make offers of aid in exchange for policy concessions as long as the value of the concession is greater than the cost of aid. As long as this remains true, the game can (and likely should) be played out indefinitely. This point is illustrated by the negotiation failure with Turkey. Additionally, the aid bargaining game can be played indefinitely as long as the costs associated with alternative means of coercion (force and sanctions) are less than the costs of aid. This matter is addressed quite extensively in the studies of South Korea and Colombia.

### **Colombia**

U.S. aid policy towards Colombia illustrates the significance of aid provision's inherent coercive power compared to other diplomatic means, i.e., the carrot over the stick. Throughout the history of the U.S. War on Drugs, Colombia was threatened, sanctioned, and decertified, all on the basis of a lack of compliance with U.S. demands. Unfortunately, none of these U.S. actions did much to promote Colombian growth, stability, or success in the fight against cocaine production. The stick simply wasn't working. The pivotal nature of Plan Colombia was that it allowed Colombians to rule themselves, but with the resources necessary to do so and achieve U.S.-preferred goals in the process. By maintaining a level of dispersal control (Hypothesis 3a), the U.S. was able to ensure that certain issue areas were addressed and maintain a high level of policy influence while at the same time allowing for Colombian autonomy. Hypothesis

2b stresses the value of aid versus other means of coercion and the ill effects naturally bred by them. Positive inducements, in the case of Colombia, were exactly what were needed to solve some of the country's most pressing problems. However, it was only through trial and error that this solution was reached.

Colombia represents an instance of a donor reassessing its own payoff structure and the compliance results on the part of the recipient. After repeated attempts over the course of many decades from Cold War to Drug War to Global War on Terror, a suitable answer to the aid-for-policy game was found between the U.S. and Colombia. Failure across Latin America during the early 1960s due to a lack of firm and tangible commitment led to a reassessment of U.S. aid policy in the region later when the War on Drugs ramped up. After years of misguided approaches to solving the development problem in Colombia, the U.S. assumed a strategy which better suited both donor and recipient needs and has paid significant dividends. This is a real life portrayal of a major tenet of the current theory: interactions require subsequent cost-benefit analyses of the newly altered payoff structures for both parties. After decades of failure, Colombian leadership finally determined what would be necessary to spur economic development and cut down on violence. The U.S., having poured in significant amounts of resources which appeared to have been wasted, also assessed its own cost to benefit ratio and found a plan in conjunction with Colombia that satisfied donor and recipient needs.

## South Korea

South Korea demonstrates the relatively low costs of aid relative to other means of coercion. As the case study reveals, in the short period of time immediately following the surrender of the Japanese the U.S. was forced to establish a military occupational government in order to bring a semblance of order to the southern portion of the peninsula, control rampant political factionalism gone wild in the power vacuum left in the wake of the Japanese departure, and of course establish a rapid element of security against encroachment from the Soviet controlled north. A military occupation is never without extreme costs, no matter how satisfying the benefits obtained from such a course of action may seem. Herein lies South Korea's relevance to the first major tenet of the current theory and its accompanying hypotheses. The yield relative to cost of supporting Korea over a longer timeline through aid rather than military occupation speaks for itself. As the earliest documented intentions of U.S. foreign policy at the time indicate, long-term military occupation was never considered a viable option for influence South Korean policy compliance when properly dispersed assistance could accomplish a similar task. This point speaks directly to Hypotheses 1a and 1b, by demonstrating unequivocally that aid has lower costs and a significantly lower risk factor. Naturally this element had a great deal of appeal to U.S. policymakers at the time given the prior costs of fighting a world war.

South Korea also demonstrates the effectiveness of aid in fostering positive results from recipients compared to other means. Satisfying Hypotheses 2a and 2b and

