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Frontmatter
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Seeds of Stability

Under what conditions do the governments of developing countries manage to reform their way out of political and economic instability? When are they instead overwhelmed by the forces of social conflict? What role can great powers play in shaping one outcome or the other? This book is among the first to show in detail how the United States has used foreign economic policy, including foreign aid, as a tool for intervening in the developing world. Specifically, it traces how the United States promoted land reform as a vehicle for producing political stability. By showing where that policy proved stabilizing, and where it failed, a nuanced account is provided of how the local structure of the political economy plays a decisive role in shaping outcomes on the ground.

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Land Reform and US Foreign Policy

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Frontmatter
More Information

Contents

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CAMBRIDGE

Cambridge University Press
978-1-107-18568-5 — Seeds of Stability
Ethan B. Kapstein
Frontmatter
More Information

Figures and Tables

Figure

Tables

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Frontmatter
More Information

Preface and Acknowledgments

"The first priority is the maintenance of stability . . ."

US Ambassador to Iran Julius Holmes, Minutes of Meetings of the Special Group (Counter-Insurgency), November 5, 1962.

"The unpredictable and the predetermined unfold together to make everything the way it is."

Tom Stoppard, *Arcadia* (Act One, Scene Four).

As a teenager I left high school for the merchant marine. Joining a ship in Galveston, Texas, we cruised to sub-Saharan Africa, bearing PL 480 food aid – "a gift from the people of the United States of America." While unloading our bounty of free grain at one African port, the officer of the deck turned to me and said, "Son, we're just killing their farmers." That remark kindled my interest in the political economy of development.

Since 1946, the United States has spent more than $2.2 trillion on foreign aid, an average of more than $30 billion each fiscal year (in constant 2013 dollars). While that economic and military assistance has served many different objectives (with both intended and unintended consequences), one among them has been to promote the political stability of pro-western regimes. The belief that infusions of American goods, services, and cash can act as a stabilizer in the face of conflict is deeply ingrained in US foreign policy, dating back at least to the days of the Truman Doctrine and Marshall Plan of 1947. That same belief persists today. As a 2011 US Senate report on Afghanistan asserted, "foreign assistance can be a vital tool for promoting stability . . ."

This emphasis on political stability differs from the goals normally associated with foreign assistance programs, such as economic growth or poverty reduction. In fact, aid spending is usually judged by scholars and pundits alike on the basis of how well it contributes to these

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Frontmatter
More Information

economic outcomes. However, economic objectives have often been sought by US policy-makers not as ends in themselves but as means to resolving deeper security problems.

But by what mechanism does foreign assistance promote domestic stability? Isn't it possible, instead, that aid flows could become a destabilizing force in target nations? Didn't the same Senate report also claim that "foreign aid, when misspent, can fuel corruption ... undermine the host government's ability to exert control over resources, and contribute to insecurity"?

This book is about US ideas and policies regarding how to stabilize a restive developing world during and after the Cold War. Specifically, I examine American efforts to strengthen the governments of developing countries that were threatened by peasant rebellion. As I will show, following World War II, American officials came to believe that tenant farmers and the landless in Asia and Latin America (and even in some European countries like Italy) were primed for leftist revolutions, especially following Mao Zedong's success in mobilizing the peasantry in China. In order to counter this worrisome trend, the United States pressed developing world governments to adopt economic reforms in general and land and agrarian reforms in particular, all of which were aimed at sharing the wealth. As Samuel Huntington wrote in his 1968 classic *Political Order in Changing Societies*, " land reform is of crucial importance to the maintenance of political stability."

These egalitarian measures were meant to serve several interrelated goals. They would address the economic grievances of the poor; extend state power to rural areas under the sway of exploitative landlords; and build popular support for the government. Economic and agrarian reforms were also meant to spur growth and industrialization by unlocking the financial resources held by the landed elite among other potential investors. In short, economic reforms, including land reform, were expected to contribute to both development and security. Building on the work of such scholars as Dwight Macdonald and John D. Orme, I call that American strategy for stabilizing the developing world one of *reformist intervention*.

Reformist intervention finds its ideational roots in what today is called "grievance theory," or the causal belief that economic deprivation is a fundamental driver of political instability and dictatorship. President Harry S. Truman neatly summarized this

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Frontmatter
More Information

theory when announcing his eponymous doctrine before Congress in 1947: "[T]he seeds of totalitarian regimes are nurtured by misery and want." If Washington hoped to turn back the totalitarian tide and create stable, pro-western governments, it would need to do so by ensuring that those who were deemed most susceptible to radicalization, the poor and disenfranchised, enjoyed what his predecessor Franklin D. Roosevelt had called in 1941 "freedom from want."

Because land is so central to the political economy of developing nations, debates over its ownership and use have been and continue to be contributing factors to conflict and instability. As a 1993 World Bank study concluded, "Attempts at land reform without massive political upheaval have rarely succeeded." It was precisely this sort of political upheaval – which could be seized upon by anti-western forces – that the United States has sought to avoid.

