

Money, Democracy, and the Decline of the Peace Party

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Abbreviations and Acronyms

AIPAC	The American Israel Public Affairs Committee
CBO	Congressional Budget Office
DAC	Development Assistance Committee
DFLP	Democratic Front for the Liberation of Palestine
FAA	Foreign Assistance Act
FFPA	Food For Peace Act
IMF	International Monetary Fund
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OMB	Office of Management and Budget
PECDAR	Palestinian Economic Council for Development and Reconstruction
PFLP	Popular Front for the Liberation of Palestine
PLC	Palestinian Legislative Council
PLO	Palestine Liberation Organization
PNA (PA)	The Palestinian National Authority
UNRWA	United Nations Relief and Work Agency for Palestine Refugees in the Near East
USAID	United States Agency for International Development
USSC	United States Security Coordinator for Israel and the Palestinian Authority

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Introduction

“It is important to remember that foreign assistance is not charity or a favor we do for other nations. It is a strategic imperative for America. It lifts others up, and then reinforces their willingness to link arms with us in common endeavors.”¹

- U.S. Secretary of State, John Kerry, 2013

Since the end of World War II, the successive United States administrations have provided billions of American taxpayers’ dollars to numerous countries, international organizations, and non-Government Organizations (NGOs) throughout the world. For the better part of the last half-century, the U.S. has stood unchallenged atop the donor pyramid as the biggest donor in terms of amount of money donated.² American foreign assistance has built schools and hospitals in the far reaches of Africa and Latin America, and has contributed to economic development in every corner of the globe, with varying degrees of success. Bags of flour stamped with the American flag and the words “a Gift from the American People,” can be seen in every part of the world that is suffering from a natural disaster, or from political crises and their usual consequences of economic and social hardships. This vast empire of assistance serves and protects the interests of the United States in no lesser way than America’s military might and diplomatic corps. Foreign assistance has become an indispensable tool of American statecraft.

There are numerous benefits and considerable advantages to using this tool. Besides the obvious fact that foreign assistance costs less money, and fewer lives than wars, it also has numerous economic benefits such as providing American farmers and manufacturers with markets for their products, and helping them get rid of surplus goods. It improves the standing of the U.S. in the world by demonstrating to the world that America is indeed a “City upon a Hill,” the world leader who aids the needy and supports the disadvantaged, a shining example to other nations.³ Foreign assistance serves the interests of the U.S., as Secretary of State John Kerry argued in the quote above, by binding other countries to the U.S., not just diplomatically and politically, but also economically. Furthermore, foreign aid can prove to be a useful tool in influencing other countries to adopt policies and stances that further American foreign policy goals and objectives, whether these objectives are political,

¹ Secretary of State, John Kerry, U.S. Department of State, *Executive Budget Summary: Function 150 & Other International Programs: Fiscal Year 2014* (Washington D.C.: U.S. Department of State, 2014), 2.

² Mark Anderson, "Foreign Aid Close to Record Peak After Donors Spend \$135 bn in 2014," *The Guardian*, April 8, 2015.

³ The origin of the phrase dates back to John Winthrop’s “A Model of Christian Charity,” 1630 sermon. It has since been used within the context of “American Exceptionalism” by various presidents, including John F. Kennedy, and Ronald Reagan. See Hilde Restad, *American Exceptionalism: an Idea That Made a Nation and Remade the World*, Routledge Studies in US Foreign Policy (New York: Routledge, 2014), 41-42.

economic, or ideological. Few may have put it more bluntly and succinctly than former Congressman Howard Berman (D-California) when he said,

“Aid is not a gift... the United States provides foreign assistance because it serves our interests... There is no escaping our obligations, not only because we are morally bound to meet them, but because our economic and political interests demand that we address widespread poverty and chaos in the world. Our health, our security, and our prosperity are advanced by a world in which basic human needs are met, fundamental freedoms are respected, conflicts are resolved peacefully and the world’s resources are used wisely.”⁴

There are numerous benefits for the recipients as well. Leaders in recipient countries need the various forms of assistance in order to bring about economic development, political stability, and socioeconomic prosperity, and thereby improve their chance of being re-elected, or staying in office where such practices as elections are rare. In most cases, the recipients have to meet certain conditions in order to receive this assistance. Aid conditions are imposed in different forms, they could take the shape of economic reforms; opening markets to foreign investment, allowing more freedom for private sector businesses, reducing taxes on imports, etc. There are also conditions that require political reforms that may include providing more individual freedoms, lifting restrictions on speech and the press, holding free and fair elections, changing stance at the UN, and making specific policy adjustments on certain issues.

Such adjustments, which are more in line with the view of the U.S. administration, may prove costly domestically, but the recipient still carries them out because the benefits of receiving aid outweigh the cost. Or to put it differently, if the recipient does not meet these conditions, the cost of missing out on American aid can prove detrimental to their ability to conduct their politics and run their economy, or worse, the recipient could face economic sanctions. In theory, the process may suggest a result of win-win situation, in reality however, the process does not always yield such results. Worse still, in some cases there are unintended consequences, and even perverse consequences that make aid a cause for crisis rather than a tool of advancing peace and socioeconomic prosperity. These unintended and perverse consequences of aid are the subject of this research.

⁴ U.S. House of Representatives Committee on Foreign Affairs- Democrats, "Congressman Howard Berman Releases Discussion Draft of Foreign Assistance Reform Plan," news release, September 8, 2011.

The case of the Palestinian National Authority (PA) serves as a prime example of these consequences. The PA was born as a result of the peace process between Israel and the Palestinian Liberation Organization (PLO). The PA is made up mostly of individuals affiliated with the Palestinian National Liberation Movement (Fatah), which until 2006 was the largest and most influential political party within the PLO and the Palestinian Territories. The PA has been the governing body of the West Bank and the Gaza Strip since 1994, as agreed upon by the PLO and Israel in the Declaration of Principles on Interim Self-Government Agreements, better known as the Oslo Accords and the subsequent peace agreements. The goal was to establish a “Palestinian Interim Self-Government Authority [...] for the Palestinian people in the West Bank and the Gaza Strip, for a transitional period not exceeding five years, leading to a permanent settlement based on Security Council Resolutions 242 and 338.”⁵

This self-government authority relies heavily on foreign assistance, making the Palestinian population the highest recipients of foreign aid per capita in the world.⁶ Foreign aid amounts to approximately 30 percent of the PA’s \$4 billion annual budget, and 20-30 percent of this aid is provided by the U.S. federal government, making it the single largest bilateral state donor.⁷ Another 60 percent of the budget is tax revenues collected by Israel and is often withheld by the Israeli government depending on the relations between the two, making foreign assistance all the more important for the PA, and American assistance most paramount of all.⁸ While the majority of aid to the PA comes from the European Union, European aid has generally been more consistent in terms of delivery, and less political than its American counterpart.⁹ Member states of the Arab League have also paid substantial amounts in aid to the Palestinian Authority.¹⁰ Other major bilateral donors include Norway,

⁵ Israel Ministry of Foreign Affairs (IMFA), Israel Ministry of Foreign Affairs, *Declaration of Principles on Interim Self-Government Arrangements, September 13, 1993*, Vol. Article I (online: Israel Ministry of Foreign Affairs).

⁶ Jeremy M. Sharp and Christopher M Blanchard, Congressional Research Service, *CRS Report for Congress: U.S. Foreign Aid to the Palestinians* (Online: Federation of American Scientists, 2006), Summary, 1.

⁷ Based on author calculations from Orhan Niksic, Nur Nasser Eddin, and Dana Almubaied, "Economic Monitoring Report to the Ad Hoc Liaison Committee," (Online: The World Bank, 2015). And Palestinian Ministry of Finance, "General Budget Law: Fiscal Year 2015," (Online: Palestinian Ministry of Finance, 2015). And data from Global Humanitarian Assistance, "West Bank and Gaza Strip: Profile," ed. UK based NGO: Global Humanitarian Assistance (2015).

⁸ Mohsen Moh'd Saleh, "The Economic Situation in the West Bank and Gaza- The PA's General Budget (Ramallah)," in *The Palestinian Strategic Report 2010/2011*, ed. Mohsen Moh'd Saleh (Online: Al Zaytouna Center for Studies and Consultations, 2012); "Abbas Threatens to Turn to ICC over Withheld Tax Funds," *The Times of Israel*, April 6, 2015.

⁹ Development Researchers' Network et al, "Evaluation of the European Union's Cooperation with the Occupied Palestinian Territory and Support to the Palestinian People- Evaluation Carried out on Behalf of the European Commission," (Online: The European Commission, 2014).

¹⁰ Assistance, "West Bank and Gaza Strip: Profile."

Japan, and Canada, as well as the United Nations.¹¹ The fact that U.S. aid has been the largest in terms of quantity, and the most political in terms of its conditionality and effect, makes it a perfect example for the questions this study seeks to answer.

This study focuses on the political impact of American foreign aid and American aid conditionality on Palestinian politics. It examines the role of American foreign aid in shaping the bilateral American-Palestinian relationship, and more specifically the role of this impact in feeding the discontent with the peace camp represented by President Mahmoud Abbas and Fatah. The study evaluates the use of foreign aid as a policy tool in achieving the objectives of U.S. foreign policy in the region such as advancing the cause of peace in an unstable part of the world that is of paramount geopolitical significance to U.S. interests and protecting Israel as America's closest Middle East ally.

The study finds that American foreign aid has played an instrumental role in the development of American-Palestinian relations, and that the use of aid as a policy tool has had unintended political consequences, particularly undermining the position of Abbas. There are two ways in which the U.S. has used foreign aid to influence the Palestinian leadership, as a reward and as punishment. The first involves providing aid as inducement; supporting the PA's budget and security sector in return for policy concessions and adjustments, and the second involves withholding aid when the PA refused to act in accordance with the U.S.'s views. The study finds that neither of these ways has been particularly effective. On the contrary, using aid has sometimes negatively affected the public standing of the Palestinian leadership. By demanding policy adjustments and concessions at the risk of losing American aid, the U.S. has on multiple occasions put the Palestinian leadership, president Abbas, and to a lesser extent Yasser Arafat before him, at odds with the Palestinian public. Furthermore, the study finds that providing assistance, particularly to the PA's security apparatus, has played a role in alienating Abbas from his constituents.

There is an important issue that must be addressed at this juncture. This research argues that the U.S. uses foreign assistance as a means to influence the PA, rather than destroy it, or dismantle it. The U.S., and to a great extent, Israel, are interested in preventing the collapse of the PA for two related reasons. The first is that Fatah and the PA remain the only political institutions within Palestinian politics that are interested in reaching a negotiated peace settlement with Israel. Dismantling the PA would almost certainly result in further radicalization in the Palestinian territories, and may well result in expansion of both

¹¹ Ibid.

the authority and legitimacy of the Islamic Resistance Movement (Hamas) and other militant factions. The second reason is that the PA security apparatus serves Israel's security. If this apparatus is dismantled, or radicalized, it would represent a serious security concern to Israel. Dismantling the PA seems to be leverage the Palestinian leadership threatens to exercise, rather than a goal of either U.S. or Israel's foreign policy.

This study focuses on the ways through which the U.S. attempted to influence the Palestinian leadership, and the effectiveness of this use in achieving America's foreign policy objectives. The U.S. has a long history of using foreign aid to achieve certain policy objectives, and the Palestinian case is not an exception in this sense, but rather a continuation along a consistent historical pattern.

Background

On January 25, 2006, nearly one million Palestinians went to election booths across the West Bank, the Gaza Strip, and East Jerusalem to participate in the first legislative elections in a decade.¹² The voters were to elect 132 representatives to the Palestinian Legislative Council (PLC), unbeknownst to them that their vote would herald the dawn of a new era in Palestinian politics, an era that began with the hope of elections and all that entails of optimism regarding political and social stability. Ten years have come and gone since that dawn, and the Palestinians are still waiting to see the first beam of light. The election results saw Fatah, which had dominated Palestinian politics for the previous 50 years, give way before Hamas, whose emphasis on liberating historic Palestine by military means, its adamant refusal to recognize the existence of Israel as a legitimate state, and its attacks against Israeli civilians, have placed it on many lists of terrorist organizations.¹³ Shortly after the elections, the U.S. and the EU suspended foreign assistance to the PA until Hamas changed its platform.¹⁴

This shift in Palestinian politics, from center-left to right, was as clear a message as the Palestinians could send in 2006; they were in desperate need for change. In his first response to the results, President George W. Bush (2001-2009) accepted Hamas' victory,

¹² Steven Erlanger, "Palestinians Vote in First Legislative Elections in a Decade," *The New York Times*, January 25, 2006.

¹³ Countries include Australia, Canada, United Kingdom, United States, and of course Israel and most recently Egypt. There is an ongoing debate in the EU regarding Hamas' status, after European Court of Justice ruling in December 2014 ruled Hamas off the list. The EU launched an appeal and the movement remains on the list for the time being. See Peter Beaumont, "Hamas Taken off EU Terror Blacklist," *The Guardian*, December 17, 2014. And AFP, "EU Keeps Hamas on Terror List Despite Court Ruling," *YnetNews*, March 27, 2015.

¹⁴ David Gow and Conal Urquhart, "EU Suspends Aid to Palestinian Authority," *The Guardian*, April 11, 2006. ; Sharp and Blanchard, "CRS Report for Congress: U.S. Foreign Aid to the Palestinians," i.

albeit grudgingly, and warned at the same time that Hamas had to change its position with respect to Israel.¹⁵ President Bush stated that the results represented a rejection of the “status quo,” and that they expressed a need for a change from the “old guard” who had failed to provide honest government and services.¹⁶ The old guard refers to Fatah and Abbas, who succumbed to pressure by the Bush administration to hold these elections in the first place.¹⁷ Abbas and Arafat before him did indeed fail miserably at providing honest government and services.¹⁸ The state institutions they have led have suffered from nepotism, severe corruption on practically every level, bankruptcy, authoritarianism, and perhaps worst of all, loss of legitimacy among Palestinians.¹⁹

Shortly before the elections, in a pre-emptive measure, the United States House of Representatives passed resolution 575, which stated that “terrorist organizations, such as Hamas, should not be permitted to participate in Palestinian elections until such organizations recognize Israel's right to exist as a Jewish state, cease incitement, condemn terrorism, and disarm and dismantle their terrorist infrastructure.”²⁰ The resolution warns that including Hamas or any terrorist organization in the PA government will “potentially undermine the ability of the United States to have a constructive relationship with, or provide further assistance to, the Palestinian Authority.”²¹ Later in 2006, congress passed the Palestinian Anti-Terrorism Act of 2006, prohibiting aid to the PA under Hamas’ control until such time as Hamas agrees to abandon terrorism, recognize Israel, respect already signed agreements and dismantle terrorist infrastructure, among other conditions.²² The act passed both houses by overwhelming majority, and was signed into law by president Bush in December 2006.²³

¹⁵ Years in brackets following names of U.S. presidents indicate their time in office.

¹⁶ President George W. Bush, *Public Papers of the Presidents of the U.S.- Administration of George W. Bush: The President's News Conference, January 26, 2006* (Washington D.C.: U.S. Government Publishing Office, 2006), 130.

¹⁷ Steven R. Weisman, "Bush Defends His Goal of Spreading Democracy to the Mideast," *The New York Times*, January 27, 2006.

¹⁸ For a very critical account of Abbas and Arafat’s leadership, see Jonathan Schanzer, *State of Failure: Yasser Arafat, Mahmoud Abbas, and the Unmaking of the Palestinian State* (New York: Palgrave Macmillan, 2013).

¹⁹ Graham Usher, "The Democratic Resistance: Hamas, Fateh, and the Palestinian Elections," *Journal of Palestine Studies* 35, no. 3 (2006): 22.

²⁰ United States House of Representatives, "*H.Res.575 - Asserting that Hamas and other terrorist organizations should not participate in elections held by the Palestinian Authority, and for other purposes*"- December 16, 2005, 109 Cong., 1 sess. (Library of Congress, 2006), 3.

²¹ *Ibid.*

²² United States Congress, United States Congress, *Public Law 109-446, Palestinian Anti-Terrorism Act of 2006*, 109 Cong., 2 sess., Vol. Congressional Record, Vol. 152 (2006) (online: U.S. Government Printing Office, 2006).

²³ President George W. Bush, "Statement on Signing the Palestinian Anti-Terrorism Act of 2006," in *The American Presidency Project, Online by Gerhard Peters and John T. Woolley*.

The Quartet, a committee comprised of the United States, the United Nations, Russia, and the European Union, was formed in Madrid in 2002 to serve as the mediator of the Middle East peace process, with former British Prime Minister Tony Blair as its special envoy to the Middle East to facilitate communication between the parties. On January 30, the Quartet issued a statement in which it concluded,

“... that it was inevitable that future assistance to any new government would be reviewed by donors against that government’s commitment to the principles of nonviolence, recognition of Israel, and acceptance of previous agreements and obligations...”²⁴

According to local as well as the international observers who supervised the elections, which included the Carter Center and the National Democratic Institute, the election was fair and free.²⁵ Over 17,000 observers oversaw the election, with 900 credentialed international monitors, who agreed that, “the conduct of the election was widely considered to be free and fair.”²⁶

Despite the fairness of the elections, the U.S. and the E.U., suspended foreign aid to the PA and left the average Palestinians in these territories with little support. Palestinians were, and have been the largest recipients of foreign aid per capita in the world and the loss of this aid was devastating to their livelihoods and economy.²⁷ The international donors demanded that the new Hamas government accepts and recognizes Israel’s right to exist, a condition that Hamas rejected but offered to accept a long term truce with Israel should the latter agree to withdraw to the 1967 border, but remained adamant in its refusal to officially recognize Israel as a state.²⁸

For American policy makers, Fatah is the political party that began the peace process with Israel, and signed the Oslo Accords and the subsequent agreements with Israel. Hamas on the other hand, is a terrorist organization that does not distinguish between civilian and military targets. It is after all the infamous movement that planted bombs and carried out suicide attacks against Israeli buses, nightclubs, cafes and restaurants. Hamas has adopted violent methods to achieve what they call the liberation of the historic land of Palestine, and

²⁴ United Nations Organization, "Quartet Statement," news release, January 30, 2006.

²⁵ The Carter Center, "Palestinian Elections: Trip Report by Former U.S. President Jimmy Carter," (2006). "Final Report on the Palestinian Legislative Council Elections," (Washington D.C.: National Democratic Institute for International Affairs, 2006).

²⁶ Aaron D. Pina, Congressional Research Service, *Report for Congress: Palestinian Elections* (Online: Federation of American Scientists, 2006), 9-10.

²⁷ Sharp and Blanchard, "CRS Report for Congress: U.S. Foreign Aid to the Palestinians," Summary, 1.

²⁸ Mahmoud al-Zahar, interview by Wolf Blitzer, January 29, 2006, "Hamas Leader Sets Conditions for Truce".

for that, the U.S. has never had any diplomatic relations or official communication with the movement. Consequently, the U.S. State Department has placed the organization on the list of foreign terrorist organizations since 1997.²⁹ Therefore, the choice before the U.S. administration has always been an easy one to make, supporting Fatah was the policy and ensuring that it remained in power was the objective.

Fatah had demonstrated flexibility and willingness when it came to compromising on what the Palestinians believe to be their historic rights, since such compromise was essential to the success of the peace process.³⁰ These historic rights, in the Palestinian view include Israel's withdrawal to the pre-1967 borders, the return of the refugees who were displaced following the founding of Israel, and the establishment of a free and independent Palestinian state. The concessions, or policy adjustments, were required of Yasser Arafat and later Mahmud Abbas, to maintain the flow of international aid to the PA government. This dilemma raises the following questions; has Fatah's close relationship with the United States, who is Israel's closest ally, contributed to Fatah's loss of popularity among Palestinians? And further, has American foreign policy in general, and what it entailed of financial assistance to the PA more specifically, contributed to Fatah's decline? In other words, have the policy adjustments required of Fatah in order to receive foreign aid, contributed to the party's decline in general and its failure in 2006 in particular? The answers to these questions are the subject of this research.

In Hamas' view, participation in the 2006 elections was a national and religious duty and necessity; the Palestinian cause was at stake, the security situation was deteriorating as armed gangs of political parties roamed the streets freely, and fiscal and political corruption had manifested itself in every layer of the Palestinian political structure. Perhaps worst of all, Fatah was willing to compromise of what Hamas perceived to be indisputable rights of the Palestinians.³¹

Hamas' victory was a major blow to an already struggling peace process in the Middle East. Since its victory, Hamas embarked on a struggle for power with Fatah that culminated in the military takeover of the Gaza Strip, and the resounding defeat of the PA's forces in 2007. Today, Fatah remains in control of the West Bank and Hamas of the Gaza Strip. Since the takeover, Hamas has improved its fighting ability many folds, as the

²⁹ United States Department of State- Bureau of Counter Terrorism, "Foreign Terrorist Organization," (online: U.S. Department of State), 5, 158; United States Department of State Bureau of Counter Terrorism, "Country Reports on Terrorism 2014," (Online: U.S. Department of State, 2015).

³⁰ Emad Muhsin. Interview by author, Gaza City, July 15, 2013.

³¹ Ahmed Yousef, interview by Author, July 29, 2014, Gaza City.

successive wars with Israel in recent years have proved. Since 2007, three serious military confrontations took place, and each time Hamas produced more advanced military capabilities and tactics, or what they refer to as “surprises.”³² However, Hamas’ real strength lies in the fact that it enjoys much support among the Palestinian populous, as well as the backing of the transnational “Society of the Muslim Brothers,” better known as the Muslim Brotherhood. For the U.S., a stronger Hamas means little to no chance of peace, since the movement has rejected the U.S. conditions for dialogue, and has demonstrated limited flexibility when it came to changing its platform. But Fatah, as it stands now, is too weak, fragmented, corrupt, and its leadership lacks the trust and the popular support it enjoyed in the early years of the peace process to face the firm challenges Hamas presents, and even be able to sell, for the lack of a better term, any future agreements with Israel to the Palestinian people.

A distinction must be made at this point between Fatah, the PLO, and the PA. Despite the fact that the three political entities are chaired by Mahmoud Abbas, they remain distinct political institutions, in theory at least. This research discusses the roles and history of these institutions at a later point. For now, it suffices to know that the PLO is an umbrella organization that was founded in 1964 and it encompasses several Palestinian factions across the political spectrum, including Fatah, the Popular Front for the Liberation of Palestine (PFLP,) and the Democratic Front for the Liberation of Palestine (DFLP), among others. There are two Islamist political parties that emerged in the 1980s, the Palestinian Islamic Jihad, founded in 1981, and Hamas founded in 1987. The two parties have never been a part of the PLO, and are designated as terrorist organizations by the U.S. It is important to keep in mind that the U.S. does not officially send aid to the PLO.³³ Until the late 1980s, the U.S. had no official diplomatic relations with the PLO and on numerous occasions, PLO factions, including Fatah, were involved in terrorist activities that claimed American lives. Until the present, some of the political parties within the PLO, such as the PFLP, remain on the State Department’s terror list.³⁴

Fatah is a political faction with its own military wings and sub organizations whereas the PA is the official governing authority of the Palestinian territories. As already mentioned, the PA was created as a result of the peace process to serve the Palestinians’ transition to

³² Hamas military commanders in Beit Hanoun; Sh. A, and Ma. A, conversation with author, June 10, 2014. Beit Hanoun.

³³ Jim Zanotti, "CRS Report for Congress: U.S. Foreign Aid to the Palestinians," ed. Congressional Research Service (Washington D.C. 2014), 11.

³⁴ Bureau of Counter Terrorism, "Country Reports on Terrorism 2014," 5, 177-79.

statehood. The various governments that have led the PA have been compromised mostly of Fatah loyalists. Moreover, the vast majority of the PA's security forces personnel, government employees, and government ministers have been affiliated with Fatah in one way or another.

Some Palestinians, particularly the minor factions within the PLO claim that these organizations have their own financial and political hierarchy and independent decision-making. Such organizations have become small and ineffectual. In reality, the decision making power in all three institutions belongs to the Chairman, even if the PLO has an Executive Committee that supposedly determines policy, the executive can just ignore its decisions as he sees fit. Financially, while the U.S. only supports the PA, funds and accounts shift between the organizations. As early as 1995, a U.S. General Accounting Office report to the Chairman of the House Committee on Foreign Relations found that "some of PLO's administrative, military, and social welfare expenses have been subsumed under the Palestinian Authority's budget."³⁵

Another example, an issue that is often brought up by Israel, is that the PA uses American aid money to pay wages and compensations to Palestinian prisoners in Israeli jails to support their families. Humanitarian considerations aside, this represents a violation of the limitations and conditions set by the U.S. since such prisoners are serving jail terms on terrorism charges. In 2013, the issue was brought up in British tabloids by pro-Israel groups; Wizo UK, an international women's organization that supports social welfare and education in Israel; and the Zionist Federation, and caused rather a scandal.³⁶ The British Department for International Development denied such allegations saying that the nearly \$50 million annual aid is used to pay the salaries of PA's civil employees.³⁷ Congress acted in summer 2014 by adding provisions in the *Department of State, Foreign Operations, and Related Programs Appropriations Act of 2015*, which required the Secretary of State to reduce aid to the PA "by an amount the Secretary determines is equivalent to that expended by the Palestinian Authority in payments to individuals and the families of such individuals that are imprisoned for acts of terrorism or who died committing such acts during the previous

³⁵ U.S. Government Accounting Office, National Security and International Affairs Division, *Foreign Assistance: PLO's Ability to Support Palestinian Authority is Not Clear*, GAO/NSIAD-96-23 (Washington D.C.: General Accounting Office, 1995).

³⁶ Edwin Black, "How British and American Aid Subsidises Palestinian Terrorism," *The Guardian*, November 11, 2013. ; Jack Doyle, "Palestinians 'Give Our Foreign Aid Money to Convicted Terrorists': Cash is Given to Inmates in Israeli Prisons," *The Daily Mail*, April 27, 2014. WIZOUK; Wizouk website, "Who we are." www.wizouk.org, [22.02.2016].

³⁷ International Development Committee- House of Commons, "The UK's Development Work in the Occupied Palestinian Territories," in *DFID's Funding to the Palestinian Authority* (Online: Parliament).

calendar year.”³⁸ Abu-Joda Al-Nahal, a member of Fatah’s Revolutionary Council, and one of its prominent leaders in the Gaza Strip refused such allegations altogether saying that the budgets of these institutions remain separate.³⁹

Origin of Aid

Officially, American foreign assistance is not intended for the use of the PLO, it is strictly provided to assist the PA. Aid began to flow to the PA following the signing of the Oslo Accords between PLO Chairman, Yasser Arafat and Israeli Prime Minister, Yitzhak Rabin in Washington in 1993, though the U.S. had for long been providing millions of dollars to the United Nations Relief and Work Agency (UNRWA). President Bill Clinton organized an international donor conference for the purpose of securing financial aid to help the PLO with the transition process from a quasi-state institution to a fully functioning government over the territories Israel would evacuate as required by the peace agreements.⁴⁰ The donors included the U.S., the E.U., Japan, Norway and Saudi Arabia.⁴¹ Clinton managed to secure \$2 billion; the amount was later increased to \$3.6 billion over a period of five years for developing the Palestinian infrastructure, security, economy and other aspects of life in the Palestinian territories.⁴² Despite the contributions of other states and organizations present at the conference, the two main contributors were the United States with 15 percent, and the European Union with an astonishing 40 percent.⁴³

This study’s analysis argues that aid was justified under three rationales; paying for peace, paying for compromise, and paying for humanitarian assistance, which also had a strong political dimension. Furthermore, the study introduces a new paradigm for

³⁸ U.S. House of Representatives, U.S. House of Representatives, *H.R.5013- Making Appropriations for the Department of State, Foreign Operations, and Related Programs for the Fiscal Year Ending September 30, 2015 and for Other Purposes*, 113 Cong., 2 sess., 110-499 (Washington D.C.: Government Printing Office, 2014), Article 7041- (J3), p.146. See also Senate version of the bill S. 2499, Article 7041- (i3).

³⁹ Abu- Joda al-Nahal, interview by Ghassan al-Zaanin, February 2, 2016, Gaza City. (Interview was conducted on behalf of author)

⁴⁰ Scott Lasensky, "Underwriting Peace in the Middle East," *Middle East Review of International Affairs* 6, no. 9 (2002): 92, 93, and 94. And Husam S. Zomlot, "Building a Palestinian State Under Occupation: Reassessing the Oslo Process," in *The Failure of the Two-State Solution: the Prospects of One State in the Israel-Palestine Conflict*, ed. Hani Faris (London: I.B. Tauris, 2013), 49. And, Abd al-Salam Majali, Jawad Ahmed Anani, and Munther J. Haddadin, *Peacemaking: the Inside Story of the 1994 Jordanian-Israeli Treaty*, U.S. ed., International and Security Affairs Series (Norman: University of Oklahoma Press, 2006), 243-44.

⁴¹ Scott Lasensky, "Paying for Peace: The Oslo Process and the Limits of American Foreign Aid," *Middle East Journal* 58, no. 2 (2004): 220.

⁴² Palestinian National Authority, Ministry of Planning and International Cooperation (MOPIC), "MOPIC's 2000 First Quarterly Monitoring Report, "May 2000, Ramallah. Quoted in "Underwriting Peace in the Middle East," 93.

⁴³ House of Commons Foreign Affairs Committee, *Foreign Policy Aspects of the War against Terrorism: Foreign Report of Session 2005-2006, Report Together with Formal Minutes, Oral and Written Evidence*, HC 573 (London: The Stationary Office Limited, 2006), 158.

understanding and explaining American aid to the Palestinians, and the role it has played in the development of American-Palestinian relations in three overlapping historical phases based on these rationales. The first phase is the Humanitarian Phase, the second is the Development Phase, and the final is the Security Phase.

Phase One, "Humanitarian Phase"; the humanitarian rationale is based on the fact that the Palestinian population is made up of refugees and displaced persons as a result of the wars that occurred in the Middle East in the last 60 years, most notably the 1948 and the 1967 wars. These refugees, who still live in refugee camps in the Gaza Strip, West Bank, Lebanon Jordan, and Syria, have been receiving assistance from UNRWA. Ever since its induction in 1949, UNRWA has helped provide health and education services to Palestine refugees from donations by the international community to ease the suffering of Palestinian refugees and provide life necessities.⁴⁴ American foreign aid has been flowing to the Palestinians for over 60 years as part of U.S. contributions to the UN and its sub-organizations, representing approximately 20 percent of UNRWA's total budget.⁴⁵

This research argues that until the 1970s, the U.S. dealt with the Palestinian issue as a humanitarian issue; a problem of refugees displaced as a consequence of the founding of Israel. If the Palestinian issue were dealt with as a mere refugee crisis, the question of Palestinian statehood would not have to be answered. The research attempts to answer the question whether this policy was based on denial, ignorance, or perhaps both. Anthropologist Ilana Feldman at D.C.'s George Washington University argues that aid in this case made the Palestinian question a humanitarian rather than a political one. According to Feldman, there is a "paradox of humanitarian action... by providing aid, you can keep a conflict going, it is not specific to Palestine, but you can see it there. You make it possible for life to go on, you stand in the way of conflict to come to an end."⁴⁶ In other words, by providing aid to keep the Palestinian refugees in these camps, and providing UNRWA and neighboring countries with assistance to deal with this *humanitarian* problem by settling these refugees, questions of Palestinian statehood, and the political rights of the Palestinian nation would not have to be answered. It is for this reason that many of my relatives I spoke to regarding their flight in 1967 refused food and other forms of assistance provided, fearing that doing so would enforce the refugee identity.

⁴⁴ UNRWA, "About UNRWA," (Online: UNRWA website).

⁴⁵ "Government Partners, Funding Trends, Key Facts and Figures," (online: UNRWA website).

⁴⁶ Ilana Feldman, interview by author, October 30, 2014, Washington D.C.

The American administrations probably hoped that the Palestinian question would answer itself; with the refugees integrating in the societies they emigrated to given time. This gave rise in American policy circles to the “Jordan Option,” the idea that “Jordan should speak for the Palestinians,” and that Palestinian refugees there would be integrated into the Jordanian society.⁴⁷

The Second Phase, “Development Phase.” The second reason for the post-Oslo donations was to establish a modern Palestinian economy so that Palestinians would taste the fruit of peace. The underlying idea is that once Palestinians begin to enjoy a stable economy, and are able to live a much-improved life, they would be more likely to abandon violence. In other words, if Palestinians taste the fruit of peace, why would they return to the bitterness of war? This sentiment was apparent in a speech delivered on September 20, 1993, by former Secretary of State Warren Christopher at Columbia University that was published in his *The Stream of History*. In his speech, Christopher stated that the “purpose of this conference [would] be to mobilize resources needed to make the agreement work. The international community must move immediately to see that the agreement produces tangible improvements in the security and daily lives of the Palestinians and the Israelis.”⁴⁸ The agreement, according to Christopher must be “translated into results quickly and vividly.”⁴⁹ In his view, unemployment robs families of hope and fuels extremism. He expected the U.S to “assemble an initial 2-year package worth \$250 million to dedicate to this cause.”⁵⁰

This rationale, as the research later demonstrates, is not new to American foreign assistance. The rationale that development aid would lead to stability, and eventually democratization was used as early as the 1960s to justify assistance to underdeveloped countries in an attempt to contain communism during the Cold War. The research utilizes the principles of Modernization Theory, as advocated by Walt Rostow among others in the CENIS Groups at the Massachusetts Institute of Technology (MIT) in early 1960s, and the process of democratization as explained by Seymour Lipset, to explain the principles and ideas behind this rationale.⁵¹

⁴⁷ William B. Quandt, interview by Author, 07. November. 2014, Washington D.C; See also *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 3 ed. (The Brookings institution and University of California Press, 2005), 6.

⁴⁸ Warren Christopher, *In the Stream of History: Shaping Foreign Policy for a New Era* (Stanford: Stanford University Press, 1998), 84.

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*, 84-85.

⁵¹ Jeffrey F. Taffet, *Foreign aid as Foreign Policy: the Alliance for Progress in Latin America* (New York: Routledge, 2007), 21. Seymour M. Lipset, "Some Social Requisites of Democracy," *American Political Science Review* 53, no. 1 (1959): 75.

The Third Phase, "Security Phase." The final rationale entails providing assistance to the security sector to ensure Abbas' survival at the helm of Palestinian politics. This phase can be said to have begun in earnest after Hamas' takeover of the Gaza Strip. To ensure that scenario does not repeat itself in the West Bank, the U.S. provides Abbas with aid, and has also created the office United States Security Coordinator for Israel and the Palestinian Authority (USSC). As already discussed, Abbas seems to be the U.S.'s best option to reach a peace agreement with Israel, therefore, his position needs to be protected. The problem with this rationale is that this aid has contributed significantly to undermining Abbas' popularity among Palestinians, particularly with the USSC training Palestinian police to combat Palestinian militarism by Hamas, the Islamic Jihad, and even Fatah itself.

This study's paradigm should be understood as a theory with overlapping principles and historical circumstances. The first and second phases, though they were the focus of earlier periods in history, still manifest themselves today. The U.S. still provides aid that is not specifically related to security, such as budget assistance, though as the research demonstrates, most of the PA's budget goes to the security apparatus, and most U.S. aid goes to the security sector anyway.

Literature Review

The complexity, controversy, history, and scale of the Middle East conflict have made the region and its issues the subject of numerous academic and scholarly works. The Israeli-Palestinian conflict in general, and the U.S. involvement in the region in particular, have been well covered in academic literature. The literature itself is diverse, extensive, and in some cases controversial and suffers from bias, especially when it comes to the conflict and the "facts," surrounding it. The fact that the conflict has raged for decades has blurred the line between reality and fiction, between historical facts and nationalist rhetoric and propaganda. There are many works that have fallen into the emotional and personal traps the conflict has set in its long and bloody history, so much so that their work unfortunately falls short of the balance, reason and objectivity that distinguishes academic scholarship. The importance of this project stems from the fact that it compliments and completes the existing literature, while filling some of the gaps, particularly in the historical aspect, while remaining a balanced and an objective account of the impact of foreign assistance on Palestinian politics.

This interdisciplinary study covers an array of subjects that have been studied by scholars from across the various disciplines, led chiefly by historians, political scientists and economists. The dissertation seeks to combine the theories and methods of history and

political science to provide a new understanding of American foreign aid, and its impact on American- Palestinian relations, one that is not constrained by the theories or school of thoughts of any one discipline, but a new integrated and balanced approach.

The two main subject matters in this project are American foreign aid, and the role this aid plays in American-Palestinian relations. To best summarize the literature on the research subjects, this literature review is divided into three main sections; the first is foreign aid in general and American aid in particular; the second category covers the U.S. and Middle East conflict; and the third category will review works that integrate both categories, few as they are.

1. Foreign Aid and U.S. Foreign Aid

Foreign aid literature can be divided into two main categories. The first deals with foreign aid motives, determinants, and allocation and the second focuses on the results and impact of foreign aid.

The fact that countless agencies, governments, non-governmental, inter-governmental, and international organizations are all affected and effective by and in this phenomenon, it comes as no surprise that the in-house researchers and scholars from these organizations have provided numerous works and research studies on foreign aid and most of what relates to it. This sub-field focuses primarily on, to use the title of a 2000 article that always seems to find its way into scholarly work by David Dollar and Alberto Alesina, *Who Gives Aid to Whom and Why*.⁵²

One of the most important works in this field, and is often referred to in this study, is Carol Lancaster's 2007 *Foreign Aid: Diplomacy, Development, Domestic Politics*.⁵³ Lancaster was both a foreign aid scholar and practitioner through working as Deputy Administrator for the United States Agency for International Development (USAID) during the Clinton administration. She travelled regularly with then First Lady Hillary Clinton to less developed parts of the world, and had first-hand account of the workings and doings of the foreign aid establishment. Lancaster's book, besides providing an excellent overall introduction to foreign aid politics and policies, focuses primarily on two issues: the purpose of aid giving, and the political forces that shape this purpose within domestic context. To

⁵² David Dollar and Alberto Alesina, "Who Gives Foreign Aid to Whom and Why?," *Journal of Economic Growth* 5, no. 1 (2000).

⁵³ Carol Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics* (Chicago: University of Chicago Press, 2007).

illustrate this, Lancaster provides a comparative study of the foreign aid structure and history of five major donor countries: Denmark, France, Germany, Japan, and the United States.⁵⁴

Another important work in the field is Alesina and Dollar's article that examines aid determinants and aid allocation by comparing aid motives of the major aid donors in the world according to various variables such as colonial history. They find that aid giving is "dictated by political and strategic considerations, much more than by economic needs and policy performance of the recipients."⁵⁵ Among the determinants for example, they find that colonial history is a crucial factor in aid allocation.⁵⁶ In their study, which covered the years between 1970-1994, the authors find that a third of U.S. aid allocation went to Egypt and Israel, France had given "overwhelmingly" to its former colonies, and in the case of Japan, countries that vote with Japan in the UN receive more aid.⁵⁷ The findings of Alesina and Dollar are very much in accord with the arguments presented in this study. The historical analysis of U.S. foreign aid reveals that US aid has always been dictated by national security and economic considerations rather than humanitarian needs.

Continuing with aid determinants, there is a general agreement among scholars that during the Cold War years, American foreign aid was used primarily to counter Soviet influence (Schraeder, Hook and Taylor 1998; Krueger and Poe 1998).⁵⁸ However, since the end of the Cold War, the motive of American foreign aid began to shift towards spreading American ideals and principles such as democratization, and human rights promotion (Allison and Beschel 1992; Clad and Stone 1993).⁵⁹

There are a number of empirical studies that focus on studying aid allocation, among them is McKinlay and Little's 1977 publication, which finds that American security and military interests were the main determinants of U.S. foreign aid allocation, even more important than economic concerns.⁶⁰ According to their findings, aid is motivated by the donors' interests rather than the recipients' needs.⁶¹ More recently, Randall Stone argued that foreign aid is a means of buying influence. Randall studied the era between the end of the

⁵⁴ Ibid.

⁵⁵ Dollar and Alesina, "Who Gives Foreign Aid to Whom and Why?," 33.

⁵⁶ Ibid.

⁵⁷ Ibid., 55.

⁵⁸ Peter J. Schraeder, Steven W. Hook, and Bruce Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French and Swedish Aid Flows," *World Politics* 50, no. 2 (1998).

⁵⁹ Robert Beschel and Graham Allison, "Can the U.S. Promote Democracy," *Political Science Quarterly* 107, no. Spring (1992); James Clad and Roger D. Stone, "New Mission for Foreign Aid," *Foreign Affairs America and the World*, no. 1992 (1993).

⁶⁰ R. D. McKinlay and R. Little, "A Foreign Policy Model of U.S. Bilateral Aid Allocation," *World Politics* 30, no. 1 (1977).

⁶¹ Ibid.

Cold War and the September 11 terrorist attacks because during this period “geopolitical influence was weakest.”⁶² Randall also makes the argument that smaller countries, or countries with smaller populations are more susceptible to being influenced.⁶³

One aspect of the foreign aid phenomenon remains seriously understudied. Very little literature on foreign aid and public opinion exists, whether the attitudes of the public in donor countries, and even fewer on perception and views of foreign aid in the recipient countries. Milner 2006; Paxton and Knack 2012; and Stern 1998 are some of the few works that cover this understudied aspect of the field.⁶⁴ The Palestinians’ perception of aid is greatly understudied by academics and researchers. Indeed, scholarly works that focus on aid to the Palestinians tend to focus more on the economic effects of aid, rather than the political, and even less so on what Palestinians actually think about it. The significance of this study stems from the fact that it focuses on the Palestinians’ perception, and on the impact foreign aid has had on the standing of its leadership.

The second subfield in the foreign aid literature deals with the results and impact, and is where major disagreements can be found. For every place on planet earth, there seems to be two opposing views on the impact of foreign aid, one positive and the other negative. Seldom can one find agreement on the simplest question when it comes to the impact of foreign aid, whether it works or not. The ongoing debate between opponents and proponents of foreign aid, and the effectiveness of aid in achieving its goals, as diverse as they are, can be summarized by the debate in the works of the two scholars leading the debate; William Easterly and Jeffrey Sachs.

Sach’s *The End of Poverty; Economic Possibilities for Our Time* provides an optimistic and positive account of foreign aid, arguing that what is needed is a “‘Big Push’ in public investments to produce a “rapid step” increase in Africa’s underlying productivity, both rural and urban.”⁶⁵ Sachs believes that an increase in aid allocation to lift countries out of the poverty trap by boosting food production to end famine, improve health and end economic isolation. On the other hand, William Easterly’s, *The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, which was

⁶² Randall W. Stone, "Buying Influence: The Political Economy of International Aid," in *Annual Meeting of the International Studies Association* (San Diego, CA: University of Rochester, 2006), 27.

⁶³ *Ibid.*, 9.

⁶⁴ See Helen V. Milner and Dustin Tingley, "Public Opinion and Foreign Aid: A Review Essay," *International Interactions* 39, no. 3 (2013); Pamela Paxton and Stephen Knack, "Individual and Country-Level Factors Affecting Support for Foreign Aid," *International Political Science Review* 33 (2012); Nicholar Stern, "Development Aid: What the Public Thinks," in *Working Paper 4* (New York:UNDP/ODS: Office of Development Studies, 1998).

⁶⁵ Jeffrey Sachs, *The End of Poverty: Economic Possibilities for Our Time* (New York: Penguin Press, 2005).

published the following year, provides a less optimistic view of foreign aid. In response to Sach's idea of spending big to eradicate poverty, Easterly says "alas, we have already seen this movie, and it doesn't have a happy ending."⁶⁶ The Easterly- Sachs debate is one of the many ongoing discussions and debates on foreign aid and its effectiveness.

2. U.S. and the Middle East Conflict

The second part of the literature review focuses on the U.S. and its role in the Middle East conflict, an area where there is an abundance of literature; yet, scholars and academics would do well to treat some of the publications with a sense of caution. Literature on America's role in the Middle East, though numerous, some of it remains affected by bias. To overcome the problem of bias, one is confronted with two options; either focusing on the works that are considered balanced and unbiased, or focusing on as many works from across the spectrum as possible, and drawing one's own conclusion concerning the stickier points in history.

The research includes works by scholars from various cultural and educational backgrounds; Israelis, Palestinians, Americans, and Europeans. Within the following pages, there are publications that discuss the same event or person and come to different conclusions. This stark difference is best illustrated by two biographies of Yasser Arafat, written decades apart. One is entitled *Arafat: Terrorist or Peacemaker?* by British historian Alan Hart, and the other *Arafat: a Political Biography* by Barry Rubin, and Judith Rubin. The answer to Hart's title is a bit of both, yet with more emphasis on Arafat as a freedom fighter for a just cause.⁶⁷ Barry and Judith Rubin, in a way, attempt to answer the same question, yet seldom do they miss a chance to blame Arafat for the suffering of the Palestinian people and the failure of peace efforts.⁶⁸ No doubt, both books have elements of good analysis in their folds, as well as unverified claims and analyses that seem to be based on personal views rather than the actions and character of the controversial man himself. Both books are used nonetheless, accompanied by three biographies of this controversial terrorist, peacemaker, villain, and hero. There are however more balanced and reliable accounts in the literature. William B. Quandt's *Peace Process: American Diplomacy and the Arab Israeli Conflict*, and Steven L. Spiegel's *The Other Arab Israeli Conflict*, both provide excellent historical accounts of U.S. foreign policy in the Middle East, the former since 1967

⁶⁶ William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006), 50.

⁶⁷ Alan Hart, *Arafat: Terrorist or Peacemaker*, 2 ed. (London: Sidgwick and Jackson, 1984).

⁶⁸ Barry Rubin and Judith Colp Rubin, *Yasir Arafat: a Political Biography* (New York: Oxford University Press, 2003).

and the latter since the administration of President Harry S. Truman until the presidency of Ronald Reagan in 1981.

3. U.S. Aid to the Palestinians

While the conflict and America's involvement have been extensively studied, U.S. foreign aid within the context of the Middle East conflict has received, in the words of Scott Lasensky, "scant attention."⁶⁹ With few exceptions, such as the works of Anne Le More, Rex Brynen, Michael Keating, and Scott Lasensky, the role of foreign aid in the Middle East conflicts remains substantially understudied. There are a number of publications that deal directly with this topic, albeit on different levels and to varying degrees of emphasis.

Stephen M. Walt's 1989 book, *The Origins of Alliances*, argues that states form alliances based on threats, rather than power, thereby replacing the balance of power theory with the balance of threat. Walt elaborates on the role of aid in the formation of alliances, especially in the Middle East during the Cold War era.⁷⁰ Nicole Ball, and Jordana D. Friedman in David Cortright's *The Price of Peace: Incentives and International Conflict Prevention*, demonstrate the power of political and economic incentives in resolving some of the most complicated conflicts, while at the same time argue that the success of such incentives varies by case depending on the circumstances.⁷¹

On foreign assistance to the Palestinians, and American foreign assistance in particular, there is a number of academic works, most of which tend to focus more on the economic consequences, rather than the political effects of aid on Palestinian politics, which is the prime focus of this project. Anne Le More's, *International Assistance to the Palestinians After Oslo; Political Guilt, Wasted Money*, argues that foreign aid to the Palestinians has failed to produce substantial improvements due to the Palestinians' dependence on Israeli economy and the various obstacles Israel implements, from roadblocks to settlement construction. Le More, who is also the author of *Killing with Kindness: Funding the Demise of a Palestinian State*, argues that humanitarian assistance, economic development, and reconstruction are poor substitutes for political processes.⁷²

⁶⁹ Lasensky, "Paying for Peace... 2004," 210.

⁷⁰ Stephen M. Walt, *The Origins of Alliances*, ed. Robert J. Art and Robert Jervis, Cornell Studies in Security Affairs (Ithaca and London: Cornell University Press, 1989).

⁷¹ David Cortright, *The Price of Peace: Incentives and International Conflict Prevention*, Carnegie Commission on Preventing Deadly Conflict series (Lanham, Md.: Rowman & Littlefield Publishers, 1997).

⁷² Anne Le More, *International Assistance to the Palestinians after Oslo: Political Guilt, Wasted Money* (London: Routledge, 2008). And "Killing With Kindness: Funding the Demise of a Palestinian State," *International Affairs* 81, no. 5 (2005).

Another important contribution from Le More came in the form of an edited volume with Michael Keating and Robert Lowe; *Aid, Diplomacy and Facts on the Ground: the Case of Palestine*. This 2005 publication contains contributions from scholars on the question of Palestine and foreign aid; Scott Lasensky, Michael Keating, Anne Le More, Nigel Roberts, Rex Brynen, Jimmy Weinblatt and Yossi Alpher, to name a few. The contributors set out to explore the relationship between aid and politics in the Israeli-Palestinian conflict and the economic and political impact of this aid. They provide an excellent analysis of some of the events and policies that have been most influential in the Middle East conflict and question the role aid plays, or ought to play, in achieving political progress.⁷³

There are few scholars who focused intensively, and primarily, on the concepts of aid conditionality, and paying for peace, and fewer still who focused on the impact of foreign aid on the relationship between PA and the U.S., rather than the peace process or Palestinian economy. Daniel Ehrenfeld, Shira Yael Kogut, and Hilary Hove's, *Aid Conditionality and the Peace Process: An Analysis of Its Implementation*, is one of these few works. In their article, the authors examine "the potential of aid conditionality to positively influence peace processes."⁷⁴ They conclude that "peace conditionality is dependent on successful coordination among donors, a solid understanding of the situation on the ground in the recipient countries, and finally on the willingness to act on threats, rewards, and pledges to enhance credibility."⁷⁵

Patrick Clawson, an American economist and Middle East scholar, tends to be more critical of the PA and its regime. Clawson and Gedal examine three kinds of American economic incentives, and the role these incentives play in advancing the cause of peacemaking; economic aid to specific countries, regional summits and regional programs to promote trade and investment.⁷⁶ Clawson and Gedal argue, "economic efforts can be useful in supporting and consolidating progress toward peace, but they will rarely be forceful enough to pave a path from hostility to peace."⁷⁷

⁷³ Michael Keating, Anne Le More, and Robert Lowe, eds., *Aid, Diplomacy, and Facts on the Ground: The Case of Palestine* (London: Royal Institute of International Affairs, 2005).

⁷⁴ Daniel Ehrenfeld, Shira Yael Kogut, and Hilary Hove, "Aid Conditionality And The Peace Process: An Analysis of its Implementation," *International Journal on World Peace* 20, no. 4 (2003).

⁷⁵ *Ibid.*, 59.

⁷⁶ Patrick Clawson, Zoe Danon Gedal, and Washington Institute for Near East Policy., *Dollars and Diplomacy: The Impact of U.S. Economic Initiatives on Arab-Israeli Negotiations*, Policy Paper (Washington, DC: Washington Institute for Near East Policy, 1999), xii.

⁷⁷ Remarks at Washington Institute's Special Policy Forum, Patrick Clawson and Zoe Danon Gedal, "U.S. Economic Initiatives and the Peace Process," ed. Policy Analysis: Remarks by Clawson and Gedal at Special Policy Forum (The Washington Institute, 1998).

Lastly, one of the most important works to be published on foreign assistance to the Palestinian Authority is Rex Brynen's 2000 book, *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza*. Brynen who according to Clawson is "the most knowledgeable non-governmental observer of the Palestinian aid scene," provides a positive account of foreign aid achievements in the Palestinian Territories.⁷⁸ The very detailed study of the process by which foreign aid for peace building is mobilized, coordinated, delivered and allocated, includes criticism of the PA for bloated bureaucracy, inter-ministerial competition, corruption, and political patronage in its various forms. Brynen is also critical of Israel and blames its policy of closure for poor Palestinian economic performance.⁷⁹ Brynen concludes that, "true sustainable development in Palestine can come only with peace."⁸⁰

Finally, the 2006 elections, which can be said to have been the last nail in Fatah's coffin, have been scrutinized by researchers from two main angles; Fatah's own problems and Hamas' rise. Observers, opinion polls before elections, as well as exit polls strongly put Fatah ahead of Hamas. Despite the numerous problems within Fatah, from financial corruption, political patronage, to even accusations by the general public of betraying the Palestinian principles and rights, Fatah was expected to win. Graham Usher's *Democratic Resistance, Hamas, Fatah and the Palestinian Elections*, is one of numerous works that provide an overview of the corruption that led the Palestinians to seek an alternative leadership in Hamas. Usher also outlines the fragmentation within Fatah, and the lack of vision in its leadership as the reasons behind its failure to maintain its hold on the legislative council.⁸¹

This rather short summary of the literature on foreign aid is a mere overview of the plethora of works in the field. This study advances the existing literature in two areas; public opinion and foreign aid, which is in a desperate need for further studies; and the political impact of aid on domestic Palestinian politics. This research also proposes a new paradigm for understanding aid and its role in the evolution of the U.S.'s relationship with the Palestinian question through its aid paradigm perspective which integrates some of the arguments in the existing literature and more importantly proposes new perspectives for understanding the role of aid and its political impact.

⁷⁸ Rex Brynen, *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza* (Washington, D.C.: United States Institute of Peace Press, 2000).

⁷⁹ *Ibid.*, 64.

⁸⁰ *Ibid.*, 222.

⁸¹ Usher, "The Democratic Resistance: Hamas, Fatah, and the Palestinian Elections."

Methodology, Methods and Theory

This part of the introduction is devoted to addressing the methodology and research methods of the project. It would be useful at this point to recall the main questions the study attempts to answer. As already mentioned, the study moves away from the economic impact of aid on Palestinian economy, and evaluating its success and failure, as this issue has been addressed in many academic and institutional publications, and focuses rather on the understudied issue of political impact. The overarching question is; what impact has American foreign aid had on the standing of the Palestinian peace camp, represented by Abbas and Fatah? Has American pressure, based on using foreign aid as reward and as punishment, delivered the general foreign policy objectives? If so, which method has been more successful, providing aid or withholding it?

Literature and Documentary Analysis

A natural starting source for students of American foreign policy is the Department of State's *Foreign Relations of the United States Series*, FRUS. The series provides an official historical record of the diplomatic activities of the U.S. in foreign affairs. The series includes declassified documents as well as presidential papers, and documents from presidential libraries, Department of State, USAID, Department of Defense, and more recently documents by intelligence agencies. FRUS is an extremely useful source for students of U.S. foreign policy. The State Department's Office of the Historian has published FRUS series as electronic books, available for free download on the department's website.

The historical analysis of the American foreign aid establishment, and to a lesser degree American-Palestinian relations, relied on a large number of primary sources that included presidential executive orders, speeches, statements to the press, congressional bills, resolutions, hearings and debates. Gerhard Peters and John Woolley publish many of the presidential documents online in their easily accessible and well-organized *American Presidency Project* database at the University of California, Santa Barbara. Congressional bills, resolutions and debates are also used on numerous occasions to elaborate the crucial role of congress in shaping American foreign policy in general and American foreign aid in particular. The Library of Congress' THOMAS database includes many bills since the 93rd congress in 1973-1974. Earlier hearings and records of congressional debates were also used, some were available online digitalized by Google and the University of Michigan among others, and the rest are available the National Archives and Records Administration (NARA) at College Park, Maryland which the author obtained through an archival visit to NARA.

Sources on early U.S. role in the Middle East, particularly Truman's relationship with Israel can be found at the Harry S. Truman archives in Missouri.

Another important source that came into being in January 2011 was the release by Aljazeera of over 1500 leaked confidential documents from the office of Saeb Erekat, the Chief Palestinian Negotiator. The Palestine Papers contained meeting minutes from negotiations and meetings between Palestinian, American and Israeli officials, hundreds of internal emails, draft agreements, studies and reports. The papers reveal important information regarding the important role of foreign aid in negotiations, and also demonstrate the incredible length the PA is willing to go in the security coordination sector with Israel, and the emphasis the PA places on its security sector. Some of the meetings' attendees included Senator George Mitchell, former United States Special Envoy for Middle East Peace; Lieutenant General Keith Dayton, U.S. Security Coordinator for Israel and the Palestinian Authority, among other U.S. officials.

Finally, the research uses a number of secondary sources in Arabic- identified by "Arabic," in citations. Most of the books used were available at the Library of Congress, which has a large collection of secondary source material in numerous languages. Access to publications on U.S. foreign policy and U.S. Middle East relations in Arabic was severely limited as few of such books made their way into the Gaza Strip, and traveling to Egypt or another Arabic speaking country posed serious difficulties for the author. Al-Zaytouna Centre for Studies and Consultations, founded in Beirut in 2004 has an online collection of books in Arabic, and many of them focus specifically on the Palestinian territories and their economic, political, and social problems, particularly the center's annual *The Palestinian Strategic Report* and *The Palestinian Documents*, which is also an annual publication, both edited by Mohsen M. Saleh. Some of the books published by Al-Zaytouna have been translated into English.

Data Analysis

The research relies on a large amount of data on foreign aid. The Congressional Research Service (CRS) has a number of publications on the U.S. foreign assistance programs, including assistance to the PA. The reports, which are made at the request of members of congress are "leaked" to the public, and are available from a number of websites, including few by the Department of State. The reports are concise, and provide a fair amount of information on the amounts and programs of U.S. assistance in general, including aid to the PA. The Federation of American Scientists' (FAS) has the largest collection of these reports.

FAS is a Washington D.C. based organization that was founded in 1945 by scientists who worked on the Manhattan Project, which developed the first nuclear bomb. Their purpose, according to their website is to promote a safer world by “providing science-based analysis of solutions to protect against catastrophic threats to national and international security.”⁸²

The core of the actual data however, came from USAID and the Department of State’s budget requests and reports. The two institutions publish foreign assistance reports that contain data on quantities and distribution of U.S. foreign aid. USAID has a dedicated website that is informally known as the Greenbook. The website provides data on U.S. overseas loans and grants and includes “Foreign Aid Trends” and “Foreign Aid Explorer,” two interactive tools that are extremely useful for students of American foreign aid. It is user friendly and contains valuable information on amounts of aid, aid recipients, aid programs and the different agencies and departments and how much each spends on foreign assistance.

The study also relies on State Department publications on budgetary issues such as the annual *Congressional Budget Justification Department of State, Foreign Operations, and Related Programs*. As implied in the title, the State Department submits such reports annually to congress to request funds for the upcoming fiscal year. The reports are readily available online on the State Department’s Budget and Planning International Affairs Budget homepage and include reports from FY 2002 to FY 2017. The State Department also provides testimonies by current and former secretaries before congressional committees on appropriations and foreign relations. The Project on Middle East Democracy, a Washington D.C. based think-tank, provided a number of the organization’s federal budget and appropriations studies, which also contain valuable data on U.S. aid spending in the Middle East in general.

For the Palestinian public’s views on most issues, the research includes a number of public opinion polls conducted in the last 20 years by numerous Palestinian, Israeli and international research institutions such as; the Palestinian Center for Public Opinion; The Palestinian Center for Policy and Survey Research which conducts joint polls with the Harry S. Truman Research Institute for the Advancement of Peace at the Hebrew University in Jerusalem; The Jerusalem Media and Communication Center; An-Najah National University’s Opinion Polls and Survey Studies Unit; and Fafo, a Norwegian research institute based in Oslo, among others. Most, but not all, of the opinion surveys conducted in the Palestinian territories have a sample population of approximately 1000 participants divided

⁸² Federation of American Scientists, "About FAS," (Online, FAS' website).

according to the population of the Palestinian Territories; approximately 40 percent in Gaza and the other 60 percent in the West Bank.

The difficulty arises when investigating PA finances, and venturing further into the finances of the PLO in earlier decades is near impossible. It is easier for a camel to pass through the eye of a needle than for a scholar to find data, and gain access to PLO finances. The world of PLO finance, historically, and contemporarily remains secretive with a severe lack of transparency when it comes to income and expenditure, and its exact figures and numbers are also a matter of speculation. Neither the PLO, nor PA, nor Fatah for that matter have a transparent financial system where scholars can find the financial data they require for their studies. Some scholars have ventured into this realm but their data is not always trustworthy, and their findings seem to be too politically oriented than actual academic research. The World Bank and the International Monetary Fund (IMF) publish reports on Palestinian economy and the projects, loans and grants they conduct and provide. Their reports are also readily available online. The Palestinian Ministry of Finance, and also the Ministry of Planning and International Cooperation have released budgetary reports over the last few years and the Palestinian Bureau of Statistics provide some economic and social data, but such reports are focused on the PA, rather than the PLO or Fatah.

Interviews

It was not surprising therefore that the Fatah leaders who were interviewed were rather uncomfortable with budgetary questions, that is if they knew much about such issues in the first place. Some attempted to avoid the questions all together, others answered with patriotic slogans. The research relies on a number of interviews with academic experts, and current and former policy makers, and some who happened to be both, from both the United States and the Palestinian territories. Dr. William B. Quandt, who has been involved in the Middle East conflict since the 1960s as an academic and researcher, as well as an advisor to presidents Nixon and Carter through his position as a member of the National Security Council, is one of a number of experts interviewed during the research phase of this project. The experts also included Anthropologist Ilana Feldman of George Washington University, who focuses on the problems associated with humanitarianism in foreign aid and Dr. Mohammed Rabie, a Palestinian American scholar who, together with Quandt, played an important role in bringing about the first official communication between the U.S. and the PLO during the presidency of Ronald Reagan. Khaled Elgindy at the Brookings Institution is another expert. Elgindy had worked as an advisor to the Palestinian leadership during

negotiations, and he was present during some of the meetings whose minutes were leaked in the Palestine Papers.

On the Palestinian front, the list includes Abu Juda Al-Nahal, a member of Fatah's revolutionary Council and a prominent Fatah leader in the Gaza Strip. Dr. Atef Adwan, who occupied cabinet level position within the Hamas led government.⁸³ Dr. Ahmed Yusuf, an American educated former advisor to Ismail Haniya, the former Prime Minister of Gaza and the second highest ranked Hamas official, was also among those interviewed. Yusuf is little liked in Hamas, as his views tend to be more liberal than his fellows in Hamas' higher tiers. The purpose of studying the financial politics of other Palestinian factions, Hamas and the PFLP for example, is to examine their ability to resist aid conditionality in comparison to Fatah, and evaluate the extent of foreign aid impact on the independence of the Palestinian decision making process. Since "impact," in this case cannot be measured in numbers, a parallel study of the decisions taken on part of Fatah and other Palestinian factions through a number of examples can prove useful.

Finally, this research also includes discussions from email correspondence with academics such McGill University's Rex Brynen, and Dr. Ramzy Baroud, who has written extensively on the subject of PA corruption.

In order to illustrate the impact of the use of American foreign aid on Palestinian politics, and the standing and popularity of President Abbas, and President Arafat before him, the research describes and analyses a number of examples when the use of foreign aid had unintended consequences, particularly fueling public sentiments against the Palestinian leadership. The reason for this sentiment, or at least it was so perceived, was a result of Arafat and Abbas' failure to resist American pressure, or their desire to gain financial assistance, particularly for the security sector of the PA. Furthermore, the project provides an analysis of the Obama administration's handling of foreign aid in light of the recent political upheavals in the Middle East, particularly in Egypt due to the ramifications of this policy on the use of American aid as a weapon in the American diplomacy arsenal.

The first of these examples is the so-called "security coordination," between the PA and Israel. Since the formation of the PA, a security department devoted to coordinating security matters between Israel and the Palestinians was formed. This "coordination," has never been popular among Palestinians, who see it as a means to help Israel arrest members of the Palestinian fighting factions, and a way to protect Israel's security at the cost of

⁸³ For disclosure: Prof. Dr. Atef Adwan is a relative of the author.

Palestinian lives.⁸⁴ The released Palestine Papers showed the extent to which the PA was “coordinating,” when it assisted in the assassination of the commander of Fatah’s own military wing in the Gaza Strip, as well as the killing of six Hamas militants in the West Bank, for which a Hamas spokesman labeled Abbas “a loyalist to the Zionists.”⁸⁵ Abbas himself sees the cooperation as “sacred,” and has vowed that it would continue whether the Palestinians and Israelis agreed on policy or not.⁸⁶

It has been condemned by Palestinian political and military parties, amid calls for suspending it on regular basis. What intensified the situation was the formation of what Palestinians call the Dayton Police, or the Dayton Army, in reference to Lieutenant General Keith W. Dayton of the U.S. Army who served as the United States Security Coordinator for Israel and the PA between 2005 and 2010. Dayton assisted in the training of Palestinian security personnel, especially after Hamas’ takeover of the Gaza Strip in 2007.⁸⁷ The coordination has an important value to the Palestinians, but most of them are ignorant of its benefits, since Israel helps with the treatment of thousands of Palestinians a year, goods and services entering the Gaza Strip, are also supervised by the security coordination forces.⁸⁸

Another case study that sheds light on America’s use of foreign aid was the attempt to dissuade the PA from joining the United Nations and other international organizations such as the International Criminal Court (ICC). The U.S. threatened to suspend, and did suspend, funding to the PA, and to any international organization that voted to recognize Palestine as a state. In 2011, the United Nations Educational, Scientific, Cultural Organization, (UNESCO), for example lost 22% of its budget as a result of recognizing Palestine, accounting to \$80 million a year.⁸⁹ While Indonesia, Norway, Saudi Arabia, and Turkey have attempted to cover the budget deficit caused by losing American support, the organization is still suffering from severe budgetary problems leaving it unable to carry out some of its projects.⁹⁰ Consequently, in November 2013, both the U.S. and Israel lost their voting rights in the organization for failing to pay their dues.⁹¹

⁸⁴ al-Nahal, "al-Nahal interview, Gaza City, February 2016."; Yousef, "Ahmed Yousef, interview by author, Gaza City, July 2014."

⁸⁵ Suhaib Salem, "Six Killed When Abbas Forces Hit Hamas," *Reuters*, May 31, 2009.

⁸⁶ Elhanan Miller, "Abbas Vows to Uphold 'Sacred' Security Coordination with Israel," *The Times of Israel*, May 28, 2014.

⁸⁷ Nathan Thrall, "Our Man in Palestine," (Online: The New York Review of Books, 2010).

⁸⁸ Neri Zilber, "What Will Happen If the Palestinians Really End Security Cooperation?," *The Tower* 2015.

⁸⁹ Colum Lynch, "UNESCO Votes to Admit Palestine; U.S. Cuts off Funding," *The Washington Post*, 31.10.2011 2011.

⁹⁰ John Irish, "UNESCO Chief Says U.S. Funding Cuts 'Crippling' Organization," *Reuters*, 11.10.2012 2012.

⁹¹ Reuters/Ibraheem Abu Mustafa, "U.S., Israel Lose Voting Rights at UNESCO over Palestine Row," (Paris: Reuters, 2013).

The research also focuses on the Goldstone Report Controversy. Following the 2008/2009 Gaza War, a UN fact-finding mission found that Israel and Hamas had committed war crimes during the three-week war.⁹² A vote on the report would have, eventually, even maybe, led to the prosecution of Israeli leaders as war criminals, something neither the U.S. nor Israel were pleased about, despite the improbability of something like that happening. To that end, President Mahmoud Abbas withdrew the report before the vote, and requested that the vote be postponed. Outraged by their president's action, Palestinians took to the streets in protest.⁹³ The Palestine Papers reveal the role of foreign aid in this process.⁹⁴

The problems policy makers face with foreign aid became apparent during the wave of social, political and economic upheavals that swept the Middle East in the last few years, and again brought the question of foreign assistance to the forefront in American foreign policy discussions. On multiple occasions, the administration of President Barack Obama had to decide whether to use foreign aid to influence the events that were quickly unfolding on the ground, particularly in Egypt, one of America's closest allies in the region, and a country of immense geopolitical importance. The tension in American-Egyptian relations was met with renewed interest from Russia following the ousting of Mohammed Morsi by the Egyptian military in July 2013.⁹⁵ The purpose of discussing the Egyptian case is to demonstrate the importance of foreign aid in the conduct of international relations and the different obstacles and conundrums policy makers face with the use of this tool. The research briefly addresses this crisis and evaluates the Obama administration's use of foreign aid.

The fact that the Palestinian Authority and its systems are neither democratic nor transparent presents a problem when gathering financial data. Since the study is concerned with the standing of a political party, it would have been a much easier task to do this study on the Democratic and Republican parties for example. While the study relies on public opinion surveys, expert opinions, and general reaction to policies among Palestinians to investigate the research question, it would have been much easier to measure this impact if the PA held free and fair elections on regular basis so one can truly see the impact at the ballot box. Such elections do not even have to be nationwide, or even for the legislative

⁹² "Human Rights in Palestine and Other Occupied Arab Territories: Report of the United Nations Fact-Finding Mission on the Gaza Conflict," (Online: The United Nations General Assembly, 2009), 38.

⁹³ Mohammed Salem, "Abbas on the Ropes as Palestinians Vent Anger," *Reuters*, October 7, 2009.

⁹⁴ Aljazeera Investigations- The Palestine Papers, The Palestine Papers, *Meeting Summary: Dr. Saeb Erekat & Senator George Mitchell, State Department*, Vol. Document 4842 (Online: Aljazeera).

⁹⁵ David Schenker and Eric Trager, "Egypt's Arms Deal with Russia: Potential Strategic Costs," (The Washington Institute for Near East Policy, 2014).

council, but even for labor unions, professional associations, or at local municipal level, the PA governments in Gaza and Ramallah have not permitted any.

One of the main problems scholars of contemporary Middle issues face is simply the quick succession of events, which makes writing anything on the conflict difficult. As Michael Keating rightly points out, “publishing anything on the Israeli-Palestinian conflict is a risky venture. The chances are high that words will be overtaken by events before the ink is dry.”⁹⁶ Indeed, the constantly evolving state of affairs in the Middle East can prove a formidable obstacle. For instance, in the time working on this project, the Middle East has undergone an era of revolutions and geopolitical developments, labeled the “Arab Spring” that cannot be entirely disconnected from this project. On more than one occasion, America threatened to suspend, and at a later point actually did suspend foreign assistance to Egypt following Abdel Fattah el-Sisi’s military coup d’état against the elected government of Mohammed Morsi.⁹⁷ Washington would eventually resume its military assistance to Egypt in early 2015, partly because that left room for Russia to move in and expand its influence.⁹⁸

A major challenge was doing research in the Palestinian Territories. The most critical problem the project has encountered is the lack of data and archives on the Palestinian side, combined with the fact that there are *two* de facto governments, some with two websites and different archives and settings, that is in the rare case of actually having any archives. For instance, the Palestinian Ministry of Planning and International Cooperation had an excellent website that provided data on foreign assistance received by the PA, but unfortunately, the website is no longer active. Finding records of hearings of the Palestinian Legislative Council also proved impossible, as many records were lost during Israeli bombardments of the PLC building in Gaza City, therefore in many instances the research relies on local media; newspapers and news agency websites and their archives instead of official government documents.

The security situation in the region does not provide for a safe environment for academics and researchers. The last research trip for this dissertation was in June 2014, approximately two weeks before the start of the 2014 War. Finding Hamas and Fatah leaders during the campaign was not an easy task. The travel situation makes it all the more difficult. As a Gazan, I had been denied the permission by the Israeli government to enter the West

⁹⁶ Keating, More, and Lowe, 2008, 1.

⁹⁷ Jim Sciutto and Elise Labott, "U.S. to Cut Some Military Aid to Egypt after Coup, Turmoil," (Online: CNN October 9, 2013).

⁹⁸ Missy Ryan, "Obama Administration Ends Long Hold on Military Aid to Egypt," *The Washington Post*, March 31, 2015.

Bank and conduct interviews there. Egypt and Israel have imposed a blockade around the tiny strip and Egypt seldom bothers to open the Rafah crossing between Egypt and Gaza to permit Gazans to leave, or enter, leaving the author no choice but to conduct some of interviews by telephone and relying on a research assistant to ask the questions and record the answers.

Detaching oneself from the realities and experiences of the last 25 years and producing work that is purely academic in nature on subjects as controversial as foreign aid and the Middle East dispute may indeed raise some eyebrows. The author strives to accomplish this hard task by examining the histories, facts, and realities both real and distorted, from an academic standpoint. To that end, certain steps to ensure the fairness of this research have been taken to avoid the trappings of writing a project of this scale. For example, all the names of the wars that have taken place in the Middle East are named according to the year in which they took place, while at the same time mentioning the names of these conflicts according to the belligerents. The 1973 War for example, is referred to it as such, rather than the Ramadan War, as it is called in Egypt, or the Yom Kippur War, as it is known in Israel.

Another way to avoid balance is conducting the historical method of source criticism by consulting as many sources on matters, especially the controversial kind, as possible. If the two views are at extreme odd, both of them will be described and analyzed. For example, the 1967 War, considered in Israel and the United States as a preemptive measure on part of Israel, and therefore legal and just, while the Arabs argue that it was a preventative measure, and therefore illegal. In such situations, both points of view will be provided and discussed.

There is also the problem with the term "Palestine." Using the term contemporarily gives the impression that one is pro-Palestine, or anti-Israel, or both. In this study, when the term is used, it refers to that particular area of the Middle East prior to the establishment of Israel. To refer to that area after 1948, the study uses the term "Palestinian Territories," since Palestine as a state does not exist, or at least the U.S. does not recognize it as such, nor does Palestine have a full member status in the UN. When "occupied" is used, it refers to the West Bank and Gaza prior to the signing of the peace accords, particularly when it comes to settlements, which have been deemed illegal under international law. The conflict itself is referred to, in alphabetically order, as the Arab-Israeli conflict, or the Israeli-Palestinian, or "Israel's conflict with the Palestinians." The term "Middle East," in this study refers to the area that encompasses southwest Asia that encompasses the Levant, the Arabian Peninsula, Iran and Turkey, and Egypt in North Africa. The Middle East is sometimes referred to as the

Near East in American governmental records, as opposed to the Far East, which encompasses East Asia.

Structure

The project is divided into two main parts. The first, “Theory and History” is made up of the first three chapters and provides the theoretical framework and the historical foundations for the study. Part two, “Policy; Theory and Practice,” provides an account of American-Palestinian relations, both historically and contemporary, the role foreign aid has played in the development of these relations, and its impact on domestic Palestinian politics and the standing of its leadership.

A natural starting point for a study on foreign aid is “Conceptualizing Foreign Aid.” Chapter one defines foreign aid and explores the different aspects and types of this phenomenon. Several definitions from different scholars and organizations are discussed, and their strengths and weaknesses thoroughly analyzed. The chapter answers some of the foundational questions in the study of foreign aid: Who gives aid? Who receives it? For what purpose is aid given? What doctrines, or rationales justify such voluntary transfer of a country’s own resources to another. The chapter concludes with a discussion of foreign aid in major International Relations schools of thought, and how the three main International Relations theories; Realism, Liberalism, Constructivism, among others, explain the idea, role and purpose of foreign aid in the conduct of international relations.