-serving as an example of how the aid-for-policy game can be played over an extended timeline, there is little doubt to the overall coercive success of aid in South Korea. As described in the case study, a strong aid commitment to South Korea resulted in economic prosperity which eventually culminated in mutual fiscal gains for both donor and recipient. The economic assistance provided was on a level that was suitable for the gains being sought and by spurring economic growth, eventually led to economic expansion that was self-perpetuating, bringing South Korea to the level of a global economic competitor. The military assistance provided has likewise proven a sound investment as South Korea became a formidable ally in the Cold War, serving as a fortification against potential communist expansion, as well as a reliable ally in Vietnam and more recently, Iraq. Over the timeline of U.S. assistance to South Korea (with most economic assistance ending in the 1970s but trade and military ties remaining strong to the present day) it is clear to see how the bargaining model of aid has been played out. In the earliest days, when South Korea was underdeveloped and threatened, making the decision to comply with U.S. demands in exchange for aid was simple. As time went on, and South Korea began to achieve an economic foothold, development assistance became less significant, and an ideological shift among the South Korean people began to occur. By the time of South Korean democratization, the U.S. was relying primarily on its own military commitment to South Korea in order to maintain a level of policy leverage. Eventually, anti-American sentiment combined with Korean nationalism came to threaten U.S. influence in the Republic, and the question of the tenability of U.S. influence arose.

However, South Korea does not necessarily represent the end of the aid-for-policy timeline as described in the formal model. Rather than costs of assistance escalating to the point of outweighing the perceived benefits of policy compliance, South Korea represents extremely altered payoff structures on the part of the recipient which require a reevaluation of the aid provision methodology in order to continue the playing of the game. As addressed in the South Korean case, the U.S. military presence on the Korean peninsula and a continued belief in the strategic partnership of the two countries among the South Korean people equate to continued policy leverage. The looming threat of North Korea, especially as that government continues to antagonize and taunt the world's major powers, represents an inroad for U.S. assistance which is unlikely to disappear in the near future.

### **Turkey**

Making a case for aid's value as a coercive diplomatic tool should necessarily include a negative example. It is also necessary in order to fully comprehend the intricacies of the formal model from the introductory chapter. When presented with an offer of aid, Turkey understood (or thought it understood) its tactical and strategic value to the U.S. and was therefore in a position to drive a hard bargain. Believing their geographic position to be invaluable to the U.S. war plan and fearful of the potential long-term consequences brought on by the previous conflict in Iraq, Turkey misunderstood the strength of its bargaining position. At repeated iterations of the aid-for-policy game, Turkey declined to accept aid in exchange for compliance and believed

it held their own type of leverage over the U.S., which they could exploit in order to gain a larger assistance package. The U.S. looked upon Turkish non-compliance in several ways. Perhaps the Turkish government was sincerely listening to the public outcries of its people, or perhaps they were genuinely frightened by the prospect of regional destabilization. Most likely, U.S. policymakers viewed Turkish non-compliance as a slap in the face when it was previously accepted as a given that the Turks would be on board. After 50 years of continued U.S. support and a strong alliance, there is little doubt that U.S. policymakers viewed Turkish resistance as a failure to act properly given the perceived strength of ties between the two nations (Salmoni, 2003, 4).

Naturally the bargaining game is a two-way street, and the U.S. certainly shares its own portion of the blame. As noted in the case study on Turkey, given the escalating costs of Operation Iraqi Freedom in the years following active combat operations, the monetary value of coercing Turkey through aid to comply with U.S. military demands became trivial. At a cost of \$709 billion dollars through 2010, the continuing war in Iraq against insurgents likely would have taken a very different course if the U.S. had: A. not been in such a rush to invade and B. been willing to play the aid-for-policy game in a way that was truly equitable for the Turkish recipients (CBO, 2010, 15). Too narrow of a focus on the part of a donor when faced with the options of using alternative means of coercion, offering increased assistance, or giving up, results in a catastrophic failure in which neither side wins.

So the case of U.S. proposed assistance to Turkey in exchange for compliance with the Invasion of Iraq represents (despite being an aid-for-policy failure) the importance of the bargaining process itself. Few within the Bush administration at that time were able to comprehend the difficulties associated with securing an unstable nation like Iraq post-invasion, while Turkish policymakers simply overplayed their hand. The U.S. took a “with us or against us” attitude while Turkey considered itself invaluable. Rather than readjusting their cost-benefit ratios after each offer of assistance and each refusal to accept, as described in the introductory chapter, both sides took stubborn approaches to the bargaining process, resulting in losses for all.

