

technological sophistication of the Federal Bureau of Investigation (FBI) and federal prosecutors since the 1980 Abscam investigation. In Mississippi, for example, 60 county supervisors went to jail recently for taking kickbacks after the FBI mounted a sophisticated "sting" operation. The FBI used high-tech "body wires" to build airtight cases—the supervisors' own words—on tape.

Still, Witt concedes, new laws and technology are not entirely to blame. Corruption always seems to follow money, and state and local officials now control a great deal of money: Their budgets total some \$900 billion, eight times what they were in 1960.

Bigger budgets also seem to guarantee more plain-old pork-barrel legislation. Ambrosius, a political scientist at Kansas State University, studied the economic development programs that many states have started in recent years. Through such

measures as bond-financed construction subsidies, various targeted tax breaks, and other incentives, the states now spend billions annually to promote the growth of industry. Ambrosius put all the numbers for eight kinds of economic development programs through a computer. Her question: What impact did these programs have on the states' unemployment and industrial output between 1969 and 1985? The answer: near zero. (Tax breaks on land and capital improvements, she found, *may* have helped ease unemployment slightly.)

Ambrosius does not mention corruption. Her point is that business interests have more influence at the state level than in Washington. How else to explain billions in state spending that does no discernible good? In any event, neither Witt nor Ambrosius seems to offer much encouragement to partisans of the "new federalism."

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## FOREIGN POLICY & DEFENSE

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### *A Fall From What?*

"Rethinking the Origins of American Hegemony" by G. John Ikenberry, in *Political Science Quarterly* (Fall 1989), 475 Riverside Dr., Ste. 1274, New York, N.Y. 10115-0012.

Along with "endism" [see p.14], "declinism" has been a hot topic recently among foreign affairs specialists. Since the publication of Paul Kennedy's *The Rise and Fall of the Great Powers* (1987), they have been seeking to gauge just how badly American power has ebbed since World War II.

Ikenberry, a Princeton political scientist, looks at the question from a very different angle: How great was American power to begin with?

The conventional view, he notes, is that the United States has fallen far from the heights it occupied immediately after World War II. And there is no denying that by many measures America was a colossus. In 1948, for example, it produced nearly half of the world's industrial goods. But Ikenberry argues that "in terms of the

ideals and plans it originally articulated [during the war], the United States got much less than it wanted; in terms of direct involvement in leading the postwar Western system, it got much more involved than it wanted."

During the war, for example, U.S. officials believed that a system of multilateral free trade, embracing even the Soviet Union, was essential to ensuring the peace. But the wretched state of Europe's economies (and its governments' pleas for continued trade protection), along with rising East-West conflict, prevented Washington from fulfilling much of its plan.

American officials also wanted to minimize direct U.S. involvement in Europe. As George F. Kennan wrote in 1947: "It should be a cardinal point of our policy to see to it that other elements of indepen-

dent power are developed . . . in order to take off our shoulders some of the burdens of bi-polarity." The Truman administration (1945–53) sought an independent, unified Europe. Indeed, Congress made progress on that front a condition for Marshall Plan aid in 1948. But the Europeans resisted independence. What the United States got instead was what it had wanted least: a U.S. commitment, through the North Atlantic Treaty Organization, to defend Europe.

And what kind of Europe was it defending? Not the Europe of laissez-faire governments Washington had envisioned, but a Europe of welfare states, sheltered by protectionism and other special arrangements. This was a compromise Washington made when the outbreak of the Cold War compelled it to support even socialist governments in Europe, so long as they were non-communist.

Ironically, Ikenberry con-

cludes, America might have been able to exercise more of its power during the early postwar years if Europe had been stronger. But then, as now, power could not be measured as if it were a purely mechanical force.

### *Mission Impossible?*

In *The New Republic* (Nov. 20, 1989), Harvard's David Landes suggests that both free-market and "development" economists misapprehend the problem with foreign aid.

*The earlier confidence that history is teleological, tending irresistibly toward industrialism and modernity, no longer seems tenable. Is it time for a paradigm shift? Suppose the process of economic development is not the destiny of all humankind. Suppose instead that what we are dealing with is a pool of candidates. Some are favored by circumstance; some are not. The ones most favored go first. Others follow. And as the pool is exhausted, the hard cases remain—not only because of the misfortunes and misdeeds of history, but because, for all manner of internal reasons, they do not take to . . . new ways. They don't like them; they don't want them; they are discouraged from learning them; if they learn them, they want out; etc. Perhaps what we are seeing now is simply that we're getting down to the hard cases . . .*

*We must and shall keep trying to help, as much for ourselves as for those we want to benefit. But we're going to have to choose our targets better and aim straighter.*

### *Foreign Aid Steroids*

"Investment Without Growth, Industrialization Without Prosperity" by Nicholas Eberstadt, in *Journal of Economic Growth* (Summer 1989), 1615 H St. N.W., Washington, D.C. 20062.

Since 1950, when President Harry S. Truman requested a modest \$45 million for his Point Four program, U.S. foreign aid has grown to some \$9 billion annually. Add contributions from the other industrialized nations and aid to the Third World averages some \$40 billion annually. With the exception of Japan and Taiwan, virtually every nation in Asia, Africa, and Latin America receives help.

All of that money is having plenty of impact, writes Eberstadt, a visiting scholar at the American Enterprise Institute, and most of it is for the worse.

For two decades, most aid dollars were poured into industrial development

schemes. The result, says Eberstadt, has been gross economic distortion. It is almost as if the recipients were on economic steroids. Thus, Zimbabwe, Botswana, and Trinidad, among others, appear to be more "industrialized" than Japan. Industry generates 41 percent of Japan's gross domestic product (GDP) but, according to World Bank data, 43 percent of Botswana's. Likewise, gross domestic investment seems to be higher in many Third World lands than in the West.

As a result, Eberstadt observes, agriculture and consumption in these countries claim abnormally small shares of GDP. But these are precisely the countries