Chapter two, “History of U.S. Foreign Assistance,” explores the United States’ historical involvement in the realm of foreign aid, since the first instance when the U.S. sent aid to foreign country during the Haitian Revolution, until the approval of the 2016 foreign aid budget. The chapter provides a historical account of the major developments, and evolution of the contemporary U.S. foreign establishment while paying special attention to historical periods, individuals, and legislations that played a role in the process. The chapter tracks the changes, not only in the structure of the foreign aid establishment, but also in the purpose, rationale, and emphases of the aid program, particularly during the Cold War and the new world order following the dissolution of the Soviet Union. It discusses the changes of emphasis in the role of aid in different inter-related policy objectives, such as containing communism, economic development, human rights promotion, and finally combating terrorism.

Chapter three focuses on the contemporary foreign aid establishment. Its purpose is to explain the rationale and objectives of the current aid and the different programs, categories,

and mechanisms employed by the U.S. government to deliver the various types of American foreign assistance from grains to guns. It also discusses the important ways in which domestic politics in the U.S. influences the foreign aid program, and examines how the ideals of the two major political parties in the U.S. differ on aid issues, and the impact of these beliefs on aid programs. The chapter also provides an account of the major players involved in making foreign aid policies, such as the executive branch and its federal agencies and departments, as well as congress and the different appropriation committees and the Congressional Budget Office. The chapter concludes with a discussion of the outlook of the aid program in president Obama's 2016 federal budget.

Part two of the study "Policy and Practice," begins with the fourth chapter, which provides a historical account of the early U.S. involvement in the Middle East and the developments of American-Palestinian relations that culminated in the first official diplomatic contact between the PLO and the Reagan administration. The position and importance of the Middle East ensured it would be a land of competition and debate between the U.S. and its allies on the one side, and the USSR and its allies on the other. The chapter elaborates on the different Palestinian factions and their loyalties to the different Arab regimes, based on these regimes' financial support. It demonstrates how these regimes used their support for these factions to advance their own foreign policy interests using financial assistance. The chapter also discusses the role of foreign assistance in achieving and maintaining the Egyptian-Israeli peace agreement during president Carter's term in office.

Chapter five, "The Road to Decline," focuses on the post Oslo period from 1993 to the present. It begins with a discussion of the origins of American aid to the Palestinian Authority following the donor conference that followed the signing of the Oslo agreement. The chapter focuses on the leadership of Yasser Arafat and the internal as well as the external problems Fatah faced that led to its eventual failure in the 2006 election. The chapter also pays attention to the rise of Hamas and the historical developments in American-Palestinian relations following the Islamic movement's victory in the 2006 elections.

Based on these developments, the final section of the chapter provides a discussion based on the previous chapters. The project analyses a number of case studies when foreign aid was used to achieve certain policy objectives. The discussion evaluates this use, its successes and failures, as well as the consequences of using this mean of statecraft. These events are directly linked to American foreign aid and its use. Of special notice is the security cooperation between the PA and Israel, which has proved more detrimental to Abbas than any of the other policies related to foreign assistance.

This research is not an attempt to undermine the successes and unbelievable amount of energy and effort aid workers, whether as a part of the American aid structure or other institutions, in assisting desperate people across the world and in the Palestinian Territories in particular. Rather, it is an attempt to show the falls and shortcomings as well as the unintended consequences of this process on behalf of the policy makers rather than the aid organizations or the aid workers. The author of this project is himself a product of foreign aid. I was born and raised in the Gaza Strip, I went to UN schools for education and UN clinics to receive medications and vaccinations, and now I have come to learn that nearly 22% of the money UNRWA spent on me was American taxpayers' money. At the age of ten, I watched, in horror, as bulldozers tore our muddy street where we played football daily, and replaced the mud that saved us from many a fall, with bricks as a part of an infrastructure reconstruction project. It was the first time in my life that I first heard of the United States Agency for International Development (USAID), and needless to say, I had very little liking for it at the time for destroying our football field.

1. Conceptualizing Foreign Aid

*“Of the seeming and real innovations which the modern age has introduced into the practice of foreign policy, none has proven more baffling to both understanding and action than foreign aid.”*⁹⁹

- Hans Morgenthau, 1962

Never in the history of hitherto existing human civilizations has the wealthy countries transferred such large amounts of financial support to the poorer countries “unilaterally and non-reciprocally,” until the 20th century.¹⁰⁰ Indeed, the idea of foreign aid is not new in and by itself, what is new however are the scale of the contributions, as well as the rationale and objectives behind them. These features make the 20th century’s form of foreign assistance unlike any in the history of international relations.¹⁰¹ Countries have always bribed one another, sought allies in wars by providing financial and military support, and paid handsomely to exert their influence beyond their borders.¹⁰² Furthermore, the 21st century is promising to bring further changes in who gives aid, why it is given, aid organization and delivery and also its size and scale.¹⁰³

The history of *modern* foreign aid is the history of changes in the international order that occurred during the 20th century, particularly following WWII. The emphasis on the word *modern* serves to avoid a mistake that some scholars have made in discussions of the history of foreign aid when they argue that foreign aid is a post WWII phenomenon. It is not. As Riddell rightly points out, dating the start of foreign aid at the late 1940s ignores the overall aid efforts made by voluntary associations prior to the 1940s.¹⁰⁴ And it also disregards official assistance provided from government to government prior to the 1940s. Yet, as chapter two demonstrates, the emergence of the United States as a major power in the first decade of the 20th century, the growth of its economic and military might through

⁹⁹ Hans J. Morgenthau, "A Political Theory of Foreign Aid," *The American Political Science Review* 56, no. 2 (1962): 301.

¹⁰⁰ David Halloran Lumsdaine, *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989* (Princeton ; Chichester: Princeton University Press, 1993), 216. And D. K. Fieldhouse, *The West and the Third World: Trade, Colonialism, Dependence, and Development*, History of the Contemporary World (Oxford, UK ; Malden, Mass.: Blackwell publishers, 1999), 227. And Jean-Philippe Therien, "Debating Foreign Aid: Right versus Left," *Third World Quarterly* 23, no. 3 (2002): 449.

¹⁰¹ Carol Lancaster, "Sixty Years of Foreign Aid: What Have We Learned?," *International Journal* 64, no. 3, New Perspectives on Canadian Security Studies (2009): 799.

¹⁰² Earlier forms of foreign assistance took place during the 18th and 19th centuries. European powers in the 19th century provided large sums to their colonies, to ultimately boost the colony’s economic productivity. Earlier still, military assistance was a common form of foreign aid.

¹⁰³ Carol Lancaster, "Foreign Aid in the Twenty-First Century: What Purposes?," in *Foreign Aid and Foreign Policy: Lessons for The Next Half-Century*, ed. Louis A. Picard, Robert Groelsema, and Terry F. Buss (Armonk, N.Y.: M.E. Sharpe, 2008), 39.

¹⁰⁴ Roger C. Riddell, *Does Foreign Aid Really Work?*, (Oxford ; New York: Oxford University Press, 2007). 25.

the two world wars, the Cold War, decolonization, the collapse of the Soviet Union, and the accelerated rate of globalization, have all played a role in the evolution of the contemporary empire of assistance.

This chapter focuses on conceptualizing foreign aid, and providing the theoretical framework that will serve as the basis for the remainder of the research. The purpose of the chapter is to explain the complex and intriguing aspects of the nature of foreign aid. For the explanation of this behavior and its impact on international affairs, the research uses international relations theories; realism, liberalism, constructivism and world systems analysis to make sense of this phenomenon. It also analyzes the role of aid in the conduct of international relations, particularly to answer the question of why countries give aid. The chapter begins by defining foreign aid and the problems associated with defining it. A number of definitions from scholars and institutions is provided, followed by a discussion of the shortcomings of each of these definitions. The study then explores the different types, categories and forms of foreign assistance, and the major differences between them. The chapter concludes with a discussion of the political nature of foreign assistance, and the role of aid in international politics.

1.1. Defining Foreign Aid

It is extremely difficult to find one comprehensive definition of foreign aid. Despite the fact that different institutions, governments, and scholars have provided numerous definitions, the problem of making sense of these definitions remains. In other words, the different definitions are read and understood differently by the different people involved in this massive process. Moreover, a government official in a donor country is likely to provide a different definition from their counterpart in a recipient country. A liberal definition is also likely to be different from a conservative one; a realist practitioner or student of realism's definition will also differ from that of a constructivist or a Marxist's.

Carol Lancaster rightly points out that though foreign aid is thought of as a policy, it is a tool of policy, rather than a policy in and by itself.¹⁰⁵ David A. Baldwin, labeled foreign aid as "techniques of statecraft."¹⁰⁶ A Policy is as a set of guiding principles, procedures, regulations, and protocols enforced to achieve and maximize certain values for a society. For example, the values U.S. foreign policy seeks to achieve are a peaceful Middle East, and therefore a secure Israel, and regular flow of oil into American and world markets. How can

¹⁰⁵ Lancaster, *Foreign Aid: Diplomacy...* 2007, 9.

¹⁰⁶ David A. Baldwin, "Analytical Notes on Foreign Aid and Politics," *Background* 10, no. 1 (1966): 66.

such target be achieved? The United States can enforce a resolution on both parties and with the aid of the international community force both Israel and the Palestinians to accept the terms. As a way to achieve this target, the U.S. has various tools at its disposal, from the least likely military option of beating both parties into acceptance, or with the help of other states impose boycotts and leave both the Israeli and Palestinian governments in diplomatic and economic isolation and disarray. Another tool the U.S. could use is foreign aid, whereas the Israelis and the Palestinians are given handsome financial aid packages if they accept, or risk sanctions and loss of the existing aid programs if they refuse. In this sense, foreign aid is not a policy in and by itself, but rather a technique in the business of conducting policy.

The definition of “foreign aid” has changed over the course of the 20th century. For example, when the “rich” United Nations member states agreed to provide 0.7 percent of their Gross National Income (GNI) as development assistance to countries by a 1970 UN General Assembly Resolution, the definition of “official development assistance was to be understood as bilateral grants and loans on concessional terms, and official contributions to multilateral agencies,” it was not meant to include emergency humanitarian assistance or debt relief, yet most contemporary literature on the issue includes such aid in their definition.¹⁰⁷ Furthermore, aid has come to be defined “in terms of security or development policy objectives” for the most part; therefore a clarification must be made at this juncture between some terms associated with “foreign aid,” or “foreign assistance,” such as military aid and development aid.¹⁰⁸

For the purpose of this research, while distinctions between the various types of aid are made, the term foreign aid encompasses all forms and shapes of aid, including military, diplomatic, development, and humanitarian. The distinction that must be made is between foreign aid and development aid. Some scholarly works tend to use the terms interchangeably. This should not be the case. Development aid, as it clearly states in the name, is foreign assistance provided for that purpose, development, in particular economic and social development, for the purpose of improving the living conditions in the recipient country by reducing unemployment and eliminating poverty. Therefore, development aid in this case is a part of the greater foreign aid, or foreign assistance paradigm.

¹⁰⁷ Riddell, *Does Foreign Aid Really Work?* 19.

¹⁰⁸ Tomohisa Hattori, "Reconceptualizing Foreign Aid," *Review of International Political Economy* 8, no. 4 (2001): 633.

1.2. What is Foreign Aid?

Unfortunately, the most commonly used definition of aid by scholars and institutions alike comes from the Development Assistance Committee (DAC), of the Organization for Economic Cooperation and Development (OECD). This international intergovernmental organization was founded in 1961 and is currently comprised of 34 countries, 21 of them are members of the E.U. together with Australia, Israel, Japan, Mexico, Norway, Switzerland, Turkey and the United States among others.¹⁰⁹ Its mission is “to promote policies that will improve the economic and social well-being of people around the world.”¹¹⁰ Essentially, it serves as a forum that brings together governments to coordinate and manage development aid contributed by its members. OECD and its DAC are proponents of free trade, open market, and globalization.

DAC defines Official Development Assistance (ODA), as “financial flows, technical assistance, and commodities that are (1) designed to promote economic development and welfare as their main objective (thus excluding aid for military or other non-development purposes); and (2) are provided as either grants or subsidized loans with at least 25 percent grant element.”¹¹¹

The unfortunate aspect of using this definition, though it is not a fault of DAC, is that it has become the standard definition of “foreign aid.” Scholars tend to use it without specifying that it refers to *development* aid, rather than foreign aid. It has become an “automatic” definition. As early as 1972, Samuel Huntington remarked, “Aid and development came to be so closely linked as to be about interchangeable.”¹¹² As the research explains below, development aid is one dimension of foreign assistance, and therefore the terms should not be used interchangeably lest they lose aspects of their meaning. Not all aid is given for development purposes. Development aid is given for that purpose, it is neither emergency humanitarian aid, nor is it military aid either. It is usually, though not exclusively, provided by the rich countries to poor countries.

One of the major problems in DACs definition is its narrowness for focusing purely on development aid. Perhaps understandably for that reason, since the organization focuses on development. But this definition is being widely used that it has become essential to show its shortcomings. The definition assumes that aid is given for development. That may

¹⁰⁹ OECD, "About OECD: Our Mission," (Online: OECD Website).

¹¹⁰ Ibid.

¹¹¹ Steven Radelet, "A Primer on Foreign Aid," (Center for Global Development, 2006), 4.

¹¹² Samuel P. Huntington, "Foreign Aid for What and for Whom," *Foreign Policy*, no. 1 (1970): 164.

be the case in some cases, but not in all. Furthermore, the definition does not include foreign aid between already developed countries. For example, the United States' aid to Israel, Russia, and South Korea would not fall under DAC's definition since it does not include military assistance, neither does it include "export credits or trade financing, funding for cultural exchanges, remittances, private charity, or funding for covert action by intelligence agencies."¹¹³ ODA's definition does not do credit to the U.S.'s empire of assistance, it is simply not suitable because it falls utterly short of capturing the magnitude of the American aid establishment.

In 2005, Lancaster and Dusen proposed a slightly broader definition of aid in their *Organizing US Foreign Aid: Confronting the Challenges of the Twenty-First Century*. They define foreign aid as "a voluntary transfer of public resources from one government to another government, international organization, or non-governmental organizations (including not-for-profit organizations working on specific issues, public interest organizations, churches and their associated organizations, universities, foundations, even private, for-profit business enterprises) to improve the lives and livelihoods in the country receiving the aid, among other goals."¹¹⁴ This broader, and longer, definition expands on DAC's definition by being "more expansive in what it includes," and by defining the impact of foreign aid more broadly.¹¹⁵

Two years later, in her *Foreign aid: Diplomacy, Development, and Domestic Politics* Lancaster defined development aid as "voluntary transfer of public resources, from a government to another independent government, to an NGO, or to an international organization (such as the World Bank or the UN Development Program) with at least 25% grant element. One goal of which is to better the human condition in the country receiving the aid."¹¹⁶ One issue with Lancaster's definition is that it sets a 25 percent grant element, which by implication means that loans that require the recipient to repay the loaner with interest, even the easy long term loans, do not qualify as foreign aid. Furthermore, the definition makes no mention of technical assistance provided to aid countries with economic and political reforms.

In his discussion of the problems associated with defining foreign aid, Roger C. Riddell states, "at its broadest, it consists of all resources- physical goods, skills and

¹¹³ Lancaster, "Foreign Aid in the Twenty-First Century: What Purposes?," 39.

¹¹⁴ Carol Lancaster and Ann Van Dusen, *Organizing U.S. Foreign Aid: Confronting Challenges of the Twenty-First Century*, Global economy and development (Washington, D.C.: Brookings Institution Press, 2005), 6.

¹¹⁵ Ibid.

¹¹⁶ Lancaster, *Foreign Aid: Diplomacy... 2007*, 9.

technical know-how, financial grants (gifts), or loans (at concessional rates)- transferred by donors to recipients.”¹¹⁷ But as Riddell himself points out, this definition lacks several important components; it does not specify who the donors and the recipients are, nor the reason for the transfer, its impact, nor does it address issues regarding conditionality or coercion.¹¹⁸ Riddell also points out that foreign assistance does not have to take place strictly between the rich and the poor, and the reason for the transfer could be helping the recipient, helping the donor or both.¹¹⁹

Development aid can be defined in terms of those receiving it, in reference to its end-use, or it could be defined in terms of those giving it with reference to purpose for which it is given. Others define aid by motive, which is markedly harder to examine. Malek notes, “by its very definition the sole motive behind aid is altruism.”¹²⁰ Zinkin adds, “Aid is charity. If it is not charity, it is not aid.”¹²¹ Such definitions however exclude the vast majority of aid, if not aid altogether since it is near impossible provide aid without political ramifications. Were these definitions to be followed, the chapter will conclude here and scholars will have little to study.

Brown and Opie, whose 1953 book *American Foreign Assistance*, though outdated, remains one of the most comprehensive works on the history of American foreign assistance, provided a more realistic definition. According to the authors *American Foreign Assistance* “involves the use of public funds to finance the transfer of goods and services abroad as a means to obtaining stated objectives of American foreign policy. It does not include investments, loans, or gifts by private citizens or nongovernmental institutions.”¹²² Brown and Opie’s definition refers to official development assistance, which originates from the federal government and the federal budget, and therefore serves the purpose of this study better than the others.

Since this research is concerned with aid that originates, and is paid for by the federal government of the United States, it is only fitting that the official definition of foreign aid by U.S. Congress be considered. This institutional definition happened to be one of the most comprehensive definitions of foreign assistance. It is provided in the Foreign

¹¹⁷ Riddell, *Does Foreign Aid Really Work?* 17.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ As cited in Peter J. Burnell, *Foreign Aid in a Changing World* (Buckingham: Open University Press, 1997), 3.

¹²¹ Maurice Zinkin, "Aid and Morals: Addressing the Aspirations of the Poor Countries," *The Round Table: The Commonwealth Journal of International Affairs* 68, no. 271 (1978): 222.

¹²² William Adams Brown and Redvers Opie, *American Foreign Assistance* (Washington, D.C.: Brookings Institution, 1953), 1.

Assistance Act of 1961, section 634, which defines foreign assistance as “any tangible or intangible item provided by the United States Government to a foreign country or international organization under this or any other Act, including but not limited to any training, service, or technical advice, any item of real, personal or mixed property, and agricultural commodity,” and this “includes but is not limited to, foreign assistance provided by means of gift, loan, sale, credit, or guarantee.”¹²³

For the purpose of this study, congress’ comprehensive definition is used as the reference point in defining what is meant by foreign aid. Foreign aid is a political tool used to advance specific and general policy goals through the voluntary transfer of resources, from a donor country to a recipient country, an NGO, a political party, or a multinational organization. In the case of the U.S.; the American foreign assistance program is a tool of state-craft that serves the greater policy agenda and targets of U.S.’s foreign policy such as protecting American national security and advancing the economic prosperity of the American economy, and those of their allies by providing economic, military, and humanitarian assistance to foster U.S. national security, economic prosperity and improve its standing in the world.

The definition might be too political, in the sense that it makes no mention of humanitarian or development aid, but that is because these forms of aid do not lack for a political element. Humanitarian aid refers to aid given as emergency assistance in case of natural or nationwide disasters such as war, while development aid refers to aid provided for the purpose of economic development, usually between wealthy and poor countries. But as the research demonstrates, politics plays an important role in both development and humanitarian aid, and both forms of aid are dependent to a large degree on numerous political and economic considerations. To explain this argument further, the following section discusses the politics of the different types and categories of aid.

1.3. Types and Categories

Foreign aid takes myriad forms, and there is a number of ways in which these forms can be categorized; by donor-recipient relation, bilateral and multilateral; or by type of aid rendered, military, development and humanitarian; or by the level of purchase freedom provided to recipient, tied and untied.

¹²³ United States Congress, *Legislation on Foreign Relations Through 2008*, Vol. I-A of Volumes I-A and I-B: Current Legislation and Related Executive Orders (Washington D.C.: U.S. Government Printing Office, 2010), 373.

One way to categorize foreign assistance is by the recipient-donor relationship, or to put it in a different way, by the channels via which aid is given. Bilateral aid takes place between two state governments. Direct U.S. aid to the Palestinians or to Israel is an example of such. Multilateral aid is provided by the governments of states to international organization such as the United Nations, International Monetary Fund, and the World Bank, which use this aid to provide assistance to other countries for various purposes by means of loans, and grants. Approximately two thirds of all development assistance worldwide is bilateral.¹²⁴ According to OECD's DAC, in 17 out of a total of 28 countries, bilateral Official Development Assistance (ODA) accounts for more than half of their total ODA.¹²⁵ The U.S. is the highest among the 17 countries with approximately 72 percent of total ODA provided bilaterally, leaving 28 percent for funding through multilateral channels. By way of comparison, the UK's ODA is split between 38 percent bilateral and 62 percent multilateral.¹²⁶

According to Axel Dreher, professor of Economics and expert of international development at the University of Heidelberg, bilateral aid makes tying aid much easier for the donor, and is more susceptible to non-economic factors, while aid provided through NGOs, multilateral aid, is less likely to be affected by political factors and pressure.¹²⁷ In other words, it is easier for major donors to "tie" their aid when it is given through bilateral channels rather than through the World Bank and the IMF, though these organizations have their own sets of conditions on their grants and loans. Furthermore, without being entangled with a discussion on the influence of such institutions as the World Bank and the IMF, unlike state donors, these organizations do not have a foreign policy program or agenda. The aid contributions of multilateral agencies is provided on need basis, rather than being on good terms with the donor, or voting in tandem with the donor at the UN, or any other of the expected outcomes by the donor for providing aid. In general, multilateral aid is less bound to the political, diplomatic, and economic wishes of the donor than bilateral aid.

1.3.1. Tied and Untied Aid

Tied aid refers to foreign assistance wherein the recipient receives aid from the donor on the condition that the goods and services, raw materials, technical advice and know-how must

¹²⁴ OECD, "Development Aid Stable in 2014 But Flows to Poorest Countries Still Falling," in *Detailed Summary* (Paris: OECD, 2015).

¹²⁵ *Multilateral Aid 2015: Better Partnerships for a Post 2015-World* (Paris: OECD Publishing, 2015), 84.

¹²⁶ *Ibid.*

¹²⁷ Axel Dreher, interview by author, January 20, 2016, Heidelberg.

be purchased, wholly or partly, from the donor countries. According to OECD, tied aid increases the costs of development projects by 15 to 30 percent.¹²⁸ For example, hypothetically speaking, if the developing country of Yemen wished to receive German assistance to buy vehicles for the country's police force, then Yemen must spend this aid on purchasing \$50,000 Mercedes, BMW, and Audi cars, despite the fact that the price of these cars may be double their French, or even triple the cost of South Korean cars. Though it must be mentioned that Germany and the United Kingdom, among other major European donors have untied their ODA.¹²⁹ Another example is food aid. Instead of purchasing food from local and regional markets, the recipient is required to buy such commodities from the donor, even if the said donor is 5000 miles away.

There are serious implications associated with tying aid that render aid in some circumstances ineffective. The most obvious implication is that, as the hypothetical example in Yemen's case demonstrates, tied aid can be less cost-effective. Instead of spending such large sums on vehicles only, Yemen could use a fair amount on cheaper vehicles, and save enough to invest the remaining aid in different projects. Another implication, and perhaps a more serious one, is the major delays experienced by relief workers and organizations due to waiting for emergency products to arrive from the donor country, rather than purchasing it locally or regionally, and therefore delaying the delivery of necessary goods and services to recipients who need it.

U.S. emergency food assistance for example, is shipped from the Midwestern states to famine stricken areas.¹³⁰ During a 2008 senate hearing on the global food crisis, USAID Administrator and Director of U.S. Foreign Assistance Henrietta Fore stated, "under the current system, U.S. procured commodities can take up to 6 months to reach the beneficiaries. In addition, less than half of every dollar spent actually goes to purchasing food in the United States."¹³¹ Worse still, according to Thomas Melito of the Government Accountability Office, 65 percent of the U.S. food aid budget is spent on transportation,

¹²⁸ Edward J. Clay, Matthew Geddes, and Luisa Natali, "Untying Aid: Is it Working? An Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation of Untying ODA to the LDCs," (Copenhagen: Danish Institute for International Studies, 2009), 1.

¹²⁹ OECD, "Germany, in Development Co-Operation Report 2015: Making Partnerships Effective Coalitions for Action," (Paris: OECD Publishing, 2015), 210. In 2009, total untied German aid was at 96 percent. See Profiles and Policies of Bilateral Donors, and "Untied Aid" section at OECD Website.

¹³⁰ Laura Freschi to Aid Watch Blog, February 24, 2009, 2009, Archived version of the blog, <http://www.nyudri.org/aidwatcharchive/2009/02/unsung-hero-resurrects-us-tied-aid-reporting/>.

¹³¹ Statement of Henrietta H. Fore, United States Senate, *Responding to the Global Food Crisis: Hearing Before the Committee on Foreign Relations*, 110 Cong., 2 sess., S. Hrg. 110- 717 (Washington D.C.: Government Printing Office, 2008).

rather than the actual food itself.¹³² By this standard, the U.S. could in principle at least supply double of aid shipments if the logistical costs were reduced to 15 percent.

Since the U.S. stopped public reporting on tied aid in 1996, exactly how much of American aid remains tied is unknown. According to Aid Watch, an online blog of the Development Research Institute at New York University, written by William Easterly and Laura Freschi, when the United States stopped reporting tied aid statistics, 72 percent of U.S. aid was tied, as opposed to only 29 percent as the average for other donor countries.¹³³ A 2003 report by USAID proudly claimed that “the principal beneficiary of America’s foreign assistance programs have always been the United States. Close to 80 percent of USAID’s contracts and grants go directly to American firms.”¹³⁴ A 2012 analysis of hundreds of food aid contracts conducted by the Guardian newspaper found that two-thirds of the food purchased for U.S. aid came from three American multinational companies.¹³⁵

The system of American food distribution has also come under criticism, particularly the “monetization” process, wherein American goods are sold locally to sponsor other development projects, but by the time the food makes it to its destination, it has already cost too much to be recovered by selling it locally. A 2011 report by the Government Accountability Office (GAO) on International Food Assistance blamed monetization for the loss of \$219 million in development aid, and the report warned that monetization could cause “adverse market impacts.”¹³⁶ In protest against the system, one of the largest charities in the world, Cooperative for Assistance and Relief Everywhere (CARE), rejected \$45 million of U.S. food aid in 2007, saying that American aid is “plagued with inefficiencies” and that such aid harms local farmers.¹³⁷

There have been a number of attempts to reform the food aid program, particularly food assistance, but such attempts have faced stern opposition in congress. As recently as 2013, congress took no action on an amendment by the House Foreign Affairs Committee Chairman, Ed Royce, and Karen Bass, a member on the house Africa sub-committee, that

¹³² Statement of Thomas Melito, Hearings before the Senate Committee on Agriculture, Nutrition, and Forestry, *Foreign Assistance: U.S. Agencies Face Challenges to Improving the Efficiency and Effectiveness of Food Aid*, 110th U.S. Congress, 1st Session, March 21, 2007.

¹³³ Freschi Title of Weblog.

¹³⁴ USAID- Office of Small and Disadvantaged Business Utilization, United States Agency for International Development, *Creating Opportunities for U.S. Small Business*, PN-ACT-450 (Washington D.C.: Minority Resource Center, 2002), 17.

¹³⁵ Claire Provost and Felicity Lawrence, "US Food Aid Programme Criticized as 'Corporate Welfare' for Grain Giants," *The Guardian*, July 18, 2012.

¹³⁶ United States Government Accountability Office, Government Accountability Office, *International Food Assistance: Funding Development Projects through the Purchase, Shipment and Sale of U.S. Commodities is Inefficient and Can Cause Adverse Market Impacts*, GAO-11-636 (Washington D.C.: GAO, 2011).

¹³⁷ Associated Press, "CARE Rejects U.S. Food Aid," *The Daily Herald*, August 17, 2007.

aimed to end the requirement that American food aid be grown in the U.S. and further “exempts emergency and private assistance activities... from requirements for... cargoes procured, furnished, or financed by the U.S. Government.”¹³⁸ In FY 2014 budget, the Obama administration proposed reforms to the food aid program that would essentially loosen the ties on American food aid.¹³⁹ The 2014 Farm Bill, or the Agricultural Act of 2014, included provisions to allow food programs to purchase more local products and further established a program at the Department of Agriculture to purchase local products through “local and regional procurement” at a cost of \$80 million annually.¹⁴⁰

Obama’s minor success in the 2014 Farm Bill, which he described as a “Swiss army knife” for its multitasking, though “did not represent the full scale of reforms sought by the administration,” was still important enough to consider further changes and reforms.¹⁴¹ In 2015, USAID purchased regional rice, beans, oil and corn to respond to a crisis in the Central African Republic in which 1.3 million people were in need for emergency food aid, which needless to say, arrived much quicker than food aid originating from the U.S.¹⁴²

It is these economic and political benefits that make tied aid attractive to donors. This system ensures that most of the aid money is spent in the local economy rather than that of a foreign, far away country. It provides a buyer for American farmers’ produce, and it provides jobs for U.S. shipping companies. And should a leader prove unwise enough to attempt to change this system, there are armies of lobbying groups that would descend on the Hill to protect the interests of these farmers, food processors, and shipping companies as happened in 2013, months before Obama even proposed the changes in FY 2014.¹⁴³ These lobbies aside, congress representatives whose constituents benefit from the current system, are unlikely to jump on the reform wagon that could lead to economic losses, even if minimal, in their home states.

¹³⁸ *H.R.1983: To Amend the Food for Peace Act to Reform the Food Assistance Programs under that Act, and for other purposes.*, U.S. House of Representatives, 113 Cong., 1 sess. (THOMAS: Library of Congress/U.S. Congress, 2013), THOMAS' Summary.

¹³⁹ USAID, "The Future of Food Assistance: U.S. Food Aid Reform," (Online: USAID, 2015).

¹⁴⁰ United States Congress, *H.R. 2642; Agricultural Act of 2014*, 113th Cong., 2 sess. (Washington D.C.: U.S. Government Printing Office, 2014), 133. Randy Schnepf, "U.S. International Food Aid Programs: Background and Issues," ed. Congressional Research Service (Washington D.C. 2015), 33.

¹⁴¹ USAID, "The Future of Food Assistance: U.S. Food Aid Reform." David Jackson, "Obama Signs Farm Bill," *USA Today*, February 7, 2014.

¹⁴² USAID, "The Future of Food Assistance: U.S. Food Aid Reform."

¹⁴³ Charles Abbot, "Fierce Lobbying Counters White House Push for Food Aid Reform," *Reuters*, May 1, 2013.

1.3.2. Humanitarian and Development

Humanitarian aid can best be described as assistance provided to alleviate the suffering inflicted upon a certain country, or a group of people, as a result of natural disasters; tsunamis, epidemics, earthquakes, and floods; or man-made disasters such as wars and their usual consequences of displacement, emigration, and general shortage of living necessities. Examples for this form of aid are numerous; aid to victims of the 2005 Tsunami in East Asia, and food and medical assistance provided to Haitians following the 2010 earthquake. Currently, aid provided to Syrian refugees in camps in Jordan and Turkey falls under the humanitarian aid category. Aid provided to Syrian rebels engaged in fighting the Assad regime however, does not fall under the humanitarian aid category. In general, humanitarian aid tends to be short term to resolve an immediate crisis. It usually consists of food assistance, such as the USAID's food and water deliveries with the "Gift from the American People" stamp, medical supplies such as medicine and field hospitals, as well as army soldiers and volunteers carrying out various emergency relief tasks.

Humanitarian aid efforts are usually, but not exclusively, led by the International Federation of Red Cross and Red Crescent Societies, and UN organizations such as the United Nations High Commissioner for Refugees (UNHCR), and United Nations International Children's Fund (UNICEF). Non-Government Organizations such as Oxfam, Mercy Corps, and CARE, among others, have also been prominent in delivering humanitarian assistance to stricken areas. This form of assistance is arguably the oldest and most global form of aid. Indeed, to help others in desperate need could be said to be an intrinsic value with which human beings are born. However, while there is usually a race among donors and relief organizations to meet the needs of desperate people, there is no doubt that such relief is based on political and economic considerations. A discussion and an example of the political dimension of humanitarian aid would do much to clarify the argument further.

Politics of Humanitarian aid

Heeding the advise of Political Scientist, David A. Baldwin, who rightfully points out that "until political scientists have reached a general agreement regarding the meaning of 'political,' they would do well to provide explicit definitions when they use that term."¹⁴⁴ For the purpose of this discussion therefore, two of the standard definitions of "politics" are used. Since politics is all about answering the question of power, and it is about "who gets

¹⁴⁴ Baldwin, "Analytical Notes on Foreign Aid and Politics," 66.

what when and how”,¹⁴⁵ and it is “the authoritative allocation of values for a society”, it is impossible to think of a foreign aid system bereft of politics.¹⁴⁶ Aid is political by nature. Whether it ought to be or not, is an entirely different question. It is truly beyond any politician or scholar’s control to depoliticize aid. This study argues that even in the direst of situations, politics plays a major role in shaping every aspect of humanitarian assistance. In order to explain this argument, the study provides a comparative analysis of the U.S. and the international community’s response to two natural disasters that occurred in the same year, in two different parts of the world. The first was the January 2010 earthquake in Haiti, and the other was the flooding in Pakistan in late July of the same year.

Haiti, an island nation with population of a little over 10 million, and Pakistan, a country of utmost geopolitical importance to the United States with a population of over 166 million, suffered their worst national disasters in their history in 2010. The aftermath of these disasters threatened the political stability in both countries, which had not been that stable to begin with. The disasters left Pakistan and Haiti in desperate need for humanitarian assistance and emergency aid since they were not equipped to deal with disasters on this scale or of this magnitude. The international community’s response to both disasters was different, to put it mildly.

Suffering cannot be measured in numbers, and the comparison does not attempt to judge which of the disasters was more terrible, or which was more devastating, or which people suffered more. It merely focuses on the financial cost of the quake and flood, and the cost of reconstruction of the devastated areas, as well as the international response to the disasters themselves and the international pledges for reconstruction. Elizabeth Ferris of the Brookings Institution compiled the table below in her study of the disasters.¹⁴⁷

	Haiti Earthquake	Pakistan Flooding
Date of Disaster	12, January 2010	Late July 2010
Population affected (percent of total)	3 million (29.4%)	17.2 million (10.35%)
Death and injuries	220,500 and 300,000	1,539 and 2,055
Displaced	Est. 1.8 million	6 million

¹⁴⁵ A 1936 book title by Harold Lasswell that has become a standard definition of “politics.” Harold D. Lasswell, *Politics: Who Gets What, When, How* (New York ; London: McGraw-Hill Book Co., 1936).

¹⁴⁶ Another standard definition of politics, David Easton, *The Political System: an Inquiry into the State of Political Science* (New York, : Knopf, 1953), 285.

¹⁴⁷ Elizabeth Ferris, "Earthquakes and Floods: Comparing Haiti and Pakistan," (Online: The Brookings Institution, 2010), 1-3.

Original UN flash appeal	15 January for \$ 575 million	11 August for \$460 million
Pledges two weeks after appeal as percent of total appeal	82%	57%
United States Pledges	\$ 211.6 million, part of the extended \$1.4 billion	\$150 million
Reconstruction Pledges (worldwide)	\$ 9.9 billion, \$ 5.3 billion of which over 2 years.	World Bank \$0.9 billion Asia Development Bank \$2.0 billion (loans)
Donation per affected person after two weeks of flash appeal	\$ 157.16	\$ 15.25
Estimated Damage	\$ 7.8 billion	Est. \$ 15 billion

Figure 1:1, a comparison between the international community's responses to the 2010 Haiti and the Pakistan natural disasters.

There is a number of reasons that explain this disparity in the international community's response to the disasters, yet they are not sufficient to draw the conclusion that "humanitarian aid," is just that, humanitarian. The first reason is donor fatigue. The fact that the Pakistan floods took place few months after the Haiti earthquake, reduce the overall amount of aid. Countries had already contributed a fair amount to Haiti in January and February, by the time the flooding took place in Pakistan, donors' wallets were not as full as they had been, and therefore they were not able to donate as much to Pakistan. The second reason is the nature and the time of the disaster. In the case of Haiti, the fact that the disaster was an earthquake and that it occurred suddenly with devastating effect left stronger impact than the two to three week time span it took for the flooding to destroy the areas it covered. In other words, the shock factor played a larger role in Haiti's case, and therefore generated more sympathy. The final reason is the geographic proximity of Haiti to the U.S. the latter's long involvement in Haitian affairs.¹⁴⁸ Haiti falls within America's sphere of influence; therefore it was only natural for the U.S. to demonstrate more willingness to aid Haiti than Pakistan, even though Pakistan can be said to have be of more significance in American foreign policy.

¹⁴⁸ Dreher, "Dreher, interview, Heidelberg, 2016".

Despite all that, one cannot help but think that there is more to this disparity in response, particularly on behalf of the U.S., than the mere geographic closeness and America's close ties with Haiti. America's relations with Pakistan have deteriorated in the last few years and the perception of Pakistan in the U.S. amongst both the public and policy makers is at record low. According to a 2012 PEW Research Center survey, only 10 percent of the general U.S. public trust Pakistan, while only 6 percent of "experts" in the government trust Pakistan a "great deal or a fair amount."¹⁴⁹ There is no doubt that the September 11th terror attacks and the subsequent war in Afghanistan contributed to this level of trust, or mistrust rather.

Another important dimension of the politics of humanitarian aid is the role of aid in conflict resolution. While humanitarian assistance is "a good" in and by itself, there is room to question, not just the motives, but also the consequences of such assistance. The consequences of humanitarian assistance vary according to each case. For example, humanitarian aid during conflicts can be ceased and used by belligerents. Instead of feeding hungry children, humanitarian aid ends up in the hands of combatants, and is used as leverage against civilians or an opposing party. In 2013, al-Shabab terrorist group in Somalia seized over \$745 million worth of British aid supplies.¹⁵⁰

Finally, humanitarian aid comes with a string of conditions for the recipient to meet, or risk worsening an already bad situation. Even in the midst of severe crises, humanitarian aid can be used as a tool to advance ideological principles. In Afghanistan for example, prior to the removal of the Taliban, food assistance was tied to Taliban's reforms with respect to gender equality.¹⁵¹ This is not to make light of such an important issue as gender equality, but when it is a choice between leaving Afghans without food, until their non-elected, tyrannical, Taliban government carried out gender policy reforms, then it clearly makes humanitarian aid a tool of influence rather than relief.

In the Palestinian case, one could argue that foreign aid is as much a part of the problem as a part of the solution. As briefly mentioned in the introduction, there is a paradox embedded in the idea of humanitarian aid. If for the sake of the argument, one assumes that foreign aid to the Palestinians is given from purely altruistic perspective, that is

¹⁴⁹ The Pew Research Center and et al The Carnegie Endowment for International Peace, "U.S. Public, Experts Differ on China Policies: Public Deeply Concerned about China's Economic Power," in *U.S.-China Security Perceptions Project* (Washington D.C.: The Pew Research Center, 2012).

¹⁵⁰ Nick Renaud-Komiya, "British Foreign Aid for Somalia Falls into Hands of al-Qa'ida," *The Independent*, August 11, 2013.

¹⁵¹ Mohammed Haneef Atmar, "The Politicisation of Humanitarian Aid and its Consequences for Afghans," *Humanitarian Practice Network* 2001.

to say that donors had no motive but to aid the suffering Palestine refugees to ensure that they have proper education and health care. How important a role does this altruistic act play in enforcing the refugee identity? And if the U.S. or any other donor for that matter, decides to help the Palestinians' movement by building a new road, or reconstructing an existing one, but this particular road had to circumvent an Israeli settlement, and its roads built illegally on Palestinian land, does this aid not answer future questions regarding the legality of the settlement? The altruistic road plays a role in the final solution, despite the motives being selfless, or a part of a larger policy to legitimize the Israeli settlement. In essence, even with all donor motives set aside, humanitarian aid *is* political simply because it plays a part in politics. It is involved in the question of who gets what when and how. Ilana Feldman probably summed it best when she said, "you cannot have aid that doesn't have politics around it, but what the politics are can change."¹⁵²

1.3.3. Aid for Development

Development aid on the other hand is assistance provided for long term purpose of developing a country's infrastructure, alleviate poverty, reduce unemployment, promote economic growth and bring overall improvements in people's lives. It can be multilateral, through international organizations such as the World Bank and the International Monetary Fund, or it can be bilateral, one government to another.

Does Development Aid Develop?

Like many of foreign aid questions, there is no one answer to this question. There is a large amount of literature, historic and contemporary that answers the question with both yes and no. There are considerations that must be kept in mind while answering this question. The first stems from the relative meaning of terms such as development, economic growth, and social development and the ways by which they are measured. The second reason for the lack of an answer is the lack of research on outcomes, rather than inputs.¹⁵³

There are two competing theories on this question, public interest theory and public choice perspective. Public interest theory argues that foreign aid is essential to fill a financing and investment gap, and this investment will serve to move countries out of the poverty trap.¹⁵⁴ Jeffrey Sachs chiefly advocates this view in his book *The End of Poverty*:

¹⁵² "Ilana Feldman, interview, Washington D.C., October 2014."

¹⁵³ Robert A. Zimmerman, "The Determinants of Foreign Aid: An Inquiry into the Consequences of Welfare State Institutions and Public Opinion," (University of Amsterdam, 2007), 4.

¹⁵⁴ Claudia R. Williamson, "Exploring the Failure of Foreign Aid: The Role of Incentives and Information," *The Review of Austrian Economics* 23, no. 1 (2010): 1.

Economic Possibilities for Our Time.¹⁵⁵ The 2005 New York Times bestseller makes the argument that if wealthy countries donated more foreign aid, between \$135 billion and \$195 billion in the next decade, extreme global poverty could be eliminated.¹⁵⁶ Sachs adopts the World Bank's definition of "extreme poverty," wherein the income is less than one dollar a day.¹⁵⁷ According to Sachs, there is only one way out of poverty for the poorest of the poor, and that is to "climb the ladder of development."¹⁵⁸

By contrast, the public choice perspective, argues that foreign aid has negative impact on economic growth, and therefore is ineffective, and damaging to recipients' economies.¹⁵⁹ This opposing view is advocated by William Easterly in his *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*.¹⁶⁰ There is an enormous amount of empirical literature that supports the public choice theory and there is little empirical support for a positive correlation between development and foreign assistance.¹⁶¹ Indeed, Hristos Doucouliagos and Martin Paldam carried out a meta-analysis of the entire empirical literature on the effects of foreign aid that were published since 1970 in their 2007 *Aid Effectiveness Literature: The Sad Results of 40 Years of Research*, which concludes that "after 40 years of development aid, the evidence indicates that aid has not been effective."¹⁶²

Earlier studies, such as Papanek's 1972 article claimed that there was a positive impact of aid on economic growth.¹⁶³ Mosley et al. 1987 argued that it was impossible to establish any significant relationship between aid and economic growth all together.

¹⁵⁵ Sachs, *The End of Poverty: Economic Possibilities for Our Time*.

¹⁵⁶ Ibid., 299.

¹⁵⁷ Ibid., 20.

¹⁵⁸ Ibid., 244.

¹⁵⁹ Williamson, "Exploring the Failure of Foreign Aid: The Role of Incentives and Information," 2.

¹⁶⁰ Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest have Done So Much Ill and So Little Good*.

¹⁶¹ Jakob Svensson, "Aid and Growth: Does Democracy Matter?," *Economics and Politics* 11, no. 3 (1993); "Foreign Aid and Rent-Seeking," *Journal of International Economics* 51 (2000); Peter Boone, "Politics and the Effectiveness of Foreign Aid," *European Economic Review* 40, no. 2 (1996). Stephen Knack, "Aid Dependence and the Quality of Governance: Cross-Country Empirical Tests," *Southern Economic Journal* 68, no. 2 (2001). Tomi Ovaska, "The Failure of Development Aid," *CATO Journal* 23, no. 2 (2003); Harold J. Brumm, "Aid, Policies, and Growth: Bauer Was Right," *ibid.* Claudia R. Williamson, "Foreign Aid and Human Development: The Impact of Foreign Aid to the Health Sector," *Southern Economic Journal* 75, no. 1 (2008); B. Powell and M. Ryan, "Does Development Aid Lead to Economic Freedom," *Journal of Private Enterprise* 22, no. 1 (2006).

¹⁶² Hristos Doucouliagos and Martin Paldam, "The Aid Effectiveness Literature: The Sad Results of 40 Years of Research," in *Institutions, Public Policy and Economic Outcomes* (Cambridge: Cambridge University, 2007), i.

¹⁶³ G. F. Papanek, "The Effects of Aid and Other Resource Transfers on Savings and Growth in Less Developed Countries," *Economic Journal* 82 (1972).

Boone's 1996 article, argued the same, with a slightly more positive conclusion.¹⁶⁴ Boone found that aid "Aid does not significantly increase investment and growth, nor benefit the poor as measured by improvements in human development indicators, but it does increase the size of government."¹⁶⁵ According to Boone, "short term aid targeted to support new liberal regimes may be a more successful means of reducing poverty than current programs."¹⁶⁶ Burnside and Dollar find that aid has a positive impact on growth in countries with sound fiscal, monetary and trade policies, but has little effect on growth in countries with poor policies.¹⁶⁷

Whichever theory is correct in its arguments, there is an undeniable link between the policies of the recipient and the impact of foreign aid, as Burnside and Dollar found. One major problem in the public interest theory is that it assumes that aid money is spent on what it is supposed to be spent on. There is no point filling a bottle with water if the water leaks right through holes. It simply does not make economic sense, even though it may make political sense, to pour money into any country if the recipient's leadership is so corrupt that foreign assistance is wasted.¹⁶⁸ Foreign aid in such cases becomes a part of the problem rather than the solution. The case of the PA and the corruption at the various levels of its hierarchy, discussed in details in chapter five, is a sound example to explain this link.

1.3.4. Military Aid

Military aid involves the voluntary transfer of material from one country to another, or a multinational organization, for military purposes such as defense and security. This vague definition requires some elaboration. The material can take many forms, and some of it can leave room for debate and controversy. These materials could be a nuclear bomb, guns, ammunition, or food and blankets. Food and blankets could fall under the humanitarian aid aspect, but when they are distributed among soldiers during combat, it leaves little space for a humanitarian argument. Indeed, even if donors account military aid as a part of their development aid, since it could be said to be a part of developing the recipient's military and defense structure, OECD specifically and explicitly excludes military aid from their definition of aid.

¹⁶⁴ Boone, "Politics and the Effectiveness of Foreign Aid," 289.

¹⁶⁵ Ibid.

¹⁶⁶ underlined from source, *ibid.*

¹⁶⁷ Craig Burnside and David Dollar, "Aid, Policies, and Growth," *The American Economic Review* 90, no. 4 (2000): 847.

¹⁶⁸ Alesina and Weder (1999) find "no evidence that less corrupt governments receive more aid... according to some measures of corruption, *more* corrupt governments receive *more* aid." Alberto Alesina and Beatrice Weder, "Do Corrupt Governments Receive Less Foreign Aid?," *American Economic Review* 92, no. 4 (1999): 3 and Abstract. italization from source

There is a thin line that separates economic and development aid from military aid. The issue here is that with the exception of direct military assistance in form of weapons and ammunition, much else could be accounted as security and military aid. For example, roads and bridges facilitate the movements of individuals and goods, therefore, aid for road construction is accounted as development aid, but it is also used to facilitate the passage of military forces as well. Economic assistance to improve a country's police force, or a country's security in general is an example of how truly shallow this divide is. Military aid is often tied; therefore the recipient is required to spend aid funds on purchasing materials, goods and services from the donor.¹⁶⁹

Few countries publish or at least make their military aid spending public, and such data is scarce and unreliable.¹⁷⁰ Luckily, the U.S. is one of the exceptions. From 1970 until 1975, U.S. military aid represented 53 percent of total U.S. by early 2000s, the share plummeted to 23 percent. However, if aid fungibility is taken into consideration, meaning funds that are earmarked for a purpose are spent on other purposes, such as military expenditure, it is estimated that 11 percent of development aid is turned into military expenditure, raising the percentage of total military aid to more than 23 percent to approximately 32 percent.¹⁷¹ Since military aid tends to be tied, it brings economic benefits to the donor. In Germany's case for example, some military, or security assistance is provided for economic reasons. The military assistance provided by West Germany since the mid-1970s, argued Ball in 1988, had been motivated "at least in part by the desire to build links with countries interested in ordering equipment on a commercial basis from West German arms producers."¹⁷²

According to Collier and Hoeffler, one of the consequences of such aid is the promotion of arms races.¹⁷³ The authors developed a model using global data from 1960 until 1990 and find that "there are regional arms races which are fueled by aid."¹⁷⁴ This pattern appears in the Middle East, as the next chapter demonstrates, as Egypt, Syria and

¹⁶⁹ Annamaria La Chimia, *Tied Aid and Development Aid Procurement in the Framework of EU and WTO Law: the Imperative for Change*, Studies in International Trade Law (Oxford and Portland: Hart Publishing, 2013), 219.

¹⁷⁰ Michael Brzoska, "World Military Expenditures," in *Handbook of Defense Economics*, ed. Keith Hartley and Todd Sandler (Elsevier, 1995), 45.

¹⁷¹ Paul Collier and Anke Hoeffler, "Unintended Consequences: Does Aid Promote Arms Races?," *Oxford Bulletin of Economics and Statistics* 69 (2007): 20. Tarhan Feyzioglu, Vinaya Swaroop, and Min Zhu, "A Panel Data Analysis of the Fungibility of Foreign Aid," *The World Bank Economic Review* 12, no. 1 (1998): 29.

¹⁷² Nicole Ball, *Security and Economy in the Third World* (Princeton, N.J.: Princeton University Press, 1988), 270.

¹⁷³ Collier and Hoeffler, "Unintended Consequences: Does Aid Promote Arms Races?," 1.

¹⁷⁴ *Ibid.*

Israel worked tirelessly to acquire more military aid from the Soviet Union and the United States during their years of belligerence. As Lifshitz points out, American aid to Israel between 1960 and 1979 could be explained by changes in defense expenditures of the Arab states.¹⁷⁵

Military aid proved to be one of the most used aspects of American foreign aid during the Cold War years. As the next chapter demonstrates, military aid to Korea, Vietnam, Israel, Brazil, Chile, Japan, and China to name a few, was an indispensable tool in America's policy of containing the Soviet Union. Though neither the U.S. nor the Soviet Union played much attention to African states, even if they happened to be the ones who were in most need of aid, military or otherwise. African states' civil wars and regional wars were of little interest to the superpowers as they were seen to be "too underdeveloped and geographical remote from their perspective power centers to warrant providing African states with more than token military aid."¹⁷⁶

1.4. Who Gives Aid to Whom?

The United States is the highest contributor of foreign assistance in the world in terms of amount donated, but not in terms of percentage of Gross National Income (GNI). If the percentage of GNI is applied as the criterion, the U.S. drops from first to 20th. OECD has the target of 0.7 percent of the GNI of its members, but only five countries met the target in 2013, Norway with 1.1 percent, Sweden with a little over 1 percent, Luxembourg with 1 percent and Denmark with 0.83 percent and finally the UK with a little over 0.7 percent.¹⁷⁷

The idea of 0.7 percent of Gross National Product (GNP) to be donated as share in development assistance was introduced by the Pearson Commission in 1969 as a target to be reached by 1975, or 1980 at the latest.¹⁷⁸ In October the following year, the UN adopted a similar resolution asking for the same percentage from its members.¹⁷⁹ UNGA resolution 2626 states "each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a

¹⁷⁵ Yaacov Lifshitz, *The Economics of Producing Defense* (New York: Springer Science + Business Media, 2003), 298.

¹⁷⁶ Wynfred Joshua and Stephe P. Gibert, *Arms for the Third World: Soviet Military Aid Diplomacy* (Baltimore: John Hopkins University Press, 1969), 146.

¹⁷⁷ In 1993, GNP was replaced with GNI, which is an equivalent concept. Organization for Economic Cooperation and Development (OECD), "Aid to Developing Countries Rebounds in 2013 to Reach an All-Time High," news release, April 08, 2014.

¹⁷⁸ OECD, "Development Finance Statistics: The 0.7% ODA/GNI target - a History," (Online: OECD).

¹⁷⁹ United Nations General Assembly, "Resolutions Adopted on the Reports of the Second Committee: Resolution 2626, International Development Strategy for the Second United Nations Development Decade," (Online: The United Nations).

minimum net amount of 0.7 per cent of its gross national product at market prices by the middle of the Decade.”¹⁸⁰ The U.S. did not adopt a specific target or timetable, but remains the largest donor.

The 0.7 percent requirement is not without controversy, and may be perceived as unfair considering the disparities between countries’ GNI, and population. To use an extreme example, the United States’ GNI was nearly \$17 trillion in 2013, in comparison to the UK’s \$2.5 trillion.¹⁸¹ The amount donated by the U.S. would therefore far exceed that donated by other countries. The U.S. has a population of over 315 million people, the UK’s is 64 million.¹⁸² If a certain amount was to be required instead, the U.S. and other developed countries may not find it hard to cover such costs, while Ghana and most African countries for example would struggle to meet this demand.¹⁸³

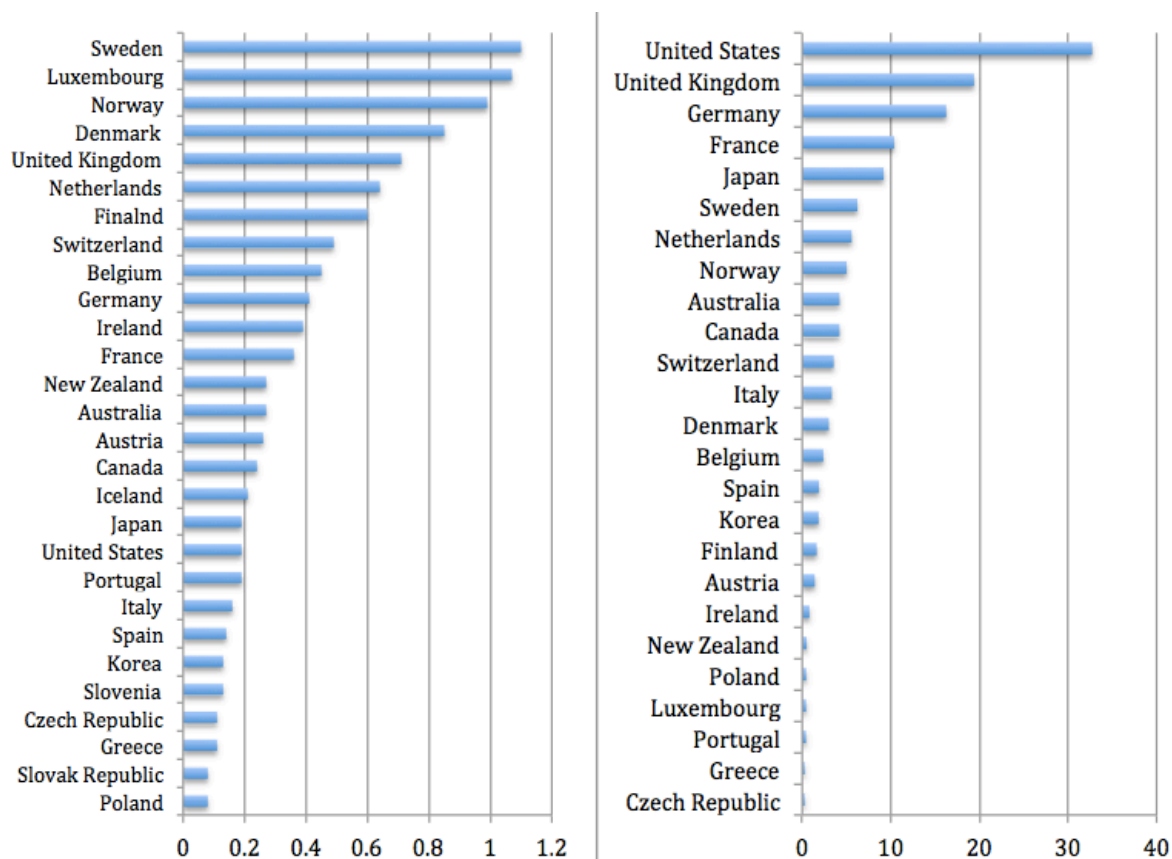


Figure 1:2, Official Development Assistance by DAC members in total amount (right) and as percentage of GNI (left) in 2014. (Source: OECD).¹⁸⁴

¹⁸⁰ Ibid., Paragraph 43.

¹⁸¹ The World Bank, "Data and Indicators/Country Profiles," (Online).

¹⁸² Ibid.

¹⁸³ Ibid.

¹⁸⁴ (OECD), "Aid to Developing Countries Rebounds in 2013 to Reach an All-Time High."

As can be seen in the figure above, the U.S. donates more money to development assistance than any other country in the world. With over \$32 billion, the U.S. sits unchallenged atop the donor countries. According to DAC, over \$134 billion were distributed by its member states as development assistance in 2014.¹⁸⁵ The committee's aid statistics show that while development aid rose by 6.1 percent in 2013, reaching the highest level in history, aid to sub-Saharan Africa, the countries that need it the most, actually declined.¹⁸⁶

According to World Bank data, Egypt was the highest recipient of aid in 2013 receiving over \$5.5 billion, followed by Afghanistan, which received \$5.2, a decline of over \$1 billion from the previous year, Vietnam with \$4 billion, Myanmar with \$3.9 billion and Ethiopia completed the top five with \$3.8 billion.¹⁸⁷ One of the most controversial aspects of development aid is that not all the countries that need aid receive it, and some countries that do not need aid receive plenty of it. For example, the developing country of Argentina received only \$30 million of aid in 2013, as compared to the developed Turkey, which received \$2.7 billion.¹⁸⁸ With recent developments in the crisis in Syria and the flow of refugees to Europe through it, aid to Turkey is likely to increase even more.¹⁸⁹

1.5. And Why?

This is a question that does not have an answer, or rather it has too many answers. It has been the subject of numerous debates, research, and scholarly work. Why would a developed country like the U.S. provide such large quantities of tax dollars to another country half way across the world? The U.S. spends in the region of \$50 billion annually, how many projects can this large sum fund within the U.S.? The entirety of the Interstate Highway System in the U.S., a total length of over 77,000 km, cost approximately \$425 billion or \$5.5 billion for every 1000 km.¹⁹⁰ With the annual aid budget alone, the U.S. could build 10,000 km of highways every year. To put it in perspective, the distance between New York City and Los Angeles is a meager 4400 km in comparison.¹⁹¹

¹⁸⁵ Ibid.

¹⁸⁶ Ibid.

¹⁸⁷ Bank, "Data and Indicators/Country Profiles."

¹⁸⁸ OECD, "Development Aid Stable in 2014 But Flows to Poorest Countries Still Falling."

¹⁸⁹ Jennifer Rankin, "Turkey Outlines 'One for One' Plan to Tackle Syrian Refugee Crisis," *The Guardian*, March 7, 2016.

¹⁹⁰ author's calculations based on ARTBA and USDA data. ARTBA (American Road and Transportation Builders Association), "FAQs," (Online: ARTBA); United States Department of Agriculture, "Cost Estimating Guide for Road Construction," (Online 2012).

¹⁹¹ Google Maps.

Is it a moral obligation to aid the needy as some suggest? Is it guilt or morality that drives the former colonizers to aid their former colonies? Do moral and humanitarian considerations play a role in determining foreign assistance, or is it a means to advance the economic interests and protect the national security of the donor by building alliances and maintaining peace between allies? Do countries that adopt political and economic reforms and systems, which are friendlier to the donors, receive more aid? Is the primary purpose of providing aid establishing alliances and making friends at the UN? Or do the donor's ideals and principles play a role in this inter-state phenomenon? The answer is that it is probably a combination of all these factors, albeit to different degrees of significance. It is of course impossible, and unwise, to credit the thousands of aid transactions to simply the desire to "do good" or even to protect the security of the nation alone.

There are few reasons that explain the existence of numerous answers. The first is that there are few major donors and each donor's motives are not necessarily the same. Nordic countries for example have different motives for providing aid than the U.S. More so than American aid, aid in the Nordic countries is seen to be motivated more by humanitarian than security and economic concerns.¹⁹² Second, the purpose of aid itself has changed over the course of the last few decades. As already mentioned, aid was used to combat communism and contain its expansion, but once communism was no longer a threat, the purpose of aid had to change accordingly, and the focus became development, or spreading of American political and economic principles.

Foreign Aid as a concept entails numerous questions within it. Starting from the definition, and types of foreign aid, to the more controversial and complex nature of foreign aid motives and rationales. The concept has wide political, social, and economic dimensions and implications. Furthermore, as implied in the term itself, and the definitions provided, foreign aid involves bargaining between two or more states, or players, on an international level, adding an inter-state dimension to the process. The following section provides an overview of the debate in international relations theories, expanding and evaluating the answers provided above.

Foreign Aid and IR Theories

In order to best understand foreign aid and its role in international relations, the principles of International Relations theories (IR) will be applied to explain this concept and its role in the conduct of international relations. American political scientist, Stephen M. Walt, argues

¹⁹² Robert Cassen, *Does Aid Work?*, 2 ed. (Oxford: Clarendon Press, 1994), 206.

that there is “an escapable link between the abstract world of theory and the real world of policy.”¹⁹³ Framing foreign aid within a theoretical framework is beneficial to both scholars and politicians in making sense of the large amount of information within “foreign aid.” The following analysis provides the explanations of these schools based on their principles, but it does not advocate that one is more right than the other. Indeed, if any argument in that regard is to be made, one is obliged to say that no single theory provides an adequate explanation on its own.

There are four paradigms that provide explanations of foreign aid, particularly in answering the “why” question regarding the donors’ motives; realism, constructivism, liberalism and world systems theory. The following section of the research describes and analyses the principles of each of these theories, and the premises on which they build their views and arguments. The purpose of this analysis is to demonstrate the variety of explanations that surround this phenomenon. The various theories provide different explanations, but such explanations do not rule the others false. They should rather be seen as different lenses through which scholars and policy-makers see aid.

The first of the IR schools is realism. The term “realism” must be understood to refer to multiple realist theories and not a single one in particular. Realism as an umbrella term includes classic realism, neorealism, neoclassical realism, and more recently realist constructivism.¹⁹⁴ The changes that have occurred and the different methods various scholars apply in their studies have ensured that realism as a school of thought in international relations evolved with time. This study focuses on the classic form of realism, as advocated by Hans Morgenthau, and the newer forms of realism, called neorealism or structural realism, introduced by Kenneth Waltz in his 1979 *Theory of International Politics*.¹⁹⁵ While both forms of realism share many of the main principles in their theories, Waltz introduced the neo-form in response to criticism of classical realism for failing to produce a theory that would move beyond the normative thinking and introduce scientific

¹⁹³ Stephen M. Walt, "International Relations: One World, Many Theories," *Foreign Policy*, no. 110 (1998): 29.

¹⁹⁴ Two sources provide an excellent analysis on IR theories are *ibid.* and Ole R. Holsti, "Theories of International Relations," in *Explaining the History of American Foreign Relations*, ed. Michael J. Hogan and Thomas G. Paterson (Cambridge New York: Cambridge University Press, 2004; reprint, 2006).

¹⁹⁵ While Morgenthau and Waltz are credited for the founding of modern realism, realism as a tradition of thought can be said to date back to Thucydides' *History of the Peloponnesian War*. The Greek philosopher's famous Melian Dialogue in which he stated, "...the strong do what they can and the weak suffer what they must." 16th century Italian philosopher Niccolò Machiavelli's *The Prince*, and English philosopher Thomas Hobbes' 1651 *Leviathan* are also some of realism's earlier founding intellectual works. See Benjamin Frankel ed., *Roots of Realism* (London: Frank Cass, 1996).

explanations for the workings of inter-state relations.¹⁹⁶ Knud Jorgenson views structural realism as a “significant rupture,” from classical realism.¹⁹⁷

According to Ole R. Holsti, both classical and structural realism share five core principles. The first premise is that they view the causes of war and the conditions of peace as central questions. Second, they believe that the structure of the international system as a necessary explanation, though it is not always sufficient. Third, according to both schools, the state is the primary actor in the international system. Fourth, states are rational since they are driven by their national interest. Finally, the state can be conceptualized as a “unitary actor,” meaning that their actions are a response to external rather than domestic political forces.¹⁹⁸

German International Relations theorist, Hans Morgenthau, is accredited with being the founding father of classical realism. Morgenthau, who was influenced by Reinhold Niebuhr, a Protestant theologian and political theorist, and Thomas Hobbes, the renowned British political philosopher argues, “international politics, like all politics, is a struggle for power.”¹⁹⁹ In his opus magnum, *Politics Among Nations: The Struggle for Power and Peace*, Morgenthau suggests that, like human beings, states share a desire to dominate others.²⁰⁰

With this idea in mind, it is easy to understand how realism became the dominant school of International Relations during the Cold War era. In a bipolar world, with fierce competition between the two superpowers, and proxy wars and alliance forming, it is not a surprise that realism, with its emphasis on competition, struggle and general pessimistic view of human nature, whether in the theologian version, as Saint Augustine and Reinhold Niebuhr’s, or in the secular version as in Machiavelli, Hobbes and Morgenthau, would provide viable explanation for the international order during the Cold War.²⁰¹ Walt argues that realism was “the dominant theoretical tradition throughout the Cold War,” because it provided simple but power explanations, and “its emphasis on competition was the central features of the American-Soviet rivalry.”²⁰²

¹⁹⁶ Jo Jakobsen, "Neorealism in International Relations- Kenneth Waltz," *Popular Social Science* (2013).

¹⁹⁷ Holsti, "Theories of International Relations," 55.

¹⁹⁸ Knud Erik Jørgensen, *International Relations Theory: a New Introduction* (London: Palgrave Macmillan, 2010), 84.

¹⁹⁹ Hans J. Morgenthau, *Politics Among Nations: The Struggle for Power and Peace* (New York: Knopf, 1949), 13.

²⁰⁰ Ibid.

²⁰¹ Holsti, "Theories of International Relations," 55.

²⁰² Walt, "International Relations: One World, Many Theories," 31.

For Morgenthau and realists, the United States' interests abroad cannot all be protected by military means, or even by the "traditional methods of diplomacy," which Morgenthau deemed insufficient on their own, so that if "foreign aid is not available they will not be supported at all."²⁰³ Another prominent realist, the late American political scientist, Samuel Huntington, echoes Morgenthau's belief, asserting that "the United States has frequently given economic assistance to achieve non-economic objectives, and with results which have been at least as relatively successful as its efforts to promote economic development."²⁰⁴ The realist approach suggests that foreign assistance is a policy tool that originated during the Cold War years to influence developing countries during the American-Soviet struggle in a bi-polar world system.²⁰⁵ For political realists such as George Liska and Morgenthau, "foreign aid is an instrument of foreign policy."²⁰⁶ It is designed to advance the strategic interests of the donor, particularly national security in a Hobbesian international system, wherein as Hobbes describes it "during the time men live without a common Power to keep them all in awe, they are in that condition which is called Warre; and such a warre as is of every man, against every man."²⁰⁷ As for the recipient's economic development and humanitarian concerns, foreign aid is perceived as "minimally related" to such concerns.²⁰⁸ Much of the contemporary foreign aid regime is a product of the Cold War, and the political, economic, military, and diplomatic competition between the United States and the Soviet Union. In this sense aid is, as Lancaster states, "... in short, a child of hardheaded, diplomatic realism."²⁰⁹

But realism is not without shortcomings. In his study of the Reagan Doctrine and how structural realism explains aid to "freedom fighters," in reference to insurgencies aided by president Reagan, Mark Lagon finds that "the structural realist perspective is necessary to explain the Reagan Doctrine, but not sufficient," as it fails to take the policy makers' belief into consideration.²¹⁰ According to Lagon, the origins of foreign policy

²⁰³ Morgenthau, "A Political Theory of Foreign Aid," 301.

²⁰⁴ Huntington, "Foreign Aid for What and for Whom," 170.

²⁰⁵ Morgenthau, "A Political Theory of Foreign Aid."; George Liska, *The New Statecraft: Foreign Aid in American Foreign Policy* (Chicago: University of Chicago Press, 1960); McKinlay and Little, "A Foreign Policy Model of U.S. Bilateral Aid Allocation."; Steven W. Hook, *National Interest and Foreign Aid* (Boulder ; London: L. Rienner Publishers, 1995).

²⁰⁶ Liska, *The New Statecraft: Foreign Aid in American Foreign Policy*.

²⁰⁷ Thomas Hobbes and Richard Tuck, *Leviathan*, Rev. student ed., Cambridge Texts in the History of Political Thought (Cambridge: Cambridge University Press, 1996), 88.

²⁰⁸ Schraeder, Hook, and Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French and Swedish Aid Flows," 298.

²⁰⁹ Lancaster, *Foreign Aid: Diplomacy... 2007*, 25.

²¹⁰ Mark P. Lagon, "The International System and the Reagan Doctrine: Can Realism Explain Aid to 'Freedom Fighters'?", *British Journal of Political Science* 22, no. 1 (1992): 39.

should be studied in terms of elite beliefs.²¹¹ He argues that an “‘elite beliefs theory’, would make rather different cues than structural realism to explain the origins of foreign policy.”²¹² For that, one must turn to another school in international relations, constructivism, which focuses less on national security, economic interests and focuses more on beliefs, principles and ideas.

The second of the most prominent IR theories is the liberal tradition. This approach differs from the realist one in almost every respect. Liberalism adopts a less selfish, and perhaps more optimistic explanation for the lack of a better term, than their realist colleagues.²¹³ One of the major differences between the two schools of thought is ontological; realism emphasizes the darker aspects of human nature, and sees it as inherently bad, while liberalism emphasizes the positive aspects, and sees human nature as good. Whereas realists see war as the natural state, liberalism sees wars “as a consequence that can be attributed to historical circumstances, evil leaders, flawed sociopolitical systems, or inadequate international understanding and education.”²¹⁴

According to Walt, one strand of liberal thought argued that economic interdependence would serve as a deterrent against wars between states because states would not be willing to threaten their prosperity.²¹⁵ Another strand, which is influenced by Woodrow Wilson, saw the spread of democracy as the key to world peace.²¹⁶ This belief can be found in the Democratic Peace Theory, which argues that democracies are inherently more peaceful and that democracies do not go to war with one another.²¹⁷ This particular thread became more prominent in neoconservative political thought, which is said to have been influential during the presidency of George W. Bush.²¹⁸ Finally, a third strand of liberal thought argued that international institutions like the World Bank and the IMF, “could help overcome selfish state behavior, mainly by encouraging states to forego immediate gains for the greater benefits of enduring cooperation.”²¹⁹

²¹¹ Ibid., 69.

²¹² Ibid.

²¹³ Schraeder, Hook, and Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French and Swedish Aid Flows," 298.

²¹⁴ Holsti, "Theories of International Relations," 54.

²¹⁵ Walt, "International Relations: One World, Many Theories," 32.

²¹⁶ Ibid.

²¹⁷ David L. Rousseau et al., "Assessing the Dyadic Nature of the Democratic Peace, 1918-88," *The American Political Science Review* 90, no. 3 (1996): 512-512

²¹⁸ Chuck Hagel, *America: Our Next Chapter: Tough Questions, Straight Answers* (New York: Ecco, 2008), 50.

²¹⁹ Walt, "International Relations: One World, Many Theories," 32.

Liberalism's focus shifts away from national security and economic gains, to a more humanitarian need based explanation. They perceive humanitarian needs "as the cornerstone of many foreign aid programs."²²⁰ Liberalism therefore sees foreign aid as a tool of a policy designed to improve the conditions in the developing world, a means to eliminate poverty and promote economic development.²²¹ Furthermore, foreign aid in the liberal perspective can be said to facilitate "the real means of world peace and prosperity: commerce and trade."²²² According to some liberal views, the main problem is the domestic economic policies of the developing countries, which "reduce the productivity of land, labor, and capital; and intensify social and political rigidities."²²³

The constructivist school of international relations is the newest of the three major schools. Alexander Wendt is usually credited with being the lead scholar in constructivist thought.²²⁴ He challenged the realist view on anarchy, which realists see as the natural order of the world, and the cause for conflict between different state actors. Wendt's response is that "anarchy is what states make of it."²²⁵ To Wendt, the natural order is not static, nor is it predetermined, it is what the interactions and actions between and of states make it. If states wished the system to be based on peaceful cooperation, it can be so. Wendt argues that there are three cultural forms that results from interaction between states; a Hobbesian form, a Lockian form, and a Kantian form.²²⁶

The Hobbesian form, which has been discussed in the realist perspective, is a state of competition and war, with a lack of central authority to keep states in check. The Lockian form involves competition between states, though a much friendlier form than in the Hobbesian form with states recognizing each other's rights. The final form, the Kantian, is the newest world order, and in it states see one another as friends, and involves cooperation

²²⁰ Schraeder, Hook, and Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French and Swedish Aid Flows," 298. See also David L. Cingranelli, *Ethics, American Foreign Policy, and the Third World* (New York: St. Martin's Press, 1993).

²²¹ David A. Baldwin, *Foreign and American Foreign Policy: a Documentary Analysis* (New York: Praeger, 1966); Hollis B. Chenery and Alan M. Strout, "Foreign Assistance and Economic Development," *The American Economic Review* 56, no. 4 (1966); Robert Allen Packenham, *Liberal America and the Third World: Political Development Ideas in Foreign Aid and Social Science* (Princeton, NJ: Princeton University Press, 1973).

²²² Hattori Tomohisa, "The Moral Politics of Foreign Aid," *Review of International Studies* 29, no. 2 (2003): 230.

²²³ Joan Edelman Spero and Jeffrey A. Hart, *The Politics of International Economic Relations*, 7 ed. (Boston: Wadsworth Cengage Learning, 2010), 193.

²²⁴ Stefano Guzzini and Anna Leander, "Preface," ed. Stefano Guzzini and Anna Leander, *Constructivism and International Relations: Alexander Wendt and his Critics* (Oxon and New York: Routledge, 2006).

²²⁵ Alexander Wendt, "Anarchy is what States Make of it: The Social Construction of Power Politics," *International Organization* 46, no. 2 (1992): 391.