By giving "land to the tiller," American officials thought they were planting the seeds of stability in rural, developing world societies. Peasant farmers would be liberated from grinding poverty and exploitation, devoting themselves to ploughing their fields (and perhaps, eventually, to building democracy) rather than to rebellion. For their part, landlords would turn from extracting rents from tenant farmers to investing in industry. These changes would give people confidence that their countries could achieve sustained economic growth in which everyone participated and with it, opportunities for advancement. According to development economist John Montgomery, during the years 1978–1983 alone, the United States spent nearly $4 billion on "land reform, land settlement, land development, and land management and conservation" in this effort to pacify the countryside.

Today, similar hopes buoy American efforts to bolster jobs and entrepreneurship in fragile and conflict-affected states (FCS) and thus to lure the poor away from whatever attractive powers recruitment by rebels, insurgents, and terrorists might hold for them. As then secretary of state Colin Powell told the World Economic Forum in 2002, "Terrorism … flourishes in areas of poverty, despair and hopelessness." The largest recipients of US foreign aid at present include such states as Afghanistan, Pakistan, and Iraq, and in each case foreign aid has been used, among other things, to promote a variety of economic reforms.

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Frontmatter
More Information

As I will show, the American record of stabilization has been decidedly mixed. The crucial intervening variable between Washington's policy ideas and aspirations on the one hand and outcomes on the ground on the other was the domestic political economy of recipient nations. In some cases, land reform did indeed contribute to political stability for extended periods of time. In others, it proved destabilizing as it upset long-standing rural relationships without offering better institutions in their stead. The message that emerges from this study is thus twofold: first, the specificities of time and place matter. After World War II, for example, landlords in many countries were discredited, creating an opening for political movements to exploit land reform to great effect. Second, structural variables – like the asset allocation of elites – matter too and can guide the scholar and policy-maker toward a better understanding of the conditions under which foreign powers and the international community can influence reform trajectories in recipient nations. While drawn from the example of agrarian reform, such lessons would also seem applicable to other developing world cases, particularly those where the nation's wealth is tied to its endowment of natural resources.

The book has nine chapters. Following the preface, I provide an introduction to the argument and country case studies along with the related hypotheses. I then present in two chapters, respectively, an overview of grievance theory and its uptake by policy-makers in Washington, and an analysis of the strategy of reformist intervention. Next, I examine the immediate postwar era and the land reforms that were promoted in Japan, Korea, Taiwan, and Italy. In Chapter 5, I discuss land reform in the shadow of violent conflict, looking at the Philippines and Vietnam. I then turn to Latin America and the Alliance for Progress, the US foreign assistance initiative of the 1960s, which emphasized land reform in a region where so many conflicts seemingly had agrarian roots. Chapter 7 looks at land reform in Iran as a case where such reforms provoked rather than reduced domestic conflict. Chapter 8 focuses on contemporary issues in land and conflict, and includes a discussion of the global Voluntary Guidelines on Land Tenure now being promulgated by the international community with a strong push from the United States and European Union. In particular, we will address the question of whether we are moving toward a world of clearly defined property rights and if so, what is driving that trend and who are the winners and losers? The concluding

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Frontmatter
More Information

chapter discusses the implications of our findings for the future of reformist interventions more generally and for further research.

In the course of conducting the writing and research for this book, I have run up the usual debts. I wish to thank those who made this book possible by funding the research, including the Smith Richardson Foundation and, for work on the Philippines, the Office of Naval Research. My colleagues at Arizona State University and the McCain Institute, including Jonathan Koppell, Karen Mossberger, and Kurt Volcker, have been supportive throughout the process. I am privileged to serve as the Associate Director of the Empirical Studies of Conflict Project (esoc.princeton.edu) and am grateful to ESOC directors Jake Shapiro, Eli Berman, and Joe Felter for taking me along on this fantastic ride. ESOC was launched with support from the Department of Defense/Minerva Research Initiative and its former director, Erin Fitzgerald, is owed a tremendous debt of gratitude by all of us in the academy for her efforts to promote policy-relevant social science. During the course of writing the book John Gerring provided much appreciated methodological input while Michael Albertus, Carles Boix, David Baldwin, and James Lee offered many useful ideas and sources; Albertus and Baldwin in particular offered careful readings of earlier drafts of the manuscript, and their insightful comments were of great assistance to its development. Ted Rappleye – himself a careful analyst of US efforts to promote development and stability in Afghanistan – was of incredible assistance in manuscript preparation. Phil Klay took time from his own writing to act as a sounding board, and Benedicte Callan, who suggested "Seeds of Stability" as a title, has had to live with this project for way too long. Finally, I wish to thank John Haslam of Cambridge University Press along with the anonymous reviewers who provided valuable commentary on the manuscript. Parts of this book appeared in quite different form in articles that appeared in *Survival* and the *Journal of Cold War Studies* in recent years, and I thank the editors of these journals – Dana Allin and Mark Kramer – for publishing my work.

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