### **When Does Aid-For-Policy Work Best?**

Perhaps one of the most nagging questions in the field of international relations with regard to assistance policy is why it seems to work in some cases but not in others. Naturally, this is a question that has found its way into both the policymaking arena and the contemporary press, where Americans are constantly bombarded with doom and gloom reporting about the failures of U.S. aid to coerce the desired outcomes. U.S. Global War on Terror relations with Pakistan stand out as a prime example of U.S. aid-for-policy tactics gone awry. Despite all of the promises made and commitments that were understood to be concrete, the discovery and assassination of Osama bin Laden within Pakistani territory created a firestorm among U.S. lawmakers that military and economic assistance policies were weak and perhaps counterproductive. Merely a couple of months after the May, 2011 operation which eliminated the al Qaeda leader

on the soil of a country presumed to be a reliable partner, U.S. lawmakers eliminated \$800 million of U.S. military assistance to Pakistan, amounting to roughly one-third of total assistance being transferred (Ghattas, 2011). This was an effort to clearly establish a new litmus test for future assistance packages in the Global War on Terror in order to ensure proper direction of aid for the sake of U.S. interests.

The events of September 11<sup>th</sup>, 2001 and the ensuing Global War on Terror triggered a chain of events leading to a new phase in the history of U.S. aid policy. In a vein similar to that of the Cold War, U.S. aid policy since September 11<sup>th</sup> has been focused on gaining and influencing as many allies as possible in a fight against a monolithic enemy. There are great differences between controlling against communist influence and preventing Jihadist influence. The cultural and religious aspects of the Global War on Terror make the process of gaining influence significantly more complicated than simply aiding a country into a state of perpetual development. Anti-American sentiment becomes a much more pertinent issue when dealing with regions which have little to no common ground with the U.S. and therefore are less susceptible to aid efforts. However, the early efforts of U.S. policymakers to gain pro-western influence in parts of the Middle East, Central Asia, and Africa reflect a limited understanding of the intricacies of the aid-for-policy game. Quickly doling out money in exchange for verbal commitments of support from countries like Uzbekistan, Kyrgyzstan, Tajikistan, and of course, Pakistan, is not conducive to donor needs. This sort of policymaking is clearly panic induced, short sighted, and ultimately dangerous.

There are often unseen keys to successful coercion of recipients otherwise hostile to donor interests: the status of bilateral relations at the time of the offering of assistance and the development level of the recipient. For example, U.S.-Pakistan relations were not particularly warm prior to the onset of the Global War on Terror. Much like a number of countries throughout Central Asia, the Middle East, and Africa, there was little perceived strategic value to be gained through military or economic aid to a recipient such as Pakistan. The payoff structure prior to the war for the U.S. indicated limited need to aid Pakistan. After committing themselves to the U.S.-led war on terror, Pakistan became an integral part of the global coalition and duly received military assistance commensurate with more than what was being asked of them. Unfortunately, the breakdown of U.S.-Pakistan relations was a slow process occurring even before bin Laden's assassination. The May 2, 2011 operation by U.S. Navy Seals simply raised a red flag about the occasionally treacherous nature of the aid-for-policy game.

The first chapter of the current study indicated that aid must necessarily be properly directed in order to ensure effectiveness, and the three case studies presented here have further emphasized this point. Pakistan, like a number of other recipients throughout the history of U.S. aid policy, was not in a position to properly utilize the aid it was receiving in a manner conducive to U.S. goals. An obvious lack of territorial control or perhaps even a lack of will in Pakistan resulted in the greatest enemy of the U.S. seeking refuge there despite vocal support for fighting terror.

The successful cases included in this study represent a diverse portrait of the history of U.S. aid policy success, and support the theoretical tenets outlined at the beginning. But the failure to achieve complete policy leverage in Pakistan does not represent a fault with the theory. Upon discovering the tragic truth that the al-Qaeda leader was residing within the borders of a major recipient of U.S. aid, there was once again an immediate altering of payoff structures. U.S. policymakers, now viewing Pakistan with a suspicious eye, instantly understood that proper policy leverage was not being gained through the level of assistance being provided. This could naturally be interpreted in more ways than one. Perhaps the level of aid being provided was insufficient. Perhaps the Pakistani will to comply was simply too weak or even false. Or perhaps bin Laden was just too sneaky for the Pakistani government. Whatever the cause, U.S. policymakers conducted a cost-benefit analysis of the current state of aid versus policy compliance and chose to punish the recipient by withholding a very significant amount of assistance. This chain of events follows the formal model of the current study exactly, and in no way demonstrates a defect in the overall theory. Turkey, Colombia, and South Korea represent somewhat variable-dependent scenarios, but each demonstrates the soundness of the theory.