²²⁶ *Ibid.*

against common threats.²²⁷ Wendt's views on the three cultures can be summarized as; Hobbesian, enemy; Lockian, rival; Kantian, friend.²²⁸

Whereas realism and liberalism emphasize the role of material factors to explain how international relations work, constructivism moves away from the traditional power struggle of the realist school, and liberalism's emphasis on economic considerations, and focuses rather on the world of ideas and norms.²²⁹ Realism and liberalism both see ideas as a means to achieve national goals, constructivism adds that these goals are determined by ideas.²³⁰ As Veen argues, constructivism emphasizes the "importance of norms and ideas that reside in the nation's collective consciousness, associated with conceptions of national identity."²³¹ National identity, for constructivists, represents the first building block for foreign policy analysis, because it is a reflection and a function of the domestic self-image. This self-image, which is based on the ideas people and governments, form for themselves is the basis of interests, which by turn is reflected in a country's foreign policy.

The ideas American foreign policy makers adopt are therefore the basis of their foreign policy. If the War on Terror is taken an example here, constructivists, whether they agree on the war itself or not, see it as a reflection of American ideals and principles of guarding liberty and freedom against an enemy who possesses neither, and is adamant to overthrow such ideas, or it could be interpreted as a means to spread such American principles as democracy and market economy which spring from American Exceptionalism. Constructivists would also argue that ideas and interests are flexible, which explains the changes in American foreign policy.²³² Through the emphasis on norms, ideas, and social construction of identities, constructivists attempt to explain the adjustments and changes in American foreign policy. To constructivists therefore, American foreign aid is founded on prevailing ideas and norms that motivate the U.S. to provide aid to other countries for economic, security, or pure humanitarian and altruistic considerations.

David Lumsdaine's *Moral Vision in International Politics* is a prime example of the constructivist paradigm. Other works that have reached similar conclusions to Lumsdaine's include, Robert W. McElroy's *Morality and American Foreign Policy*, Dorothy V. Jones'

²²⁷ *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1999), 43.

²²⁸ *Ibid.*, 257-58.

²²⁹ Walt, "International Relations: One World, Many Theories," 40.

²³⁰ A. Maurits van der Veen, *Ideas, Interests and Foreign Aid*, Cambridge Studies in International Relations (New York: Cambridge University Press, 2011), 26.

²³¹ *Ibid.*

²³² Colin Dueck, *Reluctant Crusaders: Power, Culture and Chance in American Grand Strategy* (Princeton: Princeton University Press, 2006), 14-15.

Code of Peace, Louis Henkin's *The Age of Rights*, and Amitai Etzioni's *The Moral Dimension*.²³³ Relying on foreign aid data since WWII, Lumsdaine shows how such aid is the largest source of capital for the developing world. Lumsdaine argues that foreign aid is a result of humanitarian ideas and moral values that have shaped American foreign policy.²³⁴ Such ideas and values were founded in the domestic politics and religious and moral traditions of the West. According to Lumsdaine,

“Foreign aid cannot be accounted for on the basis of the economic and political interests of the donor countries alone; the essential causes lay in the humanitarian and egalitarian principles of the donor countries, and in their implicit belief that only on the basis of a just international order in which all states had a chance to do well was peace and prosperity possible”²³⁵

Lumsdaine asserts that “foreign aid is a paradigm case of the influence of crucial moral principle because of its universal scope, as assistance from well-off nations to any in need, its focus on poverty, and its empowerment of the weakest groups and states in the international system.”²³⁶ According to Lumsdaine, liberal or left leaning governments are more likely to provide more aid, and even more effective aid.²³⁷

As the next chapter demonstrates, there is hardly a relation between party affiliation of the president, and of congress, when it comes to the amount of foreign aid. Indeed, the historical review argues that Nixon and Reagan on one end, and Obama and Carter on the other, to use the two extremes, were just as devoted to foreign assistance, and that there has been a genuine willingness in congress to maintain, if indeed, not increase the amount of aid, whether congress is controlled by Republicans or by Democrats. That is not to say that there are no differences between the two parties, the differences are apparent in the focus of this aid, and its use, rather than the amount or the general structure of the aid establishment or even the motivation when it comes to spreading such principles as abortion and gay rights.

Lumsdaine's arguments fail at explaining some aspects of U.S. foreign aid. If Lumsdaine's vision were correct, then naturally U.S. aid would be dedicated to those who

²³³ Dorothy V. Jones, *Code of Peace: Ethics and Security in the World of the Warlord States* (Chicago: University of Chicago Press, 1991); Amitai Etzioni, *The Moral Dimension: Toward a New Economics* (New York and London: Free Press; Collier Macmillan, 1988); Louis Henkin, *The Age of Rights* (New York: Columbia University Press, 1990).

²³⁴ Lumsdaine, *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989*, 30.

²³⁵ *Ibid.*

²³⁶ *Ibid.*, 29.

²³⁷ *Ibid.*, 56, 139.

are suffering the most, which is clearly not the case. Instead of aiding the developed Israel, and the less developed Egypt, the billions of aid these two states receive would be sent to poorer African or Latin American countries instead. The same can be said of military aid. As discussed in the next chapter, there is no correlation between the allocations of U.S. military aid and the level of the recipients' need. To use Israel and Egypt as examples again, neither Israel nor Egypt is currently in a desperate need for arms and ammunition, but other countries and groups that are influenced by such American norms as "democracy," and "freedom," need it far more desperately, yet they receive little to none.

Lumsdaine leaves one to wonder, had Western Europe fallen within the Soviet sphere of influence after WWII, with all the devastation, hunger and starvation, would the U.S. had been in such a hurry to implement the Marshall Plan? The U.S. would have probably sent food and such essential aid as was needed to keep the Europeans alive, no doubt, but under no circumstance would the Marshall Plan have been as big as it was. The moral and idealist values seem to have been replaced by concerns over national security and economic opportunity.

The last of the international relations schools are the World-systems theory, which is also known as world-systems analysis, and that Marxist theory. The world system analysis focuses on the study of the world as a total social system. It originated with Immanuel Wallerstein's 1974 paper *The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis*.²³⁸ In the same year, Wallerstein published *The Modern World System I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*.²³⁹ According to Wallerstein, a world system is a "multicultural territorial division of labor in which the production and exchange of basic goods and raw materials is necessary for the everyday life of its inhabitants."²⁴⁰ This division of labor describes the relations between the states in a world economy.

Accordingly, the world is divided between core, periphery, and semi-periphery states.²⁴¹ The core states are powerful and wealthy and they dominate and exploit the weaker and poorer peripheral states. This view argues that the core and peripheral states

²³⁸ Immanuel Wallerstein, "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis," *Comparative Studies in Society and History* 16, no. 4 (1974).

²³⁹ Immanuel Maurice Wallerstein, *The Modern World System I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, Studies in Social Discontinuity (New York ; London: Academic Press, 1974).

²⁴⁰ Ibid.

²⁴¹ Christopher Chase-Dunn and Peter Grimes, "World-Systems Analysis," *Annual Review of Sociology* 21 (1995): 389.

“generally retain their positions relative to one another over time, although there are individual cases of upward and downward mobility,” in this hierarchical structure.²⁴² Within this framework, foreign aid is understood as a tool to “constrain the development path of recipient countries, promoting the unequal accumulation of wealth in the world.”²⁴³ Foreign aid increases the peripheral countries reliance and dependence on the core countries’ economies, thereby making their own systems and economies subordinate to that of the donors.²⁴⁴ In the meantime, the capitalist economies of the donor countries enjoy the benefits of having large markets in peripheral countries and therefore accumulate more wealth.

The Marxist paradigm shares much with the world system theory. The essence of the Marxist political thought, whether on state or international level, views the struggle between the nation states as primarily an economic struggle. Marxist and neo-Marxist theories strongly oppose the liberal perspective. The problem is not necessarily the domestic economic policies, but rather because of “the recipients’ history as subordinate elements in the world capitalist system.”²⁴⁵ Their neo-Marxist colleagues argue that foreign aid “constitutes an extension of highly exploitative North-South relationships that either preserve or widen economic disparities between wealthy states and Third World countries.”²⁴⁶

There is no right and wrong answer in this discussion, nor is it possible to prevent the insights and explanations of these theories from overlapping. This study concludes that no single theoretical approach can adequately explain foreign assistance on its own. Lancaster’s statement regarding aid being born of hardheaded realism is certainly true when considering that the evolution of the modern aid regime was a reflection of the structural changes in the international system that occurred as results of the East-West Cold War divide, and the new world order of the 1990s. But as the constructivist suggests, these changes cannot be understood without the ideological environment in which they were produced. For what was the Cold War, though it was a struggle for national security and economic prosperity, if not also a battle of ideologies and principles that each side strove to spread?

²⁴² Ibid.

²⁴³ Hattori Tomohisa, "Reconceptualizing Foreign Aid," *Review of International Political Economy* 8, no. 4 (2001): 634.

²⁴⁴ Ibid., 639.

²⁴⁵ Spero and Hart, *The Politics of International Economic Relations*, 194.

²⁴⁶ Schraeder, Hook, and Taylor, "Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French and Swedish Aid Flows," 299.

Foreign aid is indeed a “tricky concept,” and not just because it is thought of as a policy, rather than a tool of a policy.²⁴⁷ The “trickery” of foreign aid does not end there. The concept has wide political, economic, and social implications, and numerous players from all backgrounds are involved in making and shaping it and many more are influenced by it. From this broadness rises difficulty of finding a general agreement among scholars on such issues as simple as defining it, let alone finding an agreement on the broader implications of using this tool and the motives behind it.

In conclusion, what seems to be certain is that whether it is a \$100 bribe or a trillion dollar grant, politics plays a role in every part of the aid process. Politics infiltrates aid when it is a mere idea, and continues to be present until the results of aid manifest themselves. Since politics is all about answering the question of power, and it is about “who gets what when and how,”²⁴⁸ and it is “the authoritative allocation of values for a society”, it is impossible to think of a foreign aid system bereft of politics.²⁴⁹ And just as impossible to think that this phenomenon can be explained within one rationale or one motive or within one framework. It is the combination of changes in the international system, and the ideas behind these changes, that have made foreign aid into the phenomenon it is today.²⁵⁰ What also seems to be certain is that these explanations may have prevailed, or became more dominant for a certain period, and gave way at others. An analysis of the history of aid giving by the world’s most prominent donor would do much to clarify these rationales in practice, rather than just in theory.

²⁴⁷ Lancaster, *Foreign Aid: Diplomacy...* 2007, 9.

²⁴⁸ Lasswell, *Politics: Who Gets What, When, How*.

²⁴⁹ Easton, *The Political System: an Inquiry into the State of Political Science*, 285.

²⁵⁰ Therien, "Debating Foreign Aid: Right versus Left," 449.

2. History of U.S. Foreign Aid

The United States' involvement in the realm of foreign aid dates back to the early days of its founding. Interestingly, America in 1776 was on the receiving end of this process. Indeed, if it were not for foreign military and economic assistance that the United States received during the Revolutionary War from European powers, France chief among them, one would be left to question whether the American colonies' revolution would have fallen utterly short of the level of success it enjoyed, if not failed altogether.²⁵¹

The French support to the American cause cost France in the region of 1.3 billion Livres, which amounts to \$13 billion in contemporary American dollars.²⁵² France's military support, in terms of arms, munitions, and logistics was instrumental in aiding George Washington's Continental Army; providing arms, munitions and, equally essential; clothing, which proved to be one of the most difficult tasks to face Washington.²⁵³ The United States sought the aid of Holland as well, sending John Adams to secure loans for the war efforts and the building of the newly born republic.²⁵⁴

Today, the United States has the largest economy in the world, the biggest and most powerful military force, an army of diplomats, and has stood unchallenged atop the donor pyramid of foreign assistance since WWII, with the exception of few years between 1989 and 2001 when Japan overtook the U.S. in terms of amount donated.²⁵⁵ The U.S. provides food and assistance to every continent, and has shown that it has the power to influence the outcomes of elections and wars alike, to change regimes by military means, or gain concessions by imposing economic sanctions, all in the service of U.S. foreign policy goals. All this aid, from grains to guns, is provided under the supervision of the American foreign aid establishment, which has undergone an evolutionary process extending from the early days of the country's founding to the present, with most notable expansion and change occurring during the presidencies of Democratic presidents Harry S. Truman and John F. Kennedy.

²⁵¹ Jessica M. Parr, "The Evolution of the Franco-American Alliance and France's Military Contribution," in *The Routledge Handbook of American Military and Diplomatic History: The Colonial Period to 1877*, ed. Antonio S. Thompson and Christos G. Frentzos (New York, NY: Routledge, 2015), 113.

²⁵² Stacy Schiff, *A Great Improvisation: Franklin, France, and the Birth of America*, 1st ed. (New York: Henry Holt, 2005), 5.

²⁵³ Thomas J. Schaeper, *France and America in the Revolutionary Era: the Life of Jacques-Donatien Leray de Chaumont, 1725-1803* (Providence: Berghahn Books, 1995), 159.

²⁵⁴ Norman A. Graebner, Richard Dean Burns, and Joseph M. Siracusa, *Foreign Affairs and the Founding Fathers: from Confederation to Constitution, 1776-1787* (Santa Barbara, Calif.: ABC-CLIO, 2011), 59.

²⁵⁵ Curt Tarnoff and Marian Leonardo Lawson, Congressional Research Service, *CRS Report for Congress: Foreign Aid: An Introduction to U.S. Programs and Policy* (Washington D.C.: Federation of American Scientists, 2011), 19.

This section of the research provides an account of the evolutionary process of the United States' involvement in foreign aid. It describes and analyses the evolution of the American foreign aid establishment, and how the policies and institutions of this establishment changed overtime, as well as the historical circumstances that shaped this process, both domestic and foreign. The chapter traces the evolution of the United States' foreign assistance program from its early years to becoming the biggest aid donor in the world in the 20th century. Understanding the historical circumstances that shaped the contemporary American foreign aid establishment is essential to understanding the current system and the different players involved in making and shaping foreign policy, and the way foreign aid is used as tool to advance foreign policy goals by American foreign policy makers.²⁵⁶

For the first century after its independence, the United States remained, to a great extent, occupied with its own affairs and the affairs of its continent and the Western hemisphere in general. It was not until the turn of the 20th century that the United States began to exercise its military, diplomatic and financial powers beyond its borders on a more significant level. The two world wars had a profound impact on U.S. foreign policy, and on both occasions the U.S. was left as the only major power still able to sustain itself and provide assistance to other states in need.

The emergence of the Soviet Union on the other pole of the post WWII world order, and the ensuing Cold War, was a major force in shaping the contemporary American foreign aid structure as the country looked to expand its influence in order to *contain* the influence of the Soviet Union, and protect America's allies and America's economic and geopolitical interests in the world. Finally, more recently the threat of terrorism from groups such as al-Qaeda, and the so-called Islamic State in Iraq and the Levant (ISIL), has forced the U.S. to look beyond the conventional means of aid and focus more on development, education, and providing healthcare to societies that are susceptible to falling victims to such groups as ISIL, as President Obama has recently suggested.²⁵⁷

The historical analysis of U.S. foreign assistance reveals that U.S. foreign aid has always been used as a tool to advance the security and commercial interests of the United States, in varying means and to various degrees of success. National security remains the paramount goal of U.S. foreign assistance, followed by commercial and economic interests,

²⁵⁶ Foreign aid establishment: the term refers to the American foreign assistance program, the policy-makers, aid agencies, and all those involved in the different stages of policy-making related to American foreign aid, its appropriation, use, etc.

²⁵⁷ Barack Obama, interview by Shane Smith, 17.03.2015, "President Obama Speaks with VICE News".

and last and least humanitarian concerns. Even when aid was rendered for humanitarian reasons, tactical and strategic political considerations have always played a pivotal role in dictating the nature, recipients, and sums of foreign assistance. Furthermore, the analysis has found two patterns in the history of U.S. aid donation; in the vast majority of cases, U.S. aid was provided upon the recipient meeting certain conditions, and that most of aid rendered over the years was also tied, meaning that it required the recipients or the federal government to spend American aid funds on the purchase and transport of American products, despite the consequences of such aid on local economies and markets. The analysis has found little evidence that suggests that American principles and ideals played a role in determining aid allocation and distribution, but that such norms have in the majority of cases given way to national security and economic interests.

2.1. Pre-World War II Aid

As discussed earlier, foreign aid is not wholly new to world politics. The U.S. government, and American private donors provided foreign countries with humanitarian aid since the early years of the American republic.²⁵⁸ American charity and philanthropy have always been present side by side with official government aid, particularly during humanitarian crises.²⁵⁹ The research is concerned with aid originating from the federal government rather than private American donors, though in some instances, some philanthropic organizations have played a role in foreign policy.²⁶⁰

Since discussions on American policy and politics always return to the Founding Fathers, and the fact that their actions and writings have played an influential role in setting precedence for their successors, and are often times used for reference and justification, the first instance of U.S. foreign aid is a natural starting point for the historical discussion.

It is usually assumed that the first instance of U.S. foreign assistance took place during the presidency of James Madison (1809-1817), when the young republic aided earthquake stricken Venezuela in 1812.²⁶¹ However, there is an earlier instance that has not been given much coverage. The first time the U.S. sent aid to a foreign country was during

²⁵⁸ Olivier Zunz, *Philanthropy in America: a History* (Princeton, N.J. ; Woodstock: Princeton University Press, 2011), 6.

²⁵⁹ Ibid.

²⁶⁰ Ibid., 6. Other notable works on American charity and philanthropy include Jeremy Beer, *The Philanthropic Revolution: An Alternative History of American Charity* (Philadelphia: University of Pennsylvania Press, Inc., 2015); Mark D. McGarvie and Lawrence J. Friedman, *Charity, Philanthropy, and Civility in American History* (Cambridge: Cambridge University Press, 2003); Robert H. Bremner, *American Philanthropy*, ed. Daniel J. Boorstin, 2nd ed., *The Chicago History of American Civilization* (Chicago: University of Chicago Press, 1988).

²⁶¹ Harold A. Bierck Jr, "The First Instance of U.S. Foreign Aid: Venezuelan Relief in 1812," *Inter-American Economic Affairs* 9, no. Summer 1955.

the presidency of George Washington (1789-1797), when the U.S. sent aid to the white colonial rulers of Santo Domingo during the Haitian Revolution and slave revolt.²⁶²

There are few publications that have dealt with Washington's foreign assistance. Timothy M. Matthewson's *George Washington's Policy Toward the Haitian Revolution*, published in 1979, is one of few works that goes into details of this aid.²⁶³ In 2003, Matthewson published a book entitled *A Proslavery Foreign Policy: Haitian- American Relations During the Early Republic*, in which the author delved further into American-Haitian aid relations.²⁶⁴ The reason for this lack can best be explained by the fact it is better to say that young America aided the destroyed and starving Venezuela, rather than America aided white slavers against a rebellion that was inspired in whole or in part by principles of the American Revolution itself.²⁶⁵

This event serves the greater narrative that protecting American national security, and advancing its commercial interests, have been the main driving goals of American foreign aid from the onset. The first instance of U.S. aid involved prioritizing national domestic considerations, and the commercial interests of the states over America's founding principles, ideals, and humanitarian concerns.

According to Mathewson, the U.S. administration under Washington supplied the white slavers with over \$726,000 in aid to purchase arms, ammunitions and supplies for the plantation owners in Haiti.²⁶⁶ In a letter in September 1791, Washington wrote to Jean Baptiste Ternant, French ambassador to the U.S., granting the latter's requests for financial and military assistance, Washington stated that "...the United States are to render every aid in their power to quell 'the alarming insurrection of the negroes of Hispaniola'."²⁶⁷ Washington then ordered secretaries of the treasury and war; Alexander Hamilton and Henry Knox

²⁶² *From George Washington to Ternant*, ed. Mark A. Mastromarino, Papers of George Washington: Presidential Series (Charlottesville: University Press of Virginia, 2000); *From George Washington to Ternant*, Founders Online- the National Archives, (Washington D.C.

²⁶³ Timothy M. Matthewson, "George Washington's Policy Toward the Haitian Revolution," *The Journal of the Society for Historians of American Foreign Relations- Diplomatic History* 3, no. 3 (1979). Other works include, Charles Callan Tansill, *The United States and Santo Domingo, 1798-1873* (Baltimore,: The Johns Hopkins press, 1938). Rayford Whittingham Logan, *The Diplomatic Relations of the United States with Haiti, 1778-1841* (Chapel Hill,: The University of North Carolina press, 1941). And Ludwell Lee Montague, *Haiti and the United States, 1714-1938* (Durham, N.C.,: Duke university press, 1940).

²⁶⁴ Tim Matthewson, *A Proslavery Foreign Policy: Haitian-American Relations During the Early Republic* (Westport, Conn. ; London: Praeger, 2003).

²⁶⁵ David Patrick Geggus, *Haitian Revolutionary Studies*, Blacks in the Diaspora (Bloomington, Ind.: Indiana University Press, 2002), 8-9.

²⁶⁶ Matthewson, "George Washington's Policy Toward the Haitian Revolution," 321. And Logan, *The Diplomatic Relations of the United States with Haiti, 1778-1841*, 36. Equivalent to \$18.9 billion in 2015 Dollars. (measuringworth.com calculations)

²⁶⁷ "From George Washington to Ternant." Founders Online- the National Archives.

respectively, to deliver on his promises to the French slavers.²⁶⁸ Both secretaries were in agreement with the president regarding this course of action, and so was Secretary of State, Thomas Jefferson, who had insisted that all funds must be spent on American goods.²⁶⁹

Despite the sociopolitical instability in the region due to the rebellion, and the threat of slave revolt spilling over into the U.S., one economic advantage presented itself, the Washington administration used this aid to re-pay France by deducting the aid from America's debt to France, both financial and moral, during the American Revolution.²⁷⁰ Jefferson's insistence on spending the funds on American goods and services also shows that U.S. aid was tied from the start, a pattern that still endures to the present day.

The Haitian Revolution represented a serious threat to domestic American politics, particularly the southern states and their plantations. Washington's aid was based on domestic considerations for the most part. It was feared that the Haitian revolution could inspire slaves in the southern states to do likewise. It was these domestic considerations, particularly slavery that delayed America's recognition of Haiti's independence until 1862.²⁷¹ Furthermore, a free Haiti was more likely to increase its commerce with Great Britain, at the cost of trade with the United States as Thomas Jefferson warned ambassador Ternant as early as November 1791, that should France lose the Saint Domingo, Britain would enjoy monopoly over trade in the region.²⁷²

The importance of Washington's actions with regards to the Haitian Revolution represented a milestone in establishing the executive branch as the main player in the foreign policy realm. As Robert Reinstein points out, the six administrations from Washington to John Q. Adams (1801-1829), expanded the executive power by taking "effective control over the nation's most important dimensions of foreign policy, creating and employing instruments of power that are used to this day."²⁷³ During the revolution, argues Reinstein, presidents provided funds and military equipment, intervened in a foreign civil war,

²⁶⁸ *To George Washington from Alexander Hamilton, 22 September 1791*, Founders Online- the National Archives, (Washington D.C); *To George Washington from Henry Knox, 22 September 1791*, Founders Online- the National Archives, (Washington D.C).

²⁶⁹ Garry Wills, *Negro President: Jefferson and the Slave Power*, 1st Mariner Books ed. (Boston: Houghton Mifflin, 2005), 35-37.

²⁷⁰ "To George Washington from Alexander Hamilton, 22 September 1791."; "To George Washington from Henry Knox, 22 September 1791."

²⁷¹ Leslie M. Alexander, "'The Black Republic': The Influence of the Haitian Revolution on Northern Black Political Consciousness, 1816-1862," in *Haitian History: New Perspectives*, ed. Alyssa Goldstein Sepinwall (New York: Routledge, 2012), 211-12.

²⁷² Logan, *The Diplomatic Relations of the United States with Haiti, 1778-1841*, 36.

²⁷³ Robert Reinstein, "Slavery, Executive Power and International Law: The Haitian Revolution and American Constitutionalism," in *Legal Studies Research Paper Series* (Temple University: Beasley School of Law, 2013).

negotiated secret agreements, and used force abroad among others.²⁷⁴ Such actions, concludes Reinstein, formed a blueprint for executive dominance in foreign affairs.

One of the consequences of the Haitian Revolution was an influx of French refugees to the U.S. The arrival of these refugees raised questions on the constitutional basis of foreign aid. The French refugees made their way to the American states since the U.S. was a close ally of the “Ancien Régime.” They landed with little to nothing, relying heavily on the assistance of their host states, which struggled to pay for their care and upkeep. These states therefore sought assistance from the federal government.²⁷⁵ Accordingly, with President Washington’s support, congress passed *An Act Providing for the Relief of Such of the Inhabitants of Saint Domingo, Resident Within the United States, as May be Found in Want of Support*.²⁷⁶

At this early point in U.S. foreign aid history, the question of the constitutionality arose. Jefferson was more reluctant than his Commander in Chief, at least on the technicalities. Jefferson, who said of the slaves revolt “[n]ever was so deep a tragedy presented to the feelings of man,” felt that the power to apply money to such a purpose, “should belong to State governments,” rather than the “general,” federal government.²⁷⁷ The federal aid did not deter southern states from aiding the slave owners in Haiti, the state of South Carolina, a slave-state with majority black population, sent thousands of dollars to the slavers, and even debated sending a part of its state militia to aid the slave owners in Haiti.²⁷⁸

Jefferson’s successor, James Madison, speaking in his capacity as a House representative from Virginia in 1794 during the congressional debate on the proposed bill, questioned the constitutionality of sending aid to these refugees.²⁷⁹ Madison, while acknowledging the special bond between France and the U.S., particularly the latter’s role in the American Revolution, argued that he “[cannot undertake to lay [his] finger on that article of the Constitution which granted a right to Congress of expending, on objects of benevolence, the money of their constituents.”²⁸⁰ According to the Annals of Congress in

²⁷⁴ Ibid.

²⁷⁵ Gordon S. Brown, *Toussaint's Clause: the Founding Fathers and the Haitian Revolution* (Jackson: University Press of Mississippi, 2005), 81.

²⁷⁶ *An Act Providing for the Relief of Such of the Inhabitants of Saint Domingo, Resident within the United States, as May Be Found in Want of Support*, U.S. Congress, 3 Cong., 1 sess. (Philadelphia: Francis Childs and John Swaine, 1794).

²⁷⁷ Thomas Jefferson as quoted in Wills, *Negro President: Jefferson and the Slave Power*, 37.

²⁷⁸ Matthewson, *A Proslavery Foreign Policy: Haitian-American Relations During the Early Republic*, 22.

²⁷⁹ *Annals of Congress, House of Representatives, 3rd Congress, 1st Session*, The Library of Congress, 3 Cong., 1 sess. (Washington D.C., 1794), 169-70.

²⁸⁰ The Annals of Congress summarized the speech in third person. It is recorded as “... He [Madison] acknowledged, for his own part, that he could not undertake to lay his finger on that article in the Federal

which the debate was recorded, Madison feared that such aid would set a dangerous precedent, “which might be perverted to the countenance of purposes very different from those of charity.”²⁸¹

Yet, when James Madison became president, he sent aid to earthquake stricken Venezuela. The second instance of U.S. foreign aid took place when news reached congress in April 1812 that an earthquake had struck Venezuela and that much of the city of Caracas was destroyed. In the following days, congress met and passed a bill under the title *An Act for the Relief of the Citizens of Venezuela*, authorizing Madison to “cause to be purchased such provisions such as he shall deem advisable, and to tender the same in the name of the government of the United States to that of Venezuela, for the relief of the citizens who have suffered by the late earthquake.”²⁸² The act further appropriated \$50,000 to purchase provisions.²⁸³ An explanation for the change in Madison’s perspective on “objects of benevolence” could not be found in existing literature. Therefore one is left to consider the following three explanations.

The first possible explanation is that Madison was occupying a different office. Being the President of the United States carries a different weight and different obligations from being a congressman in the House of Representative, where the former is seen as the head of the state and head of the nation and chief foreign policy conductor, a state representative is far more likely to be concerned about how much their state will have to contribute to this aid. The second possible explanation is that Madison did not wish to go against Congress who had agreed to aid Venezuela with little debate, and therefore act against the will of the American people. However, if Madison was concerned about the relationship between the executive and the legislative branches of the government, he would not have used the veto right five times, and furthermore, would not have initiated the whole idea of “pocket veto.”²⁸⁴

The final explanation, and by far the more likely, is that Madison, as president of the U.S. was concerned about developments in Latin America and sought to establish friendly relations with the emerging republics to the south. This was the time of revolutions and the

Constitution which granted a right of Congress of expending, on objects of benevolence, the money of their constituents.” Ibid.

²⁸¹ Ibid.

²⁸² *Laws of the United States of America, Acts Passed at the First Session of the Twelfth Congress of the United States*, vol. XI (Washington City: R. C. Weightman, 1813), 163.

²⁸³ *Annals of Congress, House of Representatives, 12th Congress, 1st Session*, The Library of Congress, 12 Cong., 1 sess. (Washington D.C., 226-28, 1348- 51, 66, 78.

²⁸⁴ Pocket Veto: U.S. presidents are required to sign congressional bills for these bills to become law. However, Madison was the first to do nothing, which meant not using the veto, but not signing the bills either, simply leaving them unsigned when Congress is not session, thereby “killing” these bills. The precedent set by Madison has been used numerous times by presidents since then.

collapse of the Spanish Empire, and if the newly born republic that came to life in a struggle against Imperial Britain were not to support their southern neighbors whose revolutions were inspired, in part at least, but the American Revolution, then who would?²⁸⁵ European powers certainly had designs for Latin America, designs that in all likelihood did not include a free and independent Venezuelan republic.²⁸⁶ Therefore, Madison's act was not merely a charity or an act of benevolence, but a well calculated pre-emptive political move to strengthen America's position in the Western hemisphere to keep the European powers out of America's backyard.

It was the events in South America that led Madison's successor, President James Monroe (1817-1825), to introduce one of the most important U.S. foreign policy doctrines in 1823, designed and written by his Vice-President John Quincy Adams, the Monroe Doctrine served as a warning to European powers to stay out of the Western hemisphere, and a declaration of non-intervention in European struggles and affairs.²⁸⁷ The Monroe Doctrine declared that European attempts to re-colonize the already free nations in South America would represent a threat to the U.S.²⁸⁸

The Founding Fathers acted based on the geopolitical and commercial interests of the United States. In the case of Washington and his close advisors Hamilton and Jefferson, humanitarian needs and ideological principles were put on the margin, and a realist approach was adopted instead. The example of the Haitian Revolution is both the first time the U.S. government sent aid to a foreign nation, and the first time it used foreign assistance as a tool to influence the domestic politics of a foreign nation by supplying and supporting the white slave owners rather than their slave to protect slavery in the American south as well as protect American trade.

2.1.1. Dollar Diplomacy

Historically speaking, the term "dollar diplomacy," has had a two-fold meaning; it may refer to general policy, as a set of tactics that involve the use of money to achieve policy

²⁸⁵ Octavio Paz, "Latin America and Democracy," in *Politics and Social Change in Latin America: Still a Distinct Tradition?*, ed. Margaret MacCleish Mott and Howard J. Wiarda (Westport: Praeger Publishers, 2003), 171.

²⁸⁶ For a comprehensive account of the Monroe Doctrine, evolution, and implications see Jay Sexton, *The Monroe Doctrine : Empire and Nation in Nineteenth-Century America*, 1st ed. (New York: Hill and Wang, 2011); Mark T. Gilderhus, "The Monroe Doctrine: Meanings and Implications," *Presidential Studies Quarterly* 36, no. 1 (2006): 6.

²⁸⁷ Carl Cavanagh Hodge and Cathal J. Nolan, *U.S. Presidents and Foreign Policy: from 1789 to the Present* (Santa Barbara, Calif.: ABC-CLIO ; London : Eurospan [distributor], 2006), 59.

²⁸⁸ In 2013, Secretary of State John Kerry declared that "The Era of the Monroe Doctrine is over." Keith Johnson, "Kerry Makes it Official: 'Era of Monroe Doctrine is Over'," *The Wall Street Journal*, November 18, 2013.

objectives.²⁸⁹ In this sense the term has the same meaning as the more contemporary “checkbook diplomacy.”²⁹⁰ The other meaning refers to a specific U.S. foreign policy that originated during the presidency of Theodore Roosevelt (1901-1909), and became more dominant during his successor William Taft’s time in office (1909-1913).²⁹¹ The policy emphasized advancing the national interests of the U.S. with the use of economic power, rather than military intervention or territorial expansion, by extending loans to foreign countries.²⁹² In theory, American corporations and banks as well as the recipient countries benefited from dollar diplomacy; one by receiving money for development, the other through interests when these loans are paid back. But as one would expect, the process did not accumulate in much benefit for either side.

By the end of 1905, the U.S. had overtaken Great Britain as the world’s largest industrial manufacturer, and could deploy one of the largest navies in the world, second only to the Royal Navy.²⁹³ This era was a period of American expansion as the U.S. fought an easy war against Spain that ended with U.S. occupation and acquisition of Cuba, Guam, Hawaii and the Philippines among others.²⁹⁴ American expansion, or imperialism, has been the subject of numerous academic works that deal with the reasons and motivations, the public perception, the economic and political dimension, Darwinist influence and the consequences of the era on the significance of U.S. geopolitical standing in the world. President William McKinley summarized America’s motivation for expansion as well as any scholar in four points; national glory, commerce, racial superiority and evangelism.²⁹⁵

McKinley’s successor shared a similar mindset on expansion, if not a stronger one indeed. Theodore Roosevelt has been described as “an all out imperialist,” who had a “racist,

²⁸⁹ Robert Freeman Smith, "Cuba: Laboratory for Dollar Diplomacy, 1898-1917," *Historian* 28, no. 4 (1966).

²⁹⁰ Checkbook diplomacy: as implied by the name, using money to secure diplomatic favors. Contemporary examples include China and Taiwan paying to secure diplomatic recognition. Russia paying Pacific islands to secure the recognition of Abkhazia and South Ossetia. Tuvalu received fresh water from Abkhazia, Nauru received \$50 million in aid from Russia. Luke Harding, "Tiny Nauru Struts World Stage by Recognizing Breakaway Republics," *The Guardian*, December 14, 2009. , Finally, Scott Lasensky also used the term to describe U.S. aid to the Palestinians following the Oslo agreement. Scott Lasensky, "Chequebook Diplomacy: the US, the Oslo Process and the Role of Foreign Aid," in *Aid, Diplomacy, and Facts on the Ground: The Case of Palestine*, ed. Anne Le More Michael Keating, Robert Lowe (London: Royal Institute of International Affairs, 2005).

²⁹¹ Robert J. McMahon and Thomas W. Zeiler, *Guide to U.S. Foreign Policy: a Diplomatic History*, 2 vols., vol. 1 (Thousand Oaks, Calif.: CQ Press, 2012), 150.

²⁹² Smith, "Cuba: Laboratory for Dollar Diplomacy, 1898-1917," 586.

²⁹³ Cyrus Veese, *A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power*, ed. Alan Brinkley, Columbia Studies in Contemporary American History (New York ; Chichester: Columbia University Press, 2002), 1-2.

²⁹⁴ George Brown Tindall and David Emory Shi, *America: a Narrative History*, 9 ed. (New York: W. W. Norton and Company), 911-13.

²⁹⁵ *Ibid.*, 912.

expansionist, nationalistic arrogance.”²⁹⁶ Roosevelt, whose name has become synonym with his policy of “walk softly and carry a big stick,” became the 26th president of the U.S. following the assassination of President William McKinley in September 1901, having served as vice president since January of the same year.²⁹⁷ By our contemporary standards, Roosevelt’s views may be extreme, yet they are not more so than those of his contemporaries.²⁹⁸ Roosevelt pursued an aggressive, expansionist foreign policy that was inspired by his belief in maintaining naval supremacy, and projecting American power and principles. Historian Walter LaFeber views Roosevelt to have “personally exemplified central themes of post- 1890 U.S. Foreign policy.”²⁹⁹ These central themes, according to LaFeber were the willingness to use force to obtain order, the responsibility of the U.S. to guarantee stability in Latin America and Asia, and finally the belief that the values and successes of Anglo-Saxon America provided the right to conduct such policy.³⁰⁰

In December 1902, Germany and Britain provided Venezuela’s government with loans for railroad construction, only for military hostilities to break out over the former’s failure to pay back its debts.³⁰¹ The European intervention, which came in breach of the Monroe Doctrine, would have diminished the doctrine’s prestige.³⁰² A court ruling in The Hague justified Germany and Britain’s use of their military to acquire unpaid debts.³⁰³ Furthermore, the ruling put Germany and Britain ahead in the pay back roll for using their military while other countries did nothing.³⁰⁴ Consequently, fearing further European interventions, Roosevelt addressed congress in December 1904 in his State of the Union Address stating that, “chronic wrongdoing, or an impotence... ultimately require intervention by some civilized nation.”³⁰⁵ The wrongdoing in this case was Venezuela’s inability to pay

²⁹⁶ David H. Burton, *Theodore Roosevelt: American Politician: An Assessment* (Cranbury, NJ: Associated University Presses, 1997), 62; Eric Tyrone Lowery Love, *Race Over Empire: Racism and U.S. Imperialism, 1865-1900* (Chapel Hill, N.C. ; London: University of North Carolina Press, 2004), 12.

²⁹⁷ Doris Kearns Goodwin, *The Bully Pulpit: Theodore Roosevelt and the Golden Age of Journalism* (New York: Simon and Chuster, 2013), 25.

²⁹⁸ Love, *Race Over Empire: Racism and U.S. Imperialism, 1865-1900*, 12.

²⁹⁹ Walter LaFeber, *The American Age: United States Foreign Policy at Home and Abroad*, 2nd ed., vol. 2 "Since 1896" (New York ; London: Norton, 1994), 235.

³⁰⁰ Ibid.

³⁰¹ Martha Finnemore, *The Purpose of Intervention: Changing Beliefs about the Use of Force*, Cornell Studies in Security Affairs (Ithaca: Cornell University Press, 2003), 28-29.

³⁰² Emily S. Rosenberg, "TR's Civilizing Mission: Race, Gender, and Dollar Diplomacy," in *Major Problems in American Foreign Relations: Documents and Essays*, ed. Dennis Merrill and Thomas G. Paterson (Boston, MA: Wadsworth Cengage Learning, 2010).

³⁰³ Finnemore, *The Purpose of Intervention: Changing Beliefs about the Use of Force*, 29.

³⁰⁴ Ibid.

³⁰⁵ President Theodor Roosevelt, "Theodor Roosevelt's Annual Message to Congress for 1904 (1905)," in *House Records HR 58A-K2; Records of the U.S. House of Representatives; Record Group 233*, ed. Center for Legislative Archives (National Archives and Records Administration (NARA)).

back its debts, and the civilized nation in this case, as Roosevelt explained, was the U.S. due to its adherence to the Monroe Doctrine, and therefore the U.S. would be forced, though reluctantly, to the “exercise of an international police power.”³⁰⁶

After the Venezuelan crisis, Roosevelt issued the Roosevelt’s Corollary to the Monroe Doctrine, best described by a former Political Science teacher as the “Monroe Doctrine on steroids.”³⁰⁷ The difference between the two doctrines is obvious in Roosevelt’s willingness to enforce his corollary with the force of arms. While the Monroe Doctrine clearly states that the U.S. would neither intervene, nor allow Europeans to do so, Roosevelt’s additions on the other hand provide the grounds for future incursions in Latin America; something Roosevelt and his successor made use of during the years of dollar diplomacy. In the succeeding decade, the American military entered Central America over a dozen times.³⁰⁸

The first test to Roosevelt’s bold declaration came during the Dominican crisis when Roosevelt arranged for the Dominican Republic to receive American loans in exchange for the U.S. right to name the island’s custom officer and effectively take control of the custom houses.³⁰⁹ However, the Senate was reluctant to approve the agreement. Roosevelt bypassed, or rather ignored, the Senate by making the authorization for J.P. Morgan and Kuhn, and Loeb and Company, two major New York bankers, to assume the debts of the Dominican Republic.³¹⁰ As Roosevelt recalls in his autobiography, he “put the agreement into effect, and [he] continued its execution for two years before the Senate acted; and I would have continued it until the end of [his] term, if necessary, with any action by congress.”³¹¹ By controlling the custom, the source of nearly all government revenue, the officials provided the government with only 45 percent of the revenue and the other 55 percent were dictated to paying back creditors.³¹²

Roosevelt’s handpicked successor William Taft is usually accredited, or blamed, for dollar diplomacy. Taft’s vision constituted a world order based on economic interdependence, with international corporations playing an important role in bringing about

³⁰⁶ Ibid.

³⁰⁷ John R. Deni, Heidelberg Center for American Studies, 2010.

³⁰⁸ Alfred E. Eckes and Thomas W. Zeiler, *Globalization and the American Century* (Cambridge: Cambridge University Press, 2003), 27.

³⁰⁹ Arthur M. Schlesinger, *The Imperial Presidency*, First Mariner Books ed. (New York: Mariner Books, 2004), 87-88. Veenser, *A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power*, 2-3.

³¹⁰ Eckes and Zeiler, *Globalization and the American Century*, 27.

³¹¹ Theodore Roosevelt, *An Autobiography* (New York: Macmillan, 1913), 510.

³¹² Veenser, *A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power*, 2; Francis G. Walett, *Economic History of the United States: Summary of All Phases of Economic Growth* (London and New York: Routledge, 2006), 189.

international peace.³¹³ President Taft, and his “lazy,” Secretary of State, who happened to be one of the best known corporate lawyers in the U.S. at the time, Philander Knox, and the founder of the conglomerate U.S. Steel, believed that international corporations can help create stability and promote America’s commercial interests.³¹⁴ Furthermore, if the Latin American nations were unable to pay back their debts, European lenders would have cause to intervene militarily.³¹⁵ In order to steal a march on the Europeans, American banks would provide loans to these countries. According to President Taft “... it was far better to use dollars than bullets as a means of achieving national goals.”³¹⁶

On this basis, Knox negotiated the Knox-Castrillo Convention of 1911 with Nicaragua to secure the nation’s debts.³¹⁷ Instead of waiting for senate approval of the treaty, the Taft administration encouraged New York bankers to grant the Nicaraguan government a loan, only for the senate to refuse the treaty.³¹⁸ The loan was implemented, and subsequent treaty gave U.S. bankers control of 51 percent of the stock in the Nicaraguan National Bank, and the country’s rail and steamships.³¹⁹ A year later, the government of Nicaragua fell to a revolution, and Taft ordered the military to occupy the country.³²⁰ The Nicaraguan and Dominican models are two primary examples of the use of dollar diplomacy. Unfortunately for Taft, dollar diplomacy proved unpopular both at home and abroad.

Dollar diplomacy came to an end by the time President Taft left office. His successor, President Woodrow Wilson (1913-1921) was very critical of Taft’s approach to foreign policy. During the election campaign, Wilson denounced the “concentration of financial power and promised to bring monopolistic practices under government control.”³²¹ However, Wilson accepted the basic idea of dollar diplomacy, linking loans to financial supervision.³²²

³¹³ Eckes and Zeiler, *Globalization and the American Century*, 29. Stephen Richards Graubard, *The Presidents: The Transformation of The American Presidency from Theodore Roosevelt to Barack Obama*, 2nd ed. (London: Penguin, 2009), 388.

³¹⁴ Taft’s own description of Knox, Graham Henry Stuart, *The Department of State: A History of its Organization, Procedure, and Personnel* (New York: Macmillan Co., 1949), 223.

³¹⁵ Sean Dennis Cashman, *America Ascendant: from Theodore Roosevelt to FDR in the Century of American Power, 1901-1945* (New York ; London: New York University Press, 1998), 137.

³¹⁶ President William Taft as quoted in Akira Iriye, *From Nationalism to Internationalism: US Foreign Policy to 1914*, vol. X, Foreign Policies of the Great Powers (London and New York: Routledge, 2006), 214.

³¹⁷ Benjamin Harrison, "The United States and the 1909 Nicaragua Revolution," *Caribbean Quarterly* 41, no. 3/4 (1995): 58-59.

³¹⁸ Cashman, *American Ascendant*:... 137.

³¹⁹ Harrison, "The United States and the 1909 Nicaragua Revolution," 59.

³²⁰ Cashman, *American Ascendant*:... 137.

³²¹ Emily S. Rosenberg, *Financial Missionaries to the World: the Politics and Culture of Dollar Diplomacy, 1900-1930* (Cambridge, Mass.: Harvard University Press, 1999), 79.

³²² *Ibid.*, 80.

Yet for all his denunciation of Taft, during Wilson's time in office the U.S. invaded Cuba, the Dominican Republic and Haiti, while continuing "financial supervision," of Nicaragua.³²³

Dollar diplomacy was dismissed as an unconvincing mask, an ill-fitting disguise for "Yankee imperialism."³²⁴ Yet, as the research demonstrates later, these very ideas of Taft would resurface again and dollar diplomacy, while it is not applied in its original sense, one can make a case that the contemporary foreign aid program is in fact a form of dollar diplomacy. It seems that President Taft was not wrong, as he said later he was simply ahead of his time by a number of decades.³²⁵ The use of Dollar Diplomacy in foreign policy represents the first direct use of America's financial might to influence the domestic politics of other countries since Washington's aid to Haiti. By providing loans in return for having a say in Caribbean and Latin American domestic affairs, presidents Roosevelt and Taft abandoned using America's marines and military, and introduced using America's economic might as a new tool in the conduct of American foreign policy, backed all the same with a strong military establishment to protect the economic and commercial interests of the United States. Dollar diplomacy can be summarized as an interaction of foreign assistance and business, rather than an interaction of foreign assistance and national security, as was the case in the early republic's foreign aid.

2.1.2. Aid During World War I

On the outbreak of the First World War, the U.S. was a debtor nation.³²⁶ Meaning that the balance between the country's investment abroad, and the world's investment in the country was negative. As Brown and Opie explain, European investors provided funds for financing development projects in the U.S. This investment proved extremely important to Europeans at the break of the war. In order to finance the war, and purchase American goods, these investors were forced to sell their investments in the U.S. Yet, in spite of these funds, the Allied nations found themselves in a desperate need of further American assistance as the Great War went on relentlessly.³²⁷

The assistance came in the form of the Liberty Loan Act of 1917. The act authorized the Treasury Department to issue "bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credit to

³²³ Ibid., 86.

³²⁴ Peter H. Smith, *Talons of the Eagle: Dynamics of U.S.-Latin American Relations*, 2nd ed. (New York ; Oxford: Oxford University Press, 2000), 56-57.

³²⁵ Eckes and Zeiler, *Globalization and the American Century*, 29.

³²⁶ Brown and Opie, *American Foreign Assistance*, 2.

³²⁷ Ibid.

foreign governments...³²⁸ It further authorized the Treasury Department to purchase the loan obligations of foreign governments at war with the enemies of the United States as well as issuing special bonds to investors to raise funds to finance the war through what became known as the “Liberty Bonds.”³²⁹ The act provided up to \$5 billion to the Treasury for issuing liberty bonds.³³⁰ During the two following years, the Treasury Department issued bonds totaling \$20.5 billion.³³¹ Other acts followed, providing loans and credits of over \$7 billion to the allies.³³² There were voices within the U.S. that called for providing France with a financial “gift” for the latter’s assistance during the Revolutionary War. The French government rejected the offer, stating in response that such charity was harmful to the French national pride.³³³

American assistance expanded further after the war, providing loans for reconstruction and relief efforts. The immediate post war era marked the emergence of American relief organizations to combat problems in post conflict areas.

2.1.3. Post War Relief

American relief organizations emerged in the post war era to assist the economic recovery of Europe, provide much needed supplies to rebuild the European economies, and to deal with food shortages and spread of diseases. The main organization that led these efforts was the American Relief Administration, ARA. The U.S. provided \$1 billion of unexpended wartime credits, \$2.4 billion in new credits under the authority of the Liberty Loan acts and under the provisions of the various legislations, the U.S. provided over \$10 billion in loans to Allied powers during and after WWI, including \$700 million under special legislation to the ARA, and the United States Grain Corporation.³³⁴ The roots of the relief efforts and the eventual establishment of the ARA date back to the start of WWI and the organizational efforts and skills of Herbert Hoover which he displayed during the war relief efforts in London, with aiding stranded Americans, and the eventual establishment of the Committee for Relief in Belgium, CRB, to combat the food crisis that developed during the war.³³⁵

³²⁸ United States. President (1913-1921 : Wilson), *President Wilson's Great Speeches and Other History Making Documents* (Chicago,: Stanton and Van Vliet co., 1918; repr., 2013 (London: Forgotten Books)).

³²⁹ Brown and Opie, *American Foreign Assistance*, 2.

³³⁰ Dennis S. Ippolito, *Why Budgets Matter: Budget Policy and American Politics* (University Park: Pennsylvania State University Press, 2003), 107.

³³¹ Brown and Opie, *American Foreign Assistance*, 2.

³³² Ibid.

³³³ Ibid.

³³⁴ Ibid., 2-3.

³³⁵ William Clinton Mullendore and Ralph Haswell Lutz, *History of the United States Food Administration, 1917-1919*, The Hoover Library on War, Revolution, and Peace Publication (Stanford University, Calif.,

Following the invasion of Belgium by the German army in 1914, the small nation suffered from severe food shortages as well as breakdown of morale following the quick defeat and the humiliation that followed.³³⁶ Belgium had not been a major food producer to begin with, producing only one third of the consumed food within its territories.³³⁷ With the arrival of the German army, food from outside could no longer arrive. What made matters worse for the Belgians was that the Germany army seized the food to feed its own soldiers, leaving the Belgian population with little and less for themselves.³³⁸

It was Herbert Hoover the Engineer, and the “Great Humanitarian,” who had the solution.³³⁹ Hoover, who would later become the 31st president of the U.S. (1929-1933), was a financier and a mining engineer living in London.³⁴⁰ When WWI broke out, Hoover assisted thousands of Americans who found themselves stranded in belligerent Europe, unable to cross the Atlantic back to the U.S. since most of them lacked the hard currency to pay for their passage on the few ships that still sailed the Atlantic.³⁴¹ Hoover established the “American Committee” to send “the busted Yankees” home, by providing loans and cashing their traveler’s checks, and by September 1914, most of the stranded Americans had returned home.³⁴²

The impending disaster in Belgium was brought to Hoover’s attention in early October 1914 when he met Millard Shaler, an American expatriate miner.³⁴³ Shaler informed Hoover of the situation and of the British refusal to permit food shipment.³⁴⁴ Negotiating the muddy waters of European relation proved a hard task, yet not unachievable. Through Hoover’s efforts, and endless meetings with high ranking American and European decision makers, the Commission for Relief in Belgium (CRB) was born with Hoover as its Chair to

London,: Stanford university press; H. Milford, Oxford university press, 1941).See Introduction by Herbert Hoover.

³³⁶ Larry Zuckerman, *The Rape of Belgium: The Untold Story of World War I* (New York: New York University Press, 2004), 28-29.

³³⁷ George H. Nash, "An American Epic," *Prologue Magazine, National Archives and Record Administration* 21, no. 1 (1989).

³³⁸ Zuckerman, *The Rape of Belgium: The Untold Story of World War I*, 29.

³³⁹ Witold S. Sworakowski, "Herbert Hoover, Launching the American Food Administration, 1917," in *Herbert Hoover: the Great War and its Aftermath, 1914-23*, ed. Lawrence E. Gelfand (Iowa City: University of Iowa Press, 1979), 58; Gene Smith, *The Shattered Dream: Herbert Hoover and the Great Depression* (New York: William Morrow, 1970), 381.

³⁴⁰ Lawrence E. Gelfand, *Herbert Hoover: The Great War and its Aftermath, 1914-23*, ed. Lawrence E. Gelfand (Iowa City: University of Iowa Press, 1979), 7.

³⁴¹ Edward J. Klekowski and Libby Klekowski, *Americans in Occupied Belgium, 1914/1918: Accounts of the War from Journalists, Tourists, Troops and Medical Staff* (Jefferson, North Carolina: McFarland & Company, Inc., Publishers, 2014), 133.

³⁴² Ibid.

³⁴³ Bremner, *American Philanthropy*, 120.

³⁴⁴ Klekowski and Klekowski, *Americans in Occupied Belgium...*

begin what Hoover's biographer George Nash described as "an undertaking unprecedented in world history."³⁴⁵ The commission faced numerous difficulties. They were to first raise the money to buy food, then buy the food from North and South America and Australia, ship it to Rotterdam in the Netherlands as a neutral port, then ship it by canal to Belgium, where it was delivered to processing-mills before eventually being delivered to more than 2500 villages, cities and town.³⁴⁶ Today there is a statue of the Egyptian goddess of life Isis in Hoover's hometown that was given to Hoover in appreciation of his efforts in December 1922 by Belgian senator Albert Lejeune.³⁴⁷

The successes of the CRB in avoiding a major humanitarian disaster, and Hoover's administrative, leadership and negotiating skills soon impressed President Wilson who appointed him as U.S. Food Administrator upon America's entry into the war in 1917.³⁴⁸ The historical significance of the works of the CRB is represented in the fact that it is the first institutionalized relief organization, which served as the foundation for future organization such as the U.S. Food Administration and the post-war ARA, all under the leadership of Herbert Hoover. Hoover, who was so successful during and after WWI, that "he was one of the few men whose reputation was enhanced by wartime service; 'to hoover' entered the American lexicon as a term for providing help," or as a synonym for "economize."³⁴⁹ The CRB itself remained an international organization, and not an official American relief organization, yet Hoover carried on his experience into the official American relief program in post WWI.

At the end of the war, President Wilson traveled to Paris to the Versailles conference, accompanied by Herbert Hoover as an advisor. Hoover was made Director General of Relief for the Allied Governments.³⁵⁰ In the nine months following the armistice, Hoover organized the distribution of over \$1 billion in relief; four million tons of food and other supplies and in January 1919, at Hoover's suggestion, President Wilson requested \$100 million for European relief. The American Relief Administration was composed mostly of staff who worked with Hoover in the CRB and the U.S. Food Administrations, veterans with extensive experience

³⁴⁵ Ibid., 133-34; Nash, "An American Epic."

³⁴⁶ "An American Epic."

³⁴⁷ "Hoover Will be Present at Isis Statue Ceremony," *The Stanford Daily*, November 29, 1922.

³⁴⁸ Sworakowski, "Herbert Hoover, Launching the American Food Administration, 1917."

³⁴⁹ "To Hoover," to help, Katherine A. S. Sibley, *A Companion to Warren G. Harding, Calvin Coolidge, and Herbert Hoover*, Wiley Blackwell Companions to American History Wiley Blackwell Presidential Companions (Chichester, West Sussex: Wiley/Blackwell, 2014), 489. "To Hoover": to economize, Bertrand M. Patenaude, "Food as a Weapon," *The Hoover Institution, Hoover Digest* 1 (2007).

³⁵⁰ "Food as a Weapon, 2007."

with relief in Europe. By the end of 1919, Hoover's ARA had helped feed 300 million people from 21 countries across Europe and the Middle East.³⁵¹

In Russia, revolutions in February and October 1917, saw the former Tsarist monarchy collapse and the country divided in multiple factions, the most notable of which were the Red; Bolsheviks fighting for a socialist Russian led by Vladimir Lenin, the founding father of the Soviet Union; and the White, which was a coalition of anti-Bolshevik forces made up of those who favored monarchism, capitalism and other forms of socialism.³⁵² The civil war that ensued lasted for five years and claimed millions of lives.³⁵³ In the midst of the conflict, a terrible famine struck Russia. As if the devastation and food shortages brought by the war were not enough, a drought, according to an ARA staffer "the likes of which the Russian land had never known," made food production extremely hard.³⁵⁴

American-Bolshevik relations, to put it mildly, were never warm to start with. The Bolshevik's coming to power resulted in suspension of official American-Russian relations as President Wilson withheld diplomatic recognition and even supplied the Bolshevik's opponents with arms.³⁵⁵ Furthermore, the U.S. actually landed troops in northern and eastern Russia in 1918.³⁵⁶ Soviet leaders were never able to forget this instance, and it played a role in ruining any chance of closer ties early on. In September 1959, during Soviet Premier Nikita Khrushchev's visit to Hollywood for example, he declared that America's "armed intervention in Russia was the most unpleasant thing that ever occurred in the relations between our two countries... our troops have never set foot on American soil, while your troops have set foot on Soviet soil."³⁵⁷ America's intervention is little known among policy makers and public alike, argues David Foglesong. Presidents Richard Nixon (1969-1974) and

³⁵¹ Herbert Hoover, Arnold S. Rice, and United States. President (1929-1933 : Hoover), *Herbert Hoover, 1874-1964; Chronology-Documents-Bibliographical Aids*, The Presidential Chronologies (Dobbs Ferry, N.Y.: Oceana Publications, 1971), 5.

³⁵² Evan Mawdsley, *The Russian Civil War*, First Pegasus Books edition ed. (New York: Pegasus Books, 2007), 3-4; Tindall and Shi, *America: a Narrative History*, 1000-02.

³⁵³ Mawdsley, *The Russian Civil War*, 285.

³⁵⁴ *Black Lebeda: The Russian Famine Diary of ARA Kazan District Supervisor J. Rives Childs (1921-1923)*, (Macon: Mercer University Press, 2006), ix.

³⁵⁵ David S. Foglesong, *America's Secret War Against Bolshevism: U.S. Intervention in the Russian Civil War, 1917-1920* (Chapel Hill ; London: University of North Carolina Press, 1995), 22.

³⁵⁶ *Ibid.*, 7.

³⁵⁷ N. S. Khrushchev, United States National Archives and Record Administration, *Full Text of Speeches Made by N. S. Khrushchev, Chairman of the Council of Minister of the USSR on His Tour of the United Staets September 15-27, 1959* (Online: NARA, Translated from the book published in the USSR; "In Peace and Friendship," (New York: Cross Current Press) 1960), 112.

Ronald Reagan (1981-1989) both made statements that suggested that the two nations never fought directly.³⁵⁸

The U.S. did not commit to an all out military course of action to oust the Bolsheviks, in part due to Hoover's advise to follow a different course other than military confrontation. In a letter to President Wilson in early 1919, Hoover provided Wilson with a clearly defined plan to deal with Bolshevism. Hoover suggested a plan of three principles; non-intervention, non-recognition and the establishment of a "second Belgian Relief Commission for Russia... to enter upon the humane work of saving lives."³⁵⁹ Hoover's new relief commission was the ARA, which would need funding from congress. Wilson's successor President Warren Harding (1921-1923), in "a move orchestrated by Hoover," requested funds for the ARA for Russian relief.³⁶⁰

Hoover was both the ARA administrator and Secretary of Commerce under Harding. He had the grand economic idea of using these ARA funds to buy American grains and ship it to Russia, this was a way to relieve American farmers of unwanted products, and raise farm values by stimulating foreign purchase of American goods, which would increase farmers' purchase of manufactured goods, which in turn would increase manufacturing and reduce unemployment.³⁶¹ Congress passed the Russian Famine Relief Act in December 1921, and the president signed it into law on the same day. Harding also signed an executive order two days later, written and prepared by Hoover, outlining how the \$20 million sum is to be spent.³⁶² By the summer of 1922, American aid workers were feeding 11 million Soviet citizens a day, with the total cost of the relief effort amounting to \$60 million, 20 million of which was appropriated by congress.³⁶³

The question that remains unanswered is why? Were the economic benefits outlined in Hoover's economic plan for Russian relief sufficient to aid a country under a regime that stood ideologically against the U.S. and represented a threat to American interests? Did the Great Humanitarian, Herbert Hoover, prove to have political and economic motives and agenda? Was the work of the ARA a part of a plan to bring down the Bolsheviks, as some on the left accused him then? Or was it a master plan to help American businesses flourish in the

³⁵⁸ Foglesong, *America's Secret War Against Bolshevism: U.S. Intervention in the Russian Civil War, 1917-1920*, 7.

³⁵⁹ As quoted in Lee Nash, *Herbert Hoover and World Peace* (Lanham, Md.: University Press of America, 2010), 108.

³⁶⁰ Bertrand M. Patenaude, *The Big Show in Bololand: the American Relief Expedition to Soviet Russia in the Famine of 1921* (Stanford, Calif.: Stanford University Press, 2002), 143.

³⁶¹ *Ibid.*, 142-43.

³⁶² *Ibid.*, 144.

³⁶³ "Food as a Weapon, 2007."

vast Soviet market ahead of western European competitors? Kasper Brasken, among others, believes so.

Brasekn analyses the motives behind the ARA's Russian relief arguing that the ARA's mission was "ultimately founded on the belief that famine relief in itself would help the Russian 'to come to their senses' and, once recovered from hunger, to overthrow the Bolshevik Regime."³⁶⁴ American humanitarianism was of concern to Soviet leaders, who were afraid that such aid was a pretext to influence the ongoing civil war. Historian Patenaude recalls the story of Soviet diplomat Maxim Litvinov in August 1921 who, while negotiating an agreement with the ARA in Riga, Latvia, kept repeating to the ARA representatives, "somewhat nervously" states Patenaude, "Gentlemen, food is a weapon."³⁶⁵

Patenaude also saw Hoover and the ARA's food relief as a weapon. "Hoover did indeed intend to use food as a weapon in Russia, but not in the crude way his critics imagined. His plan was to accomplish political ends in Russia not under the guise of famine relief, as they suspected, but rather by means of it."³⁶⁶ Like Brasken, Patenaude argued that Hoover believed that once the Soviet recover their physical strength, and further saw the energy and efficiency of the ARA, they would see what Hoover called the "foolish" Soviet economic system and its frailties and overthrow the Bolsheviks.³⁶⁷ Furthermore, Hoover was aware that the ARA's presence in Russia would put the U.S. ahead of its European counterparts in future trade and investment in Russia. Finally, Hoover used the relief as a means to ease an economic depressed, as Hoover himself proudly said in a Senate Foreign Relations Committee during Russian relief hearings in December 1921, "The food supplies that we wish to take to Russia are all in surplus in the United States. . . . I have a feeling we are dealing today with a situation of a great deal of [economic] depression and that we have a proper right to inquire not only whether we are doing an act of great humanity, but whether we are doing an act of economic soundness. To me, after assessing our ability to give, no other argument is needed beyond the sheer humanity."³⁶⁸

³⁶⁴ Kasper Braskén, *The International Workers' Relief, Communism, and Transnational Solidarity: Willi Münzenberg in Weimar Germany*, Palgrave Studies in the History of Social Movements (Houndmills, Basingstoke, Hampshire: Palgrave Macmillan, 2015), 30.

³⁶⁵ Patenaude, "Food as a Weapon, 2007."

³⁶⁶ Ibid.

³⁶⁷ Ibid.

³⁶⁸ United States Congress and House Foreign Affairs, U.S. Congress, *Russian Relief: Hearings Before The Committee on Foreign Affairs... on H.R. 9459 and 9548 (Dec. 13 and 14 1921)*, 67 Cong., 2 sess. (Washington D.C.: Forgotten Books, originally published 1921 by Government Printing Office, 2013), 39. Also see Bertrand Patenaude, "Hoover's Brush with Bolshevism," in *Kennan Institute Occasional Papers*, ed. Peggy McNery (Online: Woodrow Wilson International Centers for Scholars and the Kennan Institute for Advanced Russian Studies, 1992).

The relief efforts of these organizations, particularly the ARA, were unprecedented in American foreign assistance history in both scale and concept. While the U.S. had been involved in relief efforts, as in the Venezuelan case for example, these efforts were done on a much smaller scale in terms of amounts of aid sent, and in also in terms of logistics and manpower. The works of the CRB laid the foundational work for successive relief efforts for decades to come. Furthermore, the ARA expanded further in scale and concept as well by being used as a weapon against the early Bolshevik movement. Food assistance became a weapon as well. It is for this reason that some scholars see the work of the ARA as the seeds of the Marshall Plan. The concept and ideas behind both plans is that bread can defeat communism. Indeed, as Bertrand Patenaude of the Hoover Institution put it, "American food was widely seen as having prevented this period of crisis from becoming Europe's 'October Revolution.' Thirty years later, 'containment' would be the fundamental principle behind the Marshall Plan."³⁶⁹

2.2. Aid During WWII

The Second World War and the subsequent struggle between the U.S. and the Soviet Union were extremely important in bringing about the fundamental changes and overall expansion that came to the American foreign assistance system. This era usually marks the beginning of foreign aid history in contemporary literature, whether in academic work or in institutional history. It also marks the emergence of the contemporary foreign aid establishment that emerged with its own program, appropriations through congress, and staff.

The U.S.'s entry into WWI cost the federal government an estimated \$32 billion.³⁷⁰ The war also led to the deaths of nearly 116,000 Americans, the vast majority of whom were combatants sent to Europe.³⁷¹ Isolationism and non-interventionism were the dominant sentiments in the U.S. during the inter-wars period. Consequently, as Nazi Germany began its war and occupation of the neighboring countries, the administration of president Franklin Delano Roosevelt, FDR, found their hands tied as they attempted to aid the European powers,

³⁶⁹ Patenaude, "Food as a Weapon, 2007."

³⁷⁰ Hugh Rockoff, "Until It's Over, Over There: The U.S. Economy in World War I," in *NBER Working Paper Series* (Cambridge, MA: National Bureau of Economic Research, 2004), 20. Also see John Maurice Clark, *The Costs of the World War to the American People*, ed. Carnegie Endowment for International Peace- Division of Economics and History, Economic and Social History of the World War American Series (New Haven, London,: Yale University Press; H. Milford, Oxford University Press, 1931), 121.

³⁷¹ Nese F. DeBruyne and Anne Leland, Congressional Research Service, *CRS Report for Congress: American War and Military Operations Casualties: Lists and Statistics*, RL32492 (Washington D.C.: Federation of American Scientists, 2015), 2. See Table 1.

particularly Great Britain and France, by the neutrality acts of the 1930s which were passed in congress to ensure that the U.S. would not dragged into yet another European war.

Congress, FDR, and American public opinion were all opposed to another major entanglement in European affairs. The Ludlow Amendment to the constitution, which required a public referendum before going to war, unless in case of invasion by another country, failed in the House of Representatives by few votes only, and yet enjoyed the support of 60 percent of the American public until seven months before the war.³⁷² Opinion polls taken between 1938 and 1941 found the vast majority of Americans opposed to joining the war on side of the allies, and a series of Gallup surveys conducted in the Spring and Summer of 1940 showed that only 10 percent of Americans were in favor of declaring war on Germany and Italy, and by June 1941, support was only at 23 percent.³⁷³

In congress, Isolationist sentiment also prevailed. Between 1918 and April 1942, at least 170 bills and resolutions were introduced to reduce or eliminate “war production profits;” measures to limit the power of the industry and banking sectors on politics.³⁷⁴ The findings of the Nye Committee hearings between 1934 and 1936 did little to reduce the number of such bills or reduce the general isolationist sentiment that prevailed at the time.³⁷⁵ The hearings, led by Isolationist Senator Gerald Nye (R-North Dakota), investigated the profits made by the banking and munitions industries during the First World War.³⁷⁶ The committee argued that American loans to the UK and its allies totaled \$2.3 billion, 100 times larger than the \$27 million loaned to Germany.³⁷⁷ Losing the war was no longer an option for these industries. Senator Nye went so far as to say that President Wilson took the U.S. to war to protect American investments in France and Britain.³⁷⁸

The passage of the four neutrality acts between 1935 and 1939 was a clear a message as any that congress could send regarding involvement in the European theatre. The acts crippled the foreign aid establishment, though it had not yet developed into a full-scale assistance program. The first of these acts, passed in 1935 imposed an embargo on arms trade with any country at war, regardless of its relations with the U.S. The Neutrality Act of 1936,

³⁷² Ole R. Holsti, *Public Opinion and American Foreign Policy*, Rev. ed., Analytical Perspectives on Politics (Ann Arbor: University of Michigan Press, 2004), 17-18.

³⁷³ Adam J. Berinsky, *In Time of War: Understanding American Public Opinion from World War II to Iraq* (Chicago, Ill. ; London: University of Chicago Press, 2009), 46.

³⁷⁴ Maury Klein, *A Call to Arms: Mobilizing America for World War II* (New York: Bloomsbury Press, 2013), 15.

³⁷⁵ Wayne S. Cole, *Roosevelt & the Isolationists, 1932-45* (Lincoln: University of Nebraska Press, 1983), 151.

³⁷⁶ Cashman, *American Ascendant...* 394.

³⁷⁷ Ibid.

³⁷⁸ Ibid., 394-295.

renewed the provisions of its 1935 predecessor and forbade all loans and credits to fighting parties. The 1937 act enforced the two earlier acts and expanded the provisions to include belligerents in civil wars. Furthermore, the act forbade American ships from carrying any articles, or passengers to belligerent parties and U.S. citizens were forbidden from traveling on belligerents' ships.³⁷⁹

Across the Atlantic, the Nazis had invaded and occupied Czechoslovakia in early 1939.³⁸⁰ FDR's position began to change as he became convinced that Hitler's actions "were part of conscious and planned attempt not only to transform the European status quo," but world domination, as he told the Senate Military Affairs Committee in January 1939.³⁸¹ It was not until November that the Neutrality Act of 1939 was passed. The act allowed the administration to sell arms and trade with Great Britain and France on "cash- and carry" basis and repealed the previous neutrality acts of 1935 and 1937, though certain provisions such as the ban on loans and barring American ships from transporting goods to belligerent ports remained in effect.³⁸²

The Lend-Lease program, enacted in March 1941, provided another way through which the U.S. supplied the Allies, including the USSR, with war material between 1941-1945.³⁸³ The Lend- Lease act authorized the president to "sell, transfer title to, exchange, lease, lend or otherwise dispose of, to any such government any defense article."³⁸⁴ The act included an initial appropriation of \$7 billion,³⁸⁵ and by September 1946, the Roosevelt administration provided a total of \$50.1 billion, equivalent to nearly \$611 billion today, of supplies to allied powers; \$31.4 billion to Great Britain, \$11.3 billion to the Soviet Union, \$3.2 billion to France, and \$1.6 billion to China.³⁸⁶

³⁷⁹ Robert A. Rosenbaum, *Waking to Danger: Americans and Nazi Germany, 1933-1941* (Santa Barbara, Calif.: Praeger, 2010), 29; And Brown and Opie, *American Foreign Assistance*, 21-24.

³⁸⁰ Steven Casey, *Cautious Crusade: Franklin D. Roosevelt, American Public Opinion, and The War Against Nazi Germany* (Oxford ; New York: Oxford University Press, 2001), 9.

³⁸¹ *Ibid.*

³⁸² Tindall and Shi, *America: a Narrative History*, 1152. U.S. Department of State- Office of the Historian, "The Neutrality Acts, 1930s," (online: U.S. Department of State).

³⁸³ Stephen E. Ambrose and Douglas G. Brinkley, *Rise to Globalism: American Foreign Policy Since 1938*, (New York: Penguin Books, 2011). 33. 33

³⁸⁴ "Transcript of Lend-Lease Act (1941): A Bill Further to Promote the Defense of the United States, and for Other Purposes," in *HR 77A-D13, Record Group 233, National Archives*, ed. United States Congress (Washington D.C.: National Archives and Record Administration).

³⁸⁵ *Rise to Globalism: American Foreign Policy Since 1938*. 32.

³⁸⁶ Franklin D. Roosevelt, *The Public Papers and Addresses of Franklin D. Roosevelt: 1941 Volume, The Call to Battle Stations: Compiled with Special Material and Explanatory Notes by Samuel I. Rosenman*, Online: Ann Arbor, Michigan: University of Michigan, 2005 ed., 13 vols., vol. 10 (New York: Harper and Brothers Publishers, 1950), 449. Relative value in 2015 from measuringworth.com calculations.

On December 7, 1941, America's neutrality was no longer an option as Imperial Japan launched an attack against the American Pacific Fleet at Pearl Harbor. Despite earlier attacks by German submarines and the resulting deaths of Americans, the attack on Pearl Harbor was different altogether. It was an attack on U.S. soil, though Hawaii was only a U.S. territory then, and the national pride demanded a response. FDR, congress and the American public were not ready for war. Senator Arthur H. Vandenberg (R-Michigan), who was the spokesperson for the isolationists in the senate, and a member of the Nye Committee, declared that isolationism ended forever that day.³⁸⁷ He delivered a patriotic speech in which he declared that he had done all he could to keep the U.S. from entering into a needless war, but now that war had come to the United States, "as a thug in the night," declared the senator, he would stand with his "Commander in Chief for the swiftest and most invincible reply..."³⁸⁸ President Roosevelt went to congress on December 8, and delivered a speech before both chambers of congress in which he stated: "I ask that the Congress declare that since the unprovoked and dastardly attack by Japan on Sunday, December 7th, 1941, a state of war has existed between the United States and the Japanese Empire."³⁸⁹ Congress granted the president his request and declared war on the Axis powers.

Between 1941-1945, the years of active U.S. involvement in the war, the war cost the U.S. \$296 billion in current dollars, nearly 36 percent of U.S. GDP in 1945.³⁹⁰ But the costs of the war did not end there, the Truman administration found itself spending more billions in the post war era as the U.S. took on the task of assisting European countries to stand back on their feet, through a plan that simply revolutionized the American foreign assistance program forever.

The Marshall Plan has been praised by people on both side of the Atlantic, it was "the most generous act of any people, anytime, anywhere, to another people," according to its chief administrator Paul G. Hoffman.³⁹¹ It was "the most staggering and portentous experiment in the entire history of our foreign policy," wrote Arthur Schlesinger, Jr. in the

³⁸⁷ Berinsky, *In Time of War...* 45.

³⁸⁸ As quoted in Robert C. Byrd, *The Senate, 1789-1989: Addresses on the History of the United States Senate*, Bicentennial Edition ed., vol. 1, A U.S. Senate Bicentennial Publication (Washington: U.S. Government Printing Office, 1988), 518.

³⁸⁹ President Franklin Roosevelt, "Address to Congress Requesting a Declaration of War with Japan, December 8, 1941," in *The American Presidency Project*, ed. The American Presidency Project (Online by Gerhard Peters and John Woolley).

³⁹⁰ See table "Military Costs of Major U.S. Wars" in Stephen Daggett, "CRS Report for Congress: Costs of Major U.S. Wars," ed. Congressional Research Service (Washington D.C. 2008), 2.

³⁹¹ Paul Hoffman as quoted in Alan R. Raucher, *Paul G. Hoffman: Architect of Foreign Aid* (Lexington, KY: University Press of Kentucky, 1985), 69.

New Republic in 1948.³⁹² On the European side, the plan was also praised. It was “among the most noble experiences in human affairs,” said the plan’s representative in Europe Averell Harriman in July 1949.³⁹³ It was “like a lifeline to sinking men,” declared British Foreign Secretary at the time Ernest Bevin, “it seemed to bring hope where there was none, the generosity of it was beyond our belief”.³⁹⁴ The following section of the research focuses on the Marshall Plan and the impact of post WWII assistance on the evolution of the contemporary foreign aid establishment, paying special attention to the rule of Truman and his close circle of advisors.

2.3. Post WWII Aid

2.3.1. The Truman Doctrine

World War II left Europe in an extremely devastated state in all aspects of life; politically the content was fragmented and despite the end of the war, the tensions between the victors, particularly the U.S. and the USSR left Europe unstable. Economically, the deaths of millions and the destruction of infrastructure left European economies in a devastated state, industrial production all but seized. Socially, disease and post war hunger spread across the continent as states lacked the resources to provide the basic life necessities to their surviving populations. The Germans call the post war era “Stunde Null,” it marks leaving that bloody chapter behind and starting anew. “Stunde Null” could as easily have applied to the whole content, and not just with “restarting history,” but rebuilding Europe almost from scratch. The hour when the continent had nothing and began to rebuild its states and institutions as if they had not been in existence just few years back. All these factors; the loss of life, destruction of buildings and infrastructure, the shortages in the labor market, the lack of food, shelter and water, among other difficulties left Europe in a condition best described by the *New York Times* in March 1945, as one “which no American can hope to understand,” Europe had become the “New Dark Continent”.³⁹⁵

To compile the difficulties, from an American point of view, it was feared that such socioeconomic and political conditions would provide a fertile environment for communism to expand further west. The threat of the spread of communism was a major concern for the

³⁹² Arthur Schlesinger Jr., "Europe Takes Hope from ECA," (New Republic: Averell Harriman Papers, Library of Congress Collection, 1948).

³⁹³ Greg Behrman, *The Most Noble Adventure: the Marshall Plan and the Time When America Helped Save Europe*, 1st Free Press hardcover ed. ed. (New York ; London: Free Press, 2007), 252.

³⁹⁴ Nicolaus Mills, *Winning the Peace: the Marshall Plan and America's Coming of Age as a Superpower* (Boboken, New Jersey: John Wiley and Sons, Inc., 2008), 29.

³⁹⁵ Keith Lowe, *Savage Continent: Europe in the Aftermath of World War II*, 1st U.S. ed. (New York: St. Martin's Press, 2012), XIV.

United States and its Western allies. The early post war civil war in Greece and the Soviet threats posed to Turkey at the time were mere warning signs of what was to come. Greece was being torn by a civil war and only British intervention in 1944 saved Athens from falling into the hands of the communist National Liberation Front.³⁹⁶ But by the beginning of 1947, the exhausted and consumed Britain could no longer support the elected Greek government.³⁹⁷

In Turkey, the Soviet Union sought to extend its control over the strategically crucial Dardanelles and Bosphorus straits, which connect the Black and the Mediterranean seas; an idea the U.S. and the western powers rejected.³⁹⁸ The straits were governed by the Montreux Convention, signed in 1936 between Turkey and the Soviet Union among other powers.³⁹⁹ The agreement required that only ships originating from Black Sea bordering countries may flow through the straits, and left the Turkish government responsible for maintaining and policing the straits.⁴⁰⁰ The Soviet Union claimed that non-Black Sea ships had been allowed to pass, and furthermore claimed territories from Turkey, which the Ottomans had “stolen,” and that these territories belonged to Georgia, which was a part of the Soviet Union at the time.⁴⁰¹

When the Turkish government rejected the Soviet demands, the situation escalated further when the Soviet Union began a show of power in the straits in August 1946 after sending the Turkish government a note claiming that Turkey had violated the agreement and a new convention was required. Unable to face the Soviets alone, Turkey turned to the United States for support.⁴⁰²

President Truman, who first said that the crisis was a domestic affair between the two nations, quickly changed his mind and sent the battleship U.S.S. Missouri, though under the pre-text of sending the remains of the Turkish ambassador to the United States home to Turkey in April 1946.⁴⁰³ In an unsent letter to his Secretary of State at the time, James F. Byrnes, in January 1946, Truman expressed his frustration and anger with the Soviets, and

³⁹⁶ Stanley G. Payne, *Civil War in Europe, 1905-1949* (Cambridge: Cambridge University Press, 2011), 219.

³⁹⁷ President Harry Truman, Harry S. Truman Library, *Special Message to the Congress on Greece and Turkey, March 12, 1947* (Independence, MO).

³⁹⁸ Martin McCauley, *Origins of the Cold War, 1941-1949*, Rev. 3rd ed. (Harlow: Pearson Longman, 2008), 80.

³⁹⁹ *Ibid.*

⁴⁰⁰ William M. Hale, *Turkish Foreign Policy Since 1774*, 3rd edition. ed. (New York, NY: Routledge, 2013), 271.

⁴⁰¹ Bruce R. Kuniholm, "Turkey and the West Since World War II," in *Turkey Between East and West: New Challenges for a Rising Regional Power*, ed. Vojtech Mastny and R. Craig Nation (Westview: Boulder, CO, 1996), 45.

⁴⁰² See account in Ekavi Athanassopoulou, *Turkey: Anglo-American Security Interests, 1945-1952: the First Enlargement of NATO* (London: Frank Cass, 1999), 49-51.

⁴⁰³ *Ibid.*, 49.

with Byrnes stating that "... unless Russia is faced with an Iron Fist and strong language, another war is in the making. Only one language do they understand- 'how many divisions have you?' ... I'm tired of babying the Soviets."⁴⁰⁴

Two months later, on March 12, 1947, President Truman delivered a speech in a joint session of the United States Congress. The speech, which would later be called the "Truman Doctrine," outlined the United States' policy in facing communism, particularly in the cases of Greece and Turkey. According to Truman, the Greek government had requested urgent economic and financial assistance. Without mentioning the USSR, Yugoslavia or communism in his address, Truman declared "I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures."⁴⁰⁵ Finally, Truman said that the U.S. was the only country capable of assisting Turkey and Greece now, with Britain finding itself "under the necessity of reducing or liquidating its commitments in several parts of the world, including Greece."⁴⁰⁶

Congress had changed hands in the last elections to become controlled by Truman's opponents in the Republican Party who scrutinized the president's proposal for over two months, before eventually passing both houses as the Greek Turkish Aid Bill in late April in the Senate by 67 to 23, and early May in the House by 287 to 108 votes.⁴⁰⁷ Opponents of the bill, mostly Isolationist Republicans from mid-Western states, saw the Truman Doctrine as described by Ohio Republican representative George Bender as a "sinister conspiracy to draw the United States into open warfare on the side of very reactionary government throughout the world."⁴⁰⁸ The margin in votes between opponents and supporters of the plan speaks for the general support for sending aid to Greece and Turkey.

The American public was generally supportive of the Truman Doctrine as well. According to a Gallup poll, 56 percent approved financial aid to Greece, and 49 percent

⁴⁰⁴ President Harry Truman, "Draft Letter, Harry S. Truman to Secretary of State James Brynes, January 5, 1946," in *Papers of Harry S. Truman: President's Secretary's File* (Independence, Mo: Cabinet File, 1945-1953, State; Box 139 James F. Byrnes, Harry S. Truman Library), 10-11.

⁴⁰⁵ "Special Message to the Congress on Greece and Turkey, March 12, 1947."

⁴⁰⁶ Ibid.

⁴⁰⁷ "Aid to Greece and Turkey," in *CQ Almanac 1947*, CQ Almanac Online Edition (Washington, D.C., United States: Congressional Quarterly); Richard F. Haynes, *The Awesome Power: Harry S. Truman as Commander in Chief*, Repr. ed. (Baton Rouge: Louisiana State University Press, 1974), 132.

⁴⁰⁸ George Bender, United States Congress, *Congressional Record: Proceedings and Debates of the First Session of the Eightieth Congress of the United States of America and Index*, 80 Cong., 1 sess., Vol. 93 Part IV (Washington D.C.: Government Printing Office, 1947), 4694; "U.S. Greek Aid Bill Survives Opposition," *The Courier-Mail*, 09.May.1947, 1.

approved of sending financial aid to Turkey.⁴⁰⁹ On the question of sending civilian advisers, there was much larger support, 83 percent in Greece's case and 77 percent in Turkey's.⁴¹⁰ The President signed the bill on May 22, 1947 and on the same day issued Executive Order 9857, in which he outlined the regulations for carrying out the congressional act, among these regulations was the delegation of the powers granted to him in the act to Secretary of State Marshall.⁴¹¹

The provisions of the bill provided an initial \$400 million and an additional \$225 million.⁴¹² Of the \$625 million total, \$345 million was to be sent to Greece and \$152.5 million to Turkey, for military assistance to both countries, while the remaining funds were to be directed for economic development.⁴¹³

2.3.2. The Marshall Plan

With the Turkish-Greek aid bill, the U.S. under Truman took the first step in a long journey that would evolve the American foreign aid system into the largest and most influential in the world. The Truman administration was set on a path of containing communism by assisting countries of critical geopolitical importance to the U.S. in resisting Soviet expansion and the temptation to join the eastern block in the same time.

In June 1947, Secretary of State George C. Marshall, who was described by Winston Churchill as the "true architect of victory," delivered an address at Harvard University that became the basis for the largest expansion in the American foreign aid program; the European Recovery Program, which became better known as the Marshall Plan.⁴¹⁴ The plan was called the Marshall Plan at President Truman's insistence, crediting Marshall with being the "greatest living American,"⁴¹⁵ and naming it after Marshall would be "a whole hell of a lot better in congress."⁴¹⁶ In his historic speech, Marshall called for a comprehensive aid plan to bring about political stability. "It is logical that the United States should do whatever it is able to do to assist in the return of normal economic health in the world, without which there

⁴⁰⁹ Haynes, *The Awesome Power: Harry S. Truman as Commander in Chief*, 132.

⁴¹⁰ Ibid.

⁴¹¹ *Executive Orders, Harry S. Truman (1945-1953): Executive Order 9857*, Harry S. Truman Library, (Independence, MO).

⁴¹² Harold A. Hovey, *United States Military Assistance; a Study of Policies and Practices*, Praeger Special Studies in International Politics and Public Affairs (New York,: Praeger, 1965), 5.

⁴¹³ Ibid.

⁴¹⁴ John A. Agnew and J. Nicholas Entrikin, *The Marshall Plan today : model and metaphor* (London: Routledge, 2004), 1.

⁴¹⁵ Descriptions of Marshall by Churchill and Truman found in Nancy Gibbs and Michael Duffy, *The Presidents Club: Inside the World's Most Exclusive Fraternity*, 1st Simon & Schuster hardcover ed. ed. (New York: Simon & Schuster, 2012), 82.

⁴¹⁶ Tindall and Shi, *America: a Narrative History*, 1221.

can be no political stability and no assured peace,” said Marshall.⁴¹⁷ Further assistance, according to Marshall, “must not be on a piecemeal basis as various crises develop,” instead it must work as a cure rather than a palliative.⁴¹⁸

In December of the same year, President Truman addressed congress on the Marshall Plan, recommending the program with full confidence in its “wisdom and necessity as a major step in our nation’s quest for a just and lasting peace.”⁴¹⁹ And in February 1948, the Committee on Foreign Relations published a report in which they stated that, “the committee believes that the program proposed is a sound one, that it will impose no dangerous strain upon the economy.... And that it will be adequate to provide the margin for success in an effort which must be essentially and primarily European.”⁴²⁰ Senator Arthur Vandenberg, the already mentioned former Isolationist until Pearl Harbor and Chairman of the Senate Foreign Relations Committee was supportive of the plan calling on congress in a March 1948 speech, “in the name of peace, stability, and freedom it deserves prompt passage.”⁴²¹ In fact, Vandenberg became the leading internationalist in the U.S. at this time. George Marshall later said of Vandenberg “I feel that Vandenberg has never received full credit for his monumental efforts on behalf of the European Recovery Program.... Vandenberg was my right-hand man and at times, I was his right-hand man.”⁴²²

Opponents of the bill in congress, such as Senator William Jenner (R-Indiana), rejected the idea of a “well-fare state at home and abroad.”⁴²³ Former President, Herbert Hoover was also critical of the plan at first, questioning whether the American economy could handle the financial costs of the aid package.⁴²⁴ Hoover became involved, to an extent, by providing recommendations. In a letter to the House Speaker, Joseph Martin in March 1948, Hoover provided further recommendations while praising congress for adopting some

⁴¹⁷ George C. Marshall, "The Marshall Plan Speech," The George C. Marshall Foundation, <http://marshallfoundation.org/marshall/the-marshall-plan/marshall-plan-speech/>.

⁴¹⁸ Harry S. Truman Library and Museum, *The Development of the Foreign Reconstruction Policy of the United States* (Washington D.C.: U.S. Government Printing Office, 1947).

⁴¹⁹ President Harry S. Truman, Harry S. Truman Library, *Special message to the Congress on the Marshall Plan, December 1947* (Independence, MO).

⁴²⁰ Senate Committee on Foreign Relations, 2nd Session 80th Congress, *Report of the Committee on Foreign Relations on S. 2202*, 80 Cong., 2 sess., 935 (Washington D.C.: United States Government Printing Office, 1948), 55-56.

⁴²¹ Arthur H. Vandenberg, "The Battle for World Peace and Stability: Speech Delivered by Senator Arthur H. Vandenberg, 80th Congress, 2nd Session, 1948," (the George Marshall Foundation), 1.

⁴²² George Marshall, interview by Harry B. Price, 1952, "Interview IV".

⁴²³ William E. Jenner, U.S. Congress, *Congressional Record- Senate* (Washington D.C.: 80th Congress, Second Session, Vol 94 Part 1, January 6, 1948 to February 19, 1948, pp 963-966, 1948), 965.

⁴²⁴ Herbert Hoover, "The Marshall Plan Bill: Statement to Speaker Joseph W. Martin, House of Representatives," in *Addresses Upon the American Road by Herbert Hoover (1945-1948)* (New York: D. Van Nostrand Company, InC., 1949), 131.

of the earlier measures that included suggestions and conditions such as recommending that Marshall Plan countries be prohibited from trading munitions with satellite countries, as well as recommending the founding of a business administration to run the Marshall Plan aid operations.⁴²⁵

The Department of State set the following six conditions on the recipients: First, participants in the recovery program should provide commitments regarding the fulfillment of the major production programs; second, participants should take immediate steps to create internal monetary and financial stability; third, recipients are to reduce trade barriers with the principles of the proposed International Trade Organization; fourth, recipients should consider other sources of credit, such as the International Bank in order to reduce reliance on U.S. creditors; fifth, a formal recognition of their common objectives and assume common responsibility for achieving them; finally, an international organization to coordinate the relief efforts should be established.⁴²⁶ Furthermore, the bilateral treaties signed with each recipient included economic policies and commitment to trade liberalization on behalf of the recipient.⁴²⁷

It must be mentioned that the U.S. extended an invitation to the USSR to participate in the recovery program. The Soviet leaders, however, were suspicious of the plan altogether, which came only few months after Truman's speech in congress in which he called for support to Greece and Turkey, against the communists in the former and the USSR itself in the latter. In July 1947 in a meeting of foreign secretaries in Paris, Soviet Foreign Minister Vyacheslav Molotov, who had arrived Paris with no less than 80 advisors, rejected the U.S. offer and left the Paris conference.⁴²⁸ His deputy, Andrei Vyshinsky, delivered a speech later at the UN in which he denounced the Marshall Plan arguing that it "will mean placing European countries under the economic and political control of the United States."⁴²⁹

The implementation of the plan, and the Soviet rejection, is seen as a major development in the history of the Cold War. As Adam Ulam put it, "with the Marshall Plan, the cold war assumes the character of position warfare."⁴³⁰ The Cold War took a harsher character after the plan because Stalin's misinterpretation of the plan due to his ideologically

⁴²⁵ Ibid.

⁴²⁶ Brown and Opie, *American Foreign Assistance*, 135-36.

⁴²⁷ Nicholas Crafts, "The Marshall Plan; A Reality Check," in *Working Paper Series*, Center for Competitive Advantage in the Global Economy- Department of Economic (The University of Warwick, 2011), 6.

⁴²⁸ Tindall and Shi, *America: a Narrative History*, 1220.

⁴²⁹ Andrei Vyshinsky as quoted in Martin McCauley, *Origins of the Cold War 1941-1949*, Fourth edition. ed. (Milton Park, Abingdon, Oxon ; New York, NY: Routledge, 2015), 150.

⁴³⁰ Adam Ulam, *Expansion and Coexistence: a History of Soviet Foreign Policy (1917-73)* (New York: Praeger, 1973), 237.

driven fear of Western aggression, according to Ulam.⁴³¹ Ulam's interpretation is one of many explanations that have been put forth for the Marshall Plan, these explanations also highlight the reasons why the Soviet leadership rejected the plan.

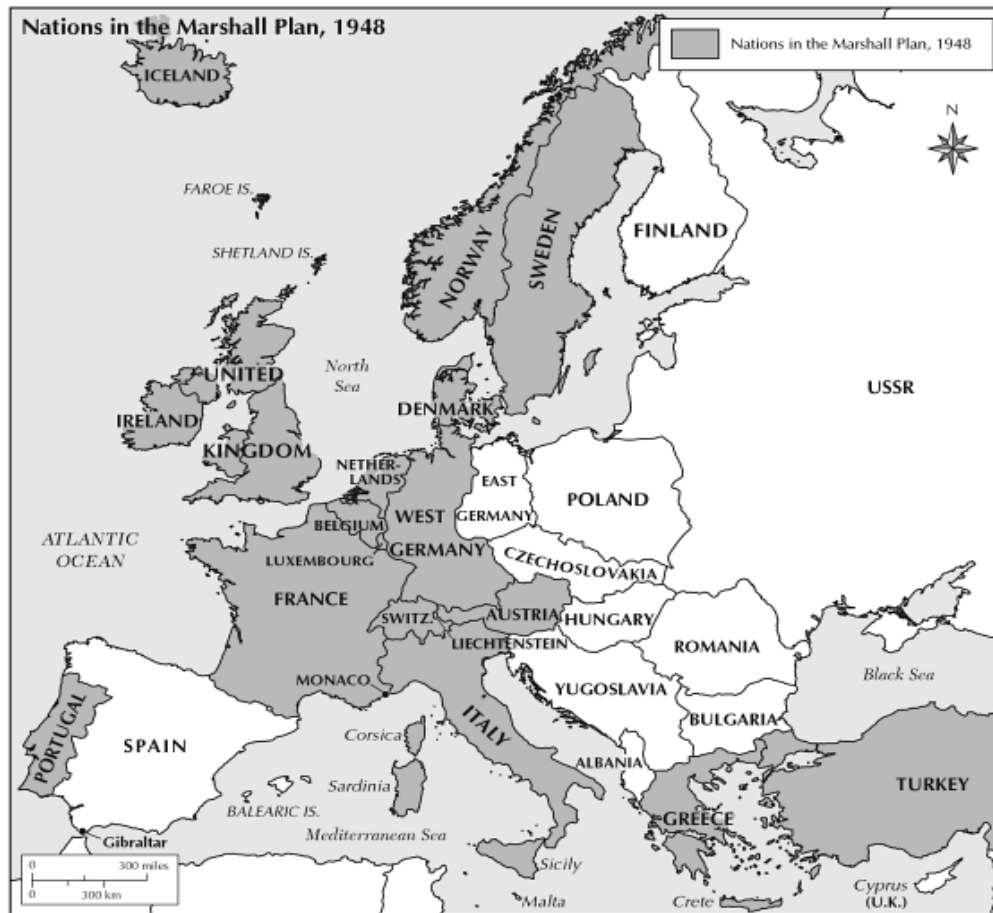


Figure 2:1, Recipients of the Marshall Plan, 1948.⁴³²

Historians have debated the Marshall Plan quite intensely. The debate was between two main camps: the Traditionalists, or the Orthodox interpretation and the New Left. The traditionalists, particularly early historians, such as Herbert Feis, John W. Spanier, and Arthur Schlesinger, Jr, argued that the Marshall Plan was a response to Soviet initiatives in the postwar world. The Soviet actions in Poland, Germany, and Greece, as well as their support for communist parties in France and Italy, required a response from the United States who initially responded to each case reluctantly, then piecemeal before producing a “program of containment.”⁴³³ While other Historians such as Joseph M. Jones and Harry B. Price viewed the Marshall Plan as an initiative to prevent economic catastrophe in Western Europe, and

⁴³¹ Ibid., 436.

⁴³² Marshall Plan Map in Glenn P. Hastedt, *Encyclopedia of American Foreign Policy* (New York, NY: Facts On File, 2004), 305.

⁴³³ John Gimbel, *The Origins of the Marshall Plan* (Stanford, California: Stanford University Press, 1976), 2.

portrayed Soviet rejection of the plan as expressive of Soviet expansionism and aggression, and therefore assign the blame for the start of the Cold War on the Soviet Union.⁴³⁴

The New Left, or Cold War revisionists, such as William A. Williams, Gar Alperovitz, Lloyd C. Gardner, and Gabriel Kolko on the other hand, argue that the U.S. wanted to deny Russia its legitimate concerns regarding the security situation in Eastern Europe.⁴³⁶ Furthermore, the United States used its economic and newly acquired nuclear power as leverage in order to establish a world economy based on the American principles of open door, and multilateral trade to eventually undermine communism. To Cold War revisionists, the Marshall Plan was an aggressive policy to expand capitalism, and the Soviet reaction to the plan was a defensive measure in order to protect communism from being integrated into the global capitalist system the United States was constructing.⁴³⁷ William Taubman's *Stalin's American Policy* concluded that the Marshall Plan triggered a shift in Soviet policy away from pursuit of a limited form of detente and toward confrontation.⁴³⁸

Political Scientist Ole R. Holsti provides a survey of the history of American public opinion through different public opinion surveys conducted at different times during the 20th century. The majority of the American public favored the European Recovery Program. According to a Gallup survey conducted in November 1948, 65 percent of the American public supported the plan and only 13 percent opposed it.⁴³⁹

Marshall Plan Recipients (1948-1952) in USD Billions

United Kingdom	3,190
France	2,714
Italy	1,509
Germany	1,391
Netherlands	1,083
Austria	678
Belgium	559
Greece	707
Turkey	225

Figure 2:2, European Recovery Program, recipients.⁴³⁵

⁴³⁴ See Joseph M. Jones, *The Fifteen Weeks (February 21- June 5, 1947)* (New York: Harcourt, Brace, 1955). And Harry B. Price, *The Marshall Plan and its Meaning* (Ithaca, NY: Cornell University Press, 1955).

⁴³⁵ The Marshall Foundation, "Western Europe's Recovery Map: European Economic Cooperation Countries and Marshall Plan Payments April 1948- June 1952."

⁴³⁶ See Gabriel Kolko, *The Politics of War: The World and United States Foreign Policy, 1943-45* (New York: Random House, 1968). And William Appleman Williams, *The Tragedy of American Diplomacy*, 2 ed. (New York: Dell, 1972).

⁴³⁷ <https://wilsoncenter.org/sites/default/files/ACFB73.pdf>

⁴³⁸ William Taubman, *Stalin's American Policy: From Etente to Detente to Cold War* (New York: Norton and Norton, 1982). ch7.

⁴³⁹ Holsti, *Public Opinion and American Foreign Policy*, 113-15.

The Marshall Plan passed in congress by a 69 to 17 votes in the Senate and 329 to 74 in the House,⁴⁴⁰ as the “Economic Cooperation Act of 1948,” or the “Foreign Assistance Act of 1948,” as a short title, and as “An Act to promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States.”⁴⁴¹ The congress’ long title of the act best describes the purposes and goals of the Marshall Plan as well as any scholarly work, whether in the traditional or in the revisionist camps.

The reasons behind the Marshall Plan, though can be heavily debated, and the motives behind it can be questioned, one cannot help but argue that all of the reasons are true, but to different degrees of importance.

The United States had political motives; such as ensuring that whatever system emerged in the new built Europe, would be a liberal democratic system that is wholly friendly to the U.S. Restoring economic growth, as well as social and political stability was of utmost importance in order to limit the influence of Communism and the Soviet Union which could and would have been far greater in Western Europe had the U.S. simply stood aside. Post WWII Europe represented a fertile environment for communism to grow, and this growth would have been aided greatly by the Soviet Union. In France for example, by November 1946, over one fourth of the French electorate had voted for the French Communist Party.⁴⁴² And in Italy, the signing of the act on April 3, 1948 came in time to influence the elections that year in favor of non-communist parties.⁴⁴³

The United States also acted in order to advance its economic interests and the interests of American corporations and banks. The vast majority of the Marshall Plan funds would be spent on purchasing American products. American corporations built trade networks with their European counterparts, American exports to Europe increased, and American banks were encouraged to provide loans to Europe. The long standing American “Open Door” policy was of paramount importance to the U.S. government.⁴⁴⁴ The creation of

⁴⁴⁰ Dennis W. Johnson, *The Laws That Shaped America : Fifteen Acts of Congress and Their Lasting Impact* (New York: Routledge, 2009), 251.

⁴⁴¹ United States Congress, U.S. Congress, *Foreign Assistance Act of 1948, Economic Cooperation Act of 1948*, 80 Cong., 2 sess. (Washington D.C., 1948).

⁴⁴² Vivien A. Schmidt, *Democratizing France: the Political and Administrative History of Decentralization* (Cambridge: Cambridge University Press, 1990), 163.

⁴⁴³ Peter J. Duignan and Lewis H. Gann, "The Marshall Plan," *The Hoover Institution, Hoover Digest* 4 (1997).

⁴⁴⁴ Open Door Policy: Refers to U.S. policy that began with Secretary of State John Hay’s Open Door Note in 1899 to the major powers proposing to keep China open to all trade with all nations on equal basis. The Open

a single European economic era, with the U.S. as the closest political and economic ally would result in growth and advancement of American investments and economy in general.⁴⁴⁵ American officials at the time, including Marshall, saw the other side of the coin. Not only would European economic recovery be beneficial to U.S. economy, but also that the economic chaos of Europe at the time was harmful to American prosperity.⁴⁴⁶

The final reason for the Marshall Plan in the debate is that United States acted from a humanitarian standpoint; to aid the starving and struggling European populations at home, and the millions who were displaced, stateless and living as refugees, simply because it was the humane thing to do. If the situation in Europe continued to deteriorate, it would have threatened the U.S. in many ways, since more Europeans would look to migrate westwards to the United States, for example. The Marshall Plan came with its own form of “soft power”, improving America’s image among Europeans, winning their hearts and minds, within the greater strategy to counter the Soviet Union. The humanitarian justification however remains the weakest when compared to the political, security and economic benefits of the plan as well as the conditions imposed by the administration in charge of carrying out the plan, the European Cooperation Administration.

British Foreign Secretary Ernest Bevin, addressing the British House of Commons in January 1948, claimed that he was convinced that the Marshall Plan had no political motive other than “the valuable human motive of helping Europe to help herself, and so restore the economic and political health of this world.”⁴⁴⁷ Bevin, who had hailed the plan as a “life-line,” argued that such restoration is of course an interest of the United States, but it is also in everyone’s interest.⁴⁴⁸

Bevin’s statement raises questions regarding the effectiveness of the Marshall Plan in restoring European economy and achieving its original humanitarian and economic goals. There have been numerous studies on the subject, and there is an agreement among the plan’s early historians that the plan was extremely successful, such as Richard J. Mayne’s 1970 *The*

Door policy represents the American belief in the link economic prosperity and overseas economic expansion. It emphasizes open global economy and the need for social stability to achieve it. See Tindall and Shi, *America: a Narrative History*, 920. And Christopher Layne, *The Peace of Illusions : American Grand Strategy from 1940 to the Present*, Cornell Studies in Security Affairs (Ithaca: Cornell University Press, 2006), 78-80.

⁴⁴⁵ *The Peace of Illusions : American Grand Strategy from 1940 to the Present*, 79-80.

⁴⁴⁶ Ibid.

⁴⁴⁷ Ernest Bevin, "Address Given by Ernest Bevin to the House of Commons," ed. The Centre Virtuel de la Connaissance sur l'Europe (Luxembourg 2015), 11.

⁴⁴⁸ Quoted in Mills, *Winning the Peace: the Marshall Plan and America's Coming of Age as a Superpower*, 15. Bevin, "Address Given by Ernest Bevin to the House of Commons," 11.

Recovery of Europe: from Devastation to Unity.⁴⁴⁹ Revisionist accounts, such as Alan S. Milward's *The Reconstruction of Western Europe, 1945-1951*, a 1984 publication, argued that the effect of American aid on economic growth was small, and that the United States failed to reconstruct Europe according to its own blueprint.⁴⁵⁰ In response, American Economist Barry Eichengreen and his colleagues published a number of works that argue in favor of the economic benefits of the Marshall Plan. To Eichengreen, the Marshall Plan played an important role in promoting financial stability, market liberalization, and the social contract on which the plan was based.⁴⁵¹

Debates regarding the effect and effectiveness of aid tend to yield more arguments and questions than results and answers. The same applies when measuring the effectiveness of the Marshall Plan. Aid effectiveness is one of the hardest aspects to measure in aid. Europe was recovering, with American aid, would Europe have recovered at the same rate during its "Golden Age" in the 1950s and 1960s, had the U.S. simply stood aside and let the Europeans handle their own recovery entirely? In all probability, the answer is no. But does that mean that Europe would not have recovered had the U.S. not adopted the Marshall Plan and invested knowledge and money? The answer again, in all probability is no.

The research takes a middle approach and argues that the Marshall Plan *accelerated* European economic recovery and served European countries mostly by providing additional aid which prevented these countries from adopting extreme austerity measures that would have further destabilized them socially and politically, and thereby provided a chance for the USSR to expand its influence over Western Europe. The U.S. would have witnessed various communist parties ascended to power, and that was a chance that neither Truman nor his administration were willing to allow.

The Truman administration saw both a threat and an opportunity in the economic chaos that ensued following WWII. Besides the obvious threat of Western Europe falling under Soviet influence and becoming more communist than capitalist, more closed than open in terms of markets, and more friendly towards the U.S.S.R in terms of trade and investment.

⁴⁴⁹ Richard Mayne, *The recovery of Europe: from Devastation to Unity* (London,: Weidenfeld & Nicolson, 1970).

⁴⁵⁰ Alan S. Milward, *The Reconstruction of Western Europe, 1945-51* (London: Methuen, 1984).

⁴⁵¹ Barry Eichengreen and M. Uzan, "The Marshall Plan: Economic Effects and Implications for Eastern Europe and the Former USSR," *Economic Policy* 14 (1992); Barry Eichengreen, *Reconstructing Europe's Trade and Payments* (Manchester: Manchester University Press, 1993); J. B. De Long and B. Eichengreen, "The Marshall Plan: History's Most Successful Adjustment Program," in *Postwar Economic Reconstruction and Lessons for the East Today*, ed. R. Dornbusch, W. Nolling, and R. Layard (Cambridge, Mass: MIT Press, 1993); Barry Eichengreen, "The Market and the Marshall Plan," in *The Marshall Plan: Fifty Years After*, ed. M. Schain (Basingstoke: Palgrave, 2001).

In his provocative book, *The Peace of Illusions: American Grand Strategy from 1940 to the Present*, Christopher Layne argues that “economic interests- and the concomitant geopolitical need for stability and the ideological need for an ‘open’ international system in which U.S. core values would be secure- impelled the United States to revive Western Europe and to incorporate it into the postwar international economic order.”⁴⁵² According to Layne, the U.S. would have pursued the same objectives regardless of the Cold War and the clash with the Soviet Union.⁴⁵³

2.3.3. Mutual Defense Assistance Act, 1949

With America’s aid through the Economic Cooperation Act, the Marshall Plan, Europe was set on a path to economic recovery by the end of the 1940s. The European themselves saw the devastation inflicted by the successive wars, and it became essential to find a final solution to Europe’s hostilities. To that end, a plan for the unification of Europe was begun through dialogues and conferences that led the UK, France, Belgium, the Netherlands, and Luxembourg to form a treaty of collective military aid and economic and social cooperation.⁴⁵⁴ The Treaty of Brussels was signed on March 17, 1948 as a treaty of mutual defense, setting the course for the founding of the Western European Union, and the eventual formation of the North Atlantic Treaty Organization the following year.⁴⁵⁵

At the time the European representatives were signing the treaty in Brussels on March 19, 1948 Truman was delivering a special message to a joint session of congress. He praised the efforts of the five European countries, calling the treaty a “notable step in the direction of unity in Europe for the protection and preservation of its civilization.”⁴⁵⁶ Truman further declared that the determination of these countries to protect themselves “will be matched by an equal determination on [U.S.’s] part to help them protect themselves.”⁴⁵⁷

As already discussed, a month after Truman’s address, congress passed the Foreign Assistance Act of 1948, the Marshall Plan, by overwhelming majority in both houses.⁴⁵⁸ With the Marshall Plan approved and European economic recovery on the way, the next topic on

⁴⁵² Layne, *The Peace of Illusions : American Grand Strategy from 1940 to the Present*, 80.

⁴⁵³ *Ibid.*, 81.

⁴⁵⁴ J. A. S. Grenville and Bernard Wasserstein, eds., *The Major International Treaties of the Twentieth Century*, vol. 2 (London and New York: Routledge, 2001), 508-09.

⁴⁵⁵ *Ibid.*, 511-12.

⁴⁵⁶ President Harry S. Truman, *Special Message to the Congress on the Threat to the Freedom of Europe*, Public Papers of the Presidents of the United States: Harry S. Truman Containing the Public Messages, Speeches, and Statements of the President: January 1 to December 31, 1948 (Washington D.C.: United States Government Printing Office, 1948), 184.

⁴⁵⁷ *Ibid.*

⁴⁵⁸ Johnson, *The Laws That Shaped America : Fifteen Acts of Congress and Their Lasting Impact*, 251.

U.S. foreign policy agenda was securing a political and military alliance with Europe, particularly with the recovering European countries that signed the treaty of Brussels and subsequent mutual defense pacts.

In June 1948, the Senate passed Resolution 239, better known as the Vandenberg Resolution by 64 votes to 4.⁴⁵⁹ The third article of the resolution set the “association of the United States, by constitutional process, with such regional and other collective arrangements are based on continuous and effective self-help and mutual aid,” as a foreign policy objective.⁴⁶⁰ The resolution gave the administration the green light to enter into negotiations with European allies, resulting in the signing of the NATO agreement in Washington D.C. on April 4, 1949. In the fifth article of the NATO charter, the participating countries; Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, the United Kingdom and the United States, agreed that “an armed attack against one or more of them in Europe, or North America, shall be considered an attack against them all,” and pledged assistance and use of armed force if deemed necessary.⁴⁶¹

The funds for NATO came in the form of the Mutual Defense Assistance Act in October 1949.⁴⁶² The act had initially faced fierce resistance in congress, with both houses insisting on reducing the overall budget of the act by half.⁴⁶³ The general opinion changed on September 23 1949 when the USSR announced that it had successfully donated a nuclear bomb.⁴⁶⁴ The act, “to promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations,” included provisions for funding NATO countries and reaffirmed previous U.S. commitments to aiding Greece and Turkey.⁴⁶⁵ The following are some of the main provisions of the act:

- Authorization for the president to provide military assistance to North Atlantic Treaty countries in the form of equipment, material and services.⁴⁶⁶

⁴⁵⁹ "United Nations Resolution," in *CQ Almanac 1948*, CQ Almanac Online Edition (Washington, D.C., United States: Congressional Quarterly, 1949).

⁴⁶⁰ Ibid.

⁴⁶¹ The North Atlantic Treaty Organization, "The North Atlantic Treaty (Washington D.C. 4 April 1949)," (NATO website).

⁴⁶² "United States: Mutual Defense Assistance Act of 1949, Public Law 329, 81st Congress., 1 session. Department of State Bulletin, Vol. XXI, No. 538 (October 24, 1949), p. 604," *The American Journal of International Law* 44, no. 1 (1950).

⁴⁶³ Frank R. Douglas, *The United States, NATO, And a New Multilateral Relationship* (Westport, Conn. ; London: Praeger Security International, 2008), 13.

⁴⁶⁴ Ibid.

⁴⁶⁵ "United States: Mutual Defense Assistance Act of 1949, Public Law 329, 81st Congress., 1 session. Department of State Bulletin, Vol. XXI, No. 538 (October 24, 1949), p. 604," 31.

⁴⁶⁶ Ibid., 30.

- Total appropriation of \$500 million for carrying out the provisions of the act.⁴⁶⁷
- Provides \$211 million in aid to Greece and Turkey, and additional aid Iran, Korea, and the Philippines and \$75 million in aid to China.⁴⁶⁸
- Establishment of Mutual Assistance Programs (MAP); unlike lend-lease of WWII which required repayment, these programs provided services and equipment free of charge, mostly to European allies. (\$3.5 billion of a total of \$4.0 under MAP by 1955).⁴⁶⁹

Congress attached three conditions for receiving aid; firstly, only countries that had requested assistance prior to the passage of the act qualify for this aid.⁴⁷⁰ Secondly, of the \$500 million, \$400 million will be available only after the president approves recommendations for an integrated defense of the north Atlantic area,⁴⁷¹ and finally recipient countries must enter into an agreement with the U.S. regarding the use of this aid.⁴⁷² These conditions ensured that the money is spent only on strengthening the military capabilities of NATO allies.⁴⁷³ Furthermore, the second condition, which required an integrated defense area, ensures that American allies are strengthened in this collective unit, which makes American aid itself more efficient and more cost effective in the long run; the logic behind it was that the stronger the allies within this integrated defense area with U.S. support, the less aid they would require in the future.⁴⁷⁴

The provisions for aid in Korea came during the first of the Cold War's proxy wars. After Japan's defeat in WWII, two separate governments emerged in the Korean Peninsula; South Korea supported by the U.S. and North Korea supported by China and the USSR.⁴⁷⁵ Both claimed to be the legitimate government of Korea. In late June 1950, North Korean forces backed by the Soviet Union and China invaded the south, resulting in a full-scale military confrontation. With UN approval, the U.S. formed an international coalition of 18 countries to counter North Korea's invasion.⁴⁷⁶ The U.S. contributed most in terms of personnel and funding. According to Tindall and Shi, Truman assumed that Stalin and the

⁴⁶⁷ Ibid.

⁴⁶⁸ Ibid., 32.

⁴⁶⁹ Ibid., 31-32. Ball, *Security and Economy in the Third World*, 268.

⁴⁷⁰ "United States: Mutual Defense Assistance Act of 1949, Public Law 329, 81st Congress., 1 session. Department of State Bulletin, Vol. XXI, No. 538 (October 24, 1949), p. 604," 30.

⁴⁷¹ Ibid.

⁴⁷² Title IV, General Provisions. Sec 402; a, b, c, *ibid.*, 32.

⁴⁷³ Douglas, *The United States, NATO, And a New Multilateral Relationship*, 13.

⁴⁷⁴ Ibid.

⁴⁷⁵ Tindall and Shi, *America: a Narrative History*, War in Korea, 1234-39.

⁴⁷⁶ Ibid., 1235.

Soviets were behind the North's invasion as diversion to invade Western Europe. He then ordered an expansion of U.S. forces in Europe and more importantly increased assistance to the French fighting communists in Indochina, laying the foundation for further U.S. involvement in Indo-China's affairs in few years time.⁴⁷⁷ The Korean War eventually ended in 1953 by an armistice along the 38th parallel and creating a militarized zone, though no peace agreement has been reached to the present.⁴⁷⁸

2.3.4. Truman and Point Four, 1949

After the successful campaign and electoral victory in 1948, President Truman and his team began their preparations for the inaugural address to be delivered on January 20, 1949 at the U.S. Capitol. One member of the Truman team was Benjamin H. Hardy, Deputy to Francis H. Russell, Head of Public Affairs Office. Hardy had served with the U.S. Navy during WWII and had the chance to travel and see less developed parts of the globe. Hardy was a speechwriter who had developed "clear ideas on what was wrong with American foreign policy."⁴⁷⁹ According to Hardy, U.S. assistance focused on the wealthy and powerful and paid little regard to the average people.⁴⁸⁰ In a memo to Russell, Hardy wrote of his idea, "this is the way to make the greatest psychological impact and to ride and direct the universal groundswell of desire for a better world."⁴⁸¹ Hardy went behind his superiors, who had originally rejected his idea of adding technical assistance as a new pillar of U.S. foreign policy, and met with Truman's military advisor, George Elsey, who brought it to Truman's White House Counsel, Clark Clifford. Elsey and Clifford were more enthusiastic about the idea than their colleagues at the State Department.⁴⁸²

But the real enthusiasm came from President Truman himself. Truman, who had been a Missouri farmer, was fully aware of the true value of sharing technical advancements in the field of agriculture, embraced the idea and even elaborated with ideas of his own in a meeting speaking of the Tigris-Euphrates Valley, Zambezi River valley in Africa and also in Brazil, and how these areas could benefit from American know-how.⁴⁸³ By the time the president's inaugural address was completed, it included four points on the direction American foreign

⁴⁷⁷ Ibid., 1236.

⁴⁷⁸ Ibid., 1238.

⁴⁷⁹ Ken Hechler, *Working with Truman: a Personal Memoir of the White House Years*, Give 'Em Hell Harry Series (Columbia: University of Missouri Press, 1982), 115.

⁴⁸⁰ Ibid.

⁴⁸¹ Benjamin H. Hardy, "Memo to Mr. Russell," in *1949 January 20, "Inagrural Address Correspondence," Papers of George M. Elsey* (Independence, MO: Harry S. Truman Library, 1948). Harry S. Truman Library.

⁴⁸² Robert Schlesinger, *White House Ghosts: Presidents and Their Speechwriters*, 1st ed. (New York: Simon & Schuster, 2008). See Pages 61-63 for Hardy and Point Four Genesis.

⁴⁸³ Hechler, *Working with Truman: a Personal Memoir of the White House Years*, 118.

policy was to take during the administration's time in office.⁴⁸⁴ The *fourth* of which was concerned with providing American know-how, hence calling the program the Point Four Program (PFP).

First, the U.S. would support the United Nations as a “means of applying democratic principles to international relations.”⁴⁸⁵ Second, the U.S. would continue supporting the recovery of world economy, particularly in Europe. Third, the U.S. would “strengthen freedom-loving nations against the dangers of aggression,” and *fourth*, the U.S. “must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas.”⁴⁸⁶

The importance of the program stems from the fact that it was the first economic development plan on a global scale in U.S. history. Until the establishment of the Technical Cooperation Administration (TCA), which was founded exclusively to run the program within the Department of State, post WWII economic aid had been restricted by and large to aiding the devastated European countries. Congress however was not quick to support the plan, having spent millions of dollars already on the Marshall Plan not long before, congress hesitated and delayed the program until June 1950 when the program was finally approved with a budget of \$34.5 million for fiscal year (FY), 1950/1951.⁴⁸⁷ By March 1951, there were 236 Point Four trainees from 34 countries, with plans to bring many more. U.S. assistance reached countries further east from Europe, such as Israel, Iran and Pakistan.⁴⁸⁸

Finally, with the arrival of President Dwight D. Eisenhower, the PFP became known as the Technical Assistance Program, and the TCA was reorganized as the Foreign Operations Administration, the forerunner of the contemporary United States Agency for International Development, USAID.⁴⁸⁹ It is also worth noting that President Kennedy's Peace Corps grew out of Truman's Point Four program as well.⁴⁹⁰

To conclude the historical analysis of the Truman administration's contribution to the birth of the contemporary American foreign aid program, it is clear that the role of the administration of the former Missouri former, was of the most, if not the most, important in

⁴⁸⁴ Ibid.

⁴⁸⁵ President Harry S. Truman, Harry S. Truman Library, *Truman's Inaugural Address, January 20 1949* (Independence, Missouri).

⁴⁸⁶ Ibid.

⁴⁸⁷ Hechler, *Working with Truman: a Personal Memoir of the White House Years*, 119.

⁴⁸⁸ Ibid.

⁴⁸⁹ Septhen Macekura, "Point Four and the Crisis of U.S. Foreign Aid Policy in the 1970s," in *Foreign Aid and the Legacy of Harry S. Truman*, ed. Raymond H. Geselbracht, Truman Legacy Series (Kirksville, Missouri: Truman State University Press, 2015), 87-88.

⁴⁹⁰ Gary Scott Smith, *Faith and the presidency: from George Washington to George W. Bush* (Oxford ; New York: Oxford University Press, 2006), 280.

the evolution of the modern day American foreign aid establishment in numerous forms. It laid the foundations for the entire U.S. foreign establishment for decades to come. While the rules, regulations and size of this establishment would evolve with time and events in the next 60 years, the legislations passed during this era of American history, from the Greek-Turkish Aid Bill, to the Economic Cooperation Act and the Mutual Defense Assistance Act represent the founding, not only for the administrative and bureaucratic aspect of the foreign aid program, but also the broader political dimension with the goals and objectives of the broader American foreign policy, the tools required to achieve these objectives and how to use this new tool as a new arm for American foreign policy makers; in much the same way as diplomacy and military.

It should also be remembered that while most of the early aid legislations and ideas for these programs came from individuals associated with the executive branch, such as secretary Marshall, Clifford and Hardy, Congress was mostly supportive of the president's plans, and congress members such as Senator Vandenberg played a particularly important role during these developments in the early period.

During Truman's time in office, the U.S. won the war, recognized Israel, played a paramount role in establishing the U.N. and NATO, and dropped two nuclear bombs on Japan. Truman established the Central Intelligence Agency, the Department of Defense, the National Security Council, and he was the first president to write congress on racial desegregation.⁴⁹¹ Yet for all these achievements, Truman is perhaps best remembered for the Marshall Plan and European economic recovery. He was not wrong when he said to one of his aides in 1952, "If I'm ever remembered fifty years after I'm dead, it will probably be because my name is associated with some of these programs," in reference to his foreign aid programs.⁴⁹²

2.3.5. The Eisenhower Years

By the time President Dwight D. Eisenhower (1953-1961), arrived in office, the Cold War had taken its roots and the tensions between East and West were running high. The former Supreme Allied Commander-Europe came to the White House with extensive military experience having devoted most of his life to serving in the U.S. military, ascending from rank of Lieutenant after his graduation from West Point Military Academy in 1915 to become

⁴⁹¹ Ryan J. Barilleaux and Jewel Maxwell, *Tough Times for the President: Political Adversity and the Sources of Presidential Power*, (Amherst: Cambria Press, 2012). Harry Truman, 1947-48, particularly Executive Actions.

⁴⁹² Richard D. Mckinzie, "Oral History Interview with Stanley Andrews," in *Stanley Andrews Papers*, ed. Harry S. Truman Library (Independence, MO: Harry S. Truman Library, 1970).

the highest ranked officer in the U.S. army.⁴⁹³ Like his predecessor, Eisenhower held the belief that the best way to deal with the Soviet Union was to contain it.⁴⁹⁴ In order for containment to work, Eisenhower believed, the U.S. must maintain strong alliances and powerful military as well as powerful international institutions.⁴⁹⁵

In the beginning of his time in office, Eisenhower wished to “curtail” foreign aid as he urged congress to do so in a March 1954 special message on foreign economic policy.⁴⁹⁶ As figure 2:3 demonstrates, there was a general decline in the levels of U.S. assistance during the Eisenhower presidency, yet this decline, explains Lancaster, was to be expected after the very high levels of aid during the Marshall Plan years.⁴⁹⁷

However much Eisenhower and his administration wished to reduce foreign aid, necessity required that they continue funding essential programs that had been initiated during the Truman administration.⁴⁹⁸ Lancaster argues that necessity was not the only reason. She adds that the Eisenhower administration found foreign aid too useful a tool to disregard completely.⁴⁹⁹ Furthermore, the fierce competition with the Soviet Union in numerous aspects, the least for which was the search for friends, allies, and influence among the nations of the developing world who were gradually becoming more important in world affairs at the time, could not permit a decline in foreign assistance.⁵⁰⁰ Eisenhower himself admitted as much when he left office stating that he would be willing to “give up part of his own salary to ‘meet the pressing need of adequate funds for foreign aid.’”⁵⁰¹

⁴⁹³ Edward O. Frantz, "Defining Eisenhower's America: War, Powers and Race Relations, 1941-1961," ed. A. James Fuller and Lawrence Sondhaus, *America, War and Power: Defining the State, 1775-2005* (London ; New York: Routledge, e-edition Francis and Taylor, 2007).

⁴⁹⁴ Howard Jones, *Crucible of Power: A History of U.S. Foreign Relations Since 1897*, 1 ed. (Wilmington, Del.: SR Books, 2001), 285.

⁴⁹⁵ Jordan Tama, "More Than Deference: Eisenhower, Congress and Foreign Policy," in *Paper prepared for "Eisenhower and Congress: Lessons for the 21st Century"* (School of International Service, American University, 2010), 2.

⁴⁹⁶ President Dwight D. Eisenhower, "Special Message to the Congress on Foreign Economic Policy, March 30 1954," in *The American Presidency Project, Online by Gerhard Peters and John T. Woolley*.

⁴⁹⁷ Lancaster, *Foreign Aid: Diplomacy... 2007*, 65.

⁴⁹⁸ Ibid.

⁴⁹⁹ Ibid.

⁵⁰⁰ Ibid., 65-66.

⁵⁰¹ as quoted in H. Field Haviland, "Foreign Aid and the Policy Process: 1957," *The American Political Science Review* 52, no. 3 (1958): 709.

The Food For Peace program, an important pillar of the contemporary American foreign aid structure, originated during the Eisenhower administration, though the credit for the congressional act that brought about the program belongs to Senator Hubert Humphrey (D-Minnesota).⁵⁰² Humphrey's constituents from the farm filled state of Minnesota, lobbied intensely to send surplus American food to foreign countries in order to maintain the prices of these goods in the local American market.⁵⁰³ The other choice would have been to destroy it, so why not send it abroad as a loan or a grant through American transport, and by doing solve a humanitarian crisis, protect domestic prices, increase agricultural exports and extend and enforce American friendship and influence? Humphrey's efforts culminated in the passage of the Agricultural Trade Development and Assistance Act of 1954, also known as the Food for Peace Act, and commonly referred to as P.L.480.⁵⁰⁴ The act was signed by president Eisenhower on July 10, 1954, declaring in a statement that that the act "will lay the basis for a permanent expansion of our exports of agricultural products, with lasting benefits to ourselves and peoples in other lands."⁵⁰⁵

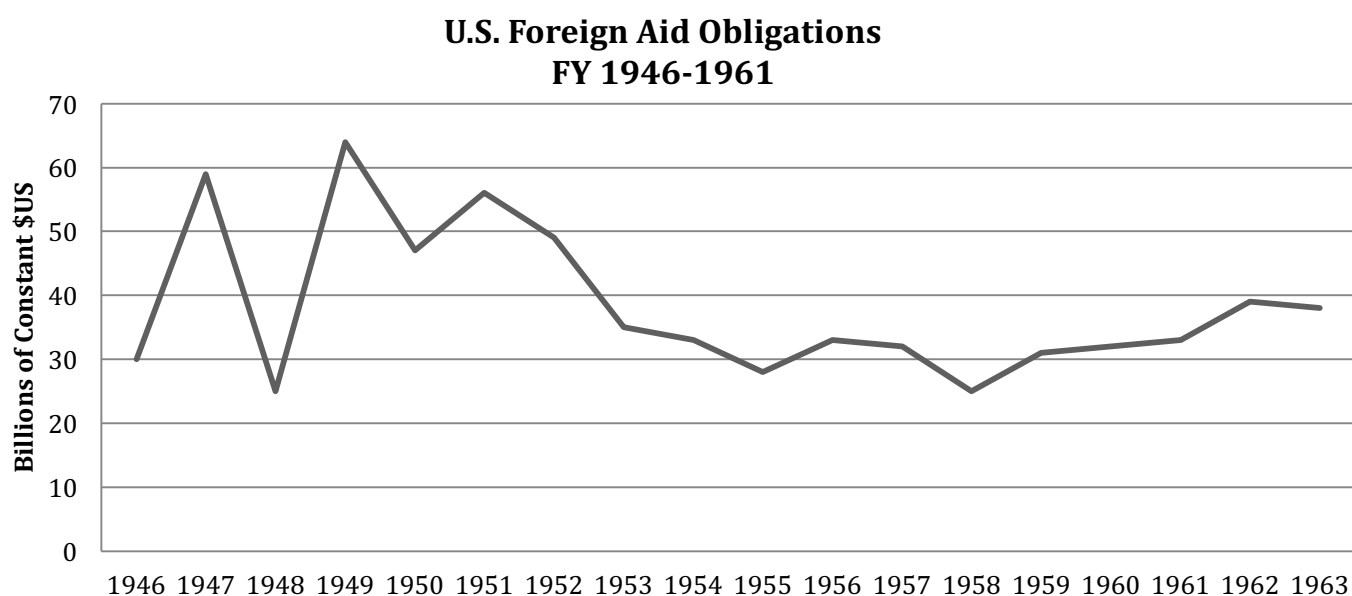


Figure 2:3, Foreign aid from Truman to Kennedy with the Eisenhower decline. (USAID Greenbook).⁵⁰⁶

⁵⁰² Kristin L. Ahlberg, *Transplanting the Great Society: Lyndon Johnson and Food for Peace* (Columbia: University of Missouri Press, 2008), 6.

⁵⁰³ Ibid.

⁵⁰⁴ Ibid., 6.

⁵⁰⁵ President Dwight D. Eisenhower, "Statement by the President Upon Signing the Agricultural Trade Development and Assistance Act of 1954," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: The American Presidency Project, 1954).

⁵⁰⁶ USAID, "Foreign Aid Explorer: Foreign Aid Trends: Greenbook," (Online: USAID).

Another major milestone in the evolution of the American aid program during Eisenhower's administration was the passing of the Mutual Security Act of 1954. The act incorporated all previous foreign aid legislations into a single legislation, and it further repealed all previous foreign assistance acts, including the 1949 Mutual Defense Assistance Act, the Economic Cooperation Act of 1948 and the Greek-Turkish Assistance Act of 1948 among others.⁵⁰⁷ The most important titles of the act were; title I, Mutual Defense Assistance whose purpose was "to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations."⁵⁰⁸ Title II: Development Assistance designed "to promote economic development, and to assist in maintaining economic and political stability."⁵⁰⁹ Finally Title III: Technical Cooperation whose purpose is "to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the follow of investment capital..."⁵¹⁰ The new act did not just embrace previous legislations into one, but it also expanded the definition and scope of these acts, particularly within title one.⁵¹¹

The Eisenhower administration used foreign assistance to combat communism in a number of countries. According to newly declassified CIA documents, the U.S. aided in bringing Shah Mohammad Reza Pahlavi to replace the elected Prime Minister Mohammad Mosaddegh in the 1953 CIA and British MI6 orchestrated coup d'état in Iran.⁵¹² Mosaddegh sought to nationalize Iranian oil, and it was believed that he had support from communists, though the declassified documents suggest that the communist threat was not particularly real.⁵¹³ Eisenhower first withheld \$25 million in loans from Mosaddegh's government, and later provided the new leader with over \$70 million to enforce his rule.⁵¹⁴ Recording the Iran developments in his diary on October 8, 1953, Eisenhower wrote "now if the British will be conciliatory and display some wisdom; if the Shah and his new premier, General Zahedi, will

⁵⁰⁷ *Handbook of Mutual Security Legislation and Related Documents (With Explanatory Notes, Index, and Cross-References)*, United States Congress, 83 Cong., 2 sess. (Washington D.C.: Government Printing Office/Online by University of Michigan, 1954), 46.

⁵⁰⁸ *Ibid.*, 1.

⁵⁰⁹ *Ibid.*, 14.

⁵¹⁰ *Ibid.*, 15.

⁵¹¹ Charles Wolf, *Foreign Aid: Theory and Practice in Southern Asia* (Princeton, N.J.: Princeton University Press, 1960), 186.

⁵¹² Saeed Kamali Dehghan and Richard Norton-Taylor, "CIA Admits Role in 1953 Iranian Coup," *The Guardian*, August 19, 2013.

⁵¹³ *Ibid.*

⁵¹⁴ Stephen Kinzer, *All the Shah's men: an American coup and the roots of Middle East terror* (Hoboken, N.J.: J. Wiley & Sons, 2003), 166; Ervand Abrahamian, "The 1953 Coup in Iran," *Science & Society* 65, no. 2 (2001): 211. See also ; Habib Ladjevardi, "The Origins of U.S. Support for an Autocratic Iran," *International Journal of Middle East Studies* 15, no. 2 (1983).

be only a little bit flexible, and the United States will stand by to help both financially and with wise counsel, we may really give a serious defeat to Russian intensions and plans in that area.”⁵¹⁵

A year later, Guatemala was destined for yet another American intervention when the U.S. brought down the elected regime of Jacobo Arbenz by assisting in the military coup led by Carlos Castillo Armas in a CIA covert operation.⁵¹⁶ Arbenz represented a threat to the economic interests of United Fruit Company, a Boston based company that had owned over 60% of Guatemala’s arable land.⁵¹⁷ Arbenz appropriated land from UFC, and received a small shipment of arms from the eastern bloc, which rendered him a communist.⁵¹⁸ After the coup, American aid to Guatemala increased from a little over half a million dollars in 1954 to \$130 million in the six years following the coup.⁵¹⁹ The Eisenhower administration provided Armas’ government with nearly \$100 million in direct aid “during a ‘period when total U.S. aid to all of Latin America was under \$60 million annually.”⁵²⁰

The Iranian and Guatemalan examples provide further evidence to the greater narrative that neither humanitarian concerns, nor American principles and ideals play as important a role in dictating foreign aid policy when it comes to the national security and economic interests of the U.S. Indeed, in both examples, the U.S. assisted in the overthrow of elected politicians, and helped install tyrants in their place. Guatemala’s Armas was a brutal dictator who had returned the land his predecessor had appropriated from the Boston fruit company, and executed the opposition without a second thought.⁵²¹ Iran’s Mosaddegh and his nationalization ideas represented a threat to oil flow from the region, and therefore a threat to the commercial interests of the U.S. The Shah was a brutal monarch who tortured and killed his opponents, with technical, financial and know-how aid from the Eisenhower administration, in violation of America’s democratic principles and ideals.⁵²²

⁵¹⁵ Malcolm Byrne, "Iran 1953: US Envoy to Baghdad Suggested to Fleeing Shah He Not Acknowledge Foreign Role in Coup," in *The National Security Archive: Eisenhower Diary Covering Iran (Document 1)* (Online: National Security Archive- George Washington University, 2014).

⁵¹⁶ Stephen Kinzer, *Overthrows: America's century of regime change from Hawaii to Iraq*, 1st ed. ed. (New York: Times Books, 2006), 138, see also 41-42.

⁵¹⁷ Alan P. Dobson and Steve Marsh, *US Foreign Policy Since 1945*, 2nd ed. (London: Routledge, 2006), 84-85.

⁵¹⁸ Ibid.

⁵¹⁹ Alexander DeConde, *Encyclopedia of American Foreign Policy: Studies of the Principal Movements and Ideas*, (New York: Scribner, 2002). 97.

⁵²⁰ Piero Gleijeses, *Shattered hope: the Guatemalan revolution and the United States, 1944-1954* (Princeton, N.J.: Princeton University Press, 1991), 383-Note 86.

⁵²¹ Dobson and Marsh, *US Foreign Policy Since 1945*.

⁵²² Roham Alvandi, *Nixon, Kissinger and the Shah: US-Iran Relations and the Cold War, 1969-1976* (New York: Oxford University Press, 2014), 19.

Toward the end of the Eisenhower administration, foreign aid was facing growing unpopularity among both the American public and their congressional representatives, particularly within the Republican Party.⁵²³ A series of public opinion polls among the American public between 1955 and 1957 conducted by NORC and Gallup, demonstrate the level of dissatisfaction among the public.⁵²⁴ In general, public support for foreign aid among the American public declined in the 1950s and early 1960s.⁵²⁵

Date/Poll	Issue	Response by Party Affiliation (Percent)			
		Response	Republican	Democrat	Independent
February 1946 Gallup	Role U.S. should play in World Affairs	Active	72	72	NR
		Stay Out	23	22	NR
March 1947 Gallup	Aid to Greece	Approve	56	56	NR
		Disapprove	31	32	NR
April 1948 Gallup	Military alliance with Marshall Plan countries	Yes	66	68	57
		No	22	16	29
December 1956 Gallup	Foreign aid to help stop communism	Yes	59	58	58
		No	28	28	28
January 1963 Gallup	Foreign Aid	For	54	59	61
		Against	35	28	28

Figure 2:4, selected American public opinion surveys, with party affiliation, on foreign aid issues 1946-1963.⁵²⁶ NR: Not reported.

⁵²³ Eugene R. Wittkopf, *Faces of internationalism: public opinion and American foreign policy* (Durham: Duke University Press, 1990), 173.

⁵²⁴ Ibid.

⁵²⁵ Christine E. Contee, InterAction Organization, and Overseas Development Council., *What Americans Think : Views on Development and U.S.-Third World Relations : a Public Opinion Project of InterAction and the Overseas Development Council* (New York, N.Y., Washington, D.C.: InterAction; The Council, 1987), 21-22.

⁵²⁶ Holsti, *Public Opinion and American Foreign Policy*, 132.

Perhaps a part of the reason for the decline was the publication of a number of popular books, the most notable of which was the 1958 best-selling novel by William J. Lederer and Eugene Burdick *The Ugly American*. The novel told shocking stories about American foreign aid, and American aid workers that further worsened Americans' perception of foreign aid.⁵²⁷ The novel was centered on the failure of the American foreign service and diplomatic corps' incompetent staff, who knew little of the domestic affairs of the country where they were based, and could not even speak the local language, in sharp contrast to their Soviet counterparts who possessed such skills and were always one step ahead of the Americans.⁵²⁸ The officials were more interested in securing personal benefits and luxurious life-style, than serving their original purpose of limiting the spread of communism. Taken by the book, Senator John F. Kennedy sent a copy to each of his colleagues in the U.S. Senate.⁵²⁹ And in one of his last speeches during his election campaign in San Francisco in November, Senator Kennedy referred to *The Ugly American* saying, "the United States is going to have to do much better in this area if we are going to defend freedom and peace in the 1960s."⁵³⁰

2.3.6. Change and Reform

The short presidency of John F. Kennedy (1961-1963) was one of the most important in the history of the evolution of the American foreign aid program. It truly revolutionized the American foreign aid establishment in terms of structure and consolidation, the formalization of rules and regulations, the separation between economic aid and military aid, and the establishment of the United States Agency for International Development, USAID.⁵³¹ Furthermore, Kennedy himself brought "an enthusiasm for foreign aid that was replicated by no other twentieth-century president."⁵³² During the early years of the 1960s, argue Lancaster and Van Dusen, "foreign aid was seen as a tool to reduce discontent generated by poverty and the subsequent temptations of communism by spurring economic progress in

⁵²⁷ William J. Lederer and Eugene Burdick, *The Ugly American* (New York, London: W.W. Norton and Company, 1999). Michael Meyer, "Still 'Ugly' After All These Years," *International New York Times*, July 10, 2009. Other books of the era include the 1955 publication "*The Quiet American*" by English author Graham Greene. It follows an arrogant American aid worker, and undercover CIA agent, Alden Pyle, as he is involved in the deaths of innocent lives to save Vietnam from communism, a foreshadowing of what was to come to Vietnam perhaps.

⁵²⁸ "Still 'Ugly' After All These Years."

⁵²⁹ Ibid.

⁵³⁰ John F. Kennedy, "Speech of Senator John F. Kennedy, Cow Palace, San Francisco, CA: November 2, 1960," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley).

⁵³¹ Due to the significant role USAID plays in contemporary American foreign aid politics and practices, the third chapter devotes an entire section to the major players in the process, including USAID.

⁵³² Lancaster, *Foreign Aid: Diplomacy... 2007*, 69.

these regions and addressing the social and political tensions created by rapid economic change.”⁵³³ Yet in the beginnings of the 1960s, a “concern for the human condition began to slowly creep into the foreign assistance calculation” as well.⁵³⁴ It took another decade and another president for human rights to become a more contentious issue in foreign aid policy circles.

One of the first tasks Kennedy and his new team faced was restoring the image and trust of people both at home and abroad in the American foreign aid system. To say that the young president was determined to fix what he perceived to be major flaws in the foreign aid establishment would certainly be an understatement. Kennedy was greatly influenced by *The Ugly American*, and was determined to improve the image the novel portrayed. To that end, he initiated three major reforms within the first 100 days of his office.

The first reform was amending the Food for Peace Act. President Kennedy’s second executive order, issued on his 3rd day in office created the office of the Director of the Food-for-Peace Program.⁵³⁵ Shifting the focus from containment to development implies a change in tactics rather than strategy. The overarching goal remained unchanged; containing communism. Lancaster shares this view when she argued, “it was in Kennedy’s administration that promoting development became an established priority of US foreign aid, although, for Kennedy and others in his administration, development was still primarily a means to the end of Cold War containment.” FFP under Kennedy became, in the words of Kennedy’s advisor at the time Arthur Schlesinger, “the great unseen weapon of Kennedy’s third world policy.”⁵³⁶ During the Kennedy administration, good shipments averaged \$1.5 billion a year.⁵³⁷

The second of Kennedy’s reforms was establishing the U.S. Peace Corps by executive order in March 1960.⁵³⁸ Kennedy’s idea to establish the Peace Corps was first mentioned by in a speech by Kennedy in 1951, when he was a House representative (D-

⁵³³ Lancaster and Van Dusen, *Organizing U.S. Foreign Aid: Confronting Challenges of the Twenty-First Century*, 10.

⁵³⁴ Rhonda L. Callaway and Elizabeth G. Matthews, *Strategic US Foreign Assistance: the Battle Between Human Rights and National Security* (Aldershot, England ; Burlington, VT: Ashgate, 2008), 40.

⁵³⁵ President John F. Kennedy, "Executive Order 10915: Amending Prior Executive Orders to Provide for the Responsibilities of the Director of Food-for-Peace Program," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: The American Presidency Project, 1961).

⁵³⁶ Arthur M. Schlesinger, *A Thousand Days: John F. Kennedy in the White House*, 1st Mariner Books ed. (Boston: Houghton Mifflin, 2002), 605.

⁵³⁷ Thomas C. Reeves, *A Question of Character: A life of John F. Kennedy* (Roseville, CA: Prima Publishing, 1997), 254-55.

⁵³⁸ President John F. Kennedy, "Executive Order 10924- Establishment and Administration of the Peace Corps in the Department of State, March 1, 1961," in *The American Presidency Project* (Online by Gerhard Peters and John Woolley).

Massachusetts), when he called for “young college graduates would find a full life in bringing technical advice and assistance to the underprivileged and backward Middle East.”⁵³⁹ And in the November 1960 San Francisco speech, the soon to be president called for a “peace corps of talented young men and women, willing and able to serve their country... well qualified through rigorous standards, well trained in the languages, skills, and customs they will need to know.”⁵⁴⁰ Kennedy’s emphasis on language, skills and training speaks directly to the impact “The Ugly American,” left on him, particularly when the ‘factual epilogue’ written by the authors argues that what America needed was “a small force of well trained, well-chosen, hard-working, and dedicated professionals... they must go equipped to apply a positive policy promulgated by a clear-thinking government. They must speak the language... and they must be more experts in its problems than are the natives.”⁵⁴¹

The executive order established the Peace Corps as an agency within the Department of State, headed by a director. The Peace Corps’ mission is “to promote world peace and friendship,” by fulfilling three goals: provide assistance of trained men and women to share their skills and training, help promote a better understanding of America in other parts of the world, and a better understanding of other parts of the world in America.⁵⁴²

The third and most significant of Kennedy’s immediate reforms was sending a special message to the congress on March 22 urging revision of the foreign aid organization and major overhaul of the system. The president’s letter would lead to the eventual passage of the Foreign Assistance Act of 1961. According to Kennedy, the existing foreign aid system was “bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies.”⁵⁴³ Kennedy further argued that the existing program was based on legislative measures and administrative procedures at different time than 1960s and for different purpose, many of these measures and procedures, wrote the president, “now obsolete, inconsistent and unduly rigid and thus unsuited for our present needs and purposes.”⁵⁴⁴

In his detailed message, Kennedy urged more than mere structural changes to the program, but urged changes to the purpose and goals. Instead of fighting communism, the

⁵³⁹ John F. Kennedy as quoted in Laurence Leamer, *The Kennedy Men: 1901-1963: The Laws of the Father*, (New York: Harper Collins e-Books, 2001). 768.

⁵⁴⁰ Kennedy, "Speech of Senator John F. Kennedy, Cow Palace, San Francisco, CA: November 2, 1960."

⁵⁴¹ Lederer and Burdick, *The Ugly American*, 436.

⁵⁴² U.S. Peace Corps, "Peace Corps Overview," (Online: Peace Corps website), 1.

⁵⁴³ President John F. Kennedy, "Special Message to the Congress on Foreign Aid," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: The American Presidency Project, University of California, 1961).

⁵⁴⁴ Ibid.

fundamental task should be to “help a historical demonstration that in the twentieth century, as in the nineteenth-in the southern half of the globe as in the north--economic growth and political democracy can develop hand in hand.”⁵⁴⁵

The passage of the 1961 Foreign Assistance Act (FAA) in September, which is seen as the constitution of American foreign aid, and often referred to with such terms as the “cornerstone” of American foreign aid, is perhaps the single most important piece of legislation in U.S. aid history.⁵⁴⁶ The act is often referred to in such cases when debate on financial assistance comes to the forefront due to developments in recipient countries or during public debates on foreign aid and its role. The act serves as policy guidelines for decision makers on who should receive aid, and who should not, and whose aid is to be suspended. The importance of the act in the history of American foreign aid requires that it be discussed more thoroughly, from its emergence to the signing and the major subsequent amendments that followed, the main reason for the passage of the act was the instance of President Kennedy on reforming the foreign aid establishment.

The act included major restructuring of the U.S. foreign assistance program, it marked the end for some institutions and the birth of others. Furthermore, it brought new laws and regulations, some of the major provisions of the act-as enacted- included,

- The creation of the United States Agency for International Development, USAID, which was created by Executive Order 10973,⁵⁴⁷ though the authorization for the new agency came in the FAA to have the responsibility for “coordinating all United States Development-related activities,” under the “policy guidance of the Secretary of State.”⁵⁴⁸
- Merging existing foreign aid programs, and separating economic and military aid.
- Creating the Economic Support Fund (ESF).

The ESF provides grants or loans to countries of “special political significance.”⁵⁴⁹ Its funds are used for enhancing political stability,

⁵⁴⁵ Ibid.

⁵⁴⁶ Dianne E. Rennack and Susan G. Chesser, Congressional Research Service, *CRS Report for Congress: Foreign Assistance Act of 1961: Authorizations and Corresponding Appropriations*, R40089 (Washington D.C.: Federation of American Scientists, 2011), Summary.

⁵⁴⁷ President John F. Kennedy, "Executive Order 10973- Administration of Foreign Assistance and Related Function, November 3, 1961," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley).

⁵⁴⁸ United States Congress, Committee on International Relations/Committee on Foreign Relations, *Legislations on Foreign Relations Through 2002: Current Legislation and Related Executive Orders*, Vol. I-A of Volumes I-A and I-B (Washington D.C.: U.S. Government Printing Office, 2003), 19-20.

⁵⁴⁹ Eugene R. Wittkopf, Christopher M. Jones, and Jr Charles W. Kegley, *American Foreign Policy: Pattern and Process*, 7th ed. (Belmont, CA ; London: Wadsworth/Thomson Learning, 2008), 119.

promoting economic reforms important to the long-term development, promoting economic stabilization through budget and balance of payments support, and assisting countries that allow the United States to maintain military bases on their soil.⁵⁵⁰ Since ESF's induction, Israel and Egypt have been the highest recipients of ESF funds, doubtless due to the 1979 peace agreement between the two countries and the special political significance of the two countries.⁵⁵¹

Kennedy also established the Alliance for Progress, an aid initiative to assist Latin America. Aid to Latin America during the early 1960s increased from representing five percent of total U.S., to receiving 25 percent of it by 1964, a fivefold increase that saw the total funds rising from \$157 million to \$989 million.⁵⁵² The reason for this increase is the same as before; containing communism, particularly after Fidel Castro's Marxist Revolution in Cuba.

By providing aid for economic development, supporting land and tax reforms, supporting education and building infrastructure, The Alliance for Progress initiative would serve to make communism less "appealing," in the Western Hemisphere, and such reforms "it was hoped, promote modernization, development, and democracy and diminish radical impulses."⁵⁵³ Jeffrey Taffet questions the results and motives of the program in his book *Foreign Aid as Foreign Policy: The Alliance for Progress in Latin America*, where he argues that the program did not deliver "any qualitative or quantitative progress...." The alliance was a political program rather than an economic one continues Taffet; it was a political program "designed to create certain types of political outcome."⁵⁵⁴

2.3.7. From Johnson to Ford

Lyndon Baines Johnson arrived in Washington D.C. in the early 1930s to work as a congressional staffer and New Deal bureaucrat.⁵⁵⁵ He won elections for the house in 1937, and won a senate primary to become Texas' senator before climbing the ranks to become, as

⁵⁵⁰ U.S. General Accounting Office- National Security and International Affairs Division, Committee on Foreign Affairs Subcommittee on Europe and the Middle East, House of Representatives, *Foreign Aid: Improving the Impact and Control of Economic Support Funds*, GAO/NSIAD-88-182 (Washington D.C.- Online: USAID, 1988), 8. Robert F. Zimmerman, *Dollars, Diplomacy, and Dependency: Dilemmas of U.S. Economic Aid* (Boulder, Colo. ; London: L. Rienner Publishers, 1993).

⁵⁵¹ Wittkopf, Jones, and Charles W. Kegley, *American Foreign Policy: Pattern and Process*, 119.

⁵⁵² USAID, "Foreign Aid Explorer: Foreign Aid Trends: Greenbook." and Lancaster, *Foreign Aid: Diplomacy... 2007*, 69.

⁵⁵³ *Foreign Aid: Diplomacy... 2007*, 69.

⁵⁵⁴ Taffet, *Foreign aid as Foreign Policy: the Alliance for Progress in Latin America*, 9-10.

⁵⁵⁵ Robert Dallek, *Lone Star Rising: Lyndon Johnson and His Times*, vol. 1 (New York: Oxford University Press, 1991), 77.