The fact that Colombia, South Korea, and Turkey are all variable dependent scenarios does not mean that a comparative lesson cannot be drawn by analyzing their history as U.S. recipients. Each case represents a different level of economic development, a different political climate, a different cultural disposition towards the influence of foreigners, and a different history of international relations.

In South Korea, the U.S. was dealing with a country which was brand new (the ROK was established in 1948) and had no power of its own to begin with. This made them the most easily leveraged and this point should now be fairly understandable in the context of the theory and the formal model. Faced with limited options after years of subjugation at the hands of the Japanese, the option of pursuing a pro-western political agenda in exchange for a level of policy control at the hands of the U.S. inevitably appeared to be the best option.

In Colombia, the U.S. was dealing with a country that was on the verge of complete collapse, and therefore open to any aid-for-policy deal they could get. The notion of Plan Colombia was actually born within the Pastrana government itself. While bringing the U.S. on board as the primary benefactor of the plan was understood to come with a number of strings attached, the desperate situation in Colombia left few other options. It was understood that the time had come for a radical transformation in order to turn the tide of underdevelopment and violence, and a higher level of compliance with U.S. policy wishes was but a small price to pay.

In Turkey, the U.S. was dealing with a country that was not as easily bought. Although Turkey could have certainly used the aid, and in retrospect probably should have taken it, they were: A. firmly consolidated and stabilized in their democracy and economically and B. not in a position of weakness, at least not as weak as South Korea and Colombia. Therefore, the payoff structure for Turkey could not be easily altered in a way that would give the U.S. the upper hand in the bargaining process. As the case

suggests, the U.S. should have offered more and Turkey should not have overplayed their hand, which demonstrates the importance of the bargaining process itself.

Each of these cases demonstrates an important point that must be elaborated when analyzing the theoretical point that aid alters the payoff structure for recipients more effectively than other means of diplomatic coercion. Any formal model created to demonstrate the aid-for-policy game must necessarily account for a recipient's (1) economic strength (2) stability of government and (3) preexisting bilateral relationship with the donor. Put simply, there are a number of factors which contribute to a recipient's willingness to consent to U.S. policy demands. However, this does not take away from the general theory of aid provision put forth in the current study. While some countries may not be as easily leveraged through aid provision, this does not mean that aid-for-policy is impossible. Nor does this imply anything negative about the use and effectiveness of aid as a foreign policy tool.

Another conclusion that can be drawn with regard to aid effectiveness is how it measures up against alternative means of coercion. Of the cases in the current study, Colombia stands out. The aforementioned decertification and sanctioning of Colombia represent alternative diplomatic tools within the theory of the current study. In South Korea, the alternative means of coercion would have been an extended U.S. military occupation, which the case study demonstrates would not have been an economically or militarily feasible option. Turkey, as a NATO ally located in Europe with long bilateral ties to the U.S., was never under consideration for the implementation of any coercive

means outside of assistance. But the successes in Colombia fully solidify the strength of the first major tenet of the theory, which is that assistance has a higher yield relative to cost than any other foreign policy tools. Decertification and sanctioning brought about no success in Colombia, and a military presence on the scale necessary to formally occupy South Korea would simply have been too costly.

### **Further Quantifying Success: Free Trade Agreements**

If quantifying aid effectiveness in terms of pure economic benefit for donors remains a focus of scholars and policymakers, then recent developments with regard to two of the countries featured in this study demonstrate aid's value over an extended timeline. In an instance of bipartisan U.S. Congressional cooperation which solidifies the veracity of the claims made in this study, on October 12<sup>th</sup> 2011 a long-delayed bilateral Free Trade Agreement (FTA) between the U.S. and South Korea, Colombia and Panama was reached (Applebaum and Steinhauer, 2011). In a period of U.S. economic recession, U.S. policymaker approval of such a measure is a clear indicator of the value they place on long-term bilateral relations with these nations and the perceived economic benefits of removing trade barriers. Pressure from Republican lawmakers and the Obama administration to finally pass these measures was the result of pressure from various U.S. economic special interests such as the U.S. Chamber of Commerce. In a hearing before the House Committee on Foreign Affairs, U.S. Chamber of Commerce representatives clearly enunciated the value of free trade in turning the tide of U.S. economic woes:

“If the U.S. is to double exports within five years, the proven export-boosting record of these reciprocal trade agreements will be indispensable. On average, U.S. exports to new FTA partner countries have grown four times as rapidly in the 3-5 year period following the FTA’s entry into force as U.S. exports to the world, according to an analysis by the U.S. Chamber.” (House of Representatives, 2011, 16)

These agreements, signed with Colombia and South Korea on the same day, serve as notable U.S. policy gains. After decades of spending resources in order to bring the two countries to a suitable level of development for U.S. strategic purposes, economic benefits are also beginning to manifest themselves.

It should be noted that according to U.S. International Trade Commission projections in 2007, the overall boost to the U.S. economy gained by signing an FTA with Colombia, South Korea and Panama is actually minimal due to their limited role in the global economy (Applebaum and Steinhauer, 2011). But a Free Trade Agreement, while not necessarily an immediate guarantee of any large scale economic benefit, is a foreign policy victory by any measure. FTAs carry a political value that is immeasurable. Fearon (1998) argued that aggressive trade measures (trade wars) could be synonymous in their strategic bilateral significance with military threats in the face of failed negotiations (Fearon, 1998, 276). Therefore, we can conclude that the signing of an FTA is indicative of a serious political commitment or an acknowledgement of two countries’ desire to seek mutual gains.

Putting the pieces together after our examination of the U.S. history of aid provision to Colombia and South Korea it is not difficult to conclude that an FTA is the

result of years of serious financial commitment on the part of the U.S. to these recipients. A country like South Korea which suffered under Japanese occupation and subsequent invasion from the north, could only have reached a level of development (14<sup>th</sup> largest economy in the world at the time of the FTA) through external forces. Similarly, the U.S. committed itself to the intentions of Plan Colombia in order to stem violence and stabilize the Colombian government so that self-perpetuating economic growth could begin. The long-term aid commitment to these countries produced development which has helped their people attain a better standard of living, while donor interests were likewise being met. The economic and political ties which have been sown over many years are a guarantee of the primary purpose of any donor nation, as described in chapter 1: maintaining a status quo that suits donor interests.

### **A Case for Aid**

The conclusions drawn from this study will serve as a gateway for future research. The evidence provided by the case studies in this work have shown the validity of the general theory that aid provision is a more effective tool than any alternative means of coercion and can be utilized to gain nearly any policy advantage if given through proper channels at a level that is equitable for the concession being sought. Given the vast amount of literature examining a similar question with regard to the practice of sanctioning, additional work is necessary before aid's usefulness as the optimal tool of foreign policy can be declared absolute. The next logical step in this process will be an empirical analysis of the same questions asked in the current study.

This will entail quantifying success and failure, quantifying the value of policy leverage over a particular recipient, and likely disaggregation of aid into its different types (development, military, humanitarian, etc.). Also, the point made in this final chapter about recipients' propensity to be coerced deserves further work in the future if the formal model of this study is to be fully understood. This point can either be integrated into a large-scale empirical analysis or perhaps saved for a separate work. Whatever direction future research may go in, the conclusions of this work demonstrate the power of a theory which is clearly pro-aid and deserving of future examination, particularly in the form of quantitative studies.

The conclusions and the history drawn from each of the cases in this study bring up additional questions regarding aid and imperialism, donor preferences about development and democracy, and the fragile nature of global influence in the modern age. As the U.S. is faced with newly developing economic and military challenges in the future, it is going to become more and more necessary to seek out cost effective means of maintaining global influence in a world characterized by increasing power parity. The means necessary for maintaining imperialistic intentions in the future will become more and more unfeasible economically. The same holds true for any future military operations. Aid, as demonstrated in these case studies, serves as an effective alternative measure for preserving the global status quo as long as policymakers account for: changing payoffs for both sides, the equitability of aid-for-policy from the recipient's perspective, and the long-term value of policy concession relative to the cost of assistance. If the aid policy lessons of this study are properly utilized, there is no reason

why the U.S. or any future superpower should not be able to maintain their position of power and global influence at a cost that is reasonable and indefinitely sustainable.

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