Fred Harris described him “the most powerful and influential majority leader in U.S. Senate history.”⁵⁵⁶ After his failed bid to win the Democratic nomination for president in 1960, he accepted to become Kennedys running mate and vice-president.⁵⁵⁷

The most notable event during Johnson’s time in office was the expansion of America’s involvement in Vietnam, and the impact of this involvement on American foreign aid. The Vietnam War had started during the Eisenhower administration, and the U.S. committed itself to aiding South Vietnam in opposition to the communist North Vietnam and their Viet Cong allies in South Vietnam.⁵⁵⁸ The 1954 Treaty of Geneva divided Indo-China into Laos, Cambodia, North Vietnam and South Vietnam.⁵⁵⁹ In 1960, Ho Chi Minh established the National Liberation Front (NLF) in South Vietnam, with aid from China, with the aim of bringing down the U.S. backed Ngo Dinh Diem. Diem’s government was made up of the rich landowners that prosecuted Buddhist peasants. Diem was corrupt and unpopular and by 1963, he had lost control of South Vietnam’s rural areas to the Vietcong. The U.S. supported a military coup against Diem, which resulted in the military takeover of South Vietnam and the death of Diem.⁵⁶⁰

The Vietnam Theater was yet another stage on which the U.S. and the Soviet Union collided, much like the Korean War discussed earlier. There was a fear that losing Vietnam, as the Domino Theory that dominated at the time argued, would soon be followed by losing neighboring nations to the communist regimes in the USSR and China before eventually losing all of south east Asia.⁵⁶¹ To counter the communist threat, and contain it, the U.S. turned to its foreign aid program. Between 1955 and 1962, the U.S. supplied Vietnam with more than \$2 billion worth of aid, \$1.4 billion of which was intended for economic assistance.⁵⁶² Most of this economic aid however was donated for “defense support,” only 20 percent of American aid was assigned to social and economic projects, and much of the 20 percent was also directed toward improving the military support program.⁵⁶³ Various official estimates have argued that between 60-75 percent of South Vietnam’s budget was supplied

⁵⁵⁶ See Robert Caro, *The Years of Lyndon Johnson*, vol. 2, *Means of Ascent* (New York: Knopf, 1990), 255-410. Fred L. Harris, *Does People Do It? A Memoir* (Norman: University of Oklahoma Press, 2008), 86.

⁵⁵⁷ Richard Dean Burns and Joseph M. Siracusa, *The A to Z of the Kennedy-Johnson Era*, The A to Z Series, No. 92 (Lanham: The Scarecrow Press, 2007), 173.

⁵⁵⁸ Fredrik Logevall, *The Origins of the Vietnam War*, Seminar Studies in History (New York: Routledge, 2001), 22.

⁵⁵⁹ *Ibid.*, 26.

⁵⁶⁰ *Ibid.*, 39. Tindall and Shi, *America: a Narrative History*, 1388. see *Tragedy of Vietnam*.

⁵⁶¹ Leslie H. Gelb and Richard K. Betts, *The Irony of Vietnam: The System Worked* (Washington D.C.: The Brookings Institution, 1979), 197.

⁵⁶² Marvin E. Gettleman et al., eds., *Vietnam and America: A Documented History*, Revised and Enlarged Second Edition ed. (New York: Grove Press, 1995), 144.

⁵⁶³ *Ibid.*, 144-46.

by the U.S. South Vietnam was so dependent on American aid that on April 2, 1959, a Wall Street Journal journalist said "... the accomplishment, so far, rests on American aid. Without that aid there would be no Vietnam!"⁵⁶⁴ The efforts of American presidents until Nixon were focused on containing communism using whatever means necessary. Foreign aid was one of the most crucial of these means.

For all his experience as a congressman, Johnson's tenure marked a strained and conflict-ridden relationship with congress, particularly over foreign aid appropriations. With declining public approval of Johnson's actions with respect to Vietnam, and the strong opposition to the war at home, congress used foreign aid legislation to express their dissatisfaction with Johnson's policies.⁵⁶⁵ In one instance in 1963, congress slashed Johnson's request for foreign aid, reducing it by nearly \$1 billion.⁵⁶⁶ Representative Otto Passman was Johnson's fiercest adversary when it came to foreign aid budget. Passman, who once told an Eisenhower administration official, "Son, I don't smoke; I don't drink; my only pleasure in life is to kick the [expletive deleted] out of the foreign aid program of the United States," was the Chairman of the Foreign Operations Subcommittee of the House Appropriations Committee.⁵⁶⁷

Johnson was less than fond of Passman, indeed hardly any president who dealt with Passman actually liked him.⁵⁶⁸ In a phone conversation with Jack Brooks on the foreign aid issue, Johnson denounced Passman as "a goddamned Cajun from the hills of Louisiana."⁵⁶⁹ The president said, "I'm really humiliated that I'm President, and I've got a friendly Speaker, and I've got a friendly Majority Leader, and I've got a friendly Albert Thomas, I've got a friendly Jack Brooks, and Otto Passman is King. I think that's disgraceful..."⁵⁷⁰ Passman outmaneuvered the man who was dubbed "Master of the Senate," and managed to reduce the administration's foreign aid request by 33 percent, for which Johnson called him "Son of a

⁵⁶⁴ Quoted in *ibid.*, 147.

⁵⁶⁵ Samuel Hale Butterfield, *U.S. Development Aid- an Historic First: Achievements and Failures in the Twentieth Century*, Contributions to the Study of World History, Number 108 (Westport, Conn.: Praeger Publishers, 2004), 10.

⁵⁶⁶ President Lyndon B. Johnson, "Recordings of Telephone Conversations, Conversation with Jack Brooks, 10:36 PM 20 Dec, 1963, Tape K6312.13, PNO 6," (Online: The Miller Center- University of Virginia).

⁵⁶⁷ Quoted in Robert D. Johnson, "Congress and U.S. Foreign Policy before 9/11," in *Congress and the Politics of National Security*, ed. David P. Auerswald and Colton C. Campbell (New York: Cambridge University Press, 2012), 35.

⁵⁶⁸ *Ibid.*

⁵⁶⁹ Johnson, "Recordings of Telephone Conversations, Conversation with Jack Brooks, 10:36 PM 20 Dec, 1963, Tape K6312.13, PNO 6."

⁵⁷⁰ *Ibid.*

[expletive deleted].”⁵⁷¹ The backlash against Vietnam continued, and the foreign aid budget for FY 1969 was reduced to the lowest level in twenty years.⁵⁷²

When Richard Nixon became president in 1969, he attempted to “revive support for foreign aid... As with Johnson, presidential conflicts with Congress over the Vietnam War doomed all but one of his efforts.”⁵⁷³ A Technical Assistance Bureau was established to lead USAID’s efforts in research and development in collaboration with American universities and international research centers.⁵⁷⁴ On May 28, 1969, President Richard Nixon sent a special message to congress on foreign aid in which the “development” aspect of aid was mentioned often. Nixon’s approach marked an emphasis on the moral dimension of the American aid program stating, “there is a moral quality in this Nation that will not permit us to close our eyes to the want in this world... we are doing what is right to do.”⁵⁷⁵ The hard realism of Nixon was beginning to take a more humanitarian and a more altruistic approach, to “balance an aggressive military posture in Indochina with more humanitarian policies involving development aid,” in order to gain domestic liberal support to pass aid legislation.⁵⁷⁶

With criticism of foreign aid carrying into his term from Kennedy and Johnson’s time in office, in September 1969 President Nixon established a panel of 16 private citizens chaired by former Bank of America president Rudolph Peterson to review the aid program.⁵⁷⁷ In September the following year, Nixon sent another message to congress based on the recommendations of Peterson Task Force with propositions to channel most U.S. capital aid through multilateral channels in order to reduce the risk of U.S. entanglement in foreign countries.⁵⁷⁸ The force also proposed doubling the annual U.S. contribution to these channels from \$500 to \$1 billion.⁵⁷⁹ The recommendations also included provisions to abolish the Agency for International Development, and replacing it with U.S. International Development

⁵⁷¹ Johnson, "Congress and U.S. Foreign Policy before 9/11," 36. Full conversation, see President Lyndon B. Johnson, "Recordings of Telephone Conversations, Conversation with Larry O'Brien, 4:01 PM 12 Dec. 1963, Tape K6312.08, PNO 4," (Online: The Miller Center- University of Virginia).

⁵⁷² Ahlberg, *Transplanting the Great Society: Lyndon Johnson and Food for Peace*, 99-100.

⁵⁷³ Butterfield, *U.S. Development Aid- an Historic First: Achievements and Failures in the Twentieth Century*, 11.

⁵⁷⁴ Ibid.

⁵⁷⁵ President Richard Nixon, "Special Message to the Congress on Foreign Aid," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: The American Presidency Project, 1969).

⁵⁷⁶ Lancaster, *Foreign Aid: Diplomacy... 2007*, 76-77.

⁵⁷⁷ Butterfield, *U.S. Development Aid- an Historic First: Achievements and Failures in the Twentieth Century*, 114.

⁵⁷⁸ President Richard Nixon, "128. Memorandum From President Nixon: March 5, 1970," ed. Bruce F. Duncombe, vol. IV, *Foreign Assistance, International Development, Trade Policies 1969-1972* (Washington D.C.: U.S. Department of State's Office of the Historian, 2002). 1028.

⁵⁷⁹ Samuel P. Huntington, "Foreign Aid for What and for Whom (II)," *Foreign Policy*, no. 2 (1971): 123.

Corporation to deal with “lower income nations on a businesslike basis,” and U.S. international Development Institute to assist with using U.S. know-how to solve development problems, and a new international security assistance program to provide military aid.⁵⁸⁰ Nixon also sought to support trade with Latin American countries, encouraging U.S. companies with interest in investment abroad by providing “financial assistance, insurance and guidance about local conditions.”⁵⁸¹

It was During Nixon’s term that the issue of human rights began to surface in foreign aid policy making. Congress attempted to impose further restrictions on assistance by linking aid to human rights conditions in the recipient countries, an idea that was not accepted by Nixon and Kissinger, with their realist approach to international relations. The president and his National Security Advisor were of the opinion that national security in the form of containing communism should prevail over such ideas as human rights promotion, which they saw as a domestic affair of the recipient. During this struggle, congress rejected a foreign assistance bill in 1971 for the first time since the enactment of the Marshall Plan. Opposition to the Vietnam War was perhaps a primary cause for congress’ action, couple with what congress believed to be “over-emphasis on short term military goals, and the idea that economic aid was not helpful in achieving any foreign policy goals.”⁵⁸² In 1973, congress amended the Foreign Assistance Act making “assistance for the poorest sectors of developing nations... the central thrust of the reform.”

During the presidency of Gerald Ford, further amendments to the FAA of 1961 mandated the State Department to compile an annual report on the status of human rights in countries receiving U.S. foreign assistance to begin with, before expanding to include all U.N. member states.⁵⁸³ This annual report works in accordance with the principles of the Universal Declaration of Human Rights, UDHR.⁵⁸⁴ According to the 2005 report, these reports “have served as a reference document and foundation for cooperative action among governments, organizations, and individuals seeking to end abuses and strengthen the

⁵⁸⁰ President Richard Nixon, "293- Special Message to the Congress Proposign Reform of the Foreign Assistance Program September 15, 1970," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: University of California).

⁵⁸¹ Taffet, *Foreign aid as Foreign Policy: the Alliance for Progress in Latin America*, 192.

⁵⁸² Callaway and Matthews, *Strategic US Foreign Assistance: the Battle Between Human Rights and National Security*, 41.

⁵⁸³ *Ibid.*, 42.

⁵⁸⁴ UNDHR: Adopted by the U.N. General Assembly in 1948 in Paris, is the first global human rights treaty. It consists of 30 articles and guarantees rights such as life, liberty, security, and education to name a few. For history and Text of the declaration, see United Nations website: <http://www.un.org/en/documents/udhr/> (accessed Oct. 10.2015).

capacity of countries to protect the fundamental rights of all,” claimed the report.⁵⁸⁵ These reports doubtless served congress while debating foreign aid allocations, and could *theoretically* be used to deny aid to countries where human rights abuses are committed.

2.3.8. Human Rights between Carter and Reagan

Over the one term of his presidency, Carter and his team sought to “institutionalize the process of decision-making on human rights within the U.S. government.”⁵⁸⁶ U.S. ambassadors were now held responsible for pursuing U.S. concerns with human rights abuses in the countries where they serve.⁵⁸⁷ The administration also established the Interagency working Group on Human Rights and Foreign Assistance, assigned an NSC staffer to focus on human rights, and required that each State Department Bureau assign a human rights officer as well.⁵⁸⁸ Human rights, their respect and violations, became a measure for U.S. assistance during the Carter years.

Yet for all its efforts in promoting human rights, even going to the extent of conditioning human rights conditions on receiving American assistance, Carter and his team were often confronted with the result of their cost-benefit calculation wherein human rights promotion was outweighed by American security and economic considerations. American presidents are often confronted with these dilemmas; promoting human rights and American liberal democratic principles, while at the same time preserving the friendship of certain nations where such principles do not settle well with these countries’ rulers. It becomes a question of approach, and the answer more often than not has been the realist one; national security trumps human rights concerns. Carter’s Deputy Assistant Secretary of State for Human Rights and Security Assistance, Stephen Cohen wrote in 1982 that Carter’s administration “exhibited a remarkable degree of tentativeness and caution,” in its pursuit of its human rights goals, “U.S. interests were often found to outweigh human rights concerns under the exception for ‘extraordinary circumstances.’”⁵⁸⁹

Clair Apodaca elaborates on this paradox in her *Understanding U.S. Human Rights Policy: A Paradoxical Legacy*. She points out that Carter’s use of foreign aid as a tool to

⁵⁸⁵ Human Rights U.S. Department of State- Bureau of Democracy, and Labor, *Country Reports on Human Rights Practices- 2005* (Washington D.C.: Online: U.S. Department of State, 2006).

⁵⁸⁶ Sandra Vogelgesang, "What Price Principle? U.S. Policy on Human Rights," *Foreign Affairs* 56, no. 4 (1978): 819.

⁵⁸⁷ Lawrence J. Haas, *Sound The Trumpet: The United States and Human Rights Promotion* (Lanham, Md.: Rowman & Littlefield Publishers, 2012), 106.

⁵⁸⁸ Ibid.

⁵⁸⁹ Stephen B. Cohen, "Conditioning U.S. Security Assistance on Human Rights Practices," *The American Journal of International Law* 76, no. 2 (1982): 264.

advance the cause of human rights came under criticism from practically every side of the political spectrum.⁵⁹⁰ Some believed that Carter's pursuit was mere rhetoric, and that the president was not going far or fast enough. Other groups that did not view human rights promotion as essential to America's interests, saw Carter's policies as dangerous, and damaging to America's interests abroad, particularly when such criticism was directed at friends and allies.⁵⁹¹ A third group, argues Apodaca, "protested that Carter's human rights policy penalized strategically unimportant states while human rights abusing states viewed as vital to U.S. interests were ignored."⁵⁹²

The third group's argument is not without justification considering the states which lost American aid due to Carter policies; Ethiopia, Guatemala, El Salvador, Argentina and Uruguay.⁵⁹³ Countries that happened to be of more geopolitical importance such as South Korea, Iran, and the Philippines, all of which had an "equally abysmal human rights conditions," enjoyed an increased in U.S. aid.⁵⁹⁴ Writing in 1979, Schlesinger echoed this very same sentiment,

"Washington was fearless in denouncing human rights abuses in countries like Cambodia, Paraguay and Uganda, where the United States had negligible strategic and economic interests; a good deal less fearless toward South Korea, Saudi Arabia, Yugoslavia and most of black Africa; increasingly circumspect about the Soviet Union; totally silent about China."⁵⁹⁵

Human right had little to no place in the realist mind of Carter's successor. President Ronald Reagan arrived at the White House after running a campaign based on preaching small government, economic recovery from the high levels of unemployment and inflation at the time, ending détente with the Soviet Union and finally reducing government spending in general, while increasing military spending.⁵⁹⁶

There is no evidence that suggests that human rights abuses, or advancing human rights played an important rule in dictating U.S. foreign aid policy during the three terms of these two presidents. Indeed, as Carelton and Stohl found in their 1985 study, *The Foreign*

⁵⁹⁰ Clair Apodaca, *Understanding U.S. Human Rights Policy: A Paradoxical Legacy*, (New York: Routledge, 2006). 58.

⁵⁹¹ Ibid.

⁵⁹² Ibid.

⁵⁹³ Ibid.

⁵⁹⁴ Ibid.

⁵⁹⁵ Arthur Schlesinger, Jr, "Human Rights and the American Tradition," *Foreign Affairs* 73, no. 3 (1973): 515. Quoted in Apodaca, *Understanding U.S. Human Rights Policy: A Paradoxical Legacy*. 59.

⁵⁹⁶ Gregory L. Schneider, *Conservatism in America Since 1930: a Reader* (New York: New York University Press, 2003), 337.

Policy of Human Rights: Rhetoric and Reality from Jimmy Carter to Ronald Reagan, “there was not a significant relationship between human rights and United States foreign policy assistance at any time during the Nixon, Ford, or Carter Administrations. ... At no point during either administration, Carter and Reagan, does it appear from our analysis that human rights concerns significant influenced the distribution of United States Foreign Assistance.”⁵⁹⁷

Well before becoming president, Reagan held strong views on foreign assistance. In his famous “a Time for Choosing” speech, which he delivered in support of Republican presidential candidate Barry Goldwater in the 1964 election, Reagan criticized foreign aid sharply. Although the “Great Communicator” failed in preventing Goldwater from suffering the heaviest defeat in the history of U.S. presidential elections, his speech remains a reference for advocates of small government.

In his speech, Reagan criticized what he described as “doling out money government to government, creating bureaucracy, if not socialism, all over the world.”⁵⁹⁸ He argued that the U.S. sat out to help 19 countries, in reference to the Marshall Plan recipients, and “now we are helping 107.” He criticized the mismanagement of funds, saying that the U.S. had spent 46 billion dollars “with that money, we bought a 2 million dollar yacht for Haile Selassie [Ethiopian monarch]. We bought dress suits for Greek undertakers, extra wives for Kenyan government officials. We bought a thousand TV sets for a place where they have no electricity. In the last six years, 52 nations have bought 7 billion dollars worth of our gold, and all 52 are receiving foreign aid from this country.”⁵⁹⁹

Three main patterns became apparent in the Reagan administration’s view on foreign aid; a decline in economic aid at the expense of increasing military aid; fewer countries were receiving larger percentage of U.S. aid; an increase in bilateral aid at the expense of reducing multilateral aid and contributions to international organizations such as the World Bank and the United Nations.⁶⁰⁰ Reagan preferred that USAID, rather than international organizations provide financial aid to developing countries.⁶⁰¹ These patterns were a reflection of the ideas and beliefs advocated by Reagan in his election campaign.

⁵⁹⁷ David Carleton and Michael Stohl, “The Foreign Policy of Human Rights: Rhetoric and Reality from Jimmy Carter to Ronald Reagan,” *Human Rights Quarterly* 7, no. 2 (1985): 215 and 18.

⁵⁹⁸ Ronald Reagan, “A Time for Choosing,” in *The Great Communicator*, ed. The Ronald Reagan Presidential Foundation and Library (Online: The Ronald Reagan Presidential Foundation and Library), 5.

⁵⁹⁹ Ibid.

⁶⁰⁰ George D. Moffett III, “Reagan’s Imprint on Foreign Aid: Under Reagan, US Foreign Aid is Tied More Tightly to National Security,” *The Christian Science Monitor*, May 23, 1985.

⁶⁰¹ Butterfield, *U.S. Development Aid- an Historic First: Achievements and Failures in the Twentieth Century*, 199.

One of the changes the Reagan team attempted to make was the termination of U.S. contributions to the International Development Association, one of the lending arms of the World Bank.⁶⁰² Established in 1960, the IDA provided loans and grants to the world's poorest countries for development and humanitarian needs.⁶⁰³ During the 1970s, demand for IDA loans increased significantly from \$162 million in the beginning of the decade to \$1.6 billion by the end of the 1970s.⁶⁰⁴ According to Carol Lancaster, who had just left her office as Deputy Assistant Secretary of State for Africa when the Reagan team arrived, external pressure by foreign governments from developing countries, as well as U.S. allies and the State Department, resulted in a reduction rather than complete termination of U.S. contributions to IDA.⁶⁰⁵ The World Bank was not alone as the Reagan administration reduced aid to multilateral institutions by an average of 22 percent from 1986-89.⁶⁰⁶ Like Eisenhower before him, Reagan found foreign aid too useful to abandon totally as the "administration soon found the World Bank useful in promoting what President Reagan called 'the magic of the market place...'" promoting economic reform with a lesser role for government and free market economy.⁶⁰⁷

2.4. Aid in New World Order

The fall of the Soviet Union marked another important milestone in the history of the American foreign aid program. It would be useful to recall at this point that the modern day foreign aid system was born in the early period of the Cold War, or at the end of WWII. Therefore, much of the program's goals, rationales and even structure were influenced by the competition with the Soviet Union. After all, foreign aid proved a useful tool of America's containment policy. Now that the Soviet Union was gone, the role and purpose of foreign aid, and indeed the quantity and structure, were destined to change, as Secretary of State under Clinton, Madeleine Albright declared, "traditional notions of 'foreign aid' have become virtually obsolete," in face of the new dangers the U.S. faces such as international terrorism, possibility of conflict in key regions, the risk of renewed financial crisis, drug trafficking and spread of weapons.⁶⁰⁸

According to Lancaster, the decade of the 1990s was a decade of important changes in foreign aid. It marked the emergence of new purposes for aid such as supporting economic

⁶⁰² Lancaster, *Foreign Aid: Diplomacy...* 2007, 81.

⁶⁰³ International Development Association, "What is IDA?," (Online: The World Bank).

⁶⁰⁴ Lancaster, *Foreign Aid: Diplomacy...* 2007, 42.

⁶⁰⁵ *Ibid.*, 81.

⁶⁰⁶ *Ibid.*, 82.

⁶⁰⁷ *Ibid.*

⁶⁰⁸ Secretary of State Madeleine K. Albright, "Investing in Our Interests," *The Washington Post*, 09.09.1999.

and political change in former Soviet countries as well as promoting democracy and post-conflict rehabilitation in these areas.⁶⁰⁹ The decade also marked a decrease in aid level worldwide. Lancaster explains that at this time, economic problems in donor countries were the reason for the general decline. In Europe, countries were preparing to enter the E.U. monetary union, so they were required to maintain a budget deficit of no more than three percent of their respective gross national products.⁶¹⁰ As countries sought to reduce their overall spending to reduce their budget deficits, aid levels declined. Japan was also suffering from slow economic growth and economic problems at home.⁶¹¹

In the U.S., the administrations of George H. W. Bush (1989-1992), and Bill Clinton (1992-2000), also reduced foreign aid funding in an attempt to reduce the overall federal budget deficit.⁶¹² Further aid cuts were made when the Republicans came to control Congress after the 1994 mid-term elections, with the goal of balancing the budget.⁶¹³ Incoming chairman of the Foreign Affairs Committee Jesse Helms was critical of the foreign aid establishment, proposing in a November 1993 news conference to cut U.S. foreign aid by 20 percent.⁶¹⁴ Helms said that foreign aid money was “going down foreign rat holes, to countries that constantly oppose us in the United Nations, and many which reject concepts of freedom.”⁶¹⁵ The Republicans in congress also refused to approve President Clinton’s request to meet U.S. obligations to the World Bank International Development Association, the largest contributor of international aid to Africa.⁶¹⁶ The Republican congress continued to slash foreign aid funding in the 1990s, marking the largest decline in foreign aid since the 1960s.⁶¹⁷ While aid spending began to recover towards the end of the decade, the levels remained well below what they were in 1995.⁶¹⁸

By the dawn of the 21st century, American aid had reached every corner of the globe; it was aiding Kosovo in its struggle for independence, it was paying for peace between the Palestinians and Israelis, fighting drug dealers in Latin America, assisting former Soviet

⁶⁰⁹ Lancaster, *Foreign Aid: Diplomacy...* 2007, 44.

⁶¹⁰ Ibid.

⁶¹¹ Ibid.

⁶¹² Ibid., 47.

⁶¹³ Helen V. Milner and Dustin Tingley, *Sailing The Water's Edge: The Domestic Politics of American Foreign Policy* (Princeton, New Jersey: Princeton University Press, 2015), 216.

⁶¹⁴ Ibid.

⁶¹⁵ Jesse Helms as quoted in *ibid.*

⁶¹⁶ Gene B. Sperling, *The Pro-Growth Progressive: an Economic Strategy for Shared Prosperity* (New York, NY: Simon & Schuster, 2005), 259-60 and note 18, 332

⁶¹⁷ Lancaster, *Foreign Aid: Diplomacy...* 2007, 48.

⁶¹⁸ Ibid., 47-48.

states with economic recovery, and dismantling Soviet era nuclear weapons.⁶¹⁹ But the new century brought new threats and challenges that had until then remained distant, by and large, from the American homeland. Now, the 21st century's form of terrorism has reached America's shores, and American foreign policy, with the aid program as an important tool, had to adjust to these new challenges and make further changes in emphasis, goals, and structure.

2.4.1. September 11 and Foreign Aid

The 9/11 terrorist attacks in the United States had a profound impact on U.S. foreign aid and its use as a policy tool. Following the attacks, the Bush Administration declared a War on Terror, invaded Afghanistan in search for Al-Qaeda leader Osama Bin Laden, invaded and occupied Iraq toppling the regime of Saddam Hussein. President Bush outlined his vision of foreign aid in the U.S. National Security Strategy in 2002. The president said that the principles of the United States would guide the government decisions with respect to foreign assistance and allocation of American resources. He stated that the United States "... will use [its] foreign aid to promote freedom and support those who struggle non-violently for it, ensuring that nations moving toward democracy are rewarded for the steps they take."⁶²⁰ For the first time in U.S. history, foreign assistance officially became a third pillar of U.S. national security strategy, together with the military and diplomacy.

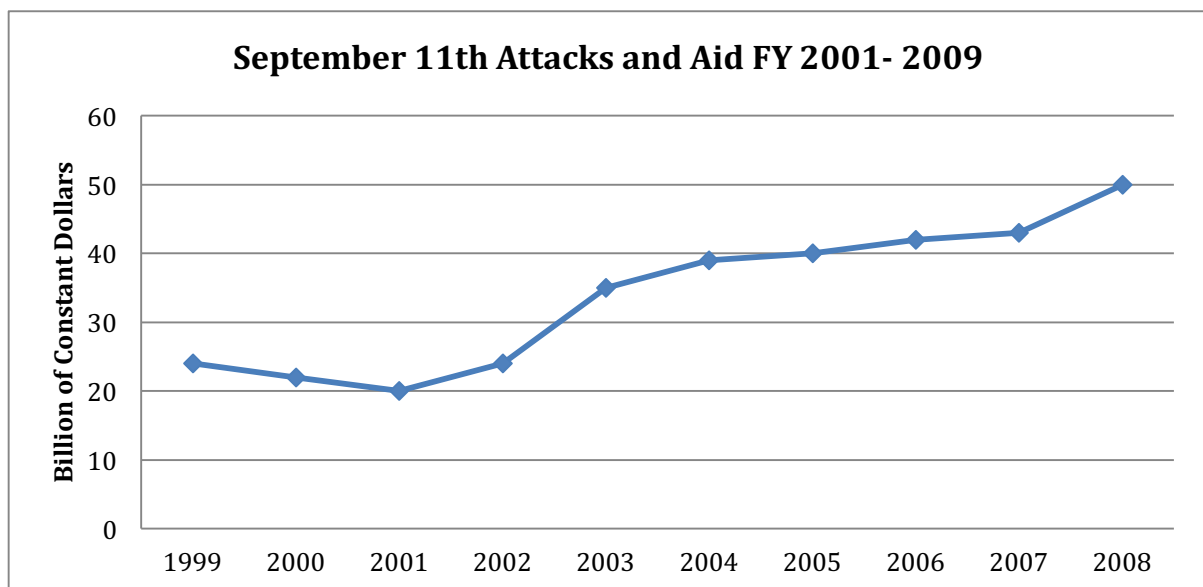


Figure 2:5, U.S. Foreign aid obligations, President Bush's terms, post 9/11 (Source: USAID Greenbook).⁶²¹

⁶¹⁹ Ibid., 44.

⁶²⁰ President George W. Bush, National Security Strategy of The United States of America, September 2002. United States Department of State, <http://www.state.gov/documents/organization/63562.pdf>. 26.3.2014

⁶²¹ USAID, "Foreign Aid Explorer: Foreign Aid Trends: Greenbook."

During his election campaign in 1999, the former conservative governor of Texas was critical of his predecessor for being involved in nation-building, and declared that “if we don’t stop extending our troops all around the world in nation-building missions, then we’re going to have a serious problem coming down the road.”⁶²² What that problem exactly would be, Bush did not elaborate. He arrived at the office with very limited foreign policy experience, and little liking for foreign aid; consequently, it was up to those who surrounded him to assist him with foreign policy decisions, and from that lack of experience, the influence of few individuals who subscribed to the Neoconservative school of thought became influential in the Bush administration.

The research does not subscribe to the notion of total neoconservative dominance of the Bush administration, particularly in the foreign policy realm. It does, however, argue that neoconservative ideology found its way to the president by the presence of certain individuals who occupied prominent positions within the administration such as Paul Wolfowitz, Deputy Secretary of Defense; Douglas Feith, Under Secretary of Defense for Policy; Lewis "Scooter" Libby, the Vice President's Chief of Staff; Elliott Abrams, the National Security Council (NSC) staffer for Near East, Southwest Asian, and North African Affairs; and Richard Perle, a member of the Defense Policy Board, among many others.⁶²³ There is no conceivable way in which one can argue that the presence of all these neoconservatives in such high ranking positions did not play a role in shaping the president’s foreign policy, particularly when the president had limited foreign policy experience to begin with. The president’s strategy, including the 2002 NSS drew heavily on Neoconservative ideology, particularly a 1992 Department of Defense “Defense Planning Guidance,” prepared by none other than Wolfowitz and Libby, who were working under Secretary of Defense at the time, Dick Cheney, President Bush’s vice-president.⁶²⁴

The National Security Strategy is a document prepared by the executive for congress as required by section 603 of the Goldwater-Nichols Reorganization Act of 1986.⁶²⁵ The executive is required to send congress a “comprehensive report on the national security strategy of the United States.”⁶²⁶ The report must contain a “comprehensive description and

⁶²² Governor George W. Bush, "First Presidential Debate Transcript," *ABC News*, 03.10.2000, 5.

⁶²³ Justin Vaisse, *Neoconservatism: The Biography of a Movement*, trans. Arthur Goldhammer (Cambridge, MA: The Belknap Press of Harvard University Press, 2010), 13. And John Mearshimer and Stephen Walt, "The Israel Lobby," *London Review of Books* 28, no. 6 (2006).

⁶²⁴ John L. Gaddis, "A Grand Strategy of Transformation," in *American Defense Policy*, ed. Paul J. Bolt, Damon V. Coletta, and Collins G. Shackelford (Baltimore: Johns Hopkins University Press, 2005), 35-36

⁶²⁵ U.S. Congress, *Goldwater-Nichols Department of Defense Reorganization Act of 1986*, Public Law 99-433 Cong., 99th Congress sess. (Washington D.C., 1986), 1075.

⁶²⁶ *Ibid.*

discussion,” of U.S. foreign policy’s interests, goals, and objectives. Furthermore, it must also include a discussion of the “The proposed short-term and long-term uses of the political, *economic*, military, and other elements of the national power of the United States to protect or promote the interests and achieve the goals and objectives referred to in paragraph.”⁶²⁷ In other words, the act requires the executive to explain how the president intends to use the economic power, foreign assistance included, to advance the strategic interests and objectives of the nation.

Since the signing of the act in 1986 by president Ronald Reagan, a total of 16 reports have been submitted to congress; Reagan two, George H. W. Bush three, Bill Clinton seven, George W. Bush two, and finally Obama two.⁶²⁸ Of all 16 reports, the 2002 NSS is one of the most important policy changes in U.S. foreign aid history. The president promised “significant new levels of assistance” to countries that implement real policy changes.⁶²⁹

Bush urged the U.S. and other developed countries to double the size of the economy of the world’s poorest countries within a decade. Furthermore, the president called for a 50 percent increase in the core development assistance given by the U.S., and the establishment of a new Millennium Challenge Account specific for countries “whose governments rule justly, invest in their people, and encourage economic freedom,” governments that respect human rights, and embrace the rule of law. Finally, Bush promised an increase in grants, and a decrease in aid given in the form of loans.⁶³⁰ In 2003, USAID published a report in which this belief was echoed further. The “main message” of the report, as Andrew Natsios, the USAID administrator at the time, explained is that “foreign assistance will be a key instrument of foreign policy in the coming decades.”⁶³¹ The authors argued that advancing democratic governance is one of the most pressing needs.⁶³²

Behind the president’s policies stood the belief that economic development, and the elimination of global poverty were essential to bring about stable democratic regimes. To say that the Bush administration was perhaps obsessed with democratization is an understatement. As chapter four and five demonstrate, this research topic was inspired in part by the failed democratization policy of the Bush administration as pressure on the Palestinian

⁶²⁷ Ibid., 1074-75. Italization added for emphasis

⁶²⁸ National Security Strategy Archive, "The National Security Strategy Report," <http://nssarchive.us>.

⁶²⁹ George W. Bush, *The National Security Strategy of the United States of America* (Washington D.C.: The White House, 2002), 21.

⁶³⁰ Ibid., 22.

⁶³¹ Andrew S. Natsios in, United States Agency for International Development, *Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity* (Washington D.C.: United States Agency for International Development, 2002), iv.

⁶³² Ibid.

leadership for reforms and holding elections resulted directly in Hamas' electoral victory in 2006, and the deterioration of the Middle East peace process.

The presidency of George W. Bush will probably be remembered for the War on Terror and the economic recession towards the end of his second term, but one achievement at least if worth some praise. Of special note is president Bush's initiative to fight HIV/AIDS, Malaria and Tuberculosis. The President's Emergency Plan for AIDS Relief (PEPFAR) was established in 2003. The \$15 billion plan, with an additional \$10 billion over a five year period was overseen by the U.S. Global AIDS Coordinator and the vast majority of its fund was to be provided through bilateral aid channels.⁶³³

2.4.2. The Obama Years

By the time President Bush and his team left the White House, America's image in the world was at records low, and Bush's own approval ratings within the U.S. ranging between the high 20s to low 30 percent.⁶³⁴ Abroad, Bush's War on Terror did little to improve the country's image. In Germany for example, a country where the U.S. generally enjoyed positive views, favorable views of the U.S. in 2000 was 78 percent, and by the time President Bush left office, it was at 31 percent among Germans.⁶³⁵ The arrival of Barack Obama could not have come at a better time to improve much that required improvement regarding U.S. standing in the world. President Barack Obama arrived at the White House with high expectations, not only in the U.S., but also across the world. He was young, charismatic, and the story of his life struggle was an inspiration to many. People across the world, from average citizens to high ranked state officials were looking forward to seeing him replace President George W. Bush, who was undoubtedly, one of the least favorite of American presidents in living memory, both at home and abroad.⁶³⁶

Obama's foreign policy doctrine is not as clearly defined as his predecessor's. It cannot be attributed to a single speech, as is the case with Truman, or a letter to congress as the case with the Monroe Doctrine, nor through a specific document as is the case with the Bush Doctrine. Dominic Tierney described the Obama doctrine in 2012 as the "Holy Grail," since it has proved hard to find.⁶³⁷ Therefore, scholars are left to establish the principles of the Obama Doctrine based on the president's policies over his two terms in office, his

⁶³³ Riddell, *Does Foreign Aid Really Work?* 58-59.

⁶³⁴ Gallup, "Presidential Approval Ratings- George W. Bush," (2009).

⁶³⁵ The Pew Global Attitudes Project, "Global Public Opinion in the Bush Years (2001-2008)," (Washington D.C.: Pew Research Center, 2008), 3.

⁶³⁶ Gallup, "Presidential Approval Ratings -- Gallup Historical Statistics and Trends," (2009).

⁶³⁷ Dominic Tierney, "The Obama Doctrine and the Lessons of Iraq," in *Foreign Policy Research Institute- E-Notes* (Foreign Policy Research Institute, 2012).

principles on the use of U.S. military, and his approach to the international system and America's role in it.

Obama himself is not over enthusiastic about having a doctrine. During his first election campaign in 2007, he was asked about his doctrine during a Democratic primary debate. His response was that his doctrine was “not going to be as doctrinaire as the Bush doctrine, because the world is complicated.”⁶³⁸ Some scholars and policymakers alike have criticized the lack of a doctrine, or a “grand strategy.” Conservative British historian Niall Ferguson for example was quick to blame the U.S. failure to deal with developments in Libya in 2011 on Obama arguing that what happened was “the predictable consequences of the Obama administration's lack of any kind of a coherent grand strategy...”⁶³⁹ Others see it as a point in Obama's favor. Michael Hirsh for example argues that the lack of a doctrine is not necessarily a bad thing, “the real Obama doctrine is to have no doctrine at all, and that's why it's likely to remain,” argues Hirsh.⁶⁴⁰

In a speech at The Woodrow Wilson Center during the campaign for the 2008 elections, the young senator from Illinois spoke eloquently as ever, and highlighted his policies should he be elected president. Obama heavily criticized the policies and actions of the Bush administration in Afghanistan and Iraq.⁶⁴¹ Obama argued that the solutions for Afghanistan was not just military, but economic and political as well. He vowed to increase non-military aid to Afghanistan by \$1 billion to “fund projects at the local level to impact ordinary Afghans, including the development of alternative livelihoods for poppy farmers.”⁶⁴² Furthermore, Obama wished to toughen anti-corruption safeguards on aid money. On a related note, after explaining the threat of terrorism from Pakistan, Obama promised to make U.S. aid to Pakistan conditional, based on the Pakistani government's performance in fighting terrorism. Senator Obama also promised to increase American investment in ⁶⁴³

In his 2010 National Security Strategy, Obama argued for a change in U.S.'s approach to aiding the developing world. He stated that, “instead of simply providing aid for developing countries, we are focusing on new methods and technologies for agricultural

⁶³⁸ "Transcript and Audio Excerpts: Democratic Presidential Debate on National Public Radio," ed. The New York Times (2007).

⁶³⁹ Niall Ferguson, "Obama's Egypt and Foreign-Policy Failures," *Newsweek*, February 13, 2011.

⁶⁴⁰ Michael Hirsh, "Obama Has No Doctrine," *The Atlantic*, March 29, 2011.

⁶⁴¹ Barack Obama, "Obama's Speech at the Woodrow Wilson Center," *Council on Foreign Relations: Primary Sources* (2007), <http://www.cfr.org/elections/obamas-speech-woodrow-wilson-center/p13974>.

⁶⁴² *Ibid.*

⁶⁴³ *Ibid.*

development. This is consistent with an approach in which aid is not an end in itself—the purpose of our foreign assistance will be to create the conditions where it is no longer needed.”⁶⁴⁴

In an interview with Vox in February 2015, Obama spoke of his desire to “try to erase this very sharp line between our military efforts in national security and our diplomatic and foreign assistance efforts.”⁶⁴⁵ According to Obama, combining the defense budget with the diplomatic budget and the foreign assistance budget, of which the president said “a tool in our national security portfolio, as opposed to charity,” then there is “a lot more that we should be doing when it comes to helping Honduras and Guatemala build an effective criminal-justice system, effective police, and economic development that creates jobs.”⁶⁴⁶

Unfortunately, the president did not elaborate further on his new idea for the combination, and whether it would result in radical structural changes in the American foreign aid establishment, or merely working on increasing coordination between the different departments and agencies that are involved in foreign assistance. Such news may not be welcomed by all, and will doubtless reignite a wide debate on the role of the military and the struggle between the Department of State and Department of Defense. Despite foreign aid questions arising in a number of interviews that followed, Obama is yet to elaborate further on this budget merger. Obama concluded that part of the interview by saying that foreign aid reduced the need for military engagement, and also by highlighting the economic benefits of foreign aid investments on development.⁶⁴⁷

One of these interviews in which foreign aid was brought up was in August 2015, with the mounting threat of the Islamic State (ISIL) to America’s allies and interests in the Middle East. The group, which now controls large parts of Syria and Iraq, carried out bombings in Turkey, America’s NATO ally and close friend in the region. Turkey responded by bombing ISIL in Iraq and Syria, and the U.S. was quick to send fighter jets to Turkey to aid in the bombing raids. President Obama is not wholly convinced that ISIL could be defeated by military means. Up to the time of writing these lines, the U.S. has not committed troops to fighting ISIL, fighting from the air, and supporting Iraq and Syrian factions fighting ISIL. He argued that ISIL was a direct growth of the U.S. invasion of Iraq, an example of unintended consequences, that’s why, said the president “we should generally aim before we

⁶⁴⁴ *National Security Strategy: May 2010*, The White House, (The White House, 39.

⁶⁴⁵ President Barack Obama, interview by Matthew Yglesias, 2015, "Obama: The Vox Conversation".

⁶⁴⁶ Ibid.

⁶⁴⁷ Ibid.

shoot.”⁶⁴⁸ The president was quick to point out that the existing coalition, which is made up of over 60 countries is capable of defeating ISIL,

“We can’t keep thinking about counterterrorism and security as entirely separate from diplomacy, development, education, all these things that are considered soft, but in fact are vital to our national security, and we do not fund those.... We should be thinking about making investments there, that ultimately save us from having to send our young men and woman to fight, or having folks come here and doing great harm.”⁶⁴⁹

Obama’s ISIL strategy reflects the norms apparent in the post 9/11 foreign aid system; the combination of foreign aid, diplomacy and the military, albeit with less emphasis on the military than his predecessor president George W. Bush. It is much the same story as the Marshall Plan in a way, but instead of communism, the new threat that requires the use of foreign assistance to combat and contain is terrorism. In order to combat terrorism, Obama believes that the U.S. must eliminate the environment in which these terrorists grow. This environment is made up of extremism, unemployment, human rights abuses, racial and ethnic discrimination, and lack of education and economic opportunities.

Another major development in the use of American foreign assistance during the Obama administration is conditioning or tying American assistance with the treatment of sexual minorities in countries that receive American aid. In a 2011 Presidential Memorandum, Obama directed “all agencies engaged abroad to ensure that U.S. diplomacy and foreign assistance promote and protect the human rights of LGBT persons.”⁶⁵⁰ Much like abortion, and to a lesser degree gun-laws, the issue of gay rights in the U.S. is a matter of deep divide in American society. The president’s memorandum was issued in December 2011, less than a year before the 2012 elections that saw President Obama defeat Republican opponent Mitt Romney who disapproved of the memorandum, arguing that he “will be looking at foreign aid, whether it meets our national security interests and, number two, whether these nations are friends of ours and are willing to be friendly with us in ways when it matters the most.”⁶⁵¹ Rick Perry, another Republican presidential hopeful at the time said

⁶⁴⁸ Obama, "President Obama Speaks with VICE News."

⁶⁴⁹ Ibid.

⁶⁵⁰ President Barack Obama, The White House. Office of the Press Secretary, *Presidential Memorandum: International Initiatives to Advance the Human Rights of Lesbian, Gay, Bisexual, and Transgender Persons* (Washington D.C., 2011).

⁶⁵¹ Karen McVeigh, "Gay Rights Must Be Criterion for US aid Allocations, Instructs Obama," *The Guardian*, <http://www.theguardian.com/world/2011/dec/07/gay-rights-us-aid-criteria>.

that spending money on advancing gay rights is not worth a dime of taxpayers' money.⁶⁵² It is not rare, as the next chapter demonstrates, for domestic social issues become entangled with the use of foreign aid, or when foreign aid is used to advance certain ideological stances on these very issues.

With less than a year left for President Obama, and the budget for the president's last year in office already submitted and approved, it is not expected that his administration will bring fundamental changes to the foreign aid establishment. Obama's biggest contribution to the American foreign aid system was his attempt to untie, or at least reduce the "tiness," of American foreign aid. That is to say increasing U.S. foreign aid in which the recipient is not required to purchase American goods, or transport such aid through American companies only. As discussed in chapter one, in FY 2014 budget the Obama administration proposed reforms to the food aid program that would essentially loosen the ties on American food aid.⁶⁵³ The 2014 Farm Bill, or the Agricultural Act of 2014, included provisions to allow food programs to purchase more local products and further established a program at the Department of Agriculture to purchase local products through "local and regional procurement" at a cost of \$80 million annually.⁶⁵⁴ Earlier still, the president eluded in a July 2009 interview to the administrative costs of foreign aid. Obama said in the interview, "one of the concerns that I have with our aid policy generally is that Western consultants and administrative costs have been gobbling huge percentages of our aid overall," whether the president will be able to reduce such costs or not, remains to be seen.⁶⁵⁵

In his final State of the Union address, president Obama made mention of foreign assistance just once in his shorter than usual speech. He reiterated the importance of foreign assistance as a part of the national security strategy of the U.S., and as a part of America's duty to the world as the world leader. According to Obama, world leadership "means a wise application of military power, and rallying the world behind causes that are right. It means seeing our foreign assistance as a part of our national security, not something separate, not charity."⁶⁵⁶ Obama explained his argument by drawing examples from his administration's use of foreign aid in limiting the spread of diseases in Africa before they reach American shores, in reference to American efforts combating the Ebola outbreak. He also justified

⁶⁵² Ibid.

⁶⁵³ USAID, "The Future of Food Assistance: U.S. Food Aid Reform."

⁶⁵⁴ Congress, "H.R. 2642; Agricultural Act of 2014," 133.

⁶⁵⁵ President Barack Obama, interview by AllAfrica.com, 02.July.2009, "Interview of the President by AllAfrica.com".

⁶⁵⁶ "Remarks of President Barack Obama – State of the Union Address As Delivered," (online: The White House- Office of the Press Secretary, 2016).

aiding Ukraine in recent its struggle with Russia, arguing that defending Ukraine's democracy, and combating Colombia's decade long war is essential to maintaining the international order.⁶⁵⁷

The analysis of the history of American foreign assistance since President Washington sent aid to slave owners during the Haitian Revolution, to the present, demonstrate that the U.S. has unabashedly used its foreign assistance as a tool to extend its political, economic, as well as ideological influence, in much the same way the various administrations had deployed the might of the American military to protect these very same interests. The chapter followed the development of the foreign aid structure through the actions of both the legislative and executive branches of the government, and how domestic and international developments, particularly WWII and the Cold War, shaped the foreign aid program. While the program did not exist officially with the bureaucratic and administrative structure it has today, the U.S. had long been involved in using foreign assistance to accomplish foreign policy objectives; short and long terms. It would seem that foreign assistance after WWII was a continuation of previous policy, rather than a new one. That, however, should not undermine the major expansion in scope, amount, structure and approach that occurred simultaneously in response to political developments, particularly during the Cold War years.

While the executive branch seemed to have led the charge for creating and developing a foreign assistance program with enough influence to replace the military and conventional diplomacy, congress has also played an important role in this process. Yet the truth of Robert A. Dahl's statement regarding the role of Congress in foreign policy, "perhaps the single most important fact about congress and its role in foreign policy... is that it rarely provides the initiative," is as true when it comes to foreign aid policy as any other aspect of foreign policy.⁶⁵⁸ However, just because congress did not seize the initiative, it does not mean it did not influence policy outcomes, as the analysis of the Vietnam era and the backlash against Johnson's aid appropriations demonstrated. Furthermore, while the administrations of President Truman and John F. Kennedy may have contributed most in terms of structuring the contemporary foreign aid establishment through the legislations and executive orders passed during their respective terms in office, other presidents, such as Eisenhower and George W. Bush were responsible for creating different assistance programs that have extended the reach and purpose of American assistance in new ways.

⁶⁵⁷ Ibid.

⁶⁵⁸ Robert A. Dahl, *Congress and Foreign Policy*, 1st ed. (New York,: Harcourt Brace Jovanovic, 1950), 58.

3. The American Foreign Aid Establishment

An indispensable aspect of American Exceptionalism is the constitutional system of checks and balances, which was envisioned and designed to ensure that no one branch of government may hold or exercise too much power over the others. Yet during different historical periods, some of these institutions came to be more dominant, and therefore exercise greater power. For the most part, foreign policy remained a province of the executive branch, where most of the constitutional powers in the foreign policy realm are invested. Article two of the constitution highlights these powers, and over the years, particularly with the expansion of the federal government during the New Deal era, the power of the executive increased even more.⁶⁵⁹

Congress has also had its fair share of dominance. One prime example of congress dominating the executive branch was during the Reconstruction era that followed the American Civil War.⁶⁶⁰ During that period, the president became marginalized and was eventually impeached by the Radical Republicans, who reconstructed the new U.S. according to their views.⁶⁶¹ In the 20th century, congress became heavily involved in foreign policy during the Vietnam era, when the president's powers were contested amidst growing concerns with what Arthur Schlesinger labeled the "Imperial Presidency."⁶⁶² Congress passed the War Powers Resolution, over the veto of President Richard Nixon, which inhibited the president's power as Commander in Chief and limited the latter's role in deploying the armed forces.⁶⁶³

In foreign aid, the power is divided between the two branches, though as chapter two demonstrated, though the initiative for usually came from the executive, congress still proved very influential. The constitution invests the power of collecting money and spending it in the legislative branch. Article one, section eight, clause one, the "Taxing and Spending Clause," and section nine, clause seven in the same article, the "Appropriations Clause," grant the legislative branch what is known as the "Power of the Purse." Only Congress has the power to "lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provides for the common Defense and general, Welfare of the United States," states section eight.⁶⁶⁴ As for spending, section nine states that "No Money shall be drawn from the Treasury, but in

⁶⁵⁹ Donald M. Snow, *United States Foreign Policy, Politics Beyond the Water's Edge*, 3rd ed. (Belmont, CA: Thomson Wadsworth, 2005), 120.

⁶⁶⁰ Tindall and Shi, *America: a Narrative History*, 682-83 and 712, 17.

⁶⁶¹ Ibid.

⁶⁶² Schlesinger, *The Imperial Presidency*, IX-X.

⁶⁶³ Ibid., 300-05.

⁶⁶⁴ *U.S. Constitution, Art. I, § 8, Clause VII*, (National Archives and Records Administration).

Consequences of Appropriations made by law.”⁶⁶⁵ The executive departments and agencies, including those institutions that make and implement policies that relate to foreign aid, submit their budgets to the President, who then requests the fund from congress. Therefore, it would be rather difficult to argue that the making of policies that relate to foreign aid is invested solely in one branch or the other, but rather that such policies are made by both branches and each checks and balances the other.

In the previous chapters the research explored the foundations of foreign assistance and the role it plays in the conduct of international politics. The second chapter explored the use of this tool by the U.S. administrations and evaluated the effectiveness of its use in achieving U.S. foreign policy goals. This section of the research explores the contemporary American foreign assistance establishment, and the different categories and programs the various federal agencies and executive departments finance. It provides an account of the different government branches, executive agencies as well as the different political and economic institutions that play a role in formulating and implementing the different foreign aid programs, such as congress, interests groups, and public opinion, and the overall process of making foreign aid policy as a part of making the federal budget. The chapter also discusses the role American political parties, namely the Democratic and Republican parties, and how the parties’ ideals and platforms affect the making and shaping of American foreign assistance.

3.1. Rationales, Objectives and Categories

Broadly speaking, there are three general rationales behind American assistance. The first is that foreign aid serves the national security of the U.S. Historically, this rationale justified foreign aid during the Cold War years to contain communism. More contemporarily, communism as a threat to national security has been replaced by the so-called “Jihadist” groups, such as ISIL and Al-Qaeda. The second rationale is that foreign aid serves America’s economic interests. As chapter two demonstrated, this trend is as old as the aid regime itself. Fostering economic relations with other countries, and providing market for American goods and services are essential objectives of the foreign aid program. The final rationale is the humanitarian rationale, though it does not lack for political and economic motive and consequences, aid is justified under the rationale that the U.S. is a rich country and able to assist others in need. This rationale, by far the weakest, can be said to stem from America’s position as the leading power in the world, and from its ideals and principles. These broad

⁶⁶⁵ *U.S. Constitution, Art. I, § 9, Clause I*, (Online: National Archives and Records Administration).

and general rationales entail within them a number of objectives, which include, advancing liberal democratic ideals, spreading democracy, strengthening allies in face of common security threats, advancing the principles of market economy, protecting American commercial interests and finally enforcing America's leadership role in the world.

The realist American political scientist, Samuel P. Huntington argued in two articles published in 1970 and 1971 that American foreign assistance has generally taken three forms. It is important to keep in mind that when Huntington published his article, he was writing from the perspective of an American political scientist, and a realist one at that, during the Cold War.⁶⁶⁶ During this time, the foreign aid regime was ruled by Realpolitik, the hardheaded realism that ruled the Cold War years. At the very heart of this regime lay the belief that foreign assistance was an essential tool for protecting national security above all other rationales and considerations, to ensure that the Soviet Union had as few allies as possible, and that the U.S. had as many as possible, despite the contradiction of ideological principles between the U.S.'s and some of these friends and allies.

Accordingly, Huntington's forms are based on the level of "friendliness" of a given country to the U.S. The first form includes economic assistance provided to help a friendly foreign government in consolidating its position after coming to power, as was the case in Brazil in 1964 when the U.S. supported the military in the overthrow of the democratically elected Joao Goulart. Goulart had the support of the labor unions and was said to have had plans to improve Brazil's relations with the communist block, which would consequently affect both the national security of the U.S. as well as the economic interests of large American corporations.⁶⁶⁷ Second, economic assistance was also provided to help a friendly country survive a financial crisis, as was the case with Iran in 1961.⁶⁶⁸ And third to help win elections against someone who the U.S. would rather not see in power, as was the case in Chile in 1964, through covert CIA activities that included funding the campaign, or rather running the campaign on behalf of Eduardo Montalva of the Christian Democratic Party who had a more liberal orientation than his socialist opponent Salvador Allende.⁶⁶⁹

⁶⁶⁶ Huntington, "Foreign Aid for What and for Whom.," "Foreign Aid for What and for Whom (II)."

⁶⁶⁷ See Carlos Gustavo Poggio Teixeira, *Brazil, the United States, and the South American Subsystem: Regional Politics and the Absent Empire* (Plymouth: Lexington Books), 87-89.

⁶⁶⁸ See Marvin Zonis, *The Political Elite of Iran*, Princeton Studies on the Near East (Princeton: Princeton University Press, 1971), 107.

⁶⁶⁹ United States Senate, *Covert Action in Chile 1963-1973: Staff Report of the Select Committee to Study Governmental Operations with Respect to Intelligence Activities*, 94 Cong., 1 sess. (Washington D.C.: U.S. Government Printing Office, 1975), 26 (31-34 digital version); Kristian Gustafson, *Hostile Intent : U.S. Covert Operations in Chile, 1964-1974*, 1st ed. (Washington, D.C.: Potomac Books, 2007), see chapter 7.

Huntington's second form includes economic assistance to countries that may or may not be wholly friendly to the U.S. in return for something the U.S. wants, such as military basis, UN voting, or the rejection of aid from another country, namely communist countries. Huntington argued that in such cases, there is reciprocity of interest between the U.S. government and that of the recipient country's based on each government's feelings that it has achieved its desired goals from this bargain.⁶⁷⁰

Huntington's last form includes denying economic assistance to governments that are not friendly to the U.S. Governments that "do things we do not like, or refuse to do things which we want done."⁶⁷¹ Huntington used Brazil in 1964 as an example of suspending "assistance to governments which have come to power through coups d'état until such governments have scheduled elections."⁶⁷² In Huntington's view, the first two forms are effective, while the third is less so. It is easier for foreign governments to accept carrying out policy adjustments or "perform some service" than it is for that government "to allow itself to be coerced into doing something by the threat that the U.S. will take away aid."⁶⁷³ In the second article, Huntington articulated on the goals of American foreign assistance program. The first of these goals, argued Huntington, is enhancing the military security of selected countries.⁶⁷⁴ Second, to encourage the economic development of the Third World in general. Third, promote economic development of selected countries, and finally encourage the emergence of pluralistic societies.⁶⁷⁵

Modernization theory takes a different approach in providing rationales and objectives of American aid. It is a more comprehensive theory that proved influential in American policy circles, particularly during the decade of development in the 1960s. The basic premise of Modernization Theory is that all human societies are destined to move from backwardness to modernity. According to Nils Gilman, a historian of the theory, the central thread that ran through all of modernization theory was a "particular rendition of the dichotomy of the 'the traditional' and 'the modern.'"⁶⁷⁶ Modern societies were cosmopolitan, mobile, secular, open to change and had complex division of labor. The traditional society on the other hand was

⁶⁷⁰ Huntington, "Foreign Aid for What and for Whom," 170.

⁶⁷¹ *Ibid.*, 171.

⁶⁷² *Ibid.*

⁶⁷³ *Ibid.*

⁶⁷⁴ "Foreign Aid for What and for Whom (II)," 120-24.

⁶⁷⁵ *Ibid.*, 125.

⁶⁷⁶ Nils Gilman, "Paving the World with Good Intentions: The Genesis of Modernization Theory, 1945-1965," in *Ph.D. Dissertation, University of California, Berkeley* (2000). Quoted in Taffet, *Foreign aid as Foreign Policy: the Alliance for Progress in Latin America*, 21.

“inward looking, inert, passive toward nature, superstitious, fearful of change and economically simple.”⁶⁷⁷

President John F. Kennedy was greatly influenced by the ideas of the theory. A group of academics known as the Charles River group at Massachusetts Institute of Technology’s (MIT) Center for International Studies (CENIS) were the minds behind the theory and the minds behind influencing JFK, especially Walt Rostow and Max Millikan.⁶⁷⁸ According to Rostow, “Kennedy sought out and found in CENIS a group whose ardent commitment was to enlarge development aid rather than to party or political personality. He understood this clearly and used us well...”⁶⁷⁹ The group published *A Proposal: Key to an Effective Foreign Policy* in which they argued that the U.S. should use its aid program “as a tool to promote positive change.” According to *A Proposal*,

“One of the highest priority tasks is to our influence to promote the evolution of societies that are stable in the sense that they are capable of rapid change without violence, effective in the senses that they can make progress in meeting the aspirations of their citizens, and democratic in the sense that ultimate power is widely shared through society.”⁶⁸⁰

Millikan and Rostow argued that there were two priorities for U.S. foreign policy; the first is to meet the communist challenge by using economic assistance to countries with important industrial potential; and the second is to “promote the evolution of a world in which threats to our security and, more broadly, our way of life are less likely to arise.”⁶⁸¹ The influential Rostow would later join the ranks of the Kennedy administration, and he proved instrumental in the development approach of American foreign aid in the 1960s, especially the Alliance for Progress in Latin America, the important developmental program initiated during Kennedy’s time in office.⁶⁸² Some scholars during this period argued that democratization followed modernization. An important contribution in this regard came from Seymour M. Lipset who argued that economic development lead to better social and political wellbeing of society. Lipset’s ideas were first published as a paper in 1959, and his *Political*

⁶⁷⁷ Gilman, "Paving the World with Good Intentions: The Genesis of Modernization Theory, 1945-1965." Quoted in Taffet, *Foreign aid as Foreign Policy: the Alliance for Progress in Latin America*, 21.

⁶⁷⁸ *Foreign aid as Foreign Policy: the Alliance for Progress in Latin America*, 21.

⁶⁷⁹ Walt W. Rostow, *Eisenhower, Kennedy, and Foreign Aid* (Austin: University of Texas Press, 1985), 42.

⁶⁸⁰ Max F. Millikan and Walt W. Rostow, *A Proposal: Key to an Effective Foreign Policy* (New York: Harper & Bros., 1957), 25.

⁶⁸¹ Quoted in Jussi M. Hanhimäki and Odd Arne Westad, *The Cold War: a History in Documents and Eyewitness Accounts* (Oxford ; New York: Oxford University Press, 2003), 352.

⁶⁸² Taffet, *Foreign aid as Foreign Policy: the Alliance for Progress in Latin America*, 22.

Man was published four years later. Lipset argued that “the more well-to-do a nation, the greater the chance that it will sustain democracy.”⁶⁸³

Modernization Theory and the democratization frameworks that originated during this period, late 1950s- 1960s, explain the rationales and objectives of American aid quite accurately. In the case of aid to the Palestinians, 30 years after Rostow, fits within this framework. Developed Palestinian Territories through American and international economic assistance would lead to abandoning violence and terrorism, and the eventual emergence of a viable, stable, peaceful and democratic Palestinian state friendly to the U.S. and its ally, Israel.

The institutional explanation for aid rationale and objectives was provided in 2006, during the 2007 Fiscal Year budget hearing. The Director of Foreign Assistance (DFA), who serves simultaneously as Director of USAID, Randall Tobias, summarized the strategic objectives of U.S. foreign assistance in a five-point framework.⁶⁸⁴ The DFA’s framework would serve for both the State Department and USAID’s programs, the latter’s amounting to roughly 90% of total U.S. foreign assistance.⁶⁸⁵ These five objectives; peace and security, investing in people, governing justly and democratically, promoting economic growth and prosperity, and finally humanitarian assistance, according to Tobias, “help transform countries into better, more effective partners to create a safer and more just international system.”⁶⁸⁶ Each of these objectives is composed of program areas that can be justified under three rationales; national security, commercial interests and humanitarian concerns.⁶⁸⁷

The first of the aid objectives, Peace and Security, is composed of six program areas; Counter-Terrorism, Combating Weapons of Mass Destruction (WMDs), Security Sector Reform, Counter- Narcotics, Transnational Crime, and Conflict mitigation.

⁶⁸³ Lipset, "Some Social Requisites of Democracy," 75. And *Political Man*, 5th ed. (Baltimore: The John Hopkins University Press, 1981).

⁶⁸⁴ Randall Tobias, "Fiscal Year 2007 Budget Hearing for U.S. Agency for International Development , June 8, 2006. Testimony before the Senate Appropriations Committee Subcommittee on State, Foreign Operations, and Related Programs," ed. Department of State (Washington D.C. 2006).

⁶⁸⁵ Tarnoff and Lawson, "CRS Report for Congress: Foreign Aid: An Introduction to U.S. Programs and Policy," Footnote 3, 3.

⁶⁸⁶ Tobias, "2007 Budget Hearing Testimony, Senate Appropriations Committee Subcommittee on State, Foreign Operations...".

⁶⁸⁷ Tarnoff and Lawson, "CRS Report for Congress: Foreign Aid: An Introduction to U.S. Programs and Policy," 2-3.

Aid Objective/Program Area	FY 2006	FY 2016 (Request)
Peace and Security	7,318	8,772
Counter Terrorism	157	244
Combating WMD	223	298
Security Sector Reform	5,652	6,838
Counter Narcotics	1,020	569
Transnational Crime	60	89
Conflict Mitigation	199	342

Figure 3:1, summary table of FY 2006 and 2016 "Peace and Security" Objective and Program Areas. ⁶⁸⁸

With few exceptions, together these six areas usually receive most funds in aid appropriation, and of these areas "security sector reform" receives by far the highest amount a total of \$6.8 billion of a total \$8.7 billion for the Peace and Security program area in FY 2016. ⁶⁸⁹ Protecting national security has been the main rationale of American foreign assistance since the early days of the republic, but as chapter two demonstrated, it became more prominent after the Marshall Plan. More recently, the peace and security rationale became the dominant feature once again during the Bush administration's War on Terror. Countries that receive funds under this objective include, but are not limited to, Israel, Egypt, Pakistan and Jordan. ⁶⁹⁰

The second aid objective is Governing Justly and Democratically and it represents a small portion of the aid budget; \$ 2.8 billion for FY 2016, as can be seen in the table above. This area includes four objectives; Rule of Law and Human rights, Good governance, Political Competition and Civil Society. The third objective is Investing in People and has three program areas; health, education and social services and protection with a little over \$10 billion. Most of the funds in this objective fall under the health sector, which contains funds to combat diseases such as HIV/AIDS, and Malaria. The fourth objective is Economic Growth and has eight areas, Macroeconomic growth, trade and investment, financial sector, infrastructure, agriculture, private sector competitiveness, economic opportunity, and environment. For FY 2016, the State Department requested \$4.7 billion for this program area, an increase of over \$1 billion from FY 2014. Humanitarian Assistance objective comes last

⁶⁸⁸ U.S. Department of State, *Congressional Budget Justification: Foreign Assistance Summary Tables Fiscal Year 2016* (Online: U.S. Department of State, 2015), 22. 2006 data in Tarnoff and Lawson, "CRS Report for Congress: Foreign Aid: An Introduction to U.S. Programs and Policy," 5.

⁶⁸⁹ State, "Congressional Budget Justification: Foreign Assistance Summary Tables Fiscal Year 2016," 24.

⁶⁹⁰ Tarnoff and Lawson, "CRS Report for Congress: Foreign Aid: An Introduction to U.S. Programs and Policy," 4.

with the smallest amount, \$1,7 billion, and includes three program areas; protection, assistance and solutions, disaster readiness, migration management.⁶⁹¹

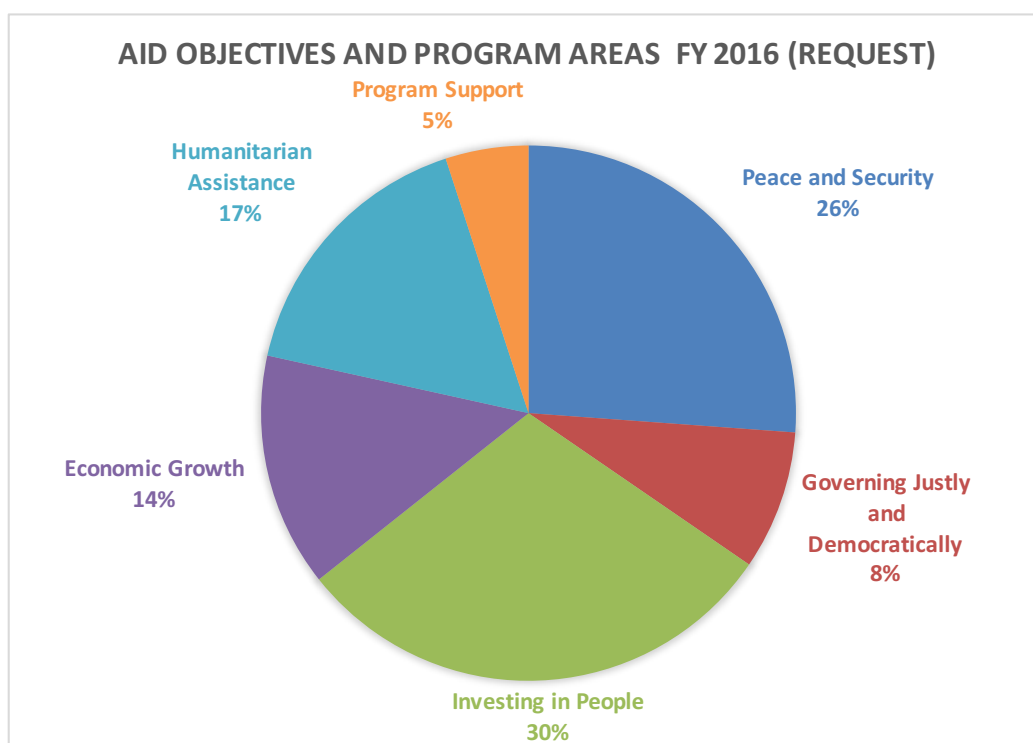


Figure 3:2, State Department's FY 2016 budget request according to program area.⁶⁹²

3.2. Domestic Politics and Foreign Aid

There is an escapable link between foreign and domestic policies. As Robert Putnam suggests, decision makers engage in negotiations at the inter-state, and intra state levels simultaneously. According to Putnam's 1988 *Diplomacy and Domestic Politics: the Logic of the Two-Level Games*,

“The politics of many international negotiations can usefully be conceived as a two-level game. At the national level, domestic groups pursue their interests by pressuring the government to adopt favorable policies, and politicians seek power by constructing coalitions among those groups. At the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments.”⁶⁹³

The approach further recognizes that decision makers “strive to reconcile domestic

⁶⁹¹ State, "Congressional Budget Justification: Foreign Assistance Summary Tables Fiscal Year 2016," 22.

⁶⁹² *Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs Fiscal Year 2016*, (Online: U.S. Department of State, 2015), 22.

⁶⁹³ Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1988): 434.

and international imperatives simultaneously.”⁶⁹⁴ Putnam’s analysis earns much credit when it comes to foreign aid; considering for example the tied aspect of American foreign assistance, and the opposition of domestic groups to reforms that might reduce the aid establishment’s purchase of American commodities, as discussed in chapter one. A more comprehensive framework for understanding the relationship between domestic and foreign policies with respect to foreign aid was developed by Carol Lancaster.⁶⁹⁵

3.2.1. The Lancaster Model

Lancaster identified four categories of domestic factors that shape foreign aid: ideas, political institutions, interests, and the aid organization.⁶⁹⁶

Ideas

Lancaster argues that the most important ideas shaping foreign aid are “worldviews,” which are shared values based on religion, culture, and ideology. These worldviews are about what is right and what is wrong, about what is appropriate and inappropriate. Lancaster states that these worldviews give rise to “principled beliefs.” For example, there is a principled belief that rich countries should provide aid to poor countries. There is no shortage of presidential rhetoric that makes such claims. But as the previous chapter demonstrated, there is rhetoric and there is policy, and the two do not always go hand in hand. Ideas and principles undoubtedly play a role, but they tend to give way in the face of political and economic considerations.

Institutions

Political institutions shape the “rules of the political games.”⁶⁹⁷ Lancaster describes electoral rules, the legislatures, local government and semi-public groups, as well as the political system and the effects of these institutions have on shaping the purpose of foreign aid. According to Lancaster, the first aspect of the political institutions, voting rules, affects aid indirectly. In countries with proportional representation, there tends to be a large number of political parties, some of which enter coalitions to form governments. This system provides the smaller parties with foreign aid agenda the platform to produce this agenda on the national level. By applying Lancaster’s idea on voting rules in the U.S. with its pluralist, first-past-the-post system, it becomes much harder, if not impossible, for smaller parties in the U.S. to place their agenda on the national level.

⁶⁹⁴ Ibid., 460.

⁶⁹⁵ Lancaster, *Foreign Aid: Diplomacy...* 2007, 8.

⁶⁹⁶ Unless indicated differently, this section is derived from *ibid.*, 18-23.

⁶⁹⁷ Ibid., 19.

The type of political system in place, whether it is a parliamentary system as is the case in Germany, and the United Kingdom, or a presidential/congressional system as in the U.S. also plays a role in shaping foreign aid. Lancaster elaborates that in parliamentary systems, the executive is drawn from the legislature. British Prime Minister David Cameron from the Conservative Party and Angela Merkel from the Christian Democratic Union, are members of the legislatures, and enjoy the support of this legislature when making their foreign aid policy since their parties or coalitions make up the majority. President Obama, on the other hand, is not as lucky as he has to contend with congress on policies that could be perceived as controversial with the legislatures as with their constituents.

The role of the legislature and other organizations that enjoy access to policy-makers is also important in influencing aid. In the case of the U.S., congress holds the power of the purse solely, whether in collecting money or in spending it. While the federal budget is usually, though not always, proposed by the executive department, congress has its own bureaucratic office, the Congressional Budget Office, to assist and advise members of congress on budgetary issues.

Political parties also play an important role in shaping foreign aid policy. Left wing parties are often associated with increasing aid and with directing aid towards economic development, while the political right is often associated with decreasing aid levels, and placing greater emphasis on security and commercial interests. The next part of this chapter is dedicated to answering this question by examining the two American parties, the Democratic and Republican, their ideological platforms, and the role they play in shaping American foreign aid programs. For the present, it suffices to say that for the most part, Lancaster's argument also applies to the American parties, to an extent, as Republicans for example place more emphasis on national security as an aid objective than their Democratic counterparts.

Interests

Interest groups, argues Lancaster are "pervasive and dynamic force in politics, especially where public resources are involved."⁶⁹⁸ Various sources estimate the current number of federal lobbyists in Washington D.C. to be around 11,500, all of whom are involved in influencing congress to adopt policies, bills, and positions that support their respective representatives.⁶⁹⁹ There are fewer groups involved in foreign aid since foreign aid does not have a large domestic constituency in comparison to other issues such as gun

⁶⁹⁸ Ibid., 21.

⁶⁹⁹ The website *opensecrets.org*, base their calculations on data from the Center for Responsive Politics which is based on data from the Senate Office of Public Records. (www.opensecrets.org/lobby). [29.02.2016]

ownership, advocated by the American Rifle Association (NRA) leading the gun lobby, or retired persons whose interests are advocated by the American Association of Retired Persons, (AARP). Few interest groups focus entirely on promoting, foreign aid as their specific issue, but since foreign aid is of interest to non-aid specific groups, they become involved when foreign aid becomes an issue all the same.

According to Lancaster, there are three main categories of interests. The first encompasses group that support the commercial aspects of aid, such as agriculture and manufacturing. The fact that the majority of American aid is tied has opened the gates to numerous interest groups to become involved in the politics of foreign aid. To use food aid as an example, the U.S. government purchases wheat and grains from American farmers, the products are then transported to manufacturing plants, and transported to American ports where the products are loaded on American ships and sent to their destinations across the world. This process involves farming, transport, manufacturing, and shipping, all of which have lobbies that advocate the interests of these groups in congress. These groups, argues Lancaster, see aid as a means to expand their export markets or acquire access to raw materials.

The second category includes NGOs and public interest groups that support aid for relief and development. There is another category of interest groups that Lancaster does not include in this particular model, but does include in another of her works.⁷⁰⁰ Interests groups that promote foreign aid for a specific purpose or principles, such as family planning as with Population Action International, and Church World Service, which promotes aid for combating hunger and assisting refugees.

The third and last category includes groups with affinity for foreign countries, ethnicities or religions. Interest groups lobbying on behalf of other countries, such as Israel, lobby congress to increase foreign aid to the country for which they lobby, or conversely, suspend or decrease aid to other countries that are less friendly to those countries whose interests they represent. A prominent example of such groups is the American Israel Public Affairs Committee (AIPAC), whose mission is to “is to strengthen, protect and promote the U.S.-Israel relationship in ways that enhance the security of the United States and Israel.”⁷⁰¹

⁷⁰⁰ Carol Lancaster, *Transforming Foreign Aid: United States Assistance in the 21st Century* (Washington D.C.: Institute for International Economics, 2000), 50-51.

⁷⁰¹ AIPAC, “*Our Mission*,”

Organization

Lancaster's final determinant of foreign aid is the organization of aid itself. The organization in this case, as defined by Lancaster "is the location within government of the tasks related to a major function or program of government."⁷⁰² Lancaster distinguishes between "organization" as defined above rather than the organizational arrangement within government agencies. Drawing from her own extensive experience in working for the American foreign aid establishment, Lancaster argues that the organization of aid has an important influence on the purpose of aid. For example, the UK has unified their aid activities in one independent cabinet-level agency, while Denmark merged their aid activities within the Ministry of Foreign Affairs. In the case of the U.S. foreign aid is carried out primarily, though not exclusively, by the USAID and attempts to merge the agency within the State Department failed. The reasoning behind the resistance, writes Lancaster was the "fear that the often crisis-driven, diplomatic focus of the State Department would overwhelm the longer term development focus of USAID's programs."⁷⁰³

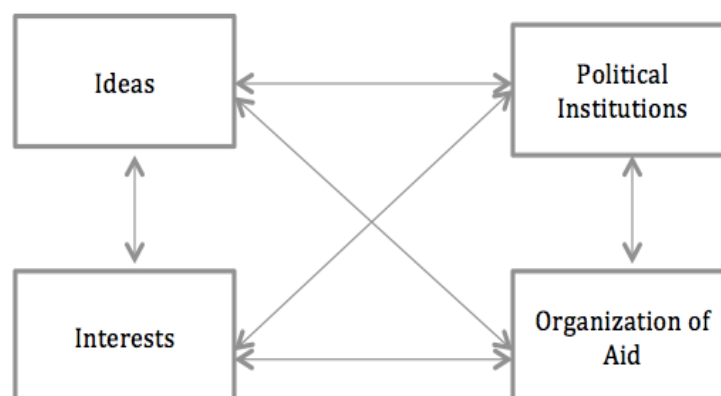


Figure 3:3 the Lancaster Model for domestic determinants of foreign aid.

3.2.2. Public Opinion

An addition to Lancaster's model above, this study adds public opinion. There is a dearth of literature on the public perception of aid in the donor countries, and even fewer on perception of aid in recipient countries. Indeed, the relationship between public opinion and its impact on aid is arguably one of the least studied fields in foreign aid scholarship. The main reason is that the public at large is perceived to know little about the conduct of foreign policy in general, particularly an "elite policy area" such as foreign aid.⁷⁰⁴ The classical theories of international relations have also contributed to this problem since they tend

⁷⁰² Lancaster, *Foreign Aid: Diplomacy...* 2007, 22.

⁷⁰³ *Ibid.*, 23.

⁷⁰⁴ Mark Otter, "Domestic Public Support for Foreign Aid: Does It Matter?," *Third World Quarterly* 24, no. 1 (2003).

disregard the role of the public. According to Milner and Tingley, “very few theoretical perspectives in international relations give any weight to public attitudes; neorealism, neoliberalism, and institutionalism provide very little space for the mass public to affect foreign policy.”⁷⁰⁵

Donald Snow divides the American public in four groups; the uninformed public, it compromises 75-80 percent of Americans who “do not regularly seek out information about international affairs;” the informed public, or “attentive public” who seek out information and they represent 10-20 percent of the population; the effective public, less than five percent of the population who actively seek to influence foreign policy and it includes members of government and national leaders; and the last group is the core decision makers, who formulate and execute policy, they are the smallest group just few hundreds in number.⁷⁰⁶

Even though the American public tends to be supportive of foreign assistance, they seemed to know little about it. According to opinion polls conducted in the last few years, as well as historical surveys, the amount of aid is usually believed to be much higher than it actually is, which is approximately one percent of the federal budget.⁷⁰⁷ However, when respondents are informed of the actual percentage aid represents in the federal budget, support increases significantly. In a 1995 poll for example, 49 percent of participants favored a decrease in aid.⁷⁰⁸ The respondents believed on average that aid amounted to 18 percent of the federal budget, and when informed of the actual figure, support for increasing aid increased to 79 percent.⁷⁰⁹ A 2011 poll provided similar results; 61 percent of respondents said that the U.S. spent too much on foreign, when they were asked to “imagine that you found out that the US spends 1 percent of the federal budget on foreign aid,” only 13 percent said it was too much, as opposed to 61 before being informed of the actual percentage.⁷¹⁰ More recently, a November 2013 opinion poll conducted by the Kaiser Family Foundation found that only 4 percent of Americans could rightly guess the percentage, while 15 percent of people surveyed guessed it to be 11-20 percent, and 12 percent believed that the government spent more than 51 percent of the federal budget on foreign assistance programs.⁷¹¹

⁷⁰⁵ Milner and Tingley, "Public Opinion and Foreign Aid: A Review Essay," 390.

⁷⁰⁶ Snow, *United States Foreign Policy, Politics Beyond the Water's Edge*, 219, (19-24).

⁷⁰⁷ Kaiser Family Foundation, "2013 Survey of Americans on the U.S. Role in Global Health," (Online: Kaiser Family Foundation), 4.

⁷⁰⁸ Otter, "Domestic Public Support for Foreign Aid: Does It Matter?," 118.

⁷⁰⁹ Ibid.

⁷¹⁰ Program on International Policy Attitudes (PIPA)/University of Maryland PPC, "Americans on Foreign Aid and World Hunger," (Online: World Public Opinion), 8.

⁷¹¹ Foundation, "2013 Survey of Americans on the U.S. Role in Global Health," 4.

So how important is American public opinion, as misinformed and ignorant as it is, in foreign aid? According to Lancaster, even though “public opinion tends to be passive and permissive, it can influence the general terms of debate on foreign aid and erect broad limitations on the amount and direction of aid.”⁷¹² However, public opinion does not dictate aid purposes, except when there is a major humanitarian crisis, or a major scandal involving aid.⁷¹³ In his comparative study to find out whether domestic public support for foreign aid matters, Mark Otter compares trends in public support for aid programs in five donor countries; Australia, Canada, Denmark, Japan and the U.S. Otter finds mixed results, in some cases aid performance increased or decreased in accordance with public opinion; in other cases performance went against public opinion.⁷¹⁴ In the U.S. aid decreased in accordance with decline in public support for aid.⁷¹⁵ Otter attributes these results to faulty techniques and to governments “paying little attention to public opinion, at least in so-called elite policy areas” such as foreign aid.⁷¹⁶

Cox and Duffin disagree; they find that the end of the Cold War represented an opportunity to reduce aid, contrary to the wishes of institutions, which were to increase aid. Since aid was increased in the 1990s, it seems that public opinion had no effect on aid proposals. The authors conclude that geopolitical considerations, particularly the presence or absence of the Cold War, determine aid proposals, rather than domestic considerations.⁷¹⁷

There is no way to prove or to measure the exact role of the American public in foreign policy, or aid related policies. The Snow typology of the American public must be kept in mind. Making American foreign assistance is carried out by few hundreds, but their choice affects practically everyone in all tiers; from New York bankers who provide loans, to farmers in the Midwest who supply USAID with grain for emergency food relief. The banker and the farmer may not have enough power or leverage to change policy, but they do have representatives who lobby congress on their behalf when there is a need. Therefore, though public opinion can be said to have minimal effect on foreign aid, it does dictate aid at times, and its views are generally influential in congress.⁷¹⁸

⁷¹² Lancaster, *Foreign Aid: Diplomacy...* 2007, 21.

⁷¹³ *Ibid.*, 22.

⁷¹⁴ Otter, "Domestic Public Support for Foreign Aid: Does It Matter?," 118.

⁷¹⁵ *Ibid.*, 123.

⁷¹⁶ *Ibid.*, 115.

⁷¹⁷ Daniel G. Cox and Diane L. Duffin, "Cold War, Public Opinion, and Foreign Policy Spending Decisions: Dynamic Representation by Congress and the President," *Congress and the Presidency* 35, no. 1 (2008).

⁷¹⁸ Otter, "Domestic Public Support for Foreign Aid: Does It Matter?," 115.

3.3. Between Republicans and Democrats

Generally speaking, the two major American parties are in favor of the foreign aid program, though some, particularly on the Republican side tend to view foreign assistance with less favorability. One extreme example is former 2008 and 2012 Libertarian presidential candidate Ron Paul who wished to end the foreign aid program altogether. According to Paul “foreign aid is taking money from the poor people of a rich country and giving it to the rich people of a poor country.”⁷¹⁹ Rand Paul, Ron’s son and current Republican senator from Kentucky, and former presidential candidate for the 2016 Republican nomination, shares similar views on foreign aid. In his proposed 2012 budget, Rand Paul proposed cutting off foreign aid to Israel entirely, as rare a proposition by an American politician as one could find. His justification was centered on the opinion that foreign aid is harmful to Israel’s economy.⁷²⁰

Democrats are in general more supportive of foreign aid, particularly economic assistance, and view military assistance with less favorability.⁷²¹ Their Republican counterparts hold opposite views, they view economic assistance with less favorability than their Democratic counterparts, and view military assistance with more favorability.⁷²² But does the majority or ruling party in congress affect congressional behavior with respect to foreign aid appropriation? The short answer is no. The longer answer is, “not much, especially after the Cold War.”⁷²³ Despite the general agreement, and approval, of foreign aid, and the disagreements between the parties regarding the goals and objectives of the American aid program, the parties have a major disagreement when it comes to contested issues on the domestic front, such as abortion.

In no case is the contrast between the two parties’ platforms so apparent than in abortion and family planning funding. The “Global Gag Rule,” which is also known as the “Mexico City Policy,” forbids NGOs that receive American foreign aid from spending these funds on abortion or advocating abortion rights.⁷²⁴ The two parties differ largely on abortion on home soil, and naturally, it has reflected in the foreign policy realm. In general,

⁷¹⁹ Ron Paul, "Ron Paul's Speech at Conservative Political Action Conference (CPAC)," (Ron Paul's Official Website, 2011).

⁷²⁰ Senator Rand Paul, "Budget of the U.S. Government: Fiscal Year 2012," (Online: Vox, 2011), 36.

⁷²¹ Lancaster, *Transforming Foreign Aid: United States Assistance in the 21st Century*.

⁷²² Cingranelli, *Ethics, American Foreign Policy, and the Third World*.

⁷²³ Lancaster, *Transforming Foreign Aid: United States Assistance in the 21st Century*, 46.

⁷²⁴ Susan A. Cohen, "Abortion Politics and U.S. Population Aid: Coping with a Complex New Law," *International Family Planning Perspectives* 26, no. 3 (2000): 137.

Republicans are pro-life and are opposed to abortion; Democrats on the other hand, are pro-choice.

This debate originated with the passing of the Helms Amendment to the Foreign Assistance Act in 1973.⁷²⁵ The amendment came in the midst of an ongoing debate following the Supreme Court's landmark ruling in *Roe v. Wade*, in which the court upheld the women's right to abort pregnancy.⁷²⁶ The amendment added as a new section in the FAA stating that, "no foreign assistance funds may be used to pay for the performance of abortion as a method of family planning or to motivate or coerce any person to practice abortions."⁷²⁷

The Global Gag Rule, or the Mexico City Policy was devised during the proceedings of the International Conference on Population in Mexico City in 1984 during the tenure of President Ronald Reagan. The U.S. announced restrictions and eligibility conditions on health institutions worldwide that performed, or advocated abortion, whether or not they use U.S. funding for such operations.⁷²⁸ Therefore, the Mexico City Policy is an expansion of the Helms amendment to include any fund, even by other donors. Another major difference between the Helms Amendment and the Mexico City Gag Rule is that the first can only be repealed only by congress, while the executive can overturn the second, since it originated with president Reagan, rather than congress. This difference resulted in "Ping Pong" politics with the Global Gag Rule by the successive presidents.

The "Ping Pong" began when Republican president Ronald Reagan approved the policy in 1984, then Democrat president Bill Clinton rescinded it in 1993, making it ineffective between 1993 and 2001. Republican president George W. Bush re-instituted the policy within few days of coming into office, making it effective once again from 2001-2009, and finally Democrat President Barack Obama rescinded it again in January 2009, three days after coming into office, ruling it ineffective for the time being.⁷²⁹ Doubtless, were the Republicans to win this year's election, the policy will be reinstated once again.

Another major issue on which the parties have differed is in the use of American foreign assistance during the Obama administration to tie, or condition receiving such

⁷²⁵ Congress instated the Hyde Amendment three years later, the Helms Amendment's domestic policy equivalent, prohibiting Medicaid from covering abortion costs.

⁷²⁶ Cohen, "Abortion Politics and U.S. Population Aid: Coping with a Complex New Law," 137; Luisa Blanchfield, Congressional Research Service, *Abortion and Family Planning-Related provisions in U.S. Foreign Assistance Law and Policy*, R41360 (Online: Federation of American Scientists, 2015), See Summary.

⁷²⁷ USAID, "USAID's Family Planning Guiding Principles and U.S. Legislative Policy Requirements: Restrictions on Support for Abortions," (Online: USAID, 2014).

⁷²⁸ Blanchfield, "Abortion and Family Planning-Related provisions in U.S. Foreign Assistance Law and Policy," 1, 11.

⁷²⁹ Gayle Smith, "The Politics of Aid," *Human Rights* 35, no. 1 (2008): 2.

assistance with the treatment of sexual minorities in countries that receive American aid. In a 2011 Presidential Memorandum, Obama directed “all agencies engaged abroad to ensure that U.S. diplomacy and foreign assistance promote and protect the human rights of LGBT persons.”⁷³⁰ Much like abortion, and to a lesser degree gun-laws, the issue of gay rights in the U.S. is a matter of deep divide in American society.

The president’s memorandum was issued in December 2011, less than a year before the 2012 elections that saw President Obama defeat Republican opponent Mitt Romney who disapproved of the memorandum, arguing that he “will be looking at foreign aid, whether it meets our national security interests and, number two, whether these nations are friends of ours and are willing to be friendly with us in ways when it matters the most.”⁷³¹ Rick Perry, another Republican presidential hopeful at the time said that spending money on advancing gay rights is not worth a dime of taxpayers’ money.⁷³²

It is not unusual for domestic social issues to become entangled with the use of foreign aid, or when foreign aid is used to advance certain ideological stances on these very issues.

3.4. Makers and Implementers

3.4.1. The Legislative Branch

As already mentioned, the power of the purse is invested in the legislative branch. Any money collected or spent by the federal government must therefore be approved by congress. The executive departments and Agencies, including those institutions that play a role in the running of the foreign aid establishment, submit their budgets to the President, who then requests the fund from congress. The appropriation process is rather complicated, and it is less straightforward than the following lines summarize.

The process begins within each department and agency by submitting budget requests to the president. The Office of Management and Budget (OMB), is the largest office within the Executive Branch and its main function is to formulate the president’s budget and evaluate the requests of other departments and agencies’ policies and programs to ensure that they are in line with the president’s policies.⁷³³ If president Obama feels that the situation

⁷³⁰ President Barack Obama, "Presidential Memorandum-- International Initiatives to Advance the Human Rights of Lesbian, Gay, Bisexual, and Transgender Persons: Memorandum for the Heads of Executive Departments and Agencies," (Online: The White House, Office of the Press Secretary, 2011).

⁷³¹ Karen McVeigh, "Gay Rights Must be Criterion for US Aid Allocations, Instructs Obama," *The Guardian*, 07. December. 2011.

⁷³² Ibid.

⁷³³ Lancaster, *Transforming Foreign Aid: United States Assistance in the 21st Century*, 43.

between Ukraine and Russia for example represents a threat to American interests, he would tell the State Department to increase economic and military assistance to Ukraine. This part of the process takes place before the first Monday in January and first Monday in February, the period in which the president is required to submit the budget proposal as the 1974 Budget Act mandates.⁷³⁴ Though in recent years, there have been some delays, for example, in 2013 President Obama submitted his 2014 budget proposal in April, following the U.S. Fiscal Cliff crisis and the negotiations between the two branches.⁷³⁵

Once the president submits the budget to congress, it is referred to the House Committee on the Budget, the Senate Committee on the Budget, and the Congressional Budget Office (CBO).⁷³⁶ The CBO was created in 1974 as a non-partisan federal agency that answers to the legislative branch. According to Phillip G. Joyce, Professor of Public Policy at the University of Maryland, who had extensive work experience at the CBO states that the CBO was born out of “congress’ frustration with what it perceived as its domination by the executive branch in the budget-making process.”⁷³⁷ As distrust between congress and the executive department under Nixon grew, particularly when it came to fiscal and budget policies, the CBO was established to end the legislature’s dependence on the president and their aides’ assessment of the economy, and to establish, as the Senate report stated at the time a “highly competent staff to guide it [congress], in fiscal policy and budgetary considerations, similar to the President’s Office of Management and Budget”.⁷³⁸ The CBO’s main function is to advise congress regarding the budget by compiling reports, and studies, but it also serves as a check on the executive’s power.

The office’s evaluation of the president’s budget can affect the budgetary process, and has proved instrumental in affecting legislative decisions on previous occasions. The most recent example was when President Obama proposed the healthcare reform in 2009, which proved rather controversial. CBO director Douglas Elmendorf, whose appointment was made by Democratic congressional leadership, argued that the current bill in congress would do

⁷³⁴ Phillip G. Joyce, *The Congressional Budget Office: Honest Numbers, Power, and Policymaking*, American governance and public policy series (Washington D.C.: Georgetown University Press, 2011), 15-16. And *Committee on Appropriations: United States Senate, 135th Anniversary 1867-2002*, U.S. Senate, 107 Cong., 2 sess., Document No. 13 (Washington D.C.: U.S. Government Printing Office, 2002), See Budget Cycle, 25-30. 25.

⁷³⁵ "Committee on Appropriations: United States Senate, 135th Anniversary 1867-2002," 25-26.

⁷³⁶ *Ibid.*, 26.

⁷³⁷ *The Congressional Budget Office: Honest Numbers, Power, and Policymaking*, 15.

⁷³⁸ United States Senate, *Senate Reports*, Vol. 1-8 (Washington D.C.: U.S. Government Printing Office, 1973), 31.

little to reduce the long-term cost of health care.⁷³⁹ The CBO's statement played a role in postponing the decision.⁷⁴⁰ Charles Krauthammer wrote in a *Washington Post* column, "reforming the health-care system is dead. Cause of death? Blunt trauma administered not by Republicans, not even by Blue Dog Democrats, but by the green eyeshades at the Congressional Budget Office."⁷⁴¹

With the assistance of the CBO, the house and senate budget committees propose a budget resolution in their respective houses, once passed in each house, the bills are reconciled in a budget conference. The resulting resolution is a concurrent resolution, meaning that it does not require presidential approval, and its task is to set the total amount of funds the Appropriation Committees can spend.⁷⁴² For fiscal year 2016, the limit was agreed to be in the \$1 trillion region. Once the limit is set, the appropriation committees begin their work in allocating the funds to different subcommittees. There are currently 12 subcommittees; each committee deals with a different appropriation bill. The final step in congress is for both houses to vote and pass the 12 appropriation bills prepared by the 12 subcommittees. Finally, all 12 bills are sent to the executive for approval, or veto. Once signed, the appropriation bills, which make up the federal budget, become law.⁷⁴³

The federal budget is divided into 20 categories, better known as funding accounts, or functions.⁷⁴⁴ Each function provides the funding for a specific purpose, or topic. For example, Function 270, and Function 570 fund Energy and Medicare respectively, while Function 050 provides funds to the different federal agencies and departments under the topic or category of National Defense.⁷⁴⁵ The International-Affairs budget, also known as the Function 150 account of the federal budget is the major source of funding for American foreign aid programs within the American foreign policy establishment.⁷⁴⁶ In FY 2016, The F150 account receives the money from the Department of State, Foreign Operation, and Related

⁷³⁹ Congressional Budget Office, U.S. House of Representatives, *Testimony: Statement of Douglas W. Elmendorf, CBO's Analysis of the Major Health Care Legislation Enacted in March 2010 before the Subcommittee on Energy and Commerce* (Washington D.C.: Congressional Budget Office, 2011), 7, 9.

⁷⁴⁰ Joyce, *The Congressional Budget Office: Honest Numbers, Power, and Policymaking*, 2. Charles Krauthammer, "Obama Will Settle for Less on Health Care," *The Washington Post*, 31.07.2009.

⁷⁴¹ "Obama Will Settle for Less on Health Care."

⁷⁴² "Committee on Appropriations: United States Senate, 135th Anniversary 1867-2002," 27.

⁷⁴³ Ibid.

⁷⁴⁴ Committee on the Budget U.S. House of Representatives, "Budget Functions," (Online: U.S. House of Representatives Budget website).

⁷⁴⁵ Ibid.

⁷⁴⁶ Ibid.

Programs appropriations bill.⁷⁴⁷ The bill is divided into nine titles that provide funds for different purposes in foreign operations. For example, title I, provides funds for Department of State and related Agency; title II provides funds for USAID, title III for bilateral economic assistance, and title V provides funds for multilateral assistance.⁷⁴⁸

The analysis of the history of American in the previous chapter discussed a number of instances when congress used foreign aid to apply pressure on the executive, particularly during the Vietnam era during the Johnson and Nixon presidencies. Furthermore, during periods of economic stagnation, congress tends to reduce foreign aid appropriations to limit budget deficit, as was the case in the mid-1990s. Whether the same party is in control of both the executive and legislative branches or just one of the two also makes little difference. During Clinton's early years in office, a Democratic controlled congress slashed the president's foreign aid budget proposals, even though they belonged to the same party.

3.4.2. The Executive Departments and Agencies



Figure 3:4, U.S. Foreign Assistance by Implementing Agency/Department for fiscal year 2013 (disbursements).⁷⁴⁹

⁷⁴⁷ Curt Tarnoff and Tamara J. Resler, Congressional Research Service, *State, Foreign Operations Appropriations: A Guide to Component Accounts*, R40482 (Online: Federation of American Scientists, 2016), 1.

⁷⁴⁸ *Ibid.*, 2.

⁷⁴⁹ USAID, "Foreign Aid Explorer: Foreign Aid Trends: Greenbook."

State Department

The State Department serves as America's principle institution in charge of foreign affairs. Consequently, the department is the most powerful of the executive departments when it comes to foreign aid.

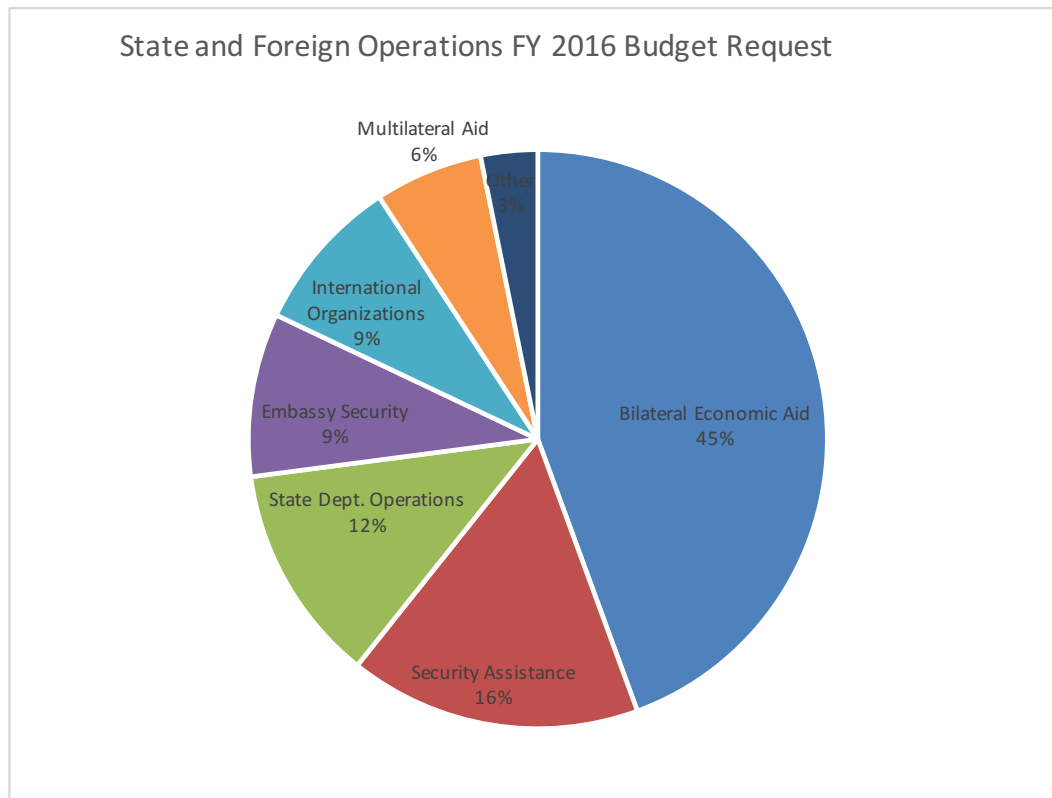


Figure 3:5 U.S. Department of State Summary of Appropriations, FY 2016.⁷⁵⁰

It is the principal institution in charge of preparing contributions to organizations and sub-organizations of the United Nations. The department is also responsible for making decisions regarding the size and allocation of U.S. foreign assistance. Indeed, the State Department is the one institution that holds most power in the foreign aid establishment, more than all others combined. In a demonstration of the significance of American aid, and the paramount role of the State Department in the process, U.S. Central Command General James Mattis and another 20 retired three and four star generals and admirals went to congress to petition for an increase in the International Affairs Budget. In answering Senator Roger Wicker's (R-Mississippi) question regarding the effectiveness of the International Development budget in providing national defense for the U.S. Mattis answered, "if you don't fund the State Department fully, then I need to buy more ammunition."⁷⁵¹

⁷⁵⁰ "Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs Fiscal Year 2016," 9.

⁷⁵¹ Zach Silberman, "The Military Understands Smart Power," *U.S. Global Leadership Coalition*, March 8 2013.

USAID

USAID is the main agency in the American foreign assistance establishment. USAID is responsible for three key bilateral aid programs; Development Assistance, P.L.480 (food for peace), and the Economic Support Fund (ESF).⁷⁵² According to Lancaster, “the best way to think about USAID’s political role is as an advocate within the Executive Branch, with Congress, private groups, and the public, for maximum levels of aid for development and for maximum flexibility to manage that aid.”⁷⁵³ According to Lancaster, since USAID does not enjoy a cabinet level status, the agency seeks allies where possible, playing one agency against another, or one house against another. During the Bush and Clinton administrations, USAID found support from the second and first ladies respectively who “acted as quiet supporters of those programs and of the survival of USAID as an organization.”⁷⁵⁴

Food assistance through P.L.480 Food Aid Program is provided in three components or, titles; Title I, under this title recipient governments purchase American grain on credit at rate of three percent interest to be paid back over a period of 20-40 years in local currency.⁷⁵⁵ Until the early 2000s, this category was the largest.⁷⁵⁶ Title II is currently the largest category, under this title, food aid is provided as a “gift,” for economic development and emergency relief. Food cost and transportation is paid for by the U.S. government and is distributed by aid agencies such as CARE. This component of the U.S. food aid program accounts for 85 percent of total U.S. food aid.⁷⁵⁷ Finally, Title III provides food aid in government-to-government programs for economic development purposes. This category has not received any funding since 2001.⁷⁵⁸

As has already been discussed in chapter one, most of American food assistance is tied. There are sourcing, packaging, and shipping requirements that have to be met.⁷⁵⁹ The Food for Peace Act has also been criticized for the legislative requirements that govern foreign aid in Title II which include, U.S. sourcing of all food aid, a 15 percent minimum monetization requirement, and a 50 percent of gross tonnage of agricultural commodities

⁷⁵² Lancaster, *Transforming Foreign Aid: United States Assistance in the 21st Century*, 41.

⁷⁵³ *Ibid.*, 41-42.

⁷⁵⁴ *Ibid.*, 42.

⁷⁵⁵ George W. Norton, Jeffrey R. Alwang, and William A. Masters, *Economics of Agricultural Development: World Food Systems and Resource Use*, Routledge Textbooks in Environmental and Agricultural Economics (New York: Routledge, Taylor & Francis Group, 2006), Box 19-4: 401.

⁷⁵⁶ *Ibid.*

⁷⁵⁷ *Ibid.*

⁷⁵⁸ *Ibid.*

⁷⁵⁹ "Cargo Preference Requirements their Impact on U.S. food Aid Programs and the U.S. Merchant Marine : Report to the Chairman, Committee on Agriculture, House of Representatives," (Washington, D.C.: General Accounting Office, 1990), 1.

must be shipped with privately owned, registered U.S.-flag commercial vessels, among other requirements.⁷⁶⁰

Department of Defense

The DoD began to occupy a more prominent role in the foreign aid establishment during the presidency of George W. Bush, during the War on Terror. To elaborate further, in 2001, DoD's share of total foreign aid budget was 5.2 percent, in 2005, and in 2007, it was 18 percent.⁷⁶¹ The DoD provides military training and expertise to friends and allies of the U.S. The majority of its aid funding in previous years was spent in Iraq and Afghanistan, but has recently expanded into development and stabilization, which was an important lesson learnt from these wars, according to former Secretary of Defense Robert Gates who said that "one of the most important lessons from our experience in Iraq, Afghanistan, and elsewhere has been the decisive role reconstruction, development, and governance plays in meaningful, long-term success."⁷⁶² The DoD's Defense Security Cooperation Agency is in charge of programs such as Foreign Military Financing, and International Military Education and Training.⁷⁶³

Furthermore, the DoD is responsible for implementing three programs administered by the State Department; Foreign Military Financing (FMF), which is a grant program provided to foreign governments to receive equipment from the U.S., most of FMF grants are provided to Egypt and Israel.⁷⁶⁴ The International Military Education and Training Program (IMET) provides military training for foreign officers and personnel; and finally Peacekeeping funds that support voluntary non-UN operations and training for an African crisis response force.⁷⁶⁵

Treasury Department

The Department of the Treasury represents the U.S. in multilateral development institutions such as the World Bank and it is usually the sole responsible institution for dictating the amount of aid to these institutions. The department proposes the U.S.'s annual contributions to these organizations, and is also in charge of foreign debt relief and

⁷⁶⁰ Schnepf, "U.S. International Food Aid Programs: Background and Issues," 12.

⁷⁶¹ USAID, "Foreign Aid Explorer: Foreign Aid Trends: Greenbook." Carol Lancaster, *George Bush's Foreign Aid: Transformation or Chaos?* (Washington, D.C.: Brookings Institution Press, 2008), 40.

⁷⁶² Robert Gates, "Speech by Secretary of Defense Robert Gates on Funding for All Aspects of National Power" (paper presented at the Landon Lecture, Kansas State University, Manhattan, Kansas, November 26 2007).

⁷⁶³ Tarnoff and Lawson, "CRS Report for Congress: Foreign Aid: An Introduction to U.S. Programs and Policy," 24-25.

⁷⁶⁴ *Ibid.*, 10.

⁷⁶⁵ *Ibid.*

reduction.⁷⁶⁶ According to Lancaster, there are occasional conflicts between the Treasury and USAID because the latter seeks to extend its power to include such tasks carried out by the Treasury. USAID's argument evolves from the fact that since USAID deals more and has better knowledge of development aid in general, therefore responsibility of such programs should fall within USAID's tasks. Finally, the Treasury Department provides economic and financial advisors to countries undergoing economic reforms. The department also provides aid to countries combating terror finance.⁷⁶⁷

Millennium Challenge Corporation

During president Bush's first term in office, the Millennium Challenge Corporation was established as the latest U.S. foreign aid agency. Unlike USAID, which is "subject to the foreign policy guidance of the President, the Secretary of State, and the National Security Council," the MCC is an independent federal agency with its own board of directors and Chief Executive Officer.⁷⁶⁸ The board of directors is chaired by the Secretary of State, and includes USAID Administrator, Secretary of the Treasury, the U.S. Trade Representative, and four individuals from the private sector appointed by the president from a list nominated by congressional leaders.⁷⁶⁹

Receiving its appropriations through the Millennium Challenge Account, MCC provides aid on competitive basis to countries that are "committed to good governance, economic freedom and investments in their citizens."⁷⁷⁰ The board reviews the applications and eligibility of countries based on their performance in these areas, and if successful approves aid for projects the recipients themselves requested.

There are also other agencies involved in providing foreign assistance, but their aid budgets are minimal in comparison to the agencies listed above. The list also includes, the United States Institute of Peace, the Peace Corps, Export- Import Bank, the International Trade Commission, the African Development Foundation, the North-South Center and the East-West center, to name a few.

⁷⁶⁶ Ibid., 22.

⁷⁶⁷ Ibid.

⁷⁶⁸ USAID, "ADS Chapter 101: Agency Programs and Functions," in *ADS Series 100: Agency Organization and Legal Affairs* (online: USAID, 2015), 4.

⁷⁶⁹ Curt Tarnoff, "Millennium Challenge Corporation," ed. Congressional Research Service (Washington D.C. 2015), 2.

⁷⁷⁰ Millennium Challenge Corporation, "About MCC," (Online: MCC Website).

3.5. 2016 Budget and Foreign Aid

For the 2016 fiscal year, American foreign aid program's share of the \$4 trillion federal budget will amount to approximately one percent of the federal budget. Secretary of State John Kerry highlighted some of the major areas in the forward to the *2016 Budget Justification* report by the Department of State. The major areas

- Increase of foreign aid to Central America

The purpose of the \$1.1 billion budget request is to “address the root causes of illegal migration... and to bolster Mexico's enforcement capacity on its southern borders.”⁷⁷¹ The funds would be used for repatriation of these refugees as well as enhancing security and economic development.⁷⁷²

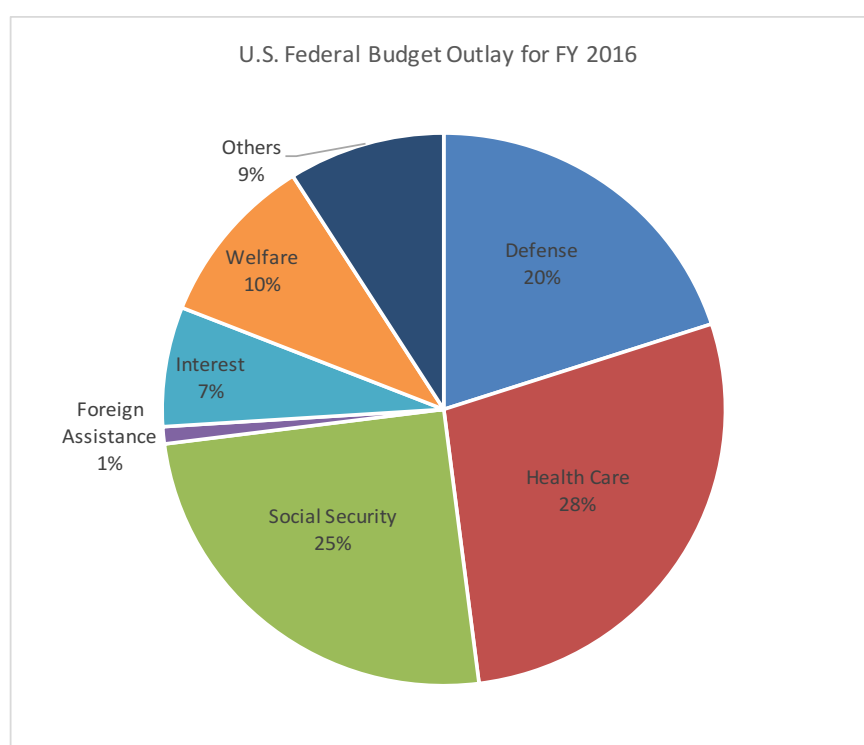


Figure:3:6, Foreign assistance programs' share of FY 2016.⁷⁷³

- The fight against ISIL

The administration has requested \$3.5 billion to strengthen regional partners in the fight against ISIL. The funds also include humanitarian assistance for Syria as well as \$1.1 to support “diplomatic engagement with Iran.”⁷⁷⁴

⁷⁷¹ John F. Kerry, *Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs Fiscal Year 2016* (Online: U.S. Department of State, 2015), 4.

⁷⁷² Ibid.

⁷⁷³ Based on author's calculations, particularly the tables from *Fiscal Year 2016 Budget of the U.S. Government*, Office of Management and Budget, (Washington D.C.: U.S. Government Printing Office, 2015). And calculations from the White House Interactive Budget website <https://www.whitehouse.gov/interactive-budget> (accessed 01.10.2015)

- Countering Russia

With the situation in Ukraine remaining unresolved, the administration is continuing its support for Ukraine and other neighbors to “counter Russia’s pressure and aggressive action.”⁷⁷⁵ The new budget contains funds to support loan guarantees for Ukraine as well as \$640 million in assistance.⁷⁷⁶

3.6. The Recipients

It is now common knowledge that Israel has been the highest recipient of U.S. foreign assistance since its founding. The focus and study of U.S. foreign assistance to Israel and the nature of the American- Israeli alliance became a much contested topic in American political and academic circles after the publication of John Mearsheimer and Stephen Walt’s *The Israel Lobby and U.S. Foreign Policy* in 2008, which was based on their 2006 paper published in the *London Review of Books*. In their work, the authors claim that the “Israeli lobby,” led by the American Israeli Public Affairs Committee (AIPAC), plays an instrumental role in the conduct of American foreign policy, particularly in influencing the administration into invading Iraq in 2003.⁷⁷⁷

Interestingly, the second highest recipient of American assistance is Israel’s neighbor, and once most dangerous enemy, Egypt. Since the signing of the first ceasefire agreement, the U.S. has supplied both countries with billions of dollars in economic and military assistance. The case of Israeli- Egyptian peace is a prime case of paying for peace. The case of aid to Egypt and Israel is discussed more thoroughly in the next chapter.

Other major recipients of American aid are Afghanistan, which began receiving American aid in earnest after the American invasion in 2001. The same can be said of Pakistan. In FY 2000, neither Afghanistan nor Pakistan were among the top ten recipients.⁷⁷⁸ Aid to Pakistan’s government is provided to counter terror threats originating from that country. The list of top recipients, as figure 3.8 demonstrates, includes four African countries the majority of aid in these cases is devoted to combating HIV/AIDS. This pattern began to

⁷⁷⁴ Office of the Spokesperson U.S. Department of State, *Department of State and U.S. Agency for International Development 2016 Budget- Fact Sheet* (2015).

⁷⁷⁵ Kerry, "Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs Fiscal Year 2016," 4.

⁷⁷⁶ *Ibid.*, 3-4.

⁷⁷⁷ John J. Mearsheimer and Stephen M. Walt, *The Israel Lobby and U.S. Foreign Policy* (New York: Farrar, Straus and Giroux, 2008), 8, 112, 99, 228.

⁷⁷⁸ Tarnoff and Lawson, "CRS Report for Congress: Foreign Aid: An Introduction to U.S. Programs and Policy," 14.

emerge in FY 2010 as a result of President George W. Bush's initiative to aid African countries with their struggle against HIV/AIDS.⁷⁷⁹

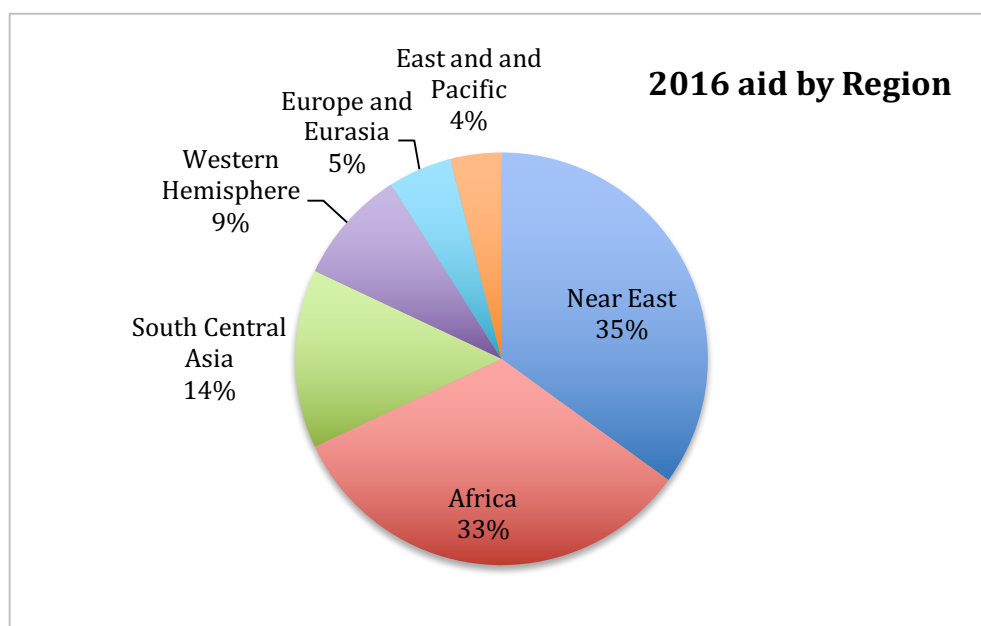


Figure 3:7 U.S. assistance in 2016 by different regions in the world. (Source: State Department and USAID).⁷⁸⁰

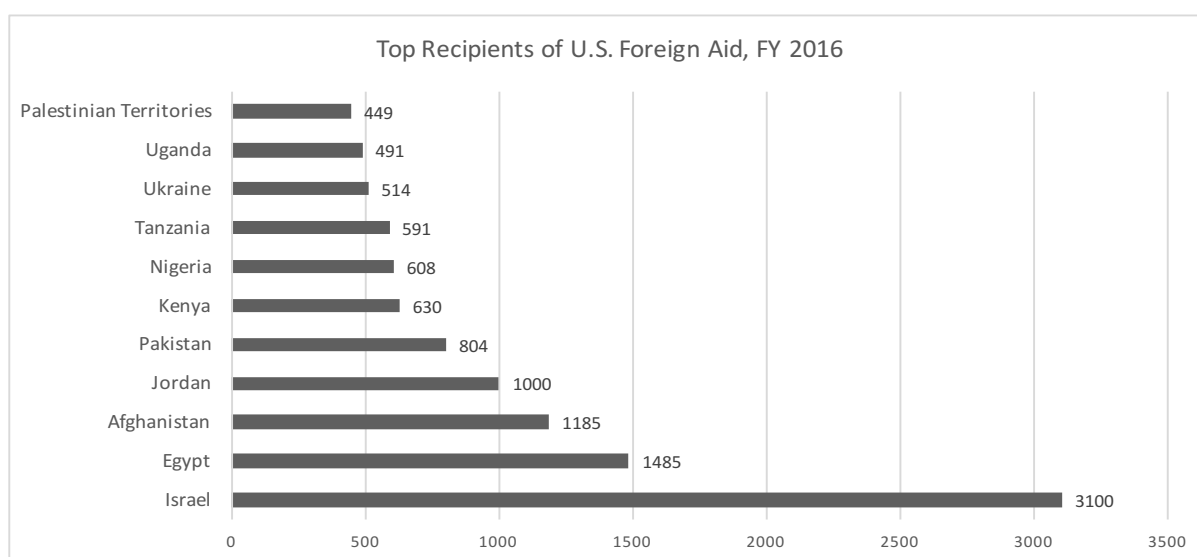


Figure 3:8, Fiscal Year 2016 Top 10 Recipients in USD millions, the Palestinian Authority ranked 11th with \$449 million.⁷⁸¹

⁷⁷⁹ Ibid.

⁷⁸⁰ Author's calculations based on State, "Congressional Budget Justification: Foreign Assistance Summary Tables Fiscal Year 2016," 7-10.

⁷⁸¹ Author's calculations based on ibid.

4. The U.S. and the Question of Palestine

*“There is no such thing as American-Palestinian relations, there is American-Israeli relations, and the Palestinians are an agenda item.”*⁷⁸²

- Khalid Elgindy, 2014

The significance of the Middle East as a region began to occupy a more prominent in the corridors of the American foreign policy establishment at the end of World War II. That is not to say that the U.S. and the various countries that existed in the Middle East and North Africa did not have any relations. After all, Morocco was the first country to recognize the newly established United States of America in 1777, and signed the Treaty of Friendship and Cooperation “which stands as the basis for the longest unbroken treaty relationship between the United States and a foreign country in the history of the Republic.”⁷⁸³ Furthermore, America’s first war after its independence was against the four Barbary States that existed in modern day Algeria, Libya, Tunisia, and Morocco over the kidnapping and seizure of American sailors and ships for ransoms.⁷⁸⁴

However, as the research already discussed in chapter two, for the first two centuries after its founding, the U.S. had limited commercial and political interests in the region, preferring to keep its primary focus on the Western hemisphere and the far east during the expansion in the late 19th century. America’s early isolationism, and its later pre-occupation with political and economic developments in neighboring countries, left the Middle East as a geopolitical unit within the sphere of influence, and later under the control of the major colonial European powers; namely France and Great Britain.⁷⁸⁵ It was not until after the discovery of oil in Saudi Arabia in the 1930s by the Standard Oil of California that “the American romance began in earnest.”⁷⁸⁶

The following chapter provides a historical account of U.S. involvement in the Middle East, and the development of Palestinian- American relations. During the Cold War years, the location and resources of the Middle East ensured it would be a land of battle and debate between the United States and its allies on the one side, and the Soviet Union and its allies on the other as the two major powers strove to keep the other out. The analysis begins

⁷⁸² Khaled Elgindy, interview by author, November 3, 2014, Washington D.C.

⁷⁸³ United States Senate, United States Congress, *S. Res. 325- a Resolution Welcoming King Mohammed VI of Morocco Upon His First Official Visit to the United States, and for Other Purposes, June 2000.*, 106 Cong., 2 sess. (Washington D.C.: Online: United States Congress, 2000).

⁷⁸⁴ Frank Lambert, *The Barbary Wars: American Independence in the Atlantic World* (New York: Hill and Wang, 2005), 3-4.

⁷⁸⁵ Seyyed .V.R. Nasr, *European Colonialism and the Emergence of Modern Muslim States*, The Oxford History of Islam (Oxford: Oxford University Press).

⁷⁸⁶ Toby Craig Jones, "America, Oil, and War in the Middle East," *Journal of American History* 99 (2012): 208.

with the origins of Palestinian nationalism and the Middle East conflict, however the primary focus is the historical period from the founding of Israel in 1948 during the administration of president Truman, until the signing of the Declaration of Principles in 1993, which marked the birth of the peace process between the PLO and Israel, and subsequently the beginnings of official American assistance to the newly established Palestinian Authority. The research also elaborates on the Camp David peace agreement between Israel and Egypt and the role foreign assistance played in achieving and maintaining the agreement.

The historical analysis makes three main arguments that relate to the greater narrative of this research; the first is that American interest in the region during this era focused on containing the Soviet Union and, on protecting Israel's security amidst the hostile environment of the Middle East, and at the same time ensuring the flow of Middle Eastern oil. The second is that until 1974, the perception of American policy makers of the Question of Palestine was a mere humanitarian problem concerned with the displacement of refugees as a result of the establishment of Israel. The oil crisis that followed the 1973 War, brought the Palestinian issue to the forefront of American foreign policy agenda, and gave it a more political and therefore a more paramount status in the American foreign policy agenda. Still, it took more than a decade later, until the Presidency of Ronald Reagan, that first direct diplomatic contact took place in December 1988.⁷⁸⁷

The third and final argument is that the establishment of the Palestinian National Liberation Movement (Fatah) was done primarily to avoid entanglement with Arab regimes that established, financed, and eventually controlled the PLO and other Palestinian factions that were involved in armed conflict against Israel. The chapter elaborates on how the Arab regimes in Egypt, Iraq, and Syria used their financial and military support to the Palestinian factions to strengthen their own position and advance their own foreign policy agenda. Furthermore, when Fatah and Arafat controlled the PLO, their primary aim was to secure the independence of the organization's finances to lift the PLO from the yoke of the Arab regimes, but this policy came to an end in the 1980s, which left Arafat and the PLO little choice but to accept the U.S.'s demands for dialogue.

⁷⁸⁷ Quandt, "Quandt Interview. Washington D.C., 2014."; Mohamed Rabie, *U.S.- PLO Dialogue: Secret Diplomacy and Conflict Resolution* (Gainseville: University Press of Florida, 1995), 62-64; Radhey S. Charuasia, *History of the Middle East* (New Delhi: Atlantic Publishers and Distributors, 2005), 128.

4.1. The Great War

By the time World War I began, the aging Ottoman Empire was not able to defend its territories against the Allies during the Great War. The Arab revolutions that took place against Ottoman rule, with the support of Great Britain, also contributed to further expansion of European influence, and proved detrimental to Ottoman rule.⁷⁸⁸ Among the most known of the stories is that of British military officer and diplomat Thomas E. Lawrence, or “Lawrence of Arabia” as he is better known. Lawrence played an important role in the Sinai and Palestine Campaign and more importantly in aiding the rebelling Arabs against the Ottomans between 1916 and 1918.⁷⁸⁹ The Arabs aided the British for the promise of a national Arab state as agreed in the famous McMahon- Hussein agreement which came as a result of correspondence between British High Commissioner in Cairo Sir Henry McMahon and Hussein Bin Ali, the Sharif of Mecca.⁷⁹⁰ McMahon promised British aid against the Turks and aid in establishing an Arab state. Though there was no formal treaty, Hussein took the correspondence and promises as binding agreement. But the promised Arab state never materialized, despite Hussein and his Arab legions’ aid against the Ottomans.⁷⁹¹

By the end of the Great War, the Ottoman Empire had shrunk to include modern day Turkey only. The former Ottoman territories proved extremely attractive for European colonial powers due mostly to the region’s richness of oil, the strategic location of the Middle East as the gateway of three continents, and the paramount importance of its waterways such as Hormuz, the Turkish Straits, not to mention the Suez Canal. Therefore, the Middle East was divided according to a secret agreement between Britain and France, with the consent of Russian Empire. The secretly negotiated agreement between British diplomat Mark Sykes and his French counterpart Francois Georges-Picot came to light after the Bolsheviks released the details in late 1917, though it was agreed more than a year earlier.⁷⁹² The agreement divided the Middle East pie between France and Britain, leaving modern day

⁷⁸⁸ Karen H. Meyers et al., *The Modern World: Civilization of Africa, Europe, Americas, Middle East and Southwest Asia, Asia and the Pacific*, ed. Sarolta A. Takács and Mounir Farah, 2 ed., 5 vols. (New York: Routledge, 2015), 527-28.

⁷⁸⁹ David Murphy and Giuseppe Rava, *Lawrence of Arabia: Leadership, Strategy, Conflict* (Oxford: Osprey, 2011), 25.

⁷⁹⁰ U.S. Department of State, Office of the Geographer: Bureau of Intelligence and Research, *International Boundary Study: No. 94 Jordan- Syria Boundary* (Online: U.S. State Department, 1969), 8.

⁷⁹¹ Meyers et al., *The Modern World: Civilization of Africa, Europe, Americas, Middle East and Southwest Asia, Asia and the Pacific*, See McMahon- Hussein Agreement in State, "International Boundary Study: No. 94 Jordan- Syria Boundary," 8.

⁷⁹² Harold Nicolson, *Peacemaking 1919: Being Reminiscences of the Paris Peace Conference* (Safety Harbor: Simon Publication, 2001), see pages 140-43; Bernard Porter, *The Lion's Share: a Short History of British Imperialism, 1850-2004*, 4th ed. (Harlow: Pearson Longman, 2004), 236.

Syria, Lebanon, northern Iraq, and parts of Turkey under French control while Palestine, Jordan, most of Iraq and parts of the eastern coast of the Arabian Peninsula under Britain's control.⁷⁹³

Not only did the British "fraud," as Lawrence called his action, simply deny the Arabs the promised state, more to their dismay, on November 2, 1917, British Foreign Secretary Arthur Balfour, issued a declaration in which he stated that, "His Majesty's government view with favor the establishment in Palestine of a national home for the Jewish people, and will use their best endeavors to facilitate the achievement of this object...."⁷⁹⁴ Despite the declaration stating "nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine, or the rights and political status enjoyed by Jews in any other country," the declaration did little to appease the Arabs.⁷⁹⁵ On the other hand, it was heartily welcomed by most Jews across the world, from Britain to Russia, and helped alleviate the status of the already influential Zionist organization.⁷⁹⁶

Across the Atlantic, President Wilson was consulted by the British approximately two months prior to issuing the declaration, his response was that the time was not ripe for such a declaration. One month later, he agreed that the British should issue such declaration.⁷⁹⁷ According to Martin Sicker, Wilson was urged not to publicly approve the declaration on three grounds. First, the U.S. though was at war with Germany, it was not at war with Ottoman Empire, even though diplomatic ties between the two countries had been severed. Therefore, approving the giving away of Ottoman territories would not be taken lightly by Turkey, and would prove detrimental to American-Turkish relations. Second, a quick and public approval of the declaration would have also gone against at least two of the principles advocated by Wilson in his famous Fourteen Points Speech in which he advocated the principle of self-determination and opposed annexation of territories acquired after the war.⁷⁹⁸ Though it must be mentioned that the speech Sicker refers to was delivered almost

⁷⁹³ *The Lion's Share: a Short History of British Imperialism, 1850-2004*, 236.

⁷⁹⁴ T.E. Lawrence, *Seven Pillars of Wisdom* (1922), ed. Colin Choat (Online: Project Gutenberg Australia 2015), 3.

⁷⁹⁵ Text of Balfour Declaration can be found

⁷⁹⁶ Isaiah Friedman, "The Response to the Balfour Declaration," *Jewish Social Studies* 35, no. 2 (1973): 106.

⁷⁹⁷ Richard Ned Lebow, "Woodrow Wilson and the Balfour Declaration," *The Journal of Modern History* 40, no. 4 (1968): 501.

⁷⁹⁸ President Woodrow Wilson, "President Woodrow Wilson's Fourteen Points," (Online: Yale University Law School; the Avalon Project).

three months *after* the promise. Finally, not all American Jews approved of Zionism and the ideals it advanced, which was no doubt a concern for Wilson.⁷⁹⁹

Richard Lebow discusses Wilson's dilemma and provides a review of the different reasons that historians have attributed to Wilson's change of mind.⁸⁰⁰ There are at least three views on the issue. The first to be put forward was Selig Adler's in which he credited the Zionist leaders in the U.S., particularly Louis Brandeis, who spoke to Wilson during these two months, with the chief role for changing Wilson's mind between September and October 1917.⁸⁰¹ Brandeis would later become the first Jew to serve on the U.S. Supreme Court, nominated by Wilson.⁸⁰² Leonard Stein provides a different explanation. Stein argues that while the Zionist leaders did in fact play an important role, the reason for the change was Brandeis convincing Wilson's advisor and influential diplomat Edward House, or Colonel House as he was better known, though he had no military experience or rank.⁸⁰³ Rabbi Herbert Parzen presents the third view. Parzen, believed that House was not in fact an anti-Semite as Adler argued, and that House did favor Zionism. Therefore, Parzen gives the credit to Colonel House rather than Brandeis and the Zionists leaders, whose role according to Parzen was overestimated.⁸⁰⁴

There is no doubt that House and Brandeis both played a role, but all three views seem to emphasize the role of these individuals, with less regard to the state of the international system at the time, and to the idealist, visionary, and religious Wilson himself, who did indeed favor Zionism. Wilson's reluctance was probably a result of Realpolitik considerations rather than recommendations and pressure by counselors and advisors. Indeed as Lebow points out "Wilson, of course, might have approved the Declaration even without the prodding of American Zionists."⁸⁰⁵ The major powers, argues Lebow, were motivated not so much by sympathy for Zionists, but "by considerations of grand strategy."⁸⁰⁶

Palestinian nationalism emerged in response to these developments. It evolved and developed in much the same way many nationalisms did in the earlier decades of the 20th

⁷⁹⁹ Martin Sicker, *Reshaping Palestine: from Muhammad Ali to the British Mandate, 1831-1922* (Westport, Conn.: Praeger, 1999), 135-36.

⁸⁰⁰ Lebow, "Woodrow Wilson and the Balfour Declaration," 501.

⁸⁰¹ Selig Adler, "The Palestine Question in the Wilson Era," *Journal of Jewish Studies* 10, no. 4 (1948).

⁸⁰² Karine V. Walther, *Sacred Interests: the United States and the Islamic World, 1821-1921* (Chapel Hill: The University of North Carolina Press, 2015), 274.

⁸⁰³ Leonard Stein, *The Balfour Declaration* (London: Vallentine, 1961).

⁸⁰⁴ Herbert Parzen, "Brandeis and the Balfour Declaration," *Herzl Yearbook* 5, no. 305-350 (1963); Lebow, "Woodrow Wilson and the Balfour Declaration," 502.

⁸⁰⁵ "Woodrow Wilson and the Balfour Declaration," 523.

⁸⁰⁶ *Ibid.*

century.⁸⁰⁷ Much of the early Zionists' argument regarding the Holy Land was that it was "a land without people, for a people without a land," The slogan became prominent during the late 19th and early 20th century among Zionists.⁸⁰⁸ It was an attempt to generate sympathy for the Zionist cause and provide justification for Jewish migration and the establishment of a Jewish homeland. Some scholars trace the origins of Palestinian nationalism back to 1834, when the threat was not Jewish migration or Zionism, but a growing discontent among the Palestinian population with their Egyptian occupiers.⁸⁰⁹ The 1834 peasant revolt, according to the view advocated by Kimmerling and Migdal, was the first step in developing the modern Palestinian identity⁸¹⁰

Historian Rashid Khalidi among others; Yeohoshua Porath in his two volumes; *The Emergence of the Palestinian Arab- National Movement, 1918-1921*, and *From Riots to Rebellion, the Palestinian Arab-National Movement 1929-1939*, and Muhammed Muslih's *The Origins of Palestinian Nationalism* (1988), disagree with Kimmerling and Migdal's analysis, and subscribe to the view that the Palestinians thought of themselves as a part of the Levant, or Greater Syria, rather than their own independent people until the end of the Great War.⁸¹¹ Only after the British occupation of Palestine in 1917-1918 did the modern day Palestinian nationalism and Palestinian national identity as it is today emerge.

The major cause for this development was the threat to this identity, followed by the politicizing and the organization of the general public by the few elite who use symbols, figures, history, language, culture and traditions as means to create a new identity or re-affirm an already existing one, thereby providing the people with a sense of community and also a sense of common duty to resist whatever endangers the people's identity and their sense of belonging. These are broad outlines to creating any nationalist movement and they have been apparent in numerous examples across the world from Mao's China, Washington's America, Hertzels Israel to the Basque Country and Kurdish nationalism. All of these nationalisms exhibit more or less the same features, and are developed along similar lines.⁸¹² Palestinian

⁸⁰⁷ For a comprehensive history of Palestinian nationalism see Rashid Khalidi, *Palestinian Identity: the Construction of Modern National Consciousness* (New York: Columbia University Press, 2010).

⁸⁰⁸ Anita Shapira, *Land And Power: the Zionist Resort to Force, 1881-1948*, Stanford Studies in Jewish History and Culture (Stanford: Stanford University Press, 1999), 41-42.

⁸⁰⁹ Baruch Kimmerling and Joel S. Migdal, *Palestinians: The Making of a People*, 1st Harvard University Press paperback ed. (Cambridge, Mass.: Harvard University Press, 1994).

⁸¹⁰ Ibid.

⁸¹¹ Muhammad Y. Muslih, *The Origins of Palestinian Nationalism*, The Institute for Palestine Studies Series (New York: Columbia University Press, 1988).

⁸¹² Benedict Anderson's *Imagined Communities* (1991), Eric J. Hobsbawm, *Nations and Nationalism since 1780: Programme, Myth, Reality* (Cambridge: Cambridge University Press, 1990). Ernest Gellner, *Nations and Nationalism* (Ithaca: Cornell University Press, 1983). Adrian Hastings, *The Construction of Nationhood:*

nationalism emerged as a socio-political movement with the goal of limiting Jewish immigration to Palestine, if not stopping it completely. According to historian James Gelvin states,

“The fact that Palestinian nationalism developed later than Zionism and indeed in response to it, does not in any way diminish the legitimacy of Palestinian nationalism or make it less valid than Zionism. All nationalisms arise in opposition to some ‘other.’ Why else would there be the need to specify who you are? And all nationalisms are defined by what they oppose.”⁸¹³

By 1925, on the historic land of Palestine, or the land of ancient Israel, two nationalist movements existed that were at odds in many ways, and each struggled against the other to establish a national home for its citizens. It was during the 1920s that the first major clashes between the two nations occurred over access to the holy sites in Jerusalem. The 1929 riots lasted for one week during August and resulted in the deaths of 133 Jews and 110 Arabs.⁸¹⁴

During the 1930s, Jewish migration to Palestine peaked, in the five years between 1931 and 1936, the Jewish population more than doubled, which increased their total in the population from 17 to 27 percent.⁸¹⁵ Jewish migration to Palestine, or *Aliyah*, took place in five waves since the 1880s. The first Aliyah took place between 1882 and 1903 consisted mostly of 35,000 Russian Jews fleeing extermination. The second Aliyah (1903-1914) was Jews escaping Tsarist Russia, 40,000 immigrants with socialist ideas who had the idea to build “collective” agricultural settlements *Kibbutzim*. The third wave 1919-1923, 40,000 from Eastern Europe escaping pogroms. The fourth Aliyah 1924-1929m anti Semitic policies in Poland, economic hardship in eastern Europe with tough migration laws in U.S., 75,000-82,000, middle class Jews. The fifth Aliyah, lasted until 1940, German Jews, highly skilled. Between 1933 and 1936, 174,000 Jews immigrated. By 1940, nearly 250,000 Jews had arrived, making population 450,000.⁸¹⁶ After deadly clashes occurred again in 1936, the

Ethnicity, Religion and Nationalism (Cambridge and New York: Cambridge University Press, 1997). Miroslav Hroch *From National Movement to the Fully-Formed Nation: The Nation-building Process in Europe* in Balakrishnan, Gopal, ed. *Mapping the Nation*. (New York and London: Verso, 1996), 78-97. See especially p. 79.

⁸¹³ James L. Gelvin, *The Israeli Palestinian Conflict: One Hundred Years of War* (Los Angeles: University of California Press, 2005), 92-93.

⁸¹⁴ John B. Judis, *Genesis: Truman, American Jews, and the Origins of the Arab/Israeli conflict* (New York: Farrar, Straus and Giroux, 2014), 95-96.

⁸¹⁵ Gudrun Krämer, *A History of Palestine: From the Ottoman Conquest to the Founding of the State of Israel*, trans. Princeton University Press (Princeton: Princeton University Press, 2008), 189.

⁸¹⁶ Abdel Monem Said Aly, Shai Feldman, and Khalil Shikaki, *Arabs and Israelis: Conflict and Peacemaking in the Middle East* (New York: Palgrave Macmillan, 2013), 11-12.

British released the MacDonald White Paper in 1939 “proposed new restrictions on Zionist immigration and on land purchases by Jews.”⁸¹⁷

The Second World War left Britain in an exhausted state. As the research discussed in the second chapter with American aid to Greece, the British were unable to maintain their mandate following WWII. The British were targeted by attacks carried out by Arabs and Jews alike.⁸¹⁸ Therefore, the British government informed the UN that the government decided to “bring to an end their mandate and to prepare for the earliest possible withdrawal from Palestine of all British forces.”⁸¹⁹ According to the British representative, the decision to end the mandate was “welcomed by all, Arabs and Jews alike, as well as by the United Nations.”⁸²⁰

On May 14 1948, Israel declared its independence, and the White House issued a statement of recognition at 6:11 pm; 11 minutes after Israel officially came into being with the expiration of British Mandate at midnight Jerusalem time.⁸²¹ The statement states that the Truman government “has been informed that a Jewish state has been proclaimed in Palestine, and recognition has been requested by the provisional government thereof. The United States recognizes the provisional government as the de facto authority of the State of Israel.”⁸²² The Israelis call this day their Independence Day, and Palestinians refer to it as *Nakba*, meaning catastrophe. Following the declaration the armies of the Arab countries attacked the Israel but they failed in their attempt to regain control and were quickly, and astoundingly defeated.⁸²³ The U.S. had imposed an embargo on arms sales to the belligerents, but the Soviet Union, anxious for the British to leave the Middle East, provided Israel with weapons, even few airplanes.⁸²⁴

⁸¹⁷ Mark A. Tessler, *A History of the Israeli-Palestinian Conflict* (Bloomington: Indiana University Press, 1994), 245.

⁸¹⁸ Michal Shamir and John L. Sullivan, "Jews and Arabs in Israel: Everybody Hates Somebody, Sometime," *The Journal of Conflict Resolution* 29, no. 2 (1985): 283-84.

⁸¹⁹ "Palestine: Termination of the Mandate 15 May 1948," ed. Emory Institute for the Study of Modern Israel (Emory College, 2013), 11.

⁸²⁰ Ibid.

⁸²¹ Naomi E. Pasachoff and Robert J. Littman, *A Concise History of the Jewish People* (Lanham, MD: Rowman & Littlefield, 2005), 294.

⁸²² President Harry S. Truman, Harry S. Truman Library, *Draft of Recognition of Israel, May 14, 1948. Alphabetical Correspondence File, 1916-1950, Ross Papers*, Vol. The Recognition of the State of Israel Collection (Independence, MO).

⁸²³ Adam M. Garfinkle, *Politics and Society in Modern Israel: Myths and Realities* (Armonk: M.E. Sharpe, 1997), 61.

⁸²⁴ Ibid.

4.2. Truman and the Birth of Israel, 1948

In the United States, much of the debate surrounding the establishment of an independent Jewish state was focusing on two major issues; the Soviet Union and Arab oil. The U.S. was concerned that a conflict in the Middle East may increase Soviet influence as early as 1946. A Joint Chiefs of Staff memorandum in June 1946 to the State-War-Navy Coordinating Committee warned in response to the report of the Anglo-American Committee on Palestine, which recommended allowing 100,000 Jewish immigrants to settle, that “the U.S.S.R might replace the United States and Britain in influence and power in the Middle East.”⁸²⁵ The oil rich Middle East was also a buffer zone between the British Mediterranean and the Soviet Union. The strategic importance of the Middle East was elevated to a much higher degree in the Cold War.

No doubt that the humanitarian rationale played a part in the U.S. swift recognition and early aid to Israel, but the political considerations and calculations at the time showed serious advantages to having a strong ally in the region. For the U.S., Israel represented a strategic interest in its struggle with the Soviet Union.⁸²⁶ Many of Truman’s advisers, particularly at the State Department urged him not to recognize the Jewish state on the grounds that it would fuel anti-American sentiment among the Arabs, and that would threaten America’s access to oil, and result in expansion of Soviet influence.⁸²⁷ In a meeting at the White House on May 12, two days before the declaration of the founding of Israel, tensions were high between Secretary of State George Marshall, who opposed recognition, and the president’s advisor on domestic affairs, Clark Clifford who urged recognition. Marshall and Clifford were not on the best of terms, to put it mildly.⁸²⁸

Clifford, the president’s counsel, argued that the Arab nations were dependent on oil revenues, and therefore they would not be quick to use the oil weapon if the U.S. recognized Israel.⁸²⁹ Furthermore, Clifford argued that failure to support Israel, would make the U.S. look as if it were “trembling before threats of a few nomadic desert tribes.”⁸³⁰ Clifford recalls the meeting in the first chapter of his book, *Counsel to the President: a Memoir*, Clifford told

⁸²⁵ Joint Chiefs of Staff, President's Secretary's Files; Truman Papers, *Memorandum for the State-War-Navy Coordinating Committee; June 21, 1946*, SM-6049 (Independence, MO: Harry S. Truman Library).

⁸²⁶ Jeremy Suri, interview by Author, June 10, 2010, Heidelberg.

⁸²⁷ John P. Miglietta, *American Alliance Policy in the Middle East, 1945-1992: Iran, Israel, and Saudi Arabia* (Lanham: Lexington Book, 2002), 213.

⁸²⁸ Clark M. Clifford and Richard C. Holbrooke, *Counsel to the President: a Memoir* (New York: Random House, 1991), 11-12.

⁸²⁹ Ibid.

⁸³⁰ Quoted in Jeffrey S. Gurock, *American Zionism: Mission and Politics*, American Jewish History (New York: Routledge, 1998), 433; Clifford and Holbrooke, *Counsel to the President: a Memoir*, 12.

the president “in an area as unstable as the Middle East, where there is not now and never has been any tradition of democratic government, it is important for the long-range security of our country, and indeed the world, that a nation committed to the democratic system be established there, one on which we can rely. The new Jewish state can be such a place. We should strengthen it in its infancy by prompt recognition.”⁸³¹ Clifford’s assistant George Elsey summarized their position in four points; recognition is consistent with U.S. policy, a separate Jewish state is inevitable, other nations will recognize it anyway, and finally the U.S. ought to recognize it before the Soviet Union.⁸³²

In his record of the meeting, available in FRUS, Marshall questioned the presence of Clifford at the meeting in the first place. Since the meeting was discussing foreign policy issues, what purpose did Clifford’s presence serve? On Clifford’s advice, Marshall said plainly that it was a “transparent dodge to win a few votes,” warning that the dignity of the office would be seriously diminished.⁸³³ Furthermore, Marshall said, “the counsel offered by Mr. Clifford’s advice was based on domestic political considerations, while the problem confronting us was international. I stated bluntly that if the president were to follow Mr. Clifford’s advice, and if I were to vote in the next election, I would vote against the president.”⁸³⁴ Clifford’s domestic concerns were centered on the elections in November to ensure that Truman would gain the American-Jewish vote. Loy Henderson, head of the State Department’s Near Eastern Division wrote to Dean Rusk in 1977, “if Truman had taken positions that would have resulted in a failure to establish the Jewish state, he would almost certainly have been defeated in the November elections since the Zionists had almost the full support of the Congress, the United States media, and most of the American people.”⁸³⁵

According Geselbracht, between 1947 and 1948, the White House received 48,600 telegrams, nearly 800,000 cards and over 80,000 letters on the issue of Palestine.⁸³⁶ In the November elections, Truman won 75 percent of the total Jewish vote in the U.S.⁸³⁷ Even though the Jewish vote was small in number; the Democratic Party was receiving large

⁸³¹ *Counsel to the President: a Memoir*, 12.

⁸³² "Editorial Note: , Document 247," in *Foreign Relations of the United States 1948: The Near East, South Asia, and Africa vol. 5 Part 2.*, Foreign Relations of the United States (United States Department of State).

⁸³³ "Memorandum of Conversation by Secretary of State, Document 246," in *Foreign Relations of the United States 1948: The Near East, South Asia, and Africa vol. 5 Part 2.*, Foreign Relations of the United States (United States Department of State).

⁸³⁴ *Ibid.*

⁸³⁵ Quoted in Michael Joseph Cohen, *Truman and Israel* (Berkeley: University of California Press, 1990), 90.

⁸³⁶ Raymond H. Geselbracht, "The Truman Administration and U.S. Recognition of Israel- A Chronology," in *Israel and the Legacy of Harry S. Truman*, ed. Michael J. Devine, Robert P. Watson, and Robert J. Wolz, The Truman Legacy Series (Kirksville: Truman State University Press, 2008), 98.

⁸³⁷ Louis Sandy Maisel and Iran F. Forman, eds., *Jews in American Politics* (Lanham: Rowman & Littlefield, 2001), 153.

contributions from Jewish donors.⁸³⁸ Furthermore, The Jewish voters compromised three percent of total population, and cast 4 percent of the vote in elections, this one percent difference, explains Miglietta, translated into 750,000 votes, most of which was concentrated in states with large electoral votes.⁸³⁹ The New York vote was “the major prize in the election.”⁸⁴⁰ The Jewish population of New York State was estimated at 14 percent, and in New York City at 20 percent.⁸⁴¹ Representing 94 electoral votes out of 266 needed to win.⁸⁴²

There were electoral, political, and humanitarian considerations that played a role in shaping America’s recognition of Israel. The political one stemmed from having a strategic ally, a democratic friend in an area of such geopolitical importance as the Middle East at a time when competition with the Soviet Union was becoming more intense. There was also an electoral justification, which was important, and did indeed take part in Clifford and Truman’s calculations. But there is also the humanitarian doctrine, which should not be forgotten. Israel was a refuge to prosecuted Jews worldwide, including Holocaust survivors, therefore aiding the new state was a moral, and to Truman, even religious obligation. He was a devout Baptist and was greatly influenced by biblical teachings concerning Israel.⁸⁴³ Truman called himself Cyrus in reference to the ancient king whose actions are recorded in four biblical books. Cyrus liberated the Jews from the Babylonian captivity, and facilitated their return to Jerusalem.⁸⁴⁴

With the resounding defeat of the Arab armies in 1948, and the declaration of Israel’s independence, all was lost to the Palestinians. Their fate in the might and strength of their Arab neighbors to overcome the much smaller Israeli army all but seized to exist. Yet, hope did endure among the Palestine refugees that they would some day, in the not so distant future, be allowed to return to their homes, which they were forced to abandon. Om Fadil, a Palestine refugee born in the early 1930s told me a story when she took her infant son Fadil to a clinic in 1949 that the doctor had informed her that they had best take good care of Fadil since his generation would be the one to “liberate Palestine.” She had responded by telling the doctor that surely the liberation will come well before Fadil is grown. Om Fadil still live, awaiting liberation, and Fadil passed away at the age of 60 few years ago.

⁸³⁸ Miglietta, *American Alliance Policy in the Middle East, 1945-1992: Iran, Israel, and Saudi Arabia*, 212-13.

⁸³⁹ Ibid.

⁸⁴⁰ Ibid., 212-13.

⁸⁴¹ Ibid., 113.

⁸⁴² Ibid.

⁸⁴³ Paul Charles Merkley, *American Presidents, Religion, and Israel: The Heirs of Cyrus* (Westport: Praeger Publishers, 2004), 11-12.

⁸⁴⁴ Michael T. Benson, *Harry S. Truman and the Founding of Israel* (Westport, CT: Praeger Publishers, 1997), 189-90.

The Palestinian nationalist movement's hope revived four years later when the Free Officers of Egypt staged a coup d'état and overthrew King Farouk.⁸⁴⁵ Jamal Abd Al-Nasser, rose to prominence among these officers, and eventually became Egypt's second president.⁸⁴⁶ Nasser and his officers were socialist oriented, and quickly gained the support of the Soviet Union in their conflict with Israel while the latter continued to receive American backing.⁸⁴⁷ Nasser was considered as the father of Pan-Arabism; an ideology that promoted the unification of Arab people and states under one banner, "which was so badly desired by the Arabs."⁸⁴⁸

4.3. The Eagle and the Bear

According to Zionist historian Melvin Urofsky, "the first five years of the Eisenhower administration marked the low point in relations between the Israeli and American government."⁸⁴⁹ In the anti-Zionist camp, Alfred Lilienthal, an American Jew who was most critical of Israel and Zionism, argues that Eisenhower's approach moved away from Truman's "blatant bias toward Israel," into a "neutral course."⁸⁵⁰ Steven Siegel describes the Eisenhower period as "not the pro-Israel camp's finest hour."⁸⁵¹ Regardless of Eisenhower's personal feelings towards Israel, the Cold War required that the Soviet Union be contained, and Israel could play an important role in this process. It was, as John Dulles, Eisenhower's Secretary of State said, "high time that the United States government paid more attention to the Near East and South Asia."⁸⁵²

The U.S. wanted to keep the Middle East away from Soviet influence, due in large part to the paramount importance of the Arab petroleum to European market and the significance of the Suez Canal for international shipping. In a personal diary entry on March 13, 1956, Eisenhower stated, "The oil of the Arab world has grown increasing important to all of Europe. The economy of Europe would collapse if those oil supplies were cut off. If the

⁸⁴⁵ Joel Gordon, *Nasser's Blessed Movement: Egypt's Free Officers and The July Revolution* (New York: Oxford University Press, 1992), 4.

⁸⁴⁶ Priscilla Mary Roberts, *Arab-Israeli Conflict: The Essential Reference Guide* (Santa Barbara: ABC-CLIO, 2014), 137-38.

⁸⁴⁷ Walt, *The Origins of Alliances*, 193-95.

⁸⁴⁸ Tawfig Y. Hasou, *The Struggle for the Arab World: Egypt's Nasser and the Arab League* (Boston: KPI; Distributed by Routledge & Kegan Paul, 1985), 54.

⁸⁴⁹ Melvin I. Urofsky, *We Are One!: American Jewry and Israel*, 1st ed. (Garden City, N.Y.: Anchor Press, 1978), 305.

⁸⁵⁰ Alfred M. Lilienthal, *The Zionist Connection: What Price Peace?* (New York: Dodd, Mead, 1978), 535.

⁸⁵¹ Steven L. Spiegel, *The Other Arab-Israeli Conflict: Making America's Middle East Policy from Truman to Reagan*, Middle Eastern Studies (Chicago: University of Chicago Press, 1985), 51.

⁸⁵² As quoted in *ibid.*

economy of Europe would collapse, the United States would be in a situation of which the difficulty could scarcely be exaggerated.”⁸⁵³

Following the example of NATO in Europe, the Eisenhower administration sought to create a Middle East Treaty Organization, METO, for the purpose of opposing the Soviet Union.⁸⁵⁴ During a visit to Egypt where the Free Officers now governed, Nasser told Dulles that Egypt’s problem was the British, not the Russians. Nasser had no interest in joining METO, which eventually materialized into the Baghdad Pact.⁸⁵⁵ The alliance included countries in the northern part of the Middle East; Turkey, Iran, Iraq, Pakistan and the United Kingdom. Though promises of military and economic aid by the U.S. played a part of negotiating the members’ entry, the U.S. did not join pact but did support it.⁸⁵⁶

Egypt was a non-aligned country in the U.S.-Soviet struggle, however, Nasser “played both superpowers off against each other in order to achieve maximum political and economic benefits.”⁸⁵⁷ The construction of the High Dam in Aswan was a monumental project in Nasser’s presidency. Nasser had already agreed an arms deal with the Soviet Union through Czechoslovakia in September 1955, which was alarming for Israel, and did little to improve his relations with the Eisenhower administration.⁸⁵⁸ Nasser had requested aid from the U.S. in June 1955, only to be rejected because he refused to provide assurances as required by the Mutual Security Act, that such weapons would be used only for defensive purposes.⁸⁵⁹ Even after the arms deal, Eisenhower and Dulles felt that there was still a chance to keep Nasser on the Western side, and persuade him to back out of the arms deal by aiding the dam project.⁸⁶⁰ In December 1955, Dulles announced that the U.S. would provide \$56 million in grants, with \$14 million from the British, to help with the dam construction.⁸⁶¹ Total Western aid, with subsequent grants and loans, and support from the World Bank, would have totaled \$400 million, out of a total cost estimated to be \$1.3 billion.⁸⁶² Despite initial agreement with Nasser’s negotiators on U.S. aid package, Nasser rejected the

⁸⁵³ Quoted in Richard A. Melanson and David Allan Mayers, *Reevaluating Eisenhower: American Foreign Policy in the 1950s* (Urbana: University of Illinois Press, 1987), 195.

⁸⁵⁴ also known as MEDO, Middle East Defense Organization, Henry William Brands, "What Eisenhower and Dulles Saw in Nasser: Personalities and Interests in U.S.-Egyptian Relations," *Middle East Journal; Middle East Policy Council* IV, no. 2 (2016).

⁸⁵⁵ Ibid.

⁸⁵⁶ Roby C. Barrett, *The Greater Middle East and the Cold War* (New York: I. B. Tauris & Palgrave Mcmillan, 2007), 19.

⁸⁵⁷ Richard H. Immerman and Petra Goedde, "Introduction," in *The Oxford Handbook of the Cold War*, ed. Richard H. Immerman and Petra Goedde (Oxford: Oxford University Press, 2013), 7.

⁸⁵⁸ James E. Dougherty, "The Aswan Decision in Perspective," *Political Science Quarterly* 74, no. 1 (1959): 34.

⁸⁵⁹ Ibid.

⁸⁶⁰ Ibid.

⁸⁶¹ Ibid., 23.

⁸⁶² Ibid.

American offer. He feared that such aid would come bundled with restrictions that could restrain his purchase of arms, and come loaded with conditions that would affect his control over Egypt's economy.⁸⁶³

The western aid package deal never materialized as the Eisenhower administration began to perceive Nasser differently after becoming too communist friendly with the arms deal with the Soviets through Czechoslovakia, his recognition of communist China, and the establishment of cultural exchange programs with communist countries.⁸⁶⁴ He was left with two options; to either seek Soviet aid to build the dam, or simply abandon the project. Instead, Nasser took a third course. He nationalized the Suez Canal. As a result of the nationalizing, Britain and France, the stakeholders in the canal, allied with Israel attacked Egypt in a coordinated war. The war began with an Israeli attack on October 29, followed by landing of British and French troops in the canal area, resulting in a quick defeat of the Egyptian army and the occupation of the Sinai by Israel.⁸⁶⁵

The Eisenhower was left in a difficult position due to the attack. They could not simply declare their support for their NATO allies and Israel, and therefore be perceived to be imperialist in their own right while they were criticizing the Soviet actions in Hungary, which was undergoing a revolution at the same time.⁸⁶⁶ According to Eisenhower's Vice President Richard Nixon, "we couldn't on one hand complain about the Soviets intervening in Hungary and, on the other hand, approve of the British and French picking that particular time to intervene against Nasser."⁸⁶⁷ The U.S. called for a Security Council meeting in which the U.S. submitted a draft resolution calling for immediate Israeli withdrawal.⁸⁶⁸ French and British vetoes ensured that no resolution condemning them or stopping the war would be issued from the Security Council.⁸⁶⁹ An emergency General Assembly session was called instead and a U.S. sponsored resolution was passed. There is little doubt that the "even-handed" Eisenhower feared a stronger reaction from the Arab countries, which on its part

⁸⁶³ Spiegel, *The Other Arab-Israeli Conflict: Making America's Middle East Policy from Truman to Reagan*, 68.

⁸⁶⁴ Muhammad Abd el-Wahab Sayed-Ahmed, *Nasser and American Foreign Policy, 1952-1956* (Cairo: The American University Press, 1989), 191.

⁸⁶⁵ Moshe Shemesh, "Egypt: From Military Defeat to Political Victory," in *The Suez-Sinai Crisis 1956: Retrospective and Reappraisal*, ed. Selwyn Ilan Toren and Moshe Shemesh (London: Taylor and Francis e-Library 2005, 1990), 115-16.

⁸⁶⁶ Ibid.

⁸⁶⁷ See László Borhi, "Containment, Rollback, Liberation or Inaction? The United States and Hungary in the 1950s," *Journal of Cold War Studies* 1, no. 3 (1999).

⁸⁶⁸ Edward Johnson, "The Suez Crisis at the United Nations: The Effects of the Foreign Office and British Foreign Policy," in *Reassessing Suez 1956: New Perspectives on the Crisis and its Aftermath*, ed. Simon C. Smith (Aldershot: Ashgate, 2008), 171.

⁸⁶⁹ Ibid.

would have disturbed the flow of oil, and increase anti-American sentiment.⁸⁷⁰ His actions in January the following year open a window for the Arab states to join with the U.S.

On January 5, 1957 Eisenhower addressed a joint session of congress on the situation in the Middle East. Eisenhower pledged economic and military aid, and protection to any nation in the region willing to acknowledge the threat of communism.⁸⁷¹ The speech became the “Eisenhower Doctrine.” According to Salim Yaqub, the British failure to regain control of the Suez Canal marked the end of the British influence in the region and saw the U.S. fill this vacuum for fear that it might be filled by the Soviet Union.⁸⁷² Egypt and Syria had become too friendly with the USSR, and it was feared that other Arab countries would follow suit. According to Eisenhower, Nasser “is a puppet [of the Soviets], even though he probably doesn’t think so.”⁸⁷³

Puppet or independent, Nasser achieved a major victory for himself after the Suez Crisis. Despite the fact that Egypt was defeated militarily, the results of the war enforced Nasser’s position as the leader of the Arab World, and portrayed him as a champion of the free developing world in its struggle against European imperialism. As Salah Khalaf, who would later help establish Fatah and rise to prominence in the PLO, stated, “Nasser has now become the leader of the struggle against imperialism. The daring of the act and the challenge it posed to England and France made a strong and deep impression on all the Arab.” Nasser restored the Arabs and the third world their confidence and honor continues Khalaf, “everything is now possible, even the liberation of Palestine.”⁸⁷⁴

The Palestinian issue did not feature during Eisenhower’s time in office. It was still largely an ignored issue, and when it did come up, it was a question of refugees and displaced person. Few months after Eisenhower took office, the National Security Council stated the foreign policy objectives in the Middle East. The refugee problem’s solution was a resettlement in the Arab countries, repatriation to Israel “to the extent feasible,” as well as providing economic development programs.⁸⁷⁵ Eisenhower was indeed more even handed than his predecessor, and also than his successor, and one may even argue that he was the most even-handed American president to deal with Middle East issues relating to Israel.

⁸⁷⁰ Ibid.

⁸⁷¹ Salim Yaqub, *Containing Arab Nationalism: the Eisenhower Doctrine and the Middle East*, The New Cold War History (Chapel Hill: University of North Carolina Press, 2004), 1.

⁸⁷² Ibid.

⁸⁷³ Quoted in *ibid.*, 2.

⁸⁷⁴ Salah Khalaf, Abu-Iyyad, was the 2nd or 3rd man in the PLO after Arafat and Al-Wazir. As quoted in Shemesh, "Egypt: From Military Defeat to Political Victory," 113.

⁸⁷⁵ Kathleen Christison, *Perceptions of Palestine: Their Influence on U.S. Middle East Policy* (Berkeley: University of California Press, 1999), 99-100.

During his time in office, Eisenhower employed foreign aid in various forms; economic development, political reform, and military assistance to contain the Soviet Union. The attempts failed at keeping the Soviets away from Egypt. The costs of Aswan dam were eventually loaned by the Soviet Union, \$100 million at the official exchange rate.⁸⁷⁶ The Soviet Union also sent material, equipment and experts to aid with the dam construction.⁸⁷⁷

For all of Eisenhower's efforts, Nasser and Egypt moved into the eastern bloc, which did little to enhance the prospects of a solution to the Palestinians, and did much to keep Israel anxious. Between 1956 and 1967, the Soviet Union provided \$2 billion of military aid to the Arab countries, 43 percent of the total went to Nasser, receiving over 530 tanks between 1961 and 1965 alone.⁸⁷⁸

As Nasser and his colleagues were securing their regime in Egypt in the 1950s, and playing games of power with the Americans and Soviets, a young Palestinian Engineering student was mobilizing his fellow Palestinian students at Cairo University. He was Mohammed Abd al-Rauf al-Qudwa, better known as Yasser Arafat with the nom du guerre; Abu-Ammar. For the next 50 years, Arafat would lead the Palestinian cause through many perils and opportunities. He rose to become, arguably, the most popular Palestinian and Arab leader in the 20th century. In October 1959, Arafat and some prominent Palestinians including Khalil Al-Wazir, and Salah Khalaf (Abu-Iyyad), among others met in Kuwait and established the Palestinian National Liberation Movement, Fatah.⁸⁷⁹ The newly formed organization was committed to liberating Palestine by armed struggle. But the lack of financial means and the prosecution its members suffered on the hand of intelligence services of the different Arab regimes put their plans for armed struggle on hold until the mid-1960s.⁸⁸⁰

Eisenhower's successor, president Kennedy, was more supportive of Israel. Indeed, Kennedy was the first president to use the now widely used term "special relationship," to describe U.S.- Israeli relations. According to Christison, Kennedy tried to fix U.S.- Egyptian relations, but had no more success than his predecessor.⁸⁸¹ Shortly after becoming president, Kennedy wrote to the leaders of the prominent Arab countries "pledging help in resolving the Arab-Israeli conflict and the refugee problem."⁸⁸² Kennedy's refugee plan was repatriation to

⁸⁷⁶ Dougherty, "The Aswan Decision in Perspective," 44.

⁸⁷⁷ Ibid.

⁸⁷⁸ Michael Oren, *Six Days of War: June 1967 and the Making of the Modern Middle East* (New York: Presidio Press, 2002), 17-26; Zack Levey, "The United States' Skyhawk Sale to Israel, 1966: Strategic Exigencies of an Arms Deal," *Diplomatic History* 28 (2004): 270.

⁸⁷⁹ George Headlam, *Yasser Arafat*, Biography (Minneapolis: Lerner Publications, 2004), 33.

⁸⁸⁰ Ibid.

⁸⁸¹ Christison, *Perceptions of Palestine: Their Influence on U.S. Middle East Policy*, 104.

⁸⁸² Ibid., 105.

Israel. The U.S. was to assume 60 percent of the costs associated with the process, which would have been in the region of \$1 billion.⁸⁸³ Yet Kennedy was not willing to go against the will of Israel's leaders, and the plan for repatriation never materialized.⁸⁸⁴ Kennedy also pledged support to "all states determined to control their own destiny and to enhance the prosperity of their people."⁸⁸⁵ He was also the first to make it special by being the first president to allow arms sale to Israel in 1962 when he authorized the delivery of Hawk missiles.⁸⁸⁶

After the assassination of president Kennedy on November 22, 1963, his vice-president Lyndon B. Johnson was sworn in aboard Air Force One two hours later. President Johnson was an avid supporter of Israel, perceiving the Jewish state as a crucial Cold War ally.⁸⁸⁷ During his time in the senate, Johnson was a defender of Israel a lobbied on its behalf to be granted multi-million dollar aid package as a part of the Mutual Security program.⁸⁸⁸ Johnson was also critical of Egypt's Nasser calling him "an instrument of the Kremlin."⁸⁸⁹ Johnson's time in office would mark one of the most turbulent eras in the history of the Middle East conflict.

4.3.1. Birth of the PLO (1964)

In January 1964, Nasser called for an Arab summit to meet in Cairo to discuss the state of Arab affairs and gather support for his plans in the water dispute between Jordan and Israel. The Cairo summit was followed by another summit in Alexandria in September to follow up on their plans. Between January and September, the Palestinian Liberation Organization was founded. Iraqi leader Abd al-Karim al-Qasem challenged the Egyptian and Jordanian regimes to allow Palestinians to establish a government in the then Egyptian controlled Gaza Strip and Jordanian controlled West Bank.⁸⁹⁰ Feeling the pressure, Nasser responded by proposing to establish the Palestinian Liberation Organization, and he himself

⁸⁸³ Herbert Druks, *John F. Kennedy and Israel* (Westport: Praeger Security International, 2005), 36.

⁸⁸⁴ Ibid.

⁸⁸⁵ Quoted in Christison, *Perceptions of Palestine: Their Influence on U.S. Middle East Policy*, 105.

⁸⁸⁶ Druks, *John F. Kennedy and Israel*, 36. See also Abraham Ben-Zvi, *John F. Kennedy and the Politics of Arms Sales to Israel* (London: Frank Cass, 2002).

⁸⁸⁷ Yakub Halabi, *U.S. Foreign Policy in the Middle East: From Crisis to Change*, 2nd ed. (Oxon: Routledge, 2016), 49.

⁸⁸⁸ Ibid., 49-50.

⁸⁸⁹ As quoted in Abraham Ben-Zvi, *Lyndon B. Johnson and the Politics of Arms Sales to Israel: in the Shadow of the Hawk* (London: Frank Cass, 2004), 1.

⁸⁹⁰ Uriel Dann, *King Hussein and the Challenge of Arab Radicalism: Jordan, 1955-1967* (Oxford: Oxford University Press, 1989), 109.109

“handpicked” Ahmad al-Shukeiri, who had been a Saudi diplomat to be the organization’s first chairman.⁸⁹¹

The organization was officially formed when 400 Palestinian delegates met at the Intercontinental Hotel in Jerusalem on May 28, 1964.⁸⁹² Shukeiri delivered a speech in which he declared, “on this historic day and in the city of Jerusalem, the people of Palestine meet for the first time after the catastrophe... our conference declares to the entire world that we are here. The people of Palestine... we met and agreed to liberate Palestine.”⁸⁹³ King Hussein agreed that the congress could meet in Jerusalem, so long as his authority over the West Bank was not challenged. One of the invitees to the conference was Yasser Arafat but he did not attend the conference.⁸⁹⁴

4.3.2. The 1967 War

The third major military confrontation in the Arab-Israel conflict began on June 5, 1967 when the Israeli Air Force launched a surprise attack against Egypt’s airfields to destroy both planes and runways, rendering the Egyptian air force ineffective. During the six days of battle, the IDF gave the vastly superior in number Arab armies another bloody nose on three fronts; Jordan, Syria and Egypt. Estimates put the number of Egyptian casualties between 10,000-15,000 between dead and missing, Jordan had 6000 dead or missing, Syria was left with 2500 dead and hundreds of tanks and aircrafts destroyed. Israel lost less than 1000 soldiers in comparison. It was a major victory for Israel by all military standards.⁸⁹⁵

On June 19, 1967, Johnson delivered a speech at the State Department in which he outlined his vision for the Middle East. According to Charles Smith, the Johnson speech became “the bible of American policy” and “the foundation of UN Security Council resolution 242...”⁸⁹⁶ During the speech, Johnson made five important points, or lessons to be learned from the past month;

1. Every nation in the area has a right to live, and have this right respected by its neighbors.

⁸⁹¹ Rubin and Rubin, *Yasir Arafat: a Political Biography*, 30-31.

⁸⁹² Ibid.

⁸⁹³ Aljazeera, "Filastin (Palestine)," in *Hikayat Thawra (Tale of a Revolution)*, ed. Omar al-Issawy (2008).

⁸⁹⁴ Barry M. Rubin, *Revolution Until Victory?: The Politics and History of the PLO* (Cambridge: Harvard University Press, 1994), 2.

⁸⁹⁵ War casualties, Spencer Tucker and Priscilla Mary Roberts, *The Encyclopedia of Middle East Wars: the United States in the Persian Gulf, Afghanistan, and Iraq Conflicts*, 5 vols., vol. I: A-D (Santa Barbara, Calif.: ABC-CLIO, 2010), 176; Rubin and Rubin, *Yasir Arafat: a Political Biography*, 31.

⁸⁹⁶ Charles D. Smith, "The United States and the 1967 War," in *The 1967 Arab-Israeli War: Origins and Consequences*, ed. WM Roger Louis and Avi Shlaim (Cambridge: Cambridge University Press, 2012).

2. A human requirement for settlement, justice for the refugees... “there will be no peace for any part in the Middle East unless this problem is attacked with ne energy...”
3. Respect for maritime, and right of passage through international waterways should be respected by all nations.
4. Opposition to arms race.
5. Respect for the territorial integrity of all states.⁸⁹⁷

The most obvious consequence of the 1967 War was the significant increase of land under Israeli control, or occupation. Israel added the West Bank, the Gaza Strip, the Golan Heights and the Sinai Peninsula. Consequently, the war resulted in the passing of UNSC Resolution 242, which would later become the basis for peace negotiations between the Israelis and the Palestinians. Resolution 242 was sponsored by the British delegation and was adopted unanimously by the Security Council on November 22, 1967. It emphasized in its preamble the “inadmissibility of the acquisition of territory by war and the need just and lasting peace in the Middle East in which every State in the are can live in security.”⁸⁹⁸ It advocated two principles; Israeli withdrawal from territories it occupied in recent conflict; and the “termination of all claims or states of belligerence and respect and acknowledgment of the sovereignty, territorial integrity and political independence of every states...”⁸⁹⁹

Another major consequence of the 1967 War was the devastation it brought to Arab morale in general and Palestinian morale in particular. The swift heavy defeat inflicted by the Israeli Defense Forces (IDF) on Egypt’s Nasser, which was accounted as the strongest of the Arab countries and the leader of the Arab world, demoralized the Palestinian populace and the Palestinian leadership. In a meeting in a Damascus restaurant following the war, Khalid al-Hassan recalled how George Habash, a Palestinian Christian Marxist and the leader of the PFLP, was crying openly and saying how everything was lost. Arafat reportedly said to him, “George, you are wrong, this is not the end, it’s the beginning.”⁹⁰⁰ Arafat saw an opportunity

⁸⁹⁷ President Lyndon B. Johnson, "Address at the State Department's Foreign Policy Conference for Educators: June 19, 1967," in *The American Presidency Project* (Online by Gerhard Peters and John T, Woolley: The American Presidency Project).

⁸⁹⁸ United Nations Security Council, "Resolution 242 of 22 November 1967," (Online: United Nations Organization Website).

⁸⁹⁹ Ibid.

⁹⁰⁰ "Document 217- The Seizure of the Saudi Arabian Embassy in Khartoum," in *Foreign Relations of the United States, 1969-1976, Volume E-6, Documents on Africa, 1973-1976* (United States Department of States Office of the Historian), 234.

in the Arab defeat to unite the Palestinians and see them take the lead in their own cause rather being an instrument of the Arab regimes, or a problem for refugees.⁹⁰¹

It was the War of 1967 that gave Arafat the support his organization needed. After the Arabs' second defeat and Israel's occupation of Jerusalem, the West Bank, the Gaza Strip, the Golan Heights and the Sinai Peninsula, the PLO was devastated and its strength was all but spent. Nasser wished to distance himself from the PLO and avoid becoming entangled in its failures. He probably saw Fatah as the better alternative since its approach through armed struggle proved more popular. Disregarding the advice of his intelligence chiefs, Nasser met Arafat, an armed Arafat, for the first time in November 1967.⁹⁰²

One event in March 1968 is worth considering due to its significance in Fatah's development. Fatah and other Palestinian groups' attacks against Israel, and into the recently occupied West Bank, increased significantly after the 1967 War.⁹⁰³ On March 18, 1968, a mine exploded under a school bus, killing two and wounding 10 more.⁹⁰⁴ The Israeli cabinet decided to cross into Jordan to eliminate the *Fedayeen* threat originating from the town of Karameh, which they had been using as a base, with Yasser Arafat himself making the town his headquarters.⁹⁰⁵ Israel's attack was defeated, and the operation failed to achieve its goals, leaving Israel with 28 killed and 90 wounded among its forces.⁹⁰⁶ In his biography of Arafat, British historian Alan Hart provides a detailed account of the fighting and the doings of Arafat and his aides during the battle. The *Fedayeen* won with the aid of Jordanian and Iraqi forces, but sustained heavy casualties in comparison with Israel, yet it was a major victory for Arafat when considering the consequences of the Battle of Karameh.

Following the Battle, thousands of Palestinians flocked to join Fatah. Within 48 hours of the battle, 5000 Palestinians registered to become Fedayeen, and Time Magazine carried a full account of the battle in its December 1968 issue.⁹⁰⁷ The Palestinians saw a cause for celebration and optimism.⁹⁰⁸ The battle elevated Arafat and Fatah's position to a great extent

⁹⁰¹ William R. Polk, "The Battle for Palestine- Part Two," (Online: Consortium News, 2014).

⁹⁰² Hart, *Arafat: Terrorist or Peacemaker*, 268.

⁹⁰³ Boaz Ganor, "Israel and the Palestine Liberation Organization," in *The Routledge History of Terrorism*, ed. Randall D. Law (Oxon and New York: Routledge, 2015), 242.

⁹⁰⁴ Martin Sicker, *The Middle East in the Twentieth Century* (Westport: Praeger, 2001), 247.

⁹⁰⁵ *Fedayeen*: Arabic title for Palestinian fighters during the revolution, literal meaning is "those who sacrifice," Karameh in Arabic means dignity. Jussi Hanhimaeki, *The Flawed Architect: Henry Kissinger and American Foreign Policy* (Oxford: Oxford University Press, 2004), 93.

⁹⁰⁶ Hart, *Arafat: Terrorist or Peacemaker*, 262.

⁹⁰⁷ Helena Cobban, *The Palestinian Liberation Organization: People, Power and Politics* (Cambridge: Cambridge University Press, 1984), 42.

⁹⁰⁸ David Hirst, *The Gun and the Olive Branch: The Roots of Violence in the Middle East*, 3 ed. (New York: Thunder's Mouth Press/Nation Books, 2003); John K. Cooley, *Green March, Black September: The Story of the Palestinian Arabs* (London: Frank Cass Publishers, 1973).

in Palestinian and Arab circles. "The Arafat who rose from what should have been his grave was much more powerful than the pre-Karamah man," says Hart.⁹⁰⁹ Arafat strengthened his hold on Fatah, which until then had tried to remain a secret organization, hiding the names and faces of its leader until Karamah when Arafat was chosen to be the organization's official spokesperson.⁹¹⁰

Bassam abu-Sharrif, a former leader in the PFLP and a close advisor of Arafat, argues that the Nasser-Fatah relationship in 1969 was more than an alliance, it was an "adoption," so much so that Nasser asked Arafat to accompany him on a trip to Moscow.⁹¹¹ Furthermore, Nasser publicly endorsed Arafat and gave him a radio station as a gift.⁹¹² According to abu-Sharrif, Nasser promised Arafat the support he needed, and also promised him that he would be the next chairman of the PLO.⁹¹³ On February 1969, Arafat was elected Chairman of the Palestinian Liberation Organization during a Palestinian National Council meeting, with Arafat becoming chairman, Fatah also became a part of the PLO.⁹¹⁴

According to Quandt, U.S. policy towards the Palestinians from 1950 until the 1967 War, was to try and freeze the situation in post 1949 status quo. Jordan would annex the West Bank and the Jordanians would become the interlocutors on issues involving the Palestinians, and this was the beginning of the Jordan option. The Jordanian government was perceived much more positively than its Egyptian counterpart since it was influenced by British, and had an under table relationship with Israel. Jordan became the choice to absorb the Palestinian problem. There was a notion, says Quandt, that we could not solve the problem, but we could contain the conflict and hope that the passage of time would allow this issue to be absorbed. Palestinians would become Jordanians, Syrians and Lebanese with some compensation for their losses. This notion prevailed during the Eisenhower, Kennedy and into Johnson until the 1967 War.⁹¹⁵

4.4. Nixon, Kissinger, War and Oil

By 1968-1969 there was a feeling in American foreign policy circles that maybe they needed to look at the Palestine issue in a different way.⁹¹⁶ If the Johnson and Nixon

⁹⁰⁹ Hart, *Arafat: Terrorist or Peacemaker*, 264.

⁹¹⁰ *Ibid.*, 265.

⁹¹¹ Bassam abu-Sharrif in Aljazeera, "al-Bundiqa wa Ghosn al-Zaytoun (The Rifle and the Olive Branch)," in *Hikayat Thawra (Tale of a Revolution)*, ed. Omar al-Issawy (Aljazeera, 2008).

⁹¹² Rubin and Rubin, *Yasir Arafat: a Political Biography*, 42.

⁹¹³ Bassam abu-Sharrif in Aljazeera, "al-Bundiqa wa Ghosn al-Zaytoun (The Rifle and the Olive Branch)."

⁹¹⁴ Rubin and Rubin, *Yasir Arafat: a Political Biography*, 43.

⁹¹⁵ Quandt, "Quandt Interview. Washington D.C., 2014."

⁹¹⁶ *Ibid.*

administrations wished to ignore the Palestinian problem any longer, the PLO did not give them that option. If president Johnson had picked up a Time Magazine's December 1969 issue during his final month in the White House, he would have found a photo of Arafat on the front cover under the heading *The Arab Commandos: Defiant New Force in the Middle East*.⁹¹⁷ The Arab Commandos, or *Fedayeen* led by Arafat had become a new player, and an important one at that, in a game that was becoming more complicated in the Middle East. They had become, according to a British journalist in 1969, "a real and aggressive component in the Israeli nightmare."⁹¹⁸

This was the situation faced by president Nixon when he arrived at the Oval Office, with Secretary of State William Rogers, and Henry Kissinger as his National Security Advisor. The Nixon administration's policy towards the Middle East "was sorely lacking in direction and woefully uninterested in the Palestinian question."⁹¹⁹ Having had served for eight years as Eisenhower's vice-president, Nixon did not lack foreign policy experience, nor did he lack understanding of the ongoing events in the Middle East. Nixon was "a tough minded anticommunist and an advocate of a strong international role for the United States."⁹²⁰ His administration's view of Arafat was that he was a radical terrorist, anti-West, anti-Israel, Soviet- friendly or a puppet of one or the other of Arab regimes.⁹²¹ Events in the early 1970s did little to change this view, if not actually enforce it.

The first was the 1970 crisis in Jordan, which elevated the significance of the Palestinian question greatly. Since its victory in the Battle of Karameh, Fatah and the various PLO factions began to exercise the power of policing Jordan, particularly within the capital Amman. Slowly, King Hussein was losing control of his own capital as the Palestinian factions roamed freely creating a state within a state.⁹²² The PLO was grown in power in all respect; they had multiplied their numbers, improved their training, received better equipment, and were becoming battle hardened combatants from their frays with Israel, and each other. Recalling a visit to Jordan in the spring of 1970, Quandt said that it was not possible to travel around Amman without a PLO escort.⁹²³ U.S. ambassador to Jordan was

⁹¹⁷ Time Magazine, "Yaser Arafat Cover Photo, Time Magazine, December 13, 1968," (Online: Time Magazine).

⁹¹⁸ Cobban, *The Palestinian Liberation Organization: People, Power and Politics*, 42.

⁹¹⁹ Hanhimaeki, *The Flawed Architect: Henry Kissinger and American Foreign Policy*, 94.

⁹²⁰ Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 55.

⁹²¹ "Quandt Interview. Washington D.C., 2014," 102.

⁹²² Mamdouh Noufal; Nayef Hawatma in Aljazeera, "Hanoi al Arab (The Arab's Hanoi)," in *Hikayat Thawra*, ed. Omar al-Issawy (Aljazeera, 2008).

⁹²³ Quandt, "Quandt Interview. Washington D.C., 2014."

sending messages to Washington along the lines of King Hussein is finished, he had lost control over his capital city.⁹²⁴

The Palestinian militants did as they pleased. Between September 6, and September 9, 1970, the PFLP hijacked four airplanes, and an attempt to hijack a fifth was foiled, three of the planes were taken to a small airstrip called Dawson's field, or as the PFLP labeled it "Revolution Airport," to bargain for the release of Palestinian prisoners.⁹²⁵ The Palestinian militants perceived the Jordanian regime as weak, and that somehow gave them the right to call for dismantling it, and establishing a "Hanoi" in Amman.

Al-Jazeera's *Hikayat Thawra* (The Tale of a Revolution), is a 13 episode documentary series following the evolution of Palestinian Nationalism. The title of the fourth episode was "The Arab's Hanoi," and it focused primarily on the 1970 crisis in Jordan. It was the desire of these factions to create a Hanoi in Jordan, from which they could attack Saigon in Israel. The fact that Hanoi and Saigon were used as example is enough to know that the source of this problem was the Marxist factions within the PLO, as Nayef Hawatma of the DFLP himself confirmed.⁹²⁶ According to him, "Amman must be turned into the Arab's Hanoi... there was idea among the PFLP, DFLP, Saiqa and General Command... all factions except Fatah, declared publicly wanting to bring down the regime."⁹²⁷

Since its founding, Fatah adopted a policy of Palestinian non-intervention in the internal affairs of Arab states, and did maintain this policy in Jordan in late 1969 and 1970.⁹²⁸ Other Palestinian factions, however, earned their bread and salt from the regimes in Syria and Iraq and the Baathist Party that emphasized pan-Arabism and collective Arab nationalism in these two countries.⁹²⁹ Unlike Fatah, these factions received assistance from Iraq and Syria, and were ever ready to do these regimes' bidding. The PFLP, the DFLP, Saiqa and Arab Liberation Front were at odds with Hussein, or rather, their donors Syria and Iraq and their Baathist Party did not like Hussein and his close ties to the "imperialist west." To them, Hussein was a "reactionary," a "puppet of Western Imperialism," or a "Zionist tool."⁹³⁰ There is no doubt that they wished to dispose of Hussein. Unfortunately for them, neither Israel nor the U.S. were ever willing to let Hussein fall and leave Jordan to the Palestinians.

⁹²⁴ Avi Shlaim, *Lion of Jordan: The Life of King Hussein in War and Peace* (New York: Vintage, 2007), 326-27.

⁹²⁵ Cobban, *The Palestinian Liberation Organization: People, Power and Politics*, 43.

⁹²⁶ Mamdouh Noufal in Aljazeera, "Hanoi al Arab (The Arab's Hanoi)."

⁹²⁷ Noufal in "al-Bundiqiya wa Ghosn al-Zaytoun (The Rifle and the Olive Branch)."

⁹²⁸ Moshe Shemesh, *The Palestinian Entiry 1959-1974: Arab Politics and the PLO*, 2 ed. (Oxon and New York: Frank Cass, 1996), 154.

⁹²⁹ Cobban, *The Palestinian Liberation Organization: People, Power and Politics*, 48.

⁹³⁰ *Ibid.*, 49.

Kissinger assembled the Washington Special Actions Group, (WSAG), whose purpose was to develop plans for the unfolding events in Jordan. According to Kissinger's memoirs, WSAG developed two plans for international intervention in Jordan.⁹³¹ The first involved the use of American forces to evacuate American citizens from Jordan, leaving Israel to handle any Syrian or Iraqi forces that chose to support the Palestinian militants.⁹³² The second plan, which was simpler, left Israel out of the equation and laid the burden of saving Hussein's regime on the American military itself.⁹³³ In the end, neither was required as the process of solving the problems caused by militants was done by "the tough little king's" own army, and quite effectively.⁹³⁴

The hostilities came to an end on October 27, when Arafat and Hussein signed a ceasefire agreement under Nasser's guidance by which the PLO withdrew from major Jordanian cities.⁹³⁵ The U.S. made a series of moves with the intent of letting the Soviet Union and its allies in the region, particularly Iraq and Syria, know that the U.S. would intervene if the need pressed, and if these states rushed to help the Fedayeen. There were over 17,000 Iraqi soldiers in Jordan, but they did not intervene.⁹³⁶ Syria sent some tanks in an apparent message to Hussein, but their advance did not last long under the threat of Israeli intervention on Hussein's behalf.⁹³⁷

Of all the terrible consequences the defeat of the PLO in Jordan created, the emergence of the notorious Black September Organization (BSO) was the worst. The organization emerged following the Jordanian- Palestinian clashes with the goal of punishing King Hussein and Jordan, but soon their operations expanded to include Israel and Israelis wherever they could be found. Bin Bella, one of the first Black September militants recalls the founding and a meeting with Salah Khalaf in which he informed Ben Bella and other fighters that they would soon be dismissed from Fatah ranks for a greater purpose, a task as hard and vital as the founding of Fatah itself. In November 1971, the organization struck its first blow, assassinating Jordan's Prime Minister Wasfi al-Tal in Cairo, killing him with 14 bullets, according to Jawad Abu-Aziza, one of the attackers.⁹³⁸

⁹³¹ Henry Kissinger, *Henry Kissinger: The Complete Memoirs*, (Simon & Chuster, 2013). Rumors of War.

⁹³² Ibid.

⁹³³ Ibid.

⁹³⁴ Kissinger's description of King Hussein in his memoirs *ibid.*

⁹³⁵ Hanhimaeki, *The Flawed Architect: Henry Kissinger and American Foreign Policy*, 96.

⁹³⁶ Abdel Bari Atwan, *A Country of Words: a Palestinian Journey from the Refugee Camp to the Front Page* (London: Dar Al-Saqi, 2008), 79.

⁹³⁷ Cooley, *Green March, Black September: The Story of the Palestinian Arabs*, 116.

⁹³⁸ Aljazeera, "Ayloul Al-Aswad (Black September)," in *Hikayat Thawra (Tale of a Revolution)*, ed. Omar al-Issawy (Aljazeera, 2008).

Two major attacks by BSO had resounding global impact. The first of the most infamous operations of BSO was the kidnapping of Israeli athletes participating in the September 1972 during the Summer Olympic in Munich in what was called by BSO as Operation Iqrit and Biram, two Christian villages in Palestine whose inhabitants were forced to migrate after attacks by the Jewish terrorist group Haganah in 1948. The better, and far fitter description of the operation would be the Munich Massacre. 11 members of the Israeli Olympic team were taken hostage, to demand the release of Palestinian prisoners, as well as the release of Andreas Baader and Ulrike Meinhof, the founders of the German Red Army Faction, a leftist terror group in Germany. The attackers demanded transportation to Cairo, which was not thrilled to be involved in the crisis to say the least.⁹³⁹ In the airport, where the hostages and attackers were to be transported, the German rescue attempt failed, realizing this, the attackers turned on the hostages, firing their machine guns and throwing hand-grenades, killing all of the hostages. BSO's account, provided by Abu-Dawoud, argued that the hostages were killed in the crossfire, rather than executed by the BSO terrorists.⁹⁴⁰

It was an outrageous operation by all standards, worse than anything the PFLP had done with its earlier plane hijackings. King Hussein, whose authorities were at war with BSO, described the action as "a savage crimes against civilization... perpetrated by sick minds."⁹⁴¹ Three of the attackers were actually taken alive by German authorities. On October 29, BSO kidnapped a Lufthansa airline flight, and demanded the release of the three attackers. Bonn agreed to the demands and released the prisoners. In response, Israeli Mossad launched Operation *Mivtza Za'am Hael*, or Wrath of God, in which Israeli Mossad targeted and killed members of the BSO, which were believed to have played a role in the kidnapping.⁹⁴²

Few months later, this time in Africa, Black September attackers broke into the Saudi Embassy in the Sudanese capital Khartoum on March 1, 1973. The goal of the operation was to take hostages to trade for Palestinian prisoners in Israeli prisons; Sirhan Sirhan, Robert Kennedy's assassin; and members of the Baader-Meinhof Gruppe, the German Red Army Faction.⁹⁴³ Later, Black September changed its demands to the release of Black September prisoners in Jordan. Among the hostages were two Americans; Cleo A. Noel, U.S.

⁹³⁹ David Clay Large, *Munich 1972: Tragedy, Terror and Triumph at the Olympic Games* (Lanham: Rowan and Littlefield, 2012), 221.

⁹⁴⁰ Aljazeera, "Ayloul Al-Aswad (Black September)."

⁹⁴¹ Quoted in Cooley, *Green March, Black September: The Story of the Palestinian Arabs*, 128.

⁹⁴² Aljazeera, "Ayloul Al-Aswad (Black September)."

⁹⁴³ Aaron J. Klein, *Striking Back: The 1972 Munich Olympic Massacre and Israel's Deadly Response* (New York: Random House, 2007), 150.

Ambassador to Sudan; George Curtis Moore, U.S. Deputy Chief of Mission to Sudan; and Guy Eid, a Belgian diplomat, Adli al Nasser, Jordanian diplomat; and Sheikh Abdullah al Malhouk, Saudi Arabia's Ambassador to Sudan, his wife and four children.⁹⁴⁴

The next day, President Nixon said that the U.S. would not "pay blackmail," which many considered to be a "blunder and shocking display of indifference to the fate of two American diplomats held at gunpoint by fanatical killers."⁹⁴⁵ Few days later, the American ambassador, his deputy and Guy Eid, the Belgian diplomat, were executed. A secret State Department report assigned the blame on Arafat himself. According to the report "the Khartoum operation was planned and carried out with the full knowledge and personal approval of Yasir (sic) Arafat."⁹⁴⁶ The report stated, "one of the primary goals of the operation was to strike at the United States because of its effort to achieve a Middle East peace settlement which many Arabs believe would be inimical to Palestinian interests." The report concluded "the Khartoum operation again demonstrated the ability of the BSO to strike where least expected."⁹⁴⁷

On the role of Arafat with the BSO, it would be unfair and simply false to hold him blameless, or to argue that the attack took place without his knowledge and most likely, approval as well. As Abu-Dawoud, one of BSO's most prominent leaders, commented during an Aljazeera interview, "Arafat was the leader of a revolution; nothing took place without his knowledge."⁹⁴⁸ Following the BSO attacks, Fatah declared an end to all external operations, and that any outside the military struggle against Israel would have reverse consequences.⁹⁴⁹

4.4.1. 1973 Crisis

In October 1973, the Middle East was to live through yet another war between Israel on one side and Egypt and Syria on the other in their bid to restore territories lost in the 1967 war.⁹⁵⁰ Egypt had rearmed its army with Soviet support and launched its war in order to regain the territory it lost in the 1967 War.⁹⁵¹ A day before the start of the war, recalls Farouq al-Qaddoumi, President Anwar Al-Sadat of Egypt met with Qaddoumi, Salah Khalaf and a

⁹⁴⁴ Aljazeera, "Ayloul Al-Aswad (Black September)."

⁹⁴⁵ David A. Korn, *Assassination in Khartoum* (Bloomington and Indianapolis: Indiana University Press, 1993), 226.

⁹⁴⁶ "FRUS, 1969-1976, Volume E-6, Documents on Africa, 1973-1976, Document 217- The Seizure of the Saudi Arabian Embassy in Khartoum."

⁹⁴⁷ Ibid.

⁹⁴⁸ Abu Dawoud in Aljazeera, "Ayloul Al-Aswad (Black September)."

⁹⁴⁹ Ibid.

⁹⁵⁰ The 1973 War is known as "Yom Kippur War" in Israel, "Ramadan War" in Egypt.

⁹⁵¹ Tucker and Roberts, *The Encyclopedia of Middle East Wars: the United States in the Persian Gulf, Afghanistan, and Iraq Conflicts*, I: A-D, 1145-46.

number of high-ranking Fatah officials. During the meeting, Sadat informed the leaders of his plans to attack Israel and urged them to ready the PLO forces. Sadat had planned to advance 10 km after crossing the Suez Canal as he expected the “big countries” to intervene.⁹⁵² Sadat had already chosen the diplomatic option to resolve Egypt’s differences with Israel, and he had no intention of carrying out a long war to retake the Palestinian territories, instead, he saw the short war of 1973 as a way to bring attention to the region and force a peace compromise.⁹⁵³

The war lasted for 19 days and left thousands of Egyptians, Syrians, and Israelis dead, injured, or captured. Israel was taken by surprise, allowing Egypt and Syria to score some major victories in the beginning of the hostilities. Soon after, the tables turned. Israel countered on both fronts, and was able to absorb the attacks before retaliating, nearly reaching Damascus on the Syrian front. On the Sinai front, Ariel Sharon outmaneuvered the Egyptians, and managed to cross to the Western side of the canal and surround Egypt’s Third Army.⁹⁵⁴

During the War, President Richard Nixon authorized the largest airlift in United States’ military history. Ammunition and various supplies were sent to aid Israel in its war with the Arab states with the total cost mounting to an impressive \$2.2 billion.⁹⁵⁵ The Soviet Union responded by doing the same with Egypt. The Cold War tensions were rising threatening to drag more nations into the zone. Henry Kissinger was on the move to avoid a disaster, he went to Moscow to discuss a ceasefire but his visit was not successful to the extent that 5 days later, U.S. forces around the world were put on Red Alert, a nuclear alert, claims Hard.⁹⁵⁶ Though in his memoirs and in *Crisis*, Kissinger says that the forces were put on DefCon (Defense Condition) Three, the highest level of alert, particularly when information reached D.C. that the Soviet Union was planning a rescue operation of Egypt’s besieged third army.⁹⁵⁷

Furthermore, and perhaps the most important aspect of this particular conflict was when in response to America’s support for Israel, the Arab controlled Organization of

⁹⁵² Farouq al-Qadoumi in Aljazeera, "al-Bundiqa wa Ghosn al-Zaytoun (The Rifle and the Olive Branch)." (Arabic).

⁹⁵³ Rubin and Rubin, *Yasir Arafat: a Political Biography*, 81.

⁹⁵⁴ See Hanhimaeki, *The Flawed Architect: Henry Kissinger and American Foreign Policy*, 314. And Tucker and Roberts, *The Encyclopedia of Middle East Wars: the United States in the Persian Gulf, Afghanistan, and Iraq Conflicts*, I: A-D, 125, 32-34.

⁹⁵⁵ Lasensky, "Paying for Peace... 2004," 213.

⁹⁵⁶ Hart, *Arafat: Terrorist or Peacemaker*, 376.

⁹⁵⁷ Lawrence Freedman, *A Choice of Enemies: America Confronts the Middle East*, (New York: PublicAffairs, 2007). 31; Alistair Horne, *Kissinger 1973: The Crucial Year* (New York: Simon and Schuster, 2009), 300. Defcon runs from 5 to 1.

Petroleum Exporting Countries (OPEC), embargoed the sale of oil to any state it believed supported Israel, even Saudi Arabia, a traditional U.S. ally joined this embargo.⁹⁵⁸ In December of the same year, OPEC announced a vast increase in the price of oil. Though Arab petroleum accounted only to 37 percent of western market, the results were devastating.⁹⁵⁹ According to a Department of Energy report released in 1974, the five-month embargo cost 500,000 jobs, and almost \$20 billion loss in gross domestic product (GDP).⁹⁶⁰ If any official had any doubt about the importance of the Middle East and, further, the dire need to resolve the ongoing conflict, this devastating effect on the economy was surely enough to abolish it.

The 1973 War and the OPEC's oil embargo brought the Palestinian issue to a whole new level of importance. And the PLO attempted to capitalize on it. It was clear to Arafat and leaders of the Palestinian factions within the PLO that sooner or later they ought to submit to the diplomatic option. That is to say that their focus until then had been on military operations and terror attacks against Israel and its interests abroad, they realized that they needed to have a clear political program on which they could pursue the establishment of a Palestinian state. However, Arafat faced the challenge of the hardliners who did not believe in such step.⁹⁶¹

Beginning in November 1973, Henry Kissinger embarked on a journey of "shuttle diplomacy" between Israel, Egypt and Syria in order to stop hostilities and negotiate an agreement.⁹⁶² Naturally, the issue of Palestine rose at many of these meetings. Kissinger was aware of the importance of the Palestinian Question, but he chose to ignore it, probably due to the complexity of the issue and the burden it would have added to his efforts. Or another possible explanation is that he did not want to deal with Arafat, his concern was preventing another war, and not necessarily achieving a long-term peace settlement. The last thing the U.S. wanted was another war that would certainly disrupt the flow of oil, increase its price and give the Soviet Union more influence in the region.

Kissinger urged Israel to surrender land to Jordan in order to "lock Hussein in negotiations."⁹⁶³ Indeed, as Kissinger told Rabin in Washington when the latter came to

⁹⁵⁸ Hastedt, *Encyclopedia of American Foreign Policy*, 373.

⁹⁵⁹ Ibid.

⁹⁶⁰ United States Department of Energy as quoted in John P. Girard, *America and the World*, ed. Randall M. Miller, Major Issues in American History (Westport: Greenwood Press, 2001), 236-37.

⁹⁶¹ Hart, *Arafat: Terrorist or Peacemaker*, 380-81.

⁹⁶³ Mohammed K. Shadid, *The United States and the Palestinians* (London: Croom Helm), 102. See also Alan Hart, *Arafat...* 405.

attend President Ford's inauguration in 1974, the choices were either; a total settlement or a series of partial settlements."⁹⁶⁴ The total settlement would include all issues and its failure would result in great pressures. Furthermore, total settlement would have raised the issue of the 1967 borders prematurely. And finally, total settlement would raise questions on Jerusalem and the Palestinians. For these reasons, "there must be some alternative framework to prevent the Palestinian issue from overwhelming all else."⁹⁶⁵

With Nixon distracted with the Watergate Scandal, which eventually led to his resignation on August 9, 1974, the running of foreign policy was left to Kissinger. Sadat urged Kissinger to open communication with the PLO, the two had developed a serious relationship, according to Quandt.⁹⁶⁶ Nixon authorized Vernon Walters, Deputy CIA director, to meet with Khalid al Hassan, "number two to Arafat" in Morocco in March 1974. Khalid was an acceptable face of PLO leadership to the Americans since he did not occupy an official position within the PLO. The *Foreign Relations Series* includes messages on the meetings from Walters to Kissinger.⁹⁶⁷ The talks came to nothing in the end. Walters reiterated the U.S.'s position that King Hussein was a friend of the U.S. and cautioned against overthrowing his regime. The U.S., according to Walters, was not an expert in the history of intra-Arab politics and culture that it could invent solution.⁹⁶⁸

In their critical biography of Arafat, Rubin and Rubin argue that another factor played a role in America's wish to talk with the PLO. The motive was "to avoid more attacks on its own officials."⁹⁶⁹ According to Rubin, there were "credible reports" that the PLO was planning to target Secretary Rogers during his 1973 visit to the Gulf. "To defuse such a potential terrorist campaign against the United States," Nixon sent Walters to meet with PLO officials in Morocco in March 1974.⁹⁷⁰

Kissinger's diplomacy between Egypt and Israel culminated in the Second Sinai Agreement on September 1, 1975.⁹⁷¹ The two parties agreed that the conflict between them would not be resolved by military force, but through peaceful means. Egypt agreed to allow non-military ships destined for Israel, or leaving from Israel, to pass peacefully through the Suez Canal. Israel would withdraw from occupied territories in the Sinai in 14 stages,

⁹⁶⁴ Henry Kissinger, *Years of Renewal*, (New York: Touchstone, Simon and Chuster, 1999). 829.

⁹⁶⁵ Ibid.

⁹⁶⁶ Quandt, "Quandt Interview. Washington D.C., 2014."

⁹⁶⁷ Arab-Israeli Crisis and War, 1973, (U.S. Department of State, Office of the Historian, 2015). 2874.

⁹⁶⁸ Ibid.

⁹⁶⁹ Rubin and Rubin, *Yasir Arafat: a Political Biography*, 74.

⁹⁷⁰ Ibid.

⁹⁷¹ Martin Gilbert, ed. *The Routledge Atlas of the Arab-Israeli Conflict*, 10th ed. (New York: Routledge, 2012), 98.

beginning on November 1975 and ending in February the following year.⁹⁷² A month following the agreement, Sadat visited Washington to mark the first visit of an Egyptian president to the American capital. During his trip, Sadat requested military aid, and received positive response from the Ford administration regarding his request.⁹⁷³ The signing of the Second Sinai Agreement marked a new era in American-Egyptian relations. Egypt and Sadat abandoned the Soviet camp, in exchange for American friendship and American foreign assistance.

In September 1975, Israeli Prime Minister Yitzhak Rabin managed to acquire U.S. commitment not to recognize the PLO and not negotiate with it until the PLO renounced terror and accepted UN resolution 242.⁹⁷⁴ In a press conference in November 1975, in response to the following question, "...State Department officials suggested that the Palestinian issue was at the core of the problem in the Middle East. Do you agree with that?" President Ford responded, "it certainly is a very important part of the problem, because the Palestinians do not recognize the State of Israel. And under those circumstances, it is impossible to bring the Palestinians and the Israelis together to negotiate. So, unless there is some change in their attitude, I think you can see a very serious roadblock exists."⁹⁷⁵

According to Kissinger, in order to facilitate Arab-Israeli negotiations, the U.S. attached a memorandum of understanding with Israel following each disengagement agreement between the belligerents. To the U.S., the memorandum "outlined American attitudes toward various contingencies."⁹⁷⁶ After the Syrian disengagement, U.S. had agreed to "sympathetically" study Israel's security needs, writes Kissinger. The Israeli government saw this memorandum as "a legal commitment to a gigantic request for a ten-year authorization of \$40 billion..." to be requested by the administration from congress on behalf of Israel.⁹⁷⁷ It was to be the largest request ever made by any administration on behalf of a foreign country, according to Kissinger. The request was made during Nixon's last days in office, when Nixon hesitated; Israel made the request a precondition for continuing the peace process. Nixon was very annoyed and refused. The matter was one of the first issues president Ford had to deal with. During Ford's first NSC meeting, Defense Secretary James

⁹⁷² Ibid.

⁹⁷³ Ted Hopf, *Peripheral Visions: Deterrence Theory and American Foreign Policy in the Third World, 1965-1990* (Ann Arbor: The University of Michigan Press, 1994), 163.

⁹⁷⁴ Efraim Inbar, *Rabin and Israel's National Security* (Baltimore: The John Hopkins University Press and The Woodrow Wilson Center Press, 1999), 26.

⁹⁷⁵ President Gerald Ford, *The President's Press Conference, November 26, 1975* (Online by Gerhard Peters and John T. Woolley: The American Presidency Project, University of California-Santa Barbra.

⁹⁷⁶ Kissinger, *Years of Renewal*. 844-45.

⁹⁷⁷ Ibid.

Schlesinger informed Ford that the request would essentially take the equipment from the U.S. own forces, which they needed. When Ford asked if the Israelis were aware of that, Schlesinger said that they did, and that they felt that they should be the priority, to which Ford responded, “that certainly is an unselfish attitude.”⁹⁷⁸

The Egyptian and Israeli aid requests were a mere a drop of what was to come. Since the signing of the Sinai agreement, Egypt and Israel have been the main recipients of U.S. foreign assistance, with both countries receiving in the region of \$2.5 to \$3 billion dollars annually. The Camp David Accords expanded on the aid provided to these two countries and soon it set the precedence of Paying for Peace in the use of the American aid program.

4.5. Roots of Moderation (1974)

At the Palestinian National Council meeting in 1974, the PLO showed the first signs of moderation and signaled the possibility of accepting a two state solution. The organization’s new policy, as outlined in the “Ten Point” program, created three new policy features; first acceptance of a Palestinian state on parts of Palestine, a major change from the previous view of one state and total liberation; second the language indicated a desire to accept diplomatic activities; and finally the program demonstrated a tendency to “formulate a strategy of stages; a strategy that seeks to realize the dream of a secular democratic state over a protracted period of time,” instead of all goals at once.⁹⁷⁹ The 1974 PNC meeting marks a historic moment in PLO history as the organization was preparing to join the diplomatic struggle.

Unfortunately for Kissinger, Arafat managed to secure a historic recognition of the PLO from the Arab summit in Rabat in October 1974 confirming “the right of the Palestinian people to establish independent, national government under the leadership of the PLO as the sole legitimate representative of the Palestinian people...”⁹⁸⁰ This took whatever power King Hussein had over the West Bank and Jerusalem, much to his disappointment, and handed it over to the PLO thereby forcing Kissinger, and the United States in general, to deal with Arafat and the PLO in any future peace arrangements.

⁹⁷⁸ Account of the meeting provided in *ibid.*, 845-47.

⁹⁷⁹ Muhammed Muslih, "A Study of PLO Peace Initiatives, 1974-1988," in *The PLO and Israel: from Armed Conflict to Political Solution 1964-1994*, ed. Avraham Sela and Moshe Ma'oz (New York: St. Martin's Press, 1997), 39-40.

⁹⁸⁰ League of Arab States, Seventh Arab Summit Conference, Rabat Resolutions, Oct. 29, 1974, in Itamar Rabinovic and Jehuda Reinharz, eds., *Israel in the Middle East: Documents and Readings on Society, Politics and Foreign Relations, Pre-1948 to the Present*, 2nd ed. (Lebanon: University Press of New England, 2008), 343.

In October of the same year, the PLO won another major diplomatic victory. This time it was a worldwide recognition of the organization as the representative of the Palestinian people, not just the Arab league. On October 14, 1974, the United Nations General Assembly (UNGA), passed resolution 3210 that was sponsored by 72 member states. The resolution passed by a massive margin, 105 members vote yes and four opposed it; Dominican Republic, Israel, Bolivia and the United States; while 20 countries, mostly Western European states abstained from voting altogether.⁹⁸¹ The resolution was a victory for the PLO because it invited the PLO “the representative of the Palestinian people, to participate in the deliberations of the General Assembly on the question of Palestine in plenary meetings.”⁹⁸²

U.S. Ambassador to the United Nations (UN), John A. Scali, explained the U.S. opposition to the resolution on two bases; first, such resolution could be harmful to America’s peace efforts in the region, in reference to Henry Kissinger’s post- 1973 efforts; second, the resolution was breaking away from “the longstanding precedent that only representatives of governments should be allowed to participate in plenary deliberations,” according to Scali.⁹⁸³ The scheduled deliberations were postponed for a month, awaiting the decisions of the Arab head of states summit in Rabat, which recognized the PLO as the representative of the Palestinian people.

The historic November deliberations lasted for a week, between November 14 and November 22. The first session opened with Arafat’s historic speech; the “Olive Branch” speech. Arafat spoke of what he said were the injustices the Palestinians had faced and called for the creation of a secular and an independent Palestinian state in which Muslims, Christians, and Jews could live together side by side in an equal society.⁹⁸⁴ The most memorable moment of Arafat’s speech was his closing statement when he said,

“I appeal to you to enable our people to establish national independent sovereignty over its own land. Today I have come bearing an olive branch and a freedom fighter’s gun. Do not let the olive branch fall from my hand. Do not let the olive branch fall from my hand.”⁹⁸⁵

⁹⁸¹ Israel Ministry of Foreign Affairs (IMFA), *33- General Assembly Resolution 3210 -XXIX-- Invitation to the Palestine Liberation Organization- 14 October 1974*, Vol. 3: Historical Documents 1974-1977 (Online: IMFA).

⁹⁸² United Nations General Assembly, "Question of Palestine: 3210 (XXIX). Invitation to the Palestine Liberation Organization," ed. Oct. 14 2268th Plenary Meeting, 1974 (Online: General Assembly of the United Nations).

⁹⁸³ Quoted in I. L. Kenen, *Near East Report*, vol. 18-20 (1974), 218.

⁹⁸⁴ Yehuda Lukacs, ed. *The Israeli-Palestinian Conflict: A Documentary Record 1967-1990* (Cambridge: Cambridge University Press, 1992), 337.

⁹⁸⁵ Ibid.

Furthermore, Arafat spoke directly to the American people during his speech asking the American people, “what, I ask you plainly, is the crime of the people of Palestine against the American people? Why do you fight us so?”⁹⁸⁶ At the conclusion of the deliberations, the UNGA adopted two more resolutions, 3236 and 3237 which all but recognized Palestine as a state. Resolution 3236 affirmed the Palestinians’ right to self-determination, national independence and sovereignty, return of refugees and most importantly, recognized the “Palestinian people as a principle party in the establishment of a just and lasting peace in the Middle East.”⁹⁸⁷ The second resolution invited the PLO to participate in the general assembly and “international conferences convened under the auspices of the General Assembly in the capacity of observer.”⁹⁸⁸ The passing of the two resolutions left the United States with no option but to deal with the PLO, if the Palestinian dimension of the Middle East conflict was to be resolved.

Then, after the events in Rabat unfolded, Ford made a statement that rang alarm bells in Israel. “There must be a movement toward settlement of the problems between Israel and Egypt on the one hand, between Israel and Jordan or the PLO on the other...”⁹⁸⁹ President Ford’s statement was surprising since it could be interpreted as an implicit recognition of the PLO as the representative of the Palestinians. Furthermore, it was the first time a U.S. president spoke openly about the possibility of Israel-PLO negotiations, which Israel rejected entirely. It would appear that Ford’s statement came from Kissinger. According to Spiegel, Kissinger was becoming frustrated with Israeli Prime Minister Rabin, and had encouraged Ford to make the statement “in a way calculated to disturb Israel,” to serve as a warning to Rabin who had proven “stubborn, and shortsighted...”⁹⁹⁰

The events in Rabat and Geneva played an important role in transforming the Question of Palestine in American foreign policy circles. Previously, it was a humanitarian problem of refugees and displaced persons who lacked the basic necessities of life to a more complex political question of a nation without a state. In 1975, the questions of refugee and representation were brought up before congress. The 94th congress which began in January 1975, with both chambers of congress in the hands of the Democrats, organized hearings

⁹⁸⁶ Ibid., 321.

⁹⁸⁷ Israel Ministry of Foreign Affairs (IMFA), *46- General Assembly Resolution 3236 -XXIX- On Self Determination to the Palestinian People- 22 November 1974*, Vol. 3: Historical Documents 1974-1977 (Online: IMFA).

⁹⁸⁸ *47- General Assembly Resolution 3237 -XXIX-- Observer Status to the PLO- 22 November 1974*, Vol. 3: Historical Documents 1974-1977 (Online: IMFA).

⁹⁸⁹ Quoted in Spiegel, *The Other Arab-Israeli Conflict: Making America's Middle East Policy from Truman to Reagan*, 289.

⁹⁹⁰ Ibid.

before the Special Subcommittee on Investigations of the Committee on International Relations. The forum marked the State Department's release of what became known as the Saunders Document.⁹⁹¹

Harold Saunders was one of Kissinger's top aides on Middle East affairs as his Deputy Assistant Secretary for Near Eastern and South Asian affairs. Saunders was "laconic, cautious, bland of aspect, Saunders was very competent and shrewd. He was renowned in the department for the tightness and lucidity of his prose, for his cogency of analysis in strategic papers."⁹⁹² Saunders was the first American official to argue that the Question of Palestine was "the heart" of the Arab-Israeli conflict. He states,

"In many ways, the Palestinian dimension of the Arab-Israeli conflict is the heart of that conflict. Final resolution of the problems arising from the partition of Palestine, the establishment of the State of Israel, and Arab opposition to those events will not be possible until agreement is reached defining a just and permanent status for the Arab peoples who consider themselves Palestinians..."⁹⁹³

It took 25 years after the official founding of the State of Israel, and the expulsion and displacement of Palestine refugees, for the U.S. to acknowledge the political dimension of the Palestinian problem. The Americans' focus was primarily on ensuring the flow of oil from the Middle East and into the world market. Another important, and related objective was limiting the Soviet influence in the Middle East through regimes such as Nasser'. Finally, the domestic politics of the United States, and the leverage Israel and its allies enjoy within the chambers of congress ensured that the Palestinian question remained in the background.⁹⁹⁴

A Palestinian homeland would have required the U.S. to mount pressure on Israel to withdraw from territories the latter was never willing to withdraw from for security, and religious reasons and Johnson, Kennedy, Nixon and Ford were never willing to do that. It would be hard to argue that U.S. policy makers simply did not know or did not understand the Palestinian dimension of the conflict. The likelier explanation is that it was a deliberate

⁹⁹¹ United States House of Representatives, *The Palestine Issue in the Middle East Peace Efforts: Hearings before the Special Subcommittee on Investigations of the Committee on International Relations*, 94 Cong., 1st sess. (Washington D.C.: U.S. Government Printing Office, 1976). The Witnesses also included Edward Said and I. Rabinowich. Harold Saunders and Arthur Day represented the Department of State.

⁹⁹² Edward Sheehan, *The Arabs, Israelis and Kissinger, a Secret History of American Diplomacy in the Middle East* (New York: Reader's Digest Press, 1976), 169. See Also Marwan R. Buheiry, "The Saunders Document," *Journal of Palestine Studies* 8, no. 1 (1978): 28. John D. Steinbruner, ed. *Restructuring American Foreign Policy* (Washington D.C.: The Brookings Institution, 1989), 232-33.

⁹⁹³ Representatives, "The Palestine Issue in the Middle East Peace Efforts: Hearings before the Special Subcommittee on Investigations of the Committee on International Relations," 178.

⁹⁹⁴ Suri, "Jeremi Suri, interview, Heidelberg June 10, 2010."

ignorance. The U.S. administrations had hoped the Palestinian question would resolve itself through the Jordan Option, that with time the problem would simply disappear when the refugees are integrated in whatever Arab country they escaped to.

By the mid-1970s, it became apparent that the U.S. had to involve the PLO in negotiations if the Arab-Israeli conflict is to be resolved. For American policy makers, the PLO was a powerful terrorist organization that until then still had not recognized Israel's right to exist, and had spent the better time since its founding in alliance with the Soviets and their clients in the Arab nationalist regimes. However, the PLO had won international recognition as the representative of the Palestinian people. The Ford administration handed the unresolved problem to President Jimmy Carter, who would achieve more in Middle East peace than any other president to date. Carter was the first president, or presidential candidate, to openly acknowledge that the solution to the Palestine question lay in the establishment of a homeland for Palestine refugees during the campaign for the 1976 general elections.⁹⁹⁵

4.6. Peace at Last

A significant contribution was made in this period by American academics in the Brookings Institution's 1975 policy paper *Toward Peace in the Middle East*, more commonly referred to as the "Brookings Report."⁹⁹⁶ The study was carried out by a number of scholars and diplomats, many of whom would later be affiliated with the Carter administration, and two of them became key members of Carter's foreign policy team; Zbigniew Brzezinski, Carter's National Security Advisor; and William Quandt, who served on Nixon and Carter's NSC.⁹⁹⁷ The report, which was endorsed by Presidential candidate Jimmy Carter, reached five main conclusions;

1. The U.S. has a strong moral, political, and economic interest in a stable peace in the Middle East.
2. The Sinai interim agreement leaves "the basic elements of the Arab-Israeli dispute substantially untouched...the best way to address these issues is by the pursuit of a comprehensive settlement."
3. The time was ripe for the U.S. to begin a process of negotiating a settlement through multilateral meetings or a general peace conference.

⁹⁹⁵ Quandt, "Quandt Interview. Washington D.C., 2014." Henry Tanner, "Palestinians in Cairo Welcome Carter's Stand on Need for "Homeland,"" *New York Times*, March 18, 1977.

⁹⁹⁶ Lukacs, *The Israeli-Palestinian Conflict: A Documentary Record 1967-1990*, 65-67.

⁹⁹⁷ Ibid.

4. A fair and enduring settlement that includes Palestinian self-determination, respect for the territorial integrity of all states, normalization of Arab-Israeli relations, Israeli withdrawal to the 1967 borders, and access to the holy places in Jerusalem.
5. The report advocated an active role for the U.S. in reaching an agreement since it has the means to assist the parties economically and militarily, by submitting concrete peace proposals.⁹⁹⁸

Carter himself had little foreign policy experience when he came into office in 1977. Born to a cotton and peanuts farmer and trained as an engineer, neither his background, nor his professional career qualified him as an expert on foreign affairs.⁹⁹⁹ In order to make up for this lack of experience, Carter assembled a diverse and experienced foreign policy team who proved vital to his success in securing the Egyptian- Israeli peace agreement. The most influential foreign policy position, the Secretary of State, was delegated to Cyrus R. Vance, who was an international lawyer and a Deputy Secretary of Defense during the 1967 Arab-Israeli War.¹⁰⁰⁰ Another crucial appointment was Zbigniew Brzezinski's as National Security Advisor. Brzezinski's publications as an academic tended to be more leftist, and advocated the establishment of a Palestinian state.¹⁰⁰¹ Vice President Walter Mondale who had close ties with the Jewish community, and was an adamant supporter of Israel balanced Brzezinski.¹⁰⁰² According Quandt, while others moved in and out of the inner-circles of the foreign policy decision-making, Carter, Vance and Brzezinski remained at the very heart of it.¹⁰⁰³

Following Jimmy Carter's inauguration, Arafat and the PLO prepared to re-issue their struggle for America's recognition. Arafat had sent a number of messages to the U.S. through the Egyptians, the Saudis and the Syrians, to no avail.¹⁰⁰⁴ The U.S. was determined that the PLO should accept resolutions 242 and 338 and acknowledge Israel's right to exist and abandon all forms of violence and terrorism against Israel. As has been discussed, the first of these resolutions was issued in 1967 and called for the withdrawal of Israel armed forces from territories occupied in recent conflict.¹⁰⁰⁵ The resolution implies recognition of Israel,

⁹⁹⁸ Available in *ibid.*

⁹⁹⁹ Bernard Ryan, *Jimmy Carter: U.S. President and Humanitarian* (New York: Infobase, 2006), 2; Beverly Gherman, *Jimmy Carter, Presidential Leaders* (Minneapolis: Lerner Publications Co., 2004), 38.

¹⁰⁰⁰ Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 178.

¹⁰⁰¹ *Ibid.* 178

¹⁰⁰² *Ibid.* 178.

¹⁰⁰³ *Ibid.* 178

¹⁰⁰⁴ Said K. Aburish, *Arafat: From Defender to Dictator* (London: Bloomsbury Publishing, 2004), 156.

¹⁰⁰⁵ All UNSC resolutions available online at The United Nations Organization, "Security Council Resolutions," www.un.org/en/sc/documents/resolutions.

and respect for its territory and sovereignty. Resolution 338 was issued in 1973 and called for an immediate ceasefire and the implementation of resolution 242.¹⁰⁰⁶ Such demands were too high for Arafat to meet, if not to him personally, then to the other parties in the PLO, and other voices within Fatah. Historians Walker and Gowers argue that Arafat reaching out to the U.S. and attempting to bring the PLO in international peace conferences was “taking a mile where his colleagues had given a few inches.”¹⁰⁰⁷

But with Carter, Arafat had reason to be more optimistic. On March 17, 1977, in a small town meeting in Massachusetts, Jimmy Carter said “there has to be a homeland provided for the Palestinian refugees who had suffered for many, many years...”¹⁰⁰⁸ Carter and Secretary Cyrus Vance differed greatly from their predecessors. Three months after taking office, Carter reiterated his support for a “homeland for the Palestinians,” and two months later, the State Department also confirmed this new aspect in U.S. policy.¹⁰⁰⁹

By then Carter realize that neither the Egyptians nor the Saudis were effective channels of communication between the U.S. and the PLO. So in September Carter sent his Quaker friend, Landrum Bolling to speak directly with Arafat.¹⁰¹⁰ Arafat met with Bolling in Beirut and informed him that he had received contradictory messages from Egypt and Saudi Arabia.¹⁰¹¹ In one message from Egypt, Carter said he would recognize the PLO and invite Arafat to the scheduled Geneva peace conference if the organization accepted resolution 242, but later Arafat received another message from the Saudis taking back these promises.¹⁰¹² These two regimes, for one reason or the other distorted the messages between the Carter administration and Arafat. Carter’s statement two years later probably clarifies some of this confusion. In a question-and-answer session with Florida newspaper editors in August 1979, Carter revealed that he had “never met an Arab leader that in private professed a desire for an

¹⁰⁰⁶ Ibid.

¹⁰⁰⁷ Tony Walker and Andrew Gowers, *Arafat: the Biography* (London: Version Books, 2003), 157.

¹⁰⁰⁸ Henry Tanner, “Palestinians in Cairo Welcome Carter’s Stand on Need for “Homeland,”” *New York Times*, March 18, 1977.

¹⁰⁰⁹ Aburish, *Arafat: From Defender to Dictator*, 156.

¹⁰¹⁰ For summary of conversation between Bolling and Arafat see “103 Memorandum from Qilliam Quandt of the National Security Council Staff to the President’s Assistant for National Security Affairs (Brzezinski), Washington, September 19, 1977” in Adam M. Howard, ed. *Arab-Israeli Dispute, January 1977-August 1978*, vol. VIII, Foreign Relations of the United States 1977-1980 (Washington D.C.: U.S. Government Printing office 2013, U.S. Department of State Office of the Historian 2014, 2014), 1605..

¹⁰¹¹ Ibid., 1607.

¹⁰¹² Ibid.

independent Palestinian state. Publicly, they all espouse an independent Palestinian state, almost all of them...”¹⁰¹³

Arafat said to Bolling that he felt “blackmailed” by the Arab regimes and that he would reconsider the PLO’s position on 242, and report back the PLO’s acceptance with reservation.¹⁰¹⁴ What Arafat really wanted were American guarantees that there would be a Palestinian state under the leadership of the PLO.¹⁰¹⁵ This was much to ask from Carter who was already facing immense domestic pressure for his leniency with the PLO.¹⁰¹⁶ When Bolling informed Brzezinski of Arafat’s demands, Brzezinski suggested that Arafat was either too weak, or too out of touch with reality.¹⁰¹⁷

On 1 October, Vance and Soviet Foreign Minister Andrei Gromyko announced the reconvening the Geneva Conference. The cleverly drafted declaration made no mention of the PLO, to make it easier for Israel to accept, nor did it mention 242, to make it easier for the PLO to accept. Arafat was thrilled. Asked by Hart if he had believed that the Americans and Soviets were working for peace, Arafat responded, “yes, yes, yes. I was very happy, very excited. It was an historic movement. For the first time the two superpowers were committed to doing something for us Palestinians. Truly, I believe there would be peace with some justice for my people. I was more optimistic than at any point in my life.”¹⁰¹⁸ Vance soon discovered that for all his promises, Arafat could not deliver.¹⁰¹⁹ He had faced stern opposition within Fatah and within the PLO.¹⁰²⁰

What made matters more difficult for the peace efforts was the election in May 1977 of Menachem Begin and the right wing Likud Party in Israel. Begin had no interest in talking with the PLO, or Syria, or Jordan, or anyone else for that matter on the Palestinian issue.¹⁰²¹ Begin was of the belief that Israel must remain in control of the land it acquired by war. His ideology “envisioned a vastly expanded Israel,” that even included Jordan.¹⁰²² Many Israelis, according to Wright considered him a “crank, a fascist or just an embarrassing reminder of

¹⁰¹³ Jimmy Carter, *Jimmy Carter: 1979, June 23 to December 31*, Public Papers of the Presidents of the United States (Washington D.C.: General Services Administration, National Archives and Records Service, Office of the Federal Register, 1999), 1585.

¹⁰¹⁴ Howard, *Arab-Israeli Dispute, January 1977-August 1978*, 1633.

¹⁰¹⁵ See Zbigniew Brzezinski, *Power and Principle: Memoirs of the National Security Adviser, 1977-1981* (New York: Farrar, Strauss, Giroux, 1983); and Jimmy Carter, *Keeping Faith, Memoirs of a President* (Fayetteville: University of Arkansas Press, 1983)

¹⁰¹⁶ *ibid* note 31. 102. Christison, *Perceptions of Palestine: Their Influence on U.S. Middle East Policy*, 177-78.

¹⁰¹⁷ Quandt, "Quandt Interview. Washington D.C., 2014."

¹⁰¹⁸ Hart, *Arafat: Terrorist or Peacemaker*, 433.

¹⁰¹⁹ Aburish, *Arafat: From Defender to Dictator*, 157.

¹⁰²⁰ *Ibid*.157

¹⁰²¹ Quandt, "Quandt Interview. Washington D.C., 2014."

¹⁰²² Lawrence Wright, *Thirteen Days in September: The Dramatic Story of the Struggle for Peace*, (New York: Alfred A. Knopf (Random House), 2014). Prologue.

the terrorist underground that stained the legend of the country's glorious struggle for independence."¹⁰²³ Ben-Gurion, labeled Begin "a racist who is willing to kill all the Arabs in order to gain control of the entire land of Israel."¹⁰²⁴ He rejected the declaration and dispatched his Foreign Minister, Moshe Dayan to D.C. to persuade Carter to back down from the declaration, which according to Hart, Dayan succeeded in achieving.¹⁰²⁵

On November 8, 1977, Sadat invited Arafat to attend a meeting of the Egyptian assembly. In his speech, Sadat indicated his willingness to go to "the end of the world" to pursue peace.¹⁰²⁶ He then shortened the trip significantly and invited himself to Israel to address the Knesset, the Israeli parliament. Sadat said, "in fact I know that Israel will be astounded when I say that I am ready to go to their very home, to the Knesset, to debate with them."¹⁰²⁷ Israel was astounded indeed, the U.S. was astounded, the world was also astounded, but none was more astounded than Arafat who sat there, realizing that Sadat was using him. Arafat's presence during the speech meant that he approved of Sadat's visit, which he plainly did not, as he picked himself up and stormed off as soon as Sadat sat down.¹⁰²⁸ Prior to his departure from Cairo, Arafat told his aides, "a long time will pass before I come again to Egypt." Besides his other skills, Arafat added prophecy. Six years would pass before he sets foot in the city of his birth again.¹⁰²⁹

Egyptian-PLO relations deteriorated to reach their lowest point in history after Sadat's speech and visit. Allying with Assad in Syria now, Arafat openly called for the overthrow of the "treasonous" Egyptian leader.¹⁰³⁰ On December 15, 1977, President Carter declared that "by its completely negative attitude, the PLO has excluded itself from any immediate prospect of participating in the peace negotiations," while Brzezinski put it more bluntly in an interview with *Paris Match*, saying "Bye Bye PLO."¹⁰³¹ Arafat would later respond to Brzezinski's statement saying that "the Palestinians are here, will be around for a long time, and anything the U.S. may say will not affect this."¹⁰³²

Despite what seemed to be an opportunity to include the PLO in the ongoing peace talk, the Carter administration left office without ever succeeding. Fingers may be pointed at

¹⁰²³ Ibid.

¹⁰²⁴ Ibid.

¹⁰²⁵ Hart, *Arafat: Terrorist or Peacemaker*, 433.

¹⁰²⁶ Quoted in Walker and Gowers, *Arafat: the Biography*, 162.

¹⁰²⁷ Quoted in *ibid.*

¹⁰²⁸ Hart, *Arafat: Terrorist or Peacemaker*, 435. Walker and Gowers, *Arafat: the Biography*, 162-63.

¹⁰²⁹ Walker and Gowers *Arafat: the Biography*, 163.

¹⁰³⁰ *Ibid.*, 164.

¹⁰³¹ Howard, *Arab-Israeli Dispute, January 1977-August 1978*, 2773.

¹⁰³² *Ibid.*, 2772 (187. Telegram From the Embassy in Syria to the Embassy in Belgium).

anyone. The PLO blamed the U.S. and the U.S. blamed the PLO. However, neither party was particularly guilty. Arafat was willing to take what seemed to him at the time as drastic measures to gain American recognition and initiate diplomatic contact, and Carter was also willing to do so. The trouble was the messengers, the timing, and Menachem Begin. Arafat did not just face heavy pressures from other political parties within the PLO, but also serious Syrian opposition to the diplomatic contact with the U.S. at a time when he lost Egypt, Syria was his only friend left.¹⁰³³

The Carter years slipped by without the PLO taking advantage of President Carter's willingness to talk with the PLO, the most important reason being Arafat's inability to moderate voices within his own organization who were still suspicious of Carter and the U.S. in General. Yet the worst blow for the PLO was Sadat's decision to sign a peace treaty with Israel. The PLO felt betrayed by Sadat whose choice to enter negotiations for a peace treaty with Israel, marginalized the organization. What Sadat did was put the other issues on the shelf and focus on retrieving the Sinai, the Egyptian territory occupied by Israel in 1967 and the Egyptians failed to retrieve in 1973. According to Rabie, "no headway could be made until issues related to the Egyptian-Israeli dispute were isolated from the larger Arab-Israeli conflict."¹⁰³⁴ Sadat critics like Edward Said believe that Sadat "[promised] Arab countries things which he could never deliver, and of working *outside* Arab history, society, and actuality... towards the end of his time in office, Sadat abused the Arabs mercilessly."¹⁰³⁵

Sadat, fully realizing the paramount importance of the Palestinian issue as an obstacle to peace with Israel *intentionally* invited Arafat to attend his "invitation to Jerusalem speech," knowing Arafat would react the way he did. Sadat *intentionally* worked on killing Carter's Geneva conference plan because bringing Palestinian representation, or even raising the Palestinian question would doubtless result in the conference's failure, driving the region to the brink of war yet again. Sadat intentionally marginalized the PLO, knowing that keeping the PLO out of the peace process meant leaving the Palestinian issue out of the negotiations, and therefore giving the negotiations a chance to succeed. Sadat gave up on a comprehensive settlement, and he simply put recovering Sinai and the Egyptian territories, which he had failed to regain by means of war, as a priority above Palestinian considerations, even if it meant isolating Egypt in the Arab World, as it did. Furthermore, an agreement with Israel,

¹⁰³³ William B. Quandt, *Camp David, Peace Making and Politics* (Washington D.C.: The Brookings Institution, 1986), 101. See also Walker and Gowers, *Arafat: the Biography*, 160.

¹⁰³⁴ Rabie, *U.S.- PLO Dialogue: Secret Diplomacy and Conflict Resolution*, 161.

¹⁰³⁵ Valerie Kennedy, *Edward Said: a Critical Introduction* (Malden: Blackwell Publishers, 2000), 64.

under the auspice of the U.S. would certainly guarantee Egypt economic and military assistance, for which Egypt was in desperate need.

As for Arafat and the PLO, they had made a serious mistake, an error of ill judgment. There was a deep mistrust of the U.S. within the ranks of the PLO, particularly among groups affiliated with Syria and the Soviet Union like the PFLP. Their pressure on Arafat cost the Palestinian cause much. There has hardly been a U.S. president with a foreign policy team that was as sympathetic to the Palestinian cause as was Carter and his team. It would take another 15 years for the PLO to have another chance to have a dialogue with the U.S.

4.6.1. Camp David

President Carter's greatest achievement, and arguably the greatest achievement of any U.S. president in the Middle East conflict to date, was securing the Egyptian Israeli peace agreement at Camp David resort in Maryland in 1978. According to the Wall Street Journal, the success at Camp David raised the president's approval ratings by almost 10 percent.¹⁰³⁶ Yet, despite this rise, Carter and his foreign policy team were sentenced to leave office when the American people felt that the administration failed to handle the Iranian Hostage Crisis in 1979 well enough. By the time Carter left office, his ratings were below 35 percent, the 2nd lowest after George W. Bush.¹⁰³⁷

It took the Carter team more than a year of strenuous diplomatic activity to bring the Egyptians and Israelis to the negotiations table. With the death of the Geneva conference, and Syria and the PLO's intense opposition to Sadat, only an Egyptian-Israeli agreement was remotely possible. With this conviction, president Carter sent hand-written notes to Sadat and Begin inviting them to the Camp David resort in Maryland.¹⁰³⁸ The leaders and their teams arrived the U.S. on September 5, 1978 to embark on historic for 13 days under the guidance of Carter and his foreign policy team. Carter chaired the American delegation and with him went; Vice-President Walter Mondale; Press Secretary Jody Powell; NSC member William Quandt; Harold Saunders, Assistant Secretary of State for Near East and South Asian Affairs; and the U.S.'s ambassadors to Israel and Egypt, Samuel Lewis and Hermann Elits respectively.¹⁰³⁹ Carter chose to keep the media out of the process, preferring to provide "a

¹⁰³⁶ The Wall Street Journal, "How the Presidents Stack Up," accessed September 25, 2010. <http://online.wsj.com/public/resources/documents/info-presapp0605-31.html>.

¹⁰³⁷ *ibid*

¹⁰³⁸ David Schoenbaum, *The United States and the State of Israel* (Oxford: Oxford University Press, 1993), 258.

¹⁰³⁹ Jimmy Carter, *Keeping Faith: Memoirs of a President* (Little Rock: University of Arkansas Press, 1995), 339.

relaxed and secluded atmosphere for serious discussions.”¹⁰⁴⁰ Carter probably believed that the further away the leaders were from the media and their constituents, the more likely they are to reach a deal.

By most accounts, the deliberations were far from easy, despite the absence of the PLO. Begin proved too hardheaded and stubborn for diplomacy and negotiations. According to Brzezinski, Begin always looked as if he was going to a funeral.¹⁰⁴¹ Sadat was quite the opposite; he was warm and relaxed, unlike his team. Indeed, the Israeli team, particularly Moshe Dayan, was far more flexible than their Egyptian counterparts, which suggests that it was all perhaps a part of a plan on both sides’ part; Sadat would be flexible, his team rigid; Begin would be rigid while his team would be flexible. Yet for all the flexibility of the Israeli team and Sadat, the negotiations stalled over the settlements Israel built in Sinai. Dayan said plainly that his remaining right eye would fall off before he “signs a scrap of paper permitting the dismantling of the Jewish settlements.”¹⁰⁴² Sadat, with packed suitcases ready to leave, was only made to wait by president Carter who went to Sadat’s cabin and asked for a second chance. Begin eventually agreed to put the matter to the Knesset. Were it not for the “extraordinary commitment of energy and ideas” from Carter, and his team, no agreement would have materialized.¹⁰⁴³

The resulting agreement was actually two agreements rather than a treaty; *A Framework for the Conclusion of a Peace Treaty between Egypt and Israel* and *A Framework for Peace in the Middle East*. The peace treaty was signed by Sadat and Begin in D.C. on March 26, 1979, and entailed the following; the return of the Sinai to Egypt at the price of normalizing relations with Israel, which included ambassador exchange; demilitarization of Sinai, restrictions on Egyptian forces within 20-40 km of Israel’s borders; and guaranteed freedom of passage for Israeli ships in the Suez Canal and Straits of Tiran.¹⁰⁴⁴

Regarding the Palestinians, the agreement can be described as ambiguous at best. The *Framework for Peace in the Middle East*, seem to have been deliberately written to cover the big differences between the two sides. The preamble reiterated that the basis for a peaceful settlement was to be based on resolution 242, in all its parts.¹⁰⁴⁵ The agreement included the

¹⁰⁴⁰ Freedman, *A Choice of Enemies: America Confronts the Middle East*. Part One: Jimmy Carter, Camp David

¹⁰⁴¹ Ahron Bergman and Jihan El-Tahri, *The Fifty Years' War: Israel and the Arabs* (London: Penguin Books, BBC Books, 1998), 164.

¹⁰⁴² quoted in Freedman, *A Choice of Enemies: America Confronts the Middle East*. Part One, Carter; and Bergman and El-Tahri, *The Fifty Years' War: Israel and the Arabs*, 164.

¹⁰⁴³ Freedman, *A Choice of Enemies: America Confronts the Middle East*.

¹⁰⁴⁴ *The Camp David Accords*, Jimmy Carter Presidential Library and Museum, (Online: JCPLM).

¹⁰⁴⁵ Ibid.

“legitimate rights of the Palestinian people,” to be negotiated between Egypt, Israel, Jordan and “the representatives of the Palestinian people,” which would result in full autonomy to the inhabitants and a self-governing authority in a period not exceeding five years.¹⁰⁴⁶

The ambiguities and vagueness of the agreement are apparent in its failure to define who the representatives of the Palestinians would be. Needless to say, the agreement did not include a word about the PLO being the representative of the Palestinians. The agreement did not indicate when the five-year period was to begin either. What the Palestinians call “the right of return,” was not mentioned and the refugee question was to be addressed by the parties. Finally, the report did not address Israeli withdrawal from the West Bank and Gaza, nor did it address the question of Israeli settlements in these areas. The Hebrew version of the agreement does not even include the term “Palestinians.” Wherein the English version “Gaza Strip” and “West Bank” are used, in the Hebrew version they are referred to as “Judea, Samaria and the Gaza District.” In the English text, “the resolution of the Palestinian problem in all its aspects,” in the Hebrew version translates as “the resolution of the problem of the Eretz Israel Arabs....”, “legitimate rights,” in the English text, became “legal rights,” “self-governing authority,” was “self-administration authority.”¹⁰⁴⁷

Arafat’s reaction to the treaty was “let them sign what they like. False peace will not last.”¹⁰⁴⁸ Unfortunately for him, it has lasted, if only because the framework for peace was never actually implemented, nor was its implementation tied to the other agreement regarding Israeli-Egyptian peace. As Quandt remarked, it was obvious that what was achieved at Camp David was an Egyptian-Israeli bilateral agreement, with very loose links to anything else.¹⁰⁴⁹

A part of Sadat’s motivation to reach an agreement with Israel was his desire to establish a relationship with the U.S. that would help resolve the internal economic problems with economic aid, investment, and American technology. According to Quandt, the idea was clearly on his mind, but it did not come up in the actual negotiations. Quandt recalled a conversation between Sadat and Carter in which the latter informed Sadat that if they manage to reach a peace agreement, the U.S. would have a relationship that is “comparable” to U.S.-Israel’s relationship, without going in details about economic or military aid. The reason that

¹⁰⁴⁶ Ibid.

¹⁰⁴⁷ Hebrew version available at Knesset’s website, *The Camp David Documents: Framework for Peace in the Middle East Agreed at Camp David*, (Knesset’s website 133; Yaacov Bar-Siman-Tov, *Israel and the Peace Process, 1977-1982: In Search of Legitimacy for Peace* (Albany: State University of New York Press, 1994), 133.

¹⁰⁴⁸ Quoted in Richard Irvine, “Egypt-Israel ‘Peace Treaty’ Brought More War Than Peace,” *The Electronic Intifada* (2011).

¹⁰⁴⁹ Quandt, “Quandt Interview. Washington D.C., 2014.”

was not possible now, explained Carter, was that Egypt was in a state of war with Israel and congress would never agree to send significant aid to a country at war with Israel.¹⁰⁵⁰ Sadat went to his team and told them, once we make peace with Israel, we will get the same amount of aid that Israel does. As the parties came close to reaching an agreement Egypt's Prime Minister, started inquiring about economic and military aid through a list of questions that required U.S. promises on future assistance.¹⁰⁵¹

There was an expectation on both the American and Egyptians sides that once an agreement was reach, the U.S. would provide an economic and a military aid program. In a sign of what was to come, the U.S. agreed to sell helicopters and transport planes before the summit, and in the lead up to Camp David, the U.S. also offered to sell a small number of F5 fighters to Egypt as a symbolic gesture.¹⁰⁵²

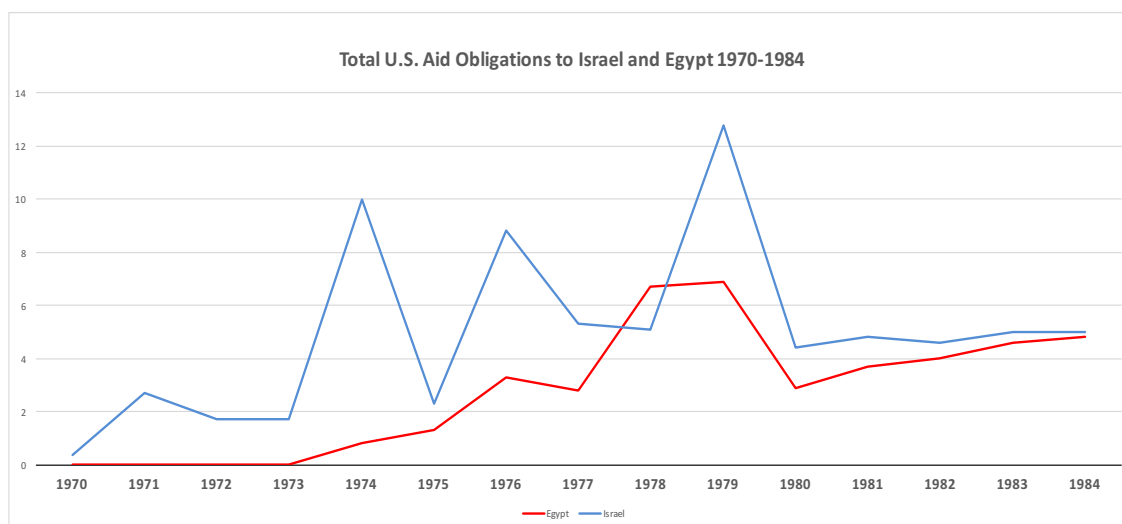


Figure 4:1, Total U.S. Aid *Obligations* to Israel and Egypt before and After Camp David Accords in billion of Constant USD, (USAID).¹⁰⁵³

There is a maxim in American-Middle East relations that is attributed to Secretary Kissinger that states “there is no war in the Middle East without Egypt, and no peace without Syria.” What Camp David did was neutralize the Egyptian militarily as a threat. The American incentive, as Khalid Elgindy put it, was removing Egypt “from the equation strategically and militarily.”¹⁰⁵⁴ Meaning that, if Egypt no longer wars against Israel, who would? Even the combined strength of all of Israel's neighbor was never able to defeat Israel, a single state alone, like Syria or Jordan, did not stand a chance against Israel. According to

¹⁰⁵⁰ Ibid.

¹⁰⁵¹ Ibid.

¹⁰⁵² Ibid.

¹⁰⁵³ Note: Obligations rather than disbursements. Source: USAID Aid Trends. February 2016.

¹⁰⁵⁴ Elgindy, "Khalid Elgindy, Interview, November 2014, Washington D.C.."

Elgindy, Camp David made the Egyptian military a client, removing the military from the Soviet camp, which Sadat was already doing, and now the U.S. and Egypt had developed a military-military relationship, which allowed the U.S. to influence these officers themselves.¹⁰⁵⁵ The Egyptian military had a stake in maintaining the relationship with the U.S., and going to war with Israel would surely upset it.

Through the Camp David agreement, the U.S. paid for both peace and for the peace dividend. The promises of future assistance helped persuade the Egyptians and Israelis to accept coming to Camp David, and also in reaching the agreement itself. As for the dividend, the U.S. saw its assistance as an investment; spending money in support of certain institutions and mechanisms to support the political process. The dividend would bring peace, economic stability, more investment, and above all, improvements in people's lives, particularly in Egypt.¹⁰⁵⁶

President Carter was awarded the Noble Peace Prize in 2002 for "his decades of untiring effort to find peaceful solutions to international conflicts, to advance democracy and human rights, and to promote economic and social development."¹⁰⁵⁷ Until today, he is still active in the field of diplomacy and conflict resolution. In 1994, he succeeded in preventing a crisis that threatened to erupt in a bloody conflict in Haiti by convincing the military to surrender power.¹⁰⁵⁸ In August 2010, Carter secured the release of an American citizen who was taken in North Korea.¹⁰⁵⁹ Carter has also met with leaders of organizations listed as foreign terrorist organizations by the State Department, including Hamas' Khaled Meshal.¹⁰⁶⁰ Carter's diplomacy seems to be limitless as he continues to be an (un)official link between the U.S. government and the leaders of countries and organizations that the United States has little to no diplomatic contact with.

4.7. The Reagan Years

According to Quandt, Ronald Reagan was "puzzle;" he did not understand the middle east issues, and therefore had to rely on his advisors such as Secretary of State Alexander Haig (January-July 1982) and Shultz (July 1982- 1989).¹⁰⁶¹ The reason for Reagan's reliance on his close circle was not his lack of knowledge and understanding of the Middle East

¹⁰⁵⁵ Ibid.

¹⁰⁵⁶ Ibid.

¹⁰⁵⁷ The Noble Prize, "The Noble Peace Prize 2002: Jimmy Carter," Nobleprize.org, http://www.nobelprize.org/nobel_prizes/peace/laureates/2002/

¹⁰⁵⁸ Gherman, *Jimmy Carter*, 8.

¹⁰⁵⁹ Jay Lindsay, "Jimmy Carter Frees Aijalon Gomes From North Korea," *The World Post*, August 26 2010.

¹⁰⁶⁰ Robert F. Worth, "Defying Israel, Carter Meets Hamas Leader," *The New York Times*, April 19 2008.

¹⁰⁶¹ Quandt, "Quandt Interview. Washington D.C., 2014."

conflict and politics only, but also in foreign policy affairs in general. Indeed, the former television and radio entertainer arrived at the Oval Office with absolutely no foreign policy experience but he “did not lack opinions about America’s proper role in the world,” according to Melanson.¹⁰⁶² Reagan embarked on a process of strengthening the armed forces to “reestablish the American military superiority over the Soviet Union...”¹⁰⁶³

The presidency of Ronald Reagan marked arguably the worst era of U.S.-PLO relations, despite the fact that Reagan’s administration was the first administration to establish official diplomatic contact with the PLO. Reagan’s first term with respect to the Palestinian question is remembered for giving Israel the green light invade Lebanon in 1982, to remove the threat of the PLO from Israel’s northern borders. It was a strong signal that if Israel could destroy the PLO, it was fine with the U.S. The green light for the invasion reflected and Reagan and Haig’s Cold War view that PLO was aligned with the Soviet Union. The Cold War fears were revived due to the Soviet invasion of Afghanistan. Secretary Haig even suggested a “warning nuclear shot” in Europe to deter the Soviet Union.¹⁰⁶⁴ Even with allies, Reagan was quite strict when it came to the “total quarantine of the Soviet Union,” “those who do not go along with us will be boycotted, too, and will be considered against us,” he said in an NSC in 1981.¹⁰⁶⁵ Arafat and the PLO were in the “against us” camp.

After its defeat and dismissal from Jordan in 1971, the PLO moved to Lebanon, and carried on exactly from where it left off in Jordan in terms of attacks on Israel, and also in terms of destabilizing the host country.¹⁰⁶⁶ Lebanon was housing hundreds of thousands of Palestinian refugees already, and was suffering from a plethora of its own internal problems as Muslims, Christians and Druze were contesting for power. The Maronite Christians led the country, though they did not represent the majority of the population.¹⁰⁶⁷ The arrival of Palestinian refugees added to the number of Muslims in the tiny country, fueling the instability further. The Cold War contributed to deepening the divisions as Muslims; Pan-Arabist and left wing parties allied themselves with the Arab countries being supported by

¹⁰⁶² Richard A. Melanson, *American Foreign Policy Since the Vietnam War: the Search for Consensus from Richard Nixon to George W. Bush*, 4th ed. (London and New York: Routledge, 2015), 136.

¹⁰⁶³ Morris H. Morley, "Introduction," in *Crisis and Confrontation: Ronald Reagan's Foreign Policy*, ed. Morris H. Morley (Totowa, N.J.: Rowman & Littlefield, 1988), 1.

¹⁰⁶⁴ Steven F. Hayward, *The Age of Reagan: The Conservative Counter Revolution, 1980-1989* (New York: Crown Forum, 2009), 238.

¹⁰⁶⁵ Quoted in Henry R. Nau, "Ronald Reagan," in *US Foreign Policy and Democracy Promotion: From Theodore Roosevelt to Barack Obama*, ed. Michael Cox, Timothy J. Lynch, and Nicholas Bouchet, Routledge Studies in US Foreign Policy (New York: Routledge, 2013), 151.

¹⁰⁶⁶ Freedman, *A Choice of Enemies: America Confronts the Middle East*. 126.

¹⁰⁶⁷ Ibid. Imad Salamey, *The Government and Politics of Lebanon* (New York: Routledge, 2014), 51-52.

the USSR; and the Christians sided with and were supported by the West.¹⁰⁶⁸ The arrival of the defeated PLO tilted the balance of power favor of the Lebanese left. Despite many efforts to contain the situation, Lebanon erupted in a bloody civil between 1975 and 1990 that left 130,000 civilians killed, nearly one quarter of the population approximately 1 million wounded, and mass migration out of the country.¹⁰⁶⁹

By 1981, PLO factions in Lebanon became a force to be reckoned with. Arafat had turned the PLO and Fatah's forces into a semi-regular army. "We had a state called the PLO State within Lebanon, and within the PLO State we had a PFLP state, a DFLP state, a Fatah state... each faction had a state... We had an army and prisons," says Mamdouh Noufal of the DFLP.¹⁰⁷⁰ The PLO factions were still receiving financial and logistical assistance from Arab regimes. While this research was unable to verify these figures, Noufal who had been the DFLP Treasurer stated in an interview that, "the DFLP received a million dollars monthly from Libya, PFLP more than a million, General command, \$1.5 in the period between 1978-1980."¹⁰⁷¹ The factions continued their attacks on Israel on regular basis. Besides the incursions and kidnappings, PLO factions were now equipped with missiles that threatened Israeli residents in the north.¹⁰⁷²

In a meeting in Washington in May 1982 between Secretary Haig and Israel Minister of Defense Ariel Sharon, the latter informed the secretary that the invasion was imminent, citing Israel's right to defend itself. According to Rubenberg, Haig's only comment was that Israel would need a "clear breach of the cease-fire to make the action acceptable in the international community."¹⁰⁷³ Rubenberg cited an unnamed high ranked American official saying, "Haig believed that Israel was doing our work for us in Lebanon."¹⁰⁷⁴ The meeting gave Sharon and Begin the green light to invade, all they needed was a serious Palestinian breach of the ceasefire that was arranged by Reagan's special envoy Philip Habib.

According to Joe Stork and James Paul, the U.S. supplied Israel with \$217.6 million worth of military equipment in the first quarter of 1982, nearly 10 times the amount delivered

¹⁰⁶⁸ Freedman, *A Choice of Enemies: America Confronts the Middle East*. 126-28.

¹⁰⁶⁹ Salamey, *The Government and Politics of Lebanon*, 52.

¹⁰⁷⁰ Mamdouh Noufal in Aljazeera, "Fe Bilad al-Arz (In the Land of Cedar)," in *Hikayat Thawra (Tale of a Revolution)*, ed. Omar al-Issawy (Al-Jazeera, 2008).

¹⁰⁷¹ Mamdouh Noufal in *ibid.*

¹⁰⁷² Tucker and Roberts, *The Encyclopedia of Middle East Wars: the United States in the Persian Gulf, Afghanistan, and Iraq Conflicts*, I: A-D, 623.

¹⁰⁷³ Cheryl A. Rubenberg, *Israel and the American National Interest: a Critical Examination* (Chicago: University of Illinois Press, 1986), 270.

¹⁰⁷⁴ *Ibid.*

in 1980, and 40 percent increase from the previous year.¹⁰⁷⁵ The deliveries included, 10 F-15 fighter jets, 14 tank recovery vehicles, 19 Howitzers, guided bombs, and \$6 million worth of ammunition.¹⁰⁷⁶

Abu-Nidal Organization, a faction that split from Fatah earlier and had become Arafat's most vicious enemy, provided Israel with the final excuse to invade after they attempted to assassinate Shlomo Argov, Israel's ambassador to the United Kingdom. Even though the Abu-Nidal organization had been expelled from Lebanon and dismissed from the PLO, the attack was sufficient for Begin and Sharon to invade.¹⁰⁷⁷ The bombing campaign and the invasion that followed was brutal by all standards. During the bombing of Beirut, Reagan spoke on the phone with Menachem Begin and declared angrily, "Menachem, this is a holocaust."¹⁰⁷⁸

The organization was defeated in September 1982, and was forced to evacuate their fighters under American guarantees, provided by Reagan's special envoy Habib, that the Palestinian refugees would be protected.¹⁰⁷⁹ After the PLO evacuation, Christian Lebanese militia, *Al-Kataeb*, supported by the Israeli army, and some such as Abraham Weizefeld would argue with the knowledge and approval of the Israeli cabinet, invaded two Palestinian refugee camps and committed a horrifying massacre against Palestinian civilians.¹⁰⁸⁰ The Sabra-Shatila Massacre did little to generate any trust between Reagan and Arafat.¹⁰⁸¹

In an address to the American nation on September 1, 1982, following the PLO's departure from Lebanon, Reagan spoke of a new opportunity for a just peace in the Middle East.¹⁰⁸² He certainly disliked the PLO but was mindful of the miseries inflicted on the Palestinian people. He said, "the question now is how to reconcile Israel's legitimate security concerns with the legitimate rights of the Palestinians," he then declares: "their cause is more than a question of refugees."¹⁰⁸³ "The military losses of the PLO have not diminished the yearning of the Palestinian people for a just solution of their claims," "the departure of the

¹⁰⁷⁵ Ibid. Joe Stork and James Paul, "Arms Sales and the Militarization of the Middle East," *MERIP Reports* 13, no. 2 (1983).

¹⁰⁷⁶ Rubenberg, *Israel and the American National Interest: a Critical Examination*, 270.

¹⁰⁷⁷ Freedman, *A Choice of Enemies: America Confronts the Middle East*. 128.

¹⁰⁷⁸ Lou Cannon, *President Reagan: The Role of a Lifetime*, 1st Public Affairs ed. (New York: Public Affairs, 2000), 350.

¹⁰⁷⁹ Aljazeera, "Al Dam Al-Mostabah (The Desecrated Blood)," in *Hikayat Thawra (Tale of a Revolution)*, ed. Omar al-Issawy (Aljazeera, 2008); Abraham Weizefeld, *Sabra and Shatila* (Bloomington: AuthorHouse, 2009), 54.

¹⁰⁸⁰ *Sabra and Shatila*, 54.

¹⁰⁸¹ Aljazeera, "Al Dam Al-Mostabah (The Desecrated Blood)."

¹⁰⁸² President Ronald Reagan, "Address to the Nation on United States Policy for Peace in the Middle East, September 1, 1982," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: University of California).

¹⁰⁸³ Ibid.

Palestinians from Beirut dramatizes more than ever the homelessness of the Palestinian people.”¹⁰⁸⁴ Indeed, it is easy for one to imagine terrorists being loaded on ships, but seldom is one reminded of the fact that families were torn apart, yet again. However, Reagan’s proposed solution was an association, a full autonomy of the Palestinian territories with Jordan, an idea that PLO rejected entirely.¹⁰⁸⁵ The U.S. would oppose an independent Palestinian state; therefore the Palestinians should realize their legitimate political aspirations in a federal or confederate arrangement with Jordan. Reagan brought back the long held belief in American policy circles regarding the Jordan Option.

After its departure from Lebanon, the PLO was weak and dispersed. Arafat ended up in Tunis. With no base of operations from which to attack Israel, and a host of Arab countries unwilling to host the organization after what happened in Jordan and Lebanon, the PLO was in a dire situation. The PLO’s rescue came from the least likely place, from the occupied territories, particularly from the Gaza Strip.

On December 9, 1987, an IDF truck collided with a Palestinian civilian car, killing four passengers in Jabalia refugee camp in northern Gaza. The incident led to the first Palestinian uprising, or Intifada. The accident was merely the spark that started the fire since the uprising began to take roots since Israel’s occupation of the West Bank and the Gaza Strip in 1967. In his assessment of the causes, Benny Morris, an Israeli historian from the “New Historians” movement in Israel blames an “all-pervading element of humiliation,” that resulted from an occupation that was “always a brutal and mortifying experience for the occupied,” the occupation was “founded on brute force, repression and fear, collaboration and treachery, beatings and torture chambers, and daily intimidation, humiliation and manipulation.”¹⁰⁸⁶

According to Quandt, in the U.S. there was a brief period of “what does this mean?” During the early period, the intifada was relatively peaceful, a civilian protest movement against a foreign occupier who had governed them for decades.¹⁰⁸⁷ Palestinian youth, or “Children of the Stones,” took to the streets in protest against the Israeli occupation throwing stones at Israeli soldiers, hanging Palestinian flags from lampposts and electric wires, and drawing graffiti on practically every wall. Some of my own earliest memories as a child were of gathering stones in buckets with the neighborhood kids to supply the older youth. I recall

¹⁰⁸⁴ Ibid.

¹⁰⁸⁵ Tessler, *A History of the Israeli-Palestinian Conflict*, 601-03.

¹⁰⁸⁶ Benny Morris, *Righteous Victims: A History of the Zionist-Arab Conflict, 1881-2001*, (New York: Vintage Books-Ebooks, 2001). 1339.

¹⁰⁸⁷ Quandt, "Quandt Interview. Washington D.C., 2014."

my older brother's arrest one time when the IDF forced him to repaint the neighborhood walls and climb lampposts to bring down some flags. Soon after, Palestinians began going on strikes, paralyzing all aspects of life in the territories; shops and markets would shut down, civil servants stayed home without any planning or initial role of the PLO. The PLO began to regain a degree of supervision over all this. One man in the PLO leadership began to be perceived as the leader of the uprising. Khalil Al-Wazir, Abu Jihad, Arafat's second in command, whose slogan "No Voice is louder than the Voice of the Intifada," became the inspirational motto for the uprising. Wazir was soon directing strikes through Fatah affiliates in the territories. The strikes represented a vote of confidence in the indigenous leadership and the PLO.

The first uprising generated much more support for the Palestinian cause than any terrorist activity carried out by the PLO factions. The world was sympathizing with the young rock throwers and the weeping women facing Israeli soldiers.¹⁰⁸⁸ The popular uprising was a spontaneous unplanned event, but the PLO soon harvested political victories that it had struggled for years to obtain. The uprising certainly helped pave the way for Arafat and the moderates to push the Reagan administration to recognize the PLO.

Another important event that played a key role in bring U.S.-PLO dialogue closer was the disengagement declaration of King Hussein in July 1988. The West Bank was under Jordanian administration until its occupation by Israel in 1967, nonetheless, Jordan continued to manage educational and religious affairs in the West Bank, as well as pay for the salaries of Palestinian civil servants. In a televised address, King Hussein cited the decisions of the Rabat summit in 1974 in which the Arab leaders proclaimed the PLO as the "sole legitimate representative of the Palestinian people," and the wishes of the PLO that disengagement "will contribute to the struggle of the Palestinian people and their glorious uprising."¹⁰⁸⁹ The king said "Jordan is not Palestine and the independent Palestinian state will be established on the occupied Palestinian territories after its liberation..."¹⁰⁹⁰

The Intifada convinced Hussein that he had no influence in the territories anymore. Consider the age of Palestinian youth in the West Bank, the youth were the real power behind the uprising in 1987-1988, most of them were born after 1967, they did not know Jordan, and Jordan did not know them. Hussein's message to Washington was simply; if you wish to talk about the Palestinian issue, you have to negotiate with the PLO. The Jordan Option that the

¹⁰⁸⁸ Elie Rekhess, "The Arabs in Israel and the Intifada," in *The Intifada: Its Impact on Israel, the Arab World, and the Superpowers*, ed. Robert Owen Freedman (Miami: Florida International University Press, 1991), 361.

¹⁰⁸⁹ King Hussein of Jordan, "Address to the Nation- Amman, July 31, 1988," (Online: King Hussein's Archive).

¹⁰⁹⁰ Ibid.

successive U.S. administrations had clung to for years abandoned them. As for the PLO, for all its diplomatic and military efforts in the previous years, the uprising and Hussein's disengagement provided serious enforcement of the PLO's position as the only representative institution of the Palestinian people.

The following section is derived for the most part from interviews with Mohammed Rabie and William Quandt. Across the Atlantic, after the king's speech, Rabie and Quandt met in August 1988. Rabie had gone to school with many in the PLO's leadership, including Khalid al-Hassan. Rabie told Quandt, "you know what is going on in Washington better than I do, and I know what is going on with the PLO better than you do. What if we tried to work out a formula whereby the U.S. and the PLO could deal directly with one another?"¹⁰⁹¹ They agreed that they would each try to find out what it would take for this dialogue to take place. Rabie went to Tunisia to speak with the PLO while Quandt spoke to State Department officials to find out their position on the issue of bringing about a U.S.-PLO dialogue. Quandt and Rabie's aim was for things to move simultaneously on both sides with the prior understanding of "if you do this, I do that."

A week later, Quandt was informed that there was interest, but the PLO had to accept 242, accept Israel's right to exist, and it had to renounce terrorism. In return, the U.S. would accept self-determination for the Palestinian people, and recognize the PLO as their sole legitimate representative. Rabie returned from Tunisia with minor reservations, Quandt took the document to the State Department and Shultz was encouraged by the ongoing plans, but he said that he would not be in a position to give an authoritative answer until after the elections in November. There is a tendency in American politics that once an election has been held, and the new congress and/or president has won, politics enters a "lame duck session," in which not much was done, but at the same time, the President is free of many constraints that would otherwise hinder them, particularly during election years. Vice-President and Republican candidate George H.W. Bush was also interested in the plan, but said that he would rather not have it as the first thing to do if he became president, but promised to go along with it if Reagan approved it.

Three months later, on November 15, 1988 at an emergency Palestinian National Council meeting in Algeria, Yasser Arafat declared the establishment of a Palestinian state. He read the Palestinian Declaration of Independence with nationalist fervor declaring, "the Palestine National Council, in the name of God, and in the name of the Palestinian Arab

¹⁰⁹¹ Quandt, "Quandt Interview. Washington D.C., 2014."; Mohammed Rabie, interview by Author, February 16, 2016.

people, hereby proclaims the establishment of the States of Palestine on our Palestinian territories with its capital holy Jerusalem.”¹⁰⁹² Arafat said that Palestine was a peace loving state, “committed to the settlement of regional and international disputes by peaceful means in accordance with the charter and resolutions of the United nations.”¹⁰⁹³ The importance of the declaration is in the PLO’s acceptance of U.N. Resolutions 242, 338. The PLO accepted the division of Palestine, and called for multinational peace negotiations based on UN and UNSC resolutions.¹⁰⁹⁴ The U.S., however felt that the declaration fell short of the demands conveyed through Quandt.

Arafat went to Sweden right after the American elections, which George H. W. Bush won. Shultz wanted to test Arafat to see if he was truly willing to meet U.S. conditions. He asked the Swedish Foreign Minister to present the deal to Arafat, in the same language as Rabie and Quandt’s. According to Quandt, Arafat recognized it and said that he had known it and that he would agree to it. Arafat signed the document in his personal capacity and promised to consult with rest of the PLO in Tunis. He agreed that once he had the PLO’s endorsement, he would go to the General Assembly and deliver a speech to say what was required. In late November, Arafat managed to persuade, or coerce, the PLO into accepting the agreement, all was left to do now was to visit New York to deliver the speech at the UN.

In the speech Arafat was supposed to declare the PLO’s acceptance of 242, 338, and Israel’s right to exist. Shultz still did not trust Arafat fully, nor did he like the idea of dealing with the PLO, he probably wanted to test Arafat’s commitment to the understanding, therefore Shultz denied Arafat a visa to enter the U.S., he was less than fond Arafat and probably even held him in contempt.¹⁰⁹⁵ While denying Arafat the visa, Shultz wrote the exact words and lines Arafat was supposed to say.¹⁰⁹⁶

Instead of New York, Arafat went to Geneva on December 13, and gave the speech at the UN headquarters. He said, “our Palestine National Council has reaffirmed its commitment to the UN resolutions.... It has also reaffirmed its rejection of terrorism, in all its forms.” He went on to condemn terrorism as well. While he did not recognize Israel’s right to exist in a clear manner, he hinted at peaceful coexistence, and acceptance of UN resolutions

¹⁰⁹² Yasser Arafat as quoted in Tessler, *A History of the Israeli-Palestinian Conflict*, 721.

¹⁰⁹³ *ibid*

¹⁰⁹⁴ The declaration was written by the late Mahmoud Darwish and translated into English with the help of the late Palestinian scholar Edward W. Said.

¹⁰⁹⁵ Walker and Gowers, *Arafat: the Biography*, 280.

¹⁰⁹⁶ *Ibid*.

and states' right to live peacefully.¹⁰⁹⁷ It was not enough. The State Department felt that Arafat was being devious, which he was to be sure. He was supposed to "renounce," terrorism, instead of denouncing or condemning it. It seems that Arafat was as mistrustful of Shultz and Reagan as they were of him.

Arafat called a press conference the next day and said exactly what was required of him by the U.S, all the while saying, "as I said yesterday" in reference to his speech on the previous day. During the press conference, Arafat said, "our statehood provides salvation to the Palestinians and peace to both Palestinians and Israelis. Self-determination means survival for the Palestinians. And our survival does not destroy the survival of the Israelis..." He also made a reference to the PLO's acceptance of resolutions 242 and 338 as the basis for negotiations with Israel within the framework of an international conference, and finally he mentioned specifically the right of the "parties concerned in the Middle East conflict to exist in peace and security and as I have mentioned including the state of Palestine and Israel and other neighbors according to resolutions 242 and 338." He also said "I repeat for the record that we totally and absolutely renounce all forms of terrorism."¹⁰⁹⁸ In a final message to the American administration, he told journalists "enough is enough, enough is enough, enough is enough," before adding "do you want me to striptease?"¹⁰⁹⁹ He said exactly what was required of him by Shultz, and was in no mood for further compromise.

Israeli Prime Minister Yitzhak Shamir saw the speech as "a monumental act of deception," and urged the U.S. not to open dialogue with the PLO ever for the sake of peace and "advancing the struggle against terror and violence."¹¹⁰⁰ If the speech was not sufficient for Shamir, it was for Regan, Shultz, and the State Department. On the same day, December, 14, 1988, Reagan issued a statement in which he accepted the PLO's statement and that the statement met the conditions for a "substantive dialogue."¹¹⁰¹ He then authorized the State Department to enter into a dialogue with PLO representatives and cautioned the organization that it "must live up to its statements. In particular, it must demonstrate that its renunciation

¹⁰⁹⁷ Full text of speech available at Israel Ministry of Foreign Affairs (IMFA), 414- *Statement by Yasser Arafat in the General Assembly- December 1988*, Vol. Historical Documents, 1984-1988 (Online: IMFA).

¹⁰⁹⁸ 419-*Statement by Yasser Arafat- 14 December 1988*, Vol. Historical Documents, 1984-1988 (Online: IMFA). (Under pressure, what Arafat actually said sounded more like tourism, which State officials noticed, but decided to let it go)

¹⁰⁹⁹ Paul Lewis, "Rights of All Parties' Accepted by Arafat," *The New York Times*, December 15, 1988. Walker and Gowers, *Arafat: the Biography*, 284.

¹¹⁰⁰ Israel Ministry of Foreign Affairs (IMFA), 415- *Reaction by Prime Minister Shamir to Arafat's Speech- December, 13 1988*, Vol. Historical Documents, 1984-1988 (Online: IMFA).

¹¹⁰¹ President Ronald Reagan, "Statement on Diplomatic Talks with the Palestine Liberation Organization " in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: The American Presidency Project, 1988).

of terrorism is pervasive and permanent.”¹¹⁰² Thus, after more than twenty years of its founding, the PLO managed to enter into a dialogue with the U.S. and Arafat’s obsession with securing a diplomatic dialogue with the U.S. was finally achieved. Arafat sincerely believed, as he put it in an interview with *Time Magazine*, that “the U.S. holds the key to Israel.”¹¹⁰³

4.8. On the Road to Oslo

President George H. W. Bush authorized the American ambassador in Tunisia Robert Pelletreau to hold secret dialogue with mid-level PLO official. By early 1990, the diplomatic representation was elevated as Pelletreau began holding meetings with Salah Khalaf, abu-Iyyad, the man who by most accounts was behind the Black September Organization, that very organization that carried out the Khartoum attack and executed an American ambassador and his deputy, and took Israeli athletes hostage during the Munich Olympics.¹¹⁰⁴ It was not a surprise that, once a Kuwaiti newspaper leaked news about the meetings, the U.S. took a step back, but did not put the dialogue completely on hold.¹¹⁰⁵ The dialogue eventually came to a standstill when a Palestinian organization called the Palestine Liberation Front (PLF) attempted to carry out a terrorist attack against Israel in 1990, the sole purpose of which was disrupting U.S.-PLO dialogue.¹¹⁰⁶ The administration saw the incident as violation of the PLO’s promises to abandon terrorism and put an end to the dialogue. When the Bush administration demanded of Arafat to renounce the attacks and punish the PLF, he seemed hesitant to do so, Bush “more in sorrow than in anger,” ended the dialogue.¹¹⁰⁷

The cause Arafat’s hesitation sprung from the fact that the organization was an Iraqi sponsored organization. As discussed earlier, every Palestinian faction received aid and training from one Arab regime or the other, rendering their political will subject to the pleasure and displeasure of these regimes. Iraqi leader Saddam Hussein was preparing for something else, and having the Palestinians on his side seemed to be an important factor to sway the Arab public opinion.

¹¹⁰² Ibid.

¹¹⁰³ Quoted in Paul Thomas Chamberlin, *The Global Offensive: The United States, The Palestine Liberation Organization, and the Making of the Post-Cold War Order* (Oxford: Oxford University Press, 2012), 250.

¹¹⁰⁴ Quandt, "Quandt Interview. Washington D.C., 2014."

¹¹⁰⁵ Ibid.

¹¹⁰⁶ Rashid Khalidi, *The Iron Cage: The Story of the Palestinian Struggle for Statehood* (Oxford: Oneworld, 2006), 146, 56-57, see also 95. And Abu Al-Abbas, PLF leader said as much in Aljazeera, "Sarab Al-Dawla am Bithoriha? (Mirage of the State or its Seeds?)," in *Hikayat Thawra (Tale of a Revolution)*, ed. Omar al-Issawy (Aljazeera, 2008).

¹¹⁰⁷ Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 229-300.

Saddam had just finished his eight-year war with Iran in 1988, leaving his economy and military in a rather devastated state. The war had cost Iraq in excess of \$500 billion, with the country being \$130 billion owed to Arab and western countries that helped Iraq finance the war effort.¹¹⁰⁸ The disastrous economic situation led Iraq to invade the tiny neighboring country of Kuwait, which Saddam had accused of slant drilling and tempering with oil production and prices. After the war with Iran, Saddam sought to increase the price of oil by decreasing Iraq's oil production, Kuwait stepped up its production. According to former Iraqi Foreign Minister Tariq Aziz, "every \$1 drop in the price of a barrel of oil caused \$1 billion drop in Iraq's annual revenue."¹¹⁰⁹

Neither the Bush administration nor any of the major powers looked favorably on Iraq's occupation of Kuwait. The USSR and China imposed arms embargo against Iraq and on January 15, 1991, the Bush administration issued an ultimatum to Iraq to withdraw from Kuwait or face war. After negotiations between Iraq and the major powers failed, the U.S. led an international coalition with UN approval to remove Saddam's army from Kuwait.¹¹¹⁰ The Gulf War ended with the defeat of the Iraqi army and its removal from Kuwait. The coalition did not press further into Iraq nor attempt to remove Saddam. Dick Cheney, who would later become the Vice President under George W. Bush, stated so sagely in April 1994 that the going far into Iraq, and overtaking Iraq would be a "quagmire."¹¹¹¹

When Iraq invaded Kuwait, the majority of the Arab countries, including the major players in the region, Egypt, Saudi Arabia, Syria and the Gulf states supported Kuwait. Arafat saw fit to side with Saddam. Arafat has made some serious mistakes in his career, but his decision to support Saddam would surely count amongst the worst. In *The Iron Cage*, Khalidi described the decision as "disastrous," which it was.¹¹¹² Saddam had begun his campaign to bring the Palestinian leadership into the fold prior to the war. And what is a better way to do that than financial assistance? According to Walker and Gowers, the PLO received \$50 million payment from Baghdad during the first days of the uprising, the single largest sum the PLO had ever received from anybody.¹¹¹³ Baghdad provided the PLO with \$4 million a month from the beginning of the uprising. In 1989, Saddam provided the families of

¹¹⁰⁸ Phyllis Bennis and Michael Moushabeck, *Beyond the Storm: A Gulf Crisis Reader* (Northampton: Olive Branch Press, 1991), 52.

¹¹⁰⁹ Quoted in Geoff Simons, *The Scouraging of Iraq: Sanctions, Law and Natural Justice* (London: Macmillan Press, 1996), 212.

¹¹¹⁰ Tindall and Shi, *America: a Narrative History*, See The Gulf War 1444-46.

¹¹¹¹ Robert K. Elisberg, "Dick Cheney Calls Iraq a Quagmire," *The Huffington Post*, May 25, 2011.

¹¹¹² Khalidi, *The Iron Cage: The Story of the Palestinian Struggle for Statehood*, 146.

¹¹¹³ Walker and Gowers, *Arafat: the Biography*, 298.

Palestinians killed in clashes with Israel with a sum equivalent to a pension paid to families of dead Iraqi soldiers.¹¹¹⁴

In their discussion of this episode of Arafat's life, Walker and Gowers called their chapter "The Wrong Horse."¹¹¹⁵ Arafat had thrown his lot with Saddam who was exhausted politically, economically, militarily, and worst of all, he put Iraq at odds with its neighbors and left the devastated nation isolated. Arafat was in a similar position without recourse or help from the Arab countries, particularly Saudi Arabia and the Gulf States who terminated their financial aid to the Palestinians.¹¹¹⁶ Furthermore, Kuwait expelled thousands of Palestinians, most of whom had been wealthy and financially supportive of the PLO.¹¹¹⁷ Finally, Arafat's decision to align with Kuwait ended any hope for a U.S.-PLO dialogue.¹¹¹⁸ With the Intifada raging in the territories, and the threat of other factions consolidating their powers there, Arafat was beginning to feel the pressure. It was at this time that he began using the slogan "Peace of the Brave," when in fact it should have been Peace of the Lonely, or better yet, Peace of the Desperate, for such was his and the PLO's situation after the Gulf War.

On March 6, 1991, President George address congress in which he outlined his policies regarding the Middle East. In his "New World Order" speech to a joint session of congress, Bush said that the U.S. must do all it could to close the gap between Israel and the Arab States, and between Israelis and the Palestinians.¹¹¹⁹ He reiterated the U.S. stance that "a comprehensive peace must be grounded in United Nations Security Council Resolutions 242 and 338..." and added "the principle of territory for peace."¹¹²⁰ The land for peace compromise, according to Bush the concept must guarantee Israel's security and the recognition for "the legitimate Palestinian political rights."¹¹²¹ Bush and his Secretary of State James Baker felt that the time was ripe to attempt to move peace in the Middle East forward following the victory over Iraq. According to Lasensky, "coalition victory and increased U.S. prestige would itself induce a new Arab-Israeli dialogue... because their

¹¹¹⁴ Ibid.

¹¹¹⁵ Ibid., 286.

¹¹¹⁶ Tessler, *A History of the Israeli-Palestinian Conflict*, 739.

¹¹¹⁷ See Khalidi, *The Iron Cage: The Story of the Palestinian Struggle for Statehood*, 146-47.

¹¹¹⁸ Michael Thomas, *American Policy Toward Israel: The Power and Limits of Beliefs* (New York: Routledge, 2007), 143.

¹¹¹⁹ President George H. W. Bush, "Address Before a Joint Session of the Congress on the Cessation of the Persian Gulf Conflict, March 6, 1991," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: University of California).

¹¹²⁰ Ibid.

¹¹²¹ Ibid.

initiative focused on process and procedure rather than on agreements and concessions.”¹¹²² Few days after the speech, Baker went to the Middle East to meet the parties and the meetings resulted in calls for an international peace conference.

Whether because of this initiative, or because there was an actual need for it, Israel requested \$10 billion from the U.S. in May 1991 to assist with arriving refugees from the Soviet Union, Eastern Europe, and Ethiopia.¹¹²³ According to Yitzhak Shamir, Israel’s Prime Minister, “it was a humanitarian issue, one that the United States had supported for many years.”¹¹²⁴ The request and the subsequent debate would mark one of the lowest points in American-Israeli relations up to that point. Israel had received \$400 million loan guarantee in October 1990, and refused to disclose whether the amount was used for settlement expansion. A Bush advisor quoted by Lasensky stated “getting people into settlements was not a humanitarian issue.”¹¹²⁵ Bush and Baker did not want U.S. aid money to be spent on settlement construction since such policy would outrage the Arab states and harden their opinion towards negotiations. Furthermore, they believed that settlement construction in the occupied territories to be an obstacle to any future agreement between Israel and the Palestinians.¹¹²⁶

When president Bush requested 120-day delay before considering the Israeli requested, he faced stern opposition in congress. The president went to the American public instead, speaking strongly against Israeli settlements and against the Israeli lobby. “... we are up against a very strong and effective... groups that go up to the Hill. I heard today there was something like a thousand lobbyists on the Hill working the other side of the question. We’ve got one lonely little guy down here doing it,” Bush said in a press conference.¹¹²⁷ The president threatened to use veto if required to make sure that nothing interferes with the prospect of making peace between Israel and its Arab neighbors, according to Bush.¹¹²⁸

With high approval ratings among the public, Bush eventually won congress’ approval for the delay. Two possible factors could have contributed to this success; either going public with the issue, or because Shamir was facing criticism within Israel for the deterioration in the relationship with the U.S., or a combination of both. The elections of

¹¹²² Lasensky, "Underwriting Peace in the Middle East," 90.

¹¹²³ Ibid.

¹¹²⁴ Quoted in "Chequebook Diplomacy: The U.S., The Oslo Process and The Role of Foreign Aid," 43.

¹¹²⁵ "Underwriting Peace in the Middle East," 91.

¹¹²⁶ Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 307.

¹¹²⁷ President George H. W. Bush, "The President's News Conference, September 12, 1991," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: The American Presidency Project, University of California).

¹¹²⁸ Ibid.

Yitzhak Rabin and the Labor Party in June 1992 did much to garner a feeling of optimism regarding future negotiations. Within a short while of becoming Prime Minister, Rabin met Baker in an attempt to push the talks further. Rabin visited Egypt and met with President Hosni Mubarak.¹¹²⁹ Two days later, Rabin announced the cancellation of more than 6000 housing units that were to be built in the West Bank.¹¹³⁰

The issue that remained to be resolved was Palestinian representation at the peace conference. Shamir was adamant that the PLO would not be present. A unified Jordanian-Palestinian was sent instead to attend the conference on October 30 in Madrid. The Palestinian delegation was made up of Palestinians from the occupied territories, though the PLO selected them all, "whose role would only barely be disguised."¹¹³¹ According to Mamdouh Noufal, member of the PLO's Supreme Revolutionary Forces Council, most of these teams were directly under the supervision of Arafat, and Arafat was in direct contact with every team, even if they were independent and had little loyalty to the PLO.¹¹³²

The conference convened in Madrid under the joint chairmanship of president Bush and last Soviet president Mikhail Gorbachev. The conference itself served as a first step to initiate future bilateral and multilateral negotiations between the parties.¹¹³³ It saw up two negotiating tracks; bilateral negotiations between Israel and its neighbors, and multilateral between all parties to discuss regional issues such as water, arms control and refugees.¹¹³⁴ Despite the fact that no tangible agreement was reached at Madrid, the conference set the groundwork for future negotiations between the parties. Bilateral Israeli-Palestinian negotiations continued in Washington, without direct representation of the PLO, though few believed that the PLO was not involved at all as the teams were under the supervision of Arafat.¹¹³⁵

By the time President Clinton assumed office in 1992, the basis for peace negotiations was in place. According to Quandt, "no president ever came to office with a more promising

¹¹²⁹ Dennis J. Wamsted, "Loan Guarantees, Again?," *The Washington Report on Middle East Affairs* XI, no. 3 (1992): 29.

¹¹³⁰ Michael Parks, "Rabin Survives Crisis Over Budget Priorities," *The LA Times*, September 9, 1992.

¹¹³¹ Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 308.

¹¹³² Aljazeera, "Al Dam Al-Mostabah (The Desecrated Blood)."

¹¹³³ Robert P. Barnidge, *Self-Determination, Statehood, and the Law of Negotiation: The Case of Palestine* (Oxford; Portland: Hart Publishing, 2016), 101.

¹¹³⁴ Pinar Bilgin, *Regional Security in the Middle East: A Critical Perspective*, (Abingdon; New York: RoutledgeCurzon, 2005). 153. Robert G. Rabil, *Embattled Neighbors: Syria, Israel and Lebanon* (Boulder: Lynne Rienner Publishers, 2003), 199-200.

¹¹³⁵ Patrick Mueller and Claire Spencer, "From Madrid to Camp David: Europe, the US, and the Middle East Peace Process in the 1990s," in *European-American Relations and the Middle East: From Suez to Iraq*, ed. Daniel Moeckli and Victor Mauer, *CSS Studies in Security and International Relations* (New York: Routledge, 2011), 108-09.

set of circumstances for promoting peace between Israel and its neighbors than did Bill Clinton.”¹¹³⁶ The vital position of Secretary of State was assigned Warren Christopher who was a Carter administration veteran who played a major role in the release of American hostages during the 1979 Iranian hostage crisis.¹¹³⁷

The Washington negotiations were faltering by spring 1993, due in large part to Arafat’s stubbornness. He was sending a message that only through him and through the PLO could negotiations move forward. During that spring, secret negotiations were held in Oslo, Norway, with a Palestinian team who “were clearly acting on Arafat’s behalf.”¹¹³⁸ A framework agreement was eventually reached between the parties for mutual recognition, with the aid of Norwegian foreign minister. This agreement would become the Oslo I accord, or the Declaration of Principles. While the American administration was informed of the ongoing negotiations, the U.S. was not directly involved and played a small part in reaching the agreement.¹¹³⁹

Finally, on September 13, 1993, after decades of war, occupation, and terrorism, the leaders of the two peoples of the Holy Land met on a sunny Autumn day in the American capital to sign the “Declaration of Principles,” in which the parties agreed that “it is time to put an end to decades of conformation and conflict, recognize their mutual legitimate and political rights, and strive to live in peaceful coexistence and mutual dignity and security to achieve a just, lasting and comprehensive peace settlement.”¹¹⁴⁰ Annex I and II included protocols that established the Palestinian Authority to serve as a transitional government for the Palestinian territories in areas that Israel would soon be evacuating and handing over the administrative and security responsibilities to Arafat and the new PA, paving the way for Arafat’s return to the land he had spent his life trying to liberate by means of armed struggle, terrorism, and diplomacy.¹¹⁴¹ The agreement included provisions for future negotiations on permanent status issues such as; Jerusalem, settlements, security arrangements, borders, and the refugee problem based on Security Council resolutions.¹¹⁴² It is the omission of these issue that left observers wondering about the viability of the agreement, and whether the peace process would actually succeed.

¹¹³⁶ Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 321.

¹¹³⁷ Freedman, *A Choice of Enemies: America Confronts the Middle East*. 83, 276.

¹¹³⁸ Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 327.

¹¹³⁹ Ibid.

¹¹⁴⁰ Full text of the agreement, "Declaration of Principles on Interim Self-Government Arrangements, Washington D.C., 13 September 1993," in *Documents and Maps*, ed. Jerusalem Media and Communication Center (Online by JMCC).

¹¹⁴¹ Ibid.

¹¹⁴² Ibid.

On the first day of October 1993, donors gathered in Washington to help the peace process by pouring money into the accounts of the newly established PA, to “support the historic political breakthrough in the Middle East through a broad-based multilateral effort to mobilize resources to promote reconstruction and development in the West Bank and Gaza.”¹¹⁴³ The purpose of aid was, according to World Bank president at the time, “to open the door to development and to invest in peace.”¹¹⁴⁴

The Oslo I agreement was followed by a number of agreements that sought to formalize the transfer of power from Israel to the newly established PA. The Gaza-Jericho agreement was signed in May 1994. *The Agreement on Preparatory Transfer of Powers and Responsibilities between Israel and the PLO* was signed in August 1994, the *Protocol on Further Transfer of Powers and Responsibilities* in August 1995, and finally the Oslo II agreement in September 1995. When the latter withdrew from most of the Gaza Strip and the major cities in the West Bank, as agreed in the Oslo II agreement which was signed in Taba, Egypt, the West Bank was divided as; area A, under the security and administrative control of the PA and included the major civilian centers; area B, rural areas under Israeli security and Palestinian administrative control; and area C included the Israeli settlements, the Jordan Valley region and bypass roads remained under complete Israeli control.¹¹⁴⁵ The table below provides a timeline and a summary of the major agreements between the two sides since the Madrid Conference.

Agreement Title	Date Signed	Summary
Madrid Peace Conference	October 1991	Sat up two separate tracks for negotiations based on UN and UNSC resolutions 242 and 338.
Oslo Agreement (Declaration of Principles)	September 1993	Mutual recognition and overall framework for interim period with Palestinian self-governance.
Protocol on Economic Relations (Paris Protocol)	April 1994	Codification of economic relations between the two

¹¹⁴³ Israeli Ministry of Foreign Affairs- Historical Documents, *114- Summary of Co-Sponsors at the Conference to Support Middle East Peace- Washington, 1 October 1993*, Vol. 13-14: 1992-1993 (Online: MFA, Israel).

¹¹⁴⁴ Quoted in Brynen, *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza*, 4.

¹¹⁴⁵ Mouin Rabbani, "Palestinian Authority, Israeli Rule," in *The Struggle for Sovereignty: Palestine and Israel, 1993-2005*, ed. Joel Beinin and Rebecca L. Stein (Stanford: Stanford University Press, 2006), 79.

		sides.
Gaza-Jericho Agreement	May 1994	Transfer of power to PA in Gaza and Jericho
Early Empowerment Agreement	August 1994	Transfer authority to PA in agriculture, energy, labor, local government and trade.
Oslo II (Taba Agreement)	September 1995	Composition of PA legislative council. Agreement on elections in 1996, further Israel redeployment, expansion of PA control.

Figure 4:2, early agreements between Israel and the PA 1991-1995.

The history of Palestinian- American relations until the signing of the Oslo accords was one in which the U.S. attempted to avoid contact with the PLO at whatever cost. Until the mid 1970s, the U.S. chose to deal with the question of Palestine as a humanitarian issue, a refugee crisis that ought to be resolved with the help of the neighboring Arab regimes, especially Jordan. According to Khalidi, “mention of Palestinian national rights in the context of American policy or of UN resolutions was actively opposed by the Johnson, Nixon and Ford administrations.”¹¹⁴⁶ Yet contact was inevitable when the Arab states declared the PLO to be the government of the Palestinian people in the refugee camps and in the occupied territories, and King Hussein’s disengagement from the West Bank contributed much in setting up the PLO as the authority to speak for the people in the territories and in Diaspora. What made matters worse for the United States was the PLO’s success in the international arena especially when it secured the recognition of the Arab states and other worldwide regimes.

However, the U.S. succeeded in maintaining its stance that the PLO should first recognize Israel and accept UNSC resolutions 242 and 338, exactly as Henry Kissinger wanted more than a decade earlier. President Ronald Reagan was a determined support of Israel and he sincerely disliked the PLO. Yet, during Reagan’s second term, official contact was finally made and the road to Oslo was paved. It is important to keep in mind that until Oslo, the United States’ financial aid to the Palestinians was directed through the United Nations in order to help Palestinian refugees survive. The vast majority of the foreign aid the

¹¹⁴⁶ Rashid Khalidi, *Brokers of Deceit: How the US Has Undermined Peace in the Middle East*, (Boston: Beacon Press, 2013). 61.

U.S. contributed to the region went to Israel and Egypt after the Camp David summit to peace for peace and for peace dividend.¹¹⁴⁷

For most of the period between the end of WWII and the signing of the Oslo accords, U.S. foreign policy in the Middle East centered primarily on two factors; first America's desire to ensure the flow of Middle East oil in world market; and second was the Cold War struggle to keep the USSR as far away from the region as possible. In order to secure American interest and presence in the region, the U.S. supported Israel in face of danger represented in the PLO and the neighboring Arab regimes. That is not to deny the moral and humanitarian obligation Americans felt towards the Jewish nation, nor undermine the role of interest groups within the U.S. that worked tirelessly to ensure that Israel enjoyed the aid and friendship of U.S. administrations. The only president to express a desire for a peace settlement by establishing a homeland for the Palestinians was Carter who attempted on more than one occasion to establish contact with the PLO. His attempts would have succeeded if it were not for the intervention of the Arab regimes that attempted to subdue Arafat and the PLO for their own political agenda.

¹¹⁴⁷ Lasensky, "Paying for Peace... 2004," 216.

5. The Road to Decline

The return of Arafat to the Palestinian territories in July 1994 was a cause for celebrations among most Palestinians. The day of his return to the newly “liberated” Gaza Strip was marked with national music and dancing in the streets from the border city of Rafah along the Saladin road, the main road in the coastal strip, to the parliament square in central Gaza. The return marked, or at least was made to appear as a major victory for the PLO. Nabil Shaath, one of Arafat’s top aides joked at the time that the only way to assassinate Arafat was by “over-kissing him.”¹¹⁴⁸

It was essential for Arafat to sell the peace process to his supporters and his opponents alike, and what better way to do that than to try and convince his followers that the process was a major victory for the PLO, and a step in the right direction to reclaiming Palestine. Arafat became the “Hero of War, Hero of Peace,” as a shirt I wore at the time proudly claimed under a photograph of Arafat. One could observe those who favored the peace agreement as they raised the Palestinian flag on their rooftops, and those who opposed it chose to fly a black flag instead, in mourning over what they perceived as the sacrifices made by Arafat and his colleagues in Washington, Cairo and Taba.

The opposition however, represented primarily by the Islamist factions; Hamas and the Islamic Jihad; and the PLO’s leftist factions such as the PFLP, did not share my shirt’s view. Upon his arrival in Gaza City, Arafat delivered a historic speech in front of a crowd of 10,000, or 200,000 people, in which he admitted that neither he nor many among the Palestinians approved the Oslo Accords fully.¹¹⁴⁹ He exclaimed that it was only a first step on a long road to struggle. The armed struggle had come to an end, and another major battle was commencing, Arafat said. The new battle was to be fought at the negotiations table, a battle to “rebuild our homeland, our institutions that the occupation has destroyed.”¹¹⁵⁰ Mindful of Hamas, Arafat addressed their then imprisoned leader Ahmad Yassin saying “we are here today to tell Ahmad Yassin that we will not rest or be silent until you are with us, by our side, here, here, here,” he repeated three times in the genuine Arafat manner.¹¹⁵¹

¹¹⁴⁸ Michael Parks, "Arafat Returns in Triumph to Gaza, Pleads for Unity," *LA Times*, July 02, 1994.

¹¹⁴⁹ Reports estimate the number between 10,000 (Moscow Times), to 200,000 (BBC), neither figure could be correct. The BBC’s figure is obviously an exaggeration as the entire population of the Gaza Strip was less than 1 million in 1994; considering the elderly, women who did not show up in large numbers, and the very young, and the opposition, it becomes inconceivable. Moscow Times’ estimate is the opposite, it is simply too low.

¹¹⁵⁰ Arafat’s speech with voiceover translation by Israel Channel 1, quoted translation by author. C-Span, "Arafat Arrival in Gaza," ed. Israeli Television Channel 1 (C-Span, 1994).

¹¹⁵¹ Ibid.

The Islamist parties Hamas and Islamic Jihad rejected the agreement altogether as a betrayal of the Palestinian rights and principles. Oslo was “premature. The fruit was unripe, green, and bitter... we were made to swallow the bitterness,” says Khalid al-Batsh of the Islamic Jihad.¹¹⁵² The PFLP deemed the agreement unjust and disadvantageous to the Palestinians.¹¹⁵³ Yet for all the promises that the new form of government would be democratic with free institutions, and all Arafat’s talk about national unity, it did not take Arafat’s forces long after their arrival to commit a massacre against Hamas’ supporters. On November 18, 1994 Arafat’s security forces opened fire outside Palestine Mosque in Gaza City killing at least 15 people and injuring 200 others.¹¹⁵⁴ It was the first major clash between Arafat’s forces and Hamas, and needless to say, it did little to ease the high tensions between opponents and proponents of the peace process.

According to opinion polls conducted after the signing of the Oslo accords and subsequent autonomy agreements, Arafat and Fatah’s popularity were extremely high among Palestinians. For example, in a response to the question “if elections were to be held today, and you decide to participate, you would vote for candidates affiliated with...” 14 percent of the participants chose Hamas candidates, eight percent chose independents, 40 percent said that they would choose Fatah and 15 percent chose none.¹¹⁵⁵ Another survey conducted in the same period by the Jerusalem Media and Communication center also gave Fatah 40 percent to Hamas’ 10, and the approval of Yasser Arafat whose return had made 53 percent of participants “more confident and more optimistic,” about their future, increased to over 54 percent.¹¹⁵⁶ There was also much hope that the occupied territories would flourish under a democratic system. According to polls, 73 percent of Palestinians in 1993 felt that the new PA Legislative Council should be elected, and 41 percent said that they would vote for a Fatah affiliated candidate.¹¹⁵⁷ The idea of democracy was warmly welcomed by a people whose aspirations rested throughout their history on a single political organization dominated by a single party led by a single man, from aboard. The optimism was justified as millions of

¹¹⁵² Khalid al- Batsh, interview by Mouin Rabbani, 2013, "Between Hamas and the PA: an Interview with Islamic Jihad's Khalid Al-Batsh".

¹¹⁵³ Michael Bröning, *Political Parties in Palestine: Leadership and Thought*, 1st ed. (New York: Palgrave Macmillan, 2013), 99.

¹¹⁵⁴ *The Palestine Yearbook of International Law*, ed. Anis F. Kassim, vol. 8, 1994/95 (The Hague, the Netherlands: Kluwer Law International, Al-Shaybani Society of International Law, 1995), 224-25.

¹¹⁵⁵ Palestinian Center for Policy and Survey Research, "Public Opinion Poll #11: Elections and Palestinian-Jordanian Relations, August 11-13 1994," (Online: PCPSR, 1994).

¹¹⁵⁶ Jerusalem Media and Communication Center, "Poll No. 5, July 1994- On Palestinian Attitudes to the PLO-Israeli Agreement," (Online: JMCC).

¹¹⁵⁷ Ibid.

Palestinians found themselves ruled for the first time by their very own Palestinian Authority, rather than Israel.

This section of the research focuses on the period following the signing of the Oslo accords, the subsequent donor conference, and the two-decade reign of the Palestinian Authority under the leadership of Yasser Arafat and Mahmoud Abbas. The chapter examines the manifestations and causes of Fatah's decline, while paying close attention to the role foreign aid played in the process on two fronts; first, the chapter examines the various forms of corruption within Fatah and the PA and the role foreign assistance played in this corruption. On the second front, the chapter examines the U.S.'s use of its foreign assistance program to influence the PA's decisions as well as the effectiveness of this use in general and in three cases in particular; the Goldstone Report, the Palestinian bid for statehood and the role of the security cooperation between the PA and Israel and the impact of the use of foreign aid in these cases on the standing of Abbas and Fatah among the Palestinian public.

5.1. Marshall Plan for Palestine

The previous chapter concluded with the signing of major peace agreements between Israel and the Palestinians with aid from the Clinton administration. Despite the minimal role of the Clinton administration in reaching the Oslo agreement, Clinton seemed to be satisfied and smiling. Clinton had every reason to smile. He had achieved what no other president since Truman was able to achieve. He brought the Israelis and Palestinians to sign a peace treaty, not even President Carter was able to achieve that for all his attempts to bring the PLO into the peace process. What Clinton needed now was a way to ensure that the peace process would survive and thrive. As chapter two of the research demonstrated, the U.S. has been using foreign assistance in its various forms to achieve U.S. foreign policy goals and objectives. These goals and objectives, and the different historic rationales and narratives provided to justify this use have varied over the course of the country's history. One persistent pattern that remained was paying for peace and its dividend; it proved its durability in the Egyptian- Israeli case, why not the Israeli-Palestinian case too?

Political Scientist Scott Lasensky, who has written intensively on U.S. foreign aid and the Middle East peace process, notes that the U.S. has provided more than \$200 billion in aid to the Middle East since 1970, and that nearly half of the current foreign aid budget goes to the Middle East.¹¹⁵⁸ Lasensky argues that the obvious purpose of foreign aid is to influence policy through what he called "Positive Economic Inducements" (PEI). Lasensky defines PEI

¹¹⁵⁸ Lasensky, *"Paying for Peace... 2004,"* 211.

as country A provides country B with a certain amount of financial aid in exchange for policy adjustment on part of country B.¹¹⁵⁹

One of the first instances in the use of PEI in Middle East peace efforts took place during the Nixon- Kissinger era when the U.S. and Israel signed the first strategic memorandum of understanding in 1971. The understanding saw the U.S. supply Israel with long-term military aid for the purpose of gaining concessions from Israel for peace initiatives. It was believed that “only a confident, reassured and secure Israel would be willing to make the necessary concessions for peace with its Arab neighbors.”¹¹⁶⁰ On the other hand, if Israel feels too strong and self-confident because of American backing, why would it make concessions, if it can maintain the status quo without having to relinquish territory to its Arab neighbors?¹¹⁶¹ These two perspectives perhaps demonstrate the uncertainty of using foreign aid as a tool of influence.

Positive Economic Inducements, as defined above, requires paying a certain country, or rather supplying a state with forms of aid, in exchange for policy change. It is important to realize that for PEI the aid can be in forms other than direct financial assistance, it could be military, and it could also be political, or economic. For example, as discussed in the previous chapter, American promises of economic and military aid played an important role in bringing Egypt and Israel to the Camp David negotiations, and an expansion of aid to these two countries ensured that the peace process would survive to the present day.

5.1.1. Aid Pre-Oslo

As mentioned earlier, despite the lack, or even absence, of diplomatic relations between the United States and the PLO, the U.S. had a long history of supporting Palestine refugees. The U.S. perceived the Palestinian question as a refugee crisis prior to the 1970s. Therefore, the foreign aid provided to the Palestinians until the signing of the Oslo accords was channeled through the United Nations Relief and Work Agency, UNRWA.

UNRWA has been the caretaker of Palestinian refugees in the Palestinian territories and in refugee camps in neighboring Arab countries since its induction in December 1949, under United Nations General Assembly Resolution 302.¹¹⁶² UNRWA continues to be the main provider of education, medical treatment for Palestine refugees to the present. Donations to UNRWA are voluntary by UN member states and it is possible in cash or in

¹¹⁵⁹ Ibid.

¹¹⁶⁰ Ibid., 214.

¹¹⁶¹ Quandt, *Peace Process: American Diplomacy and the Arab-Israeli Conflict Since 1967*, 17-18.

¹¹⁶² UNRWA, "About UNRWA."

material goods. According to UNRWA, the United States was the single largest donor in 2009, providing \$269 million followed by the European Commission \$232 million.¹¹⁶³ Between 1950 and 1991, the United States contributed over \$1.6 billion, and since 1991 the amount has been in a steady increase.¹¹⁶⁴

United States Contributions to UNRWA (USD Millions)			
1950-1989	147,3.3	2002	111,9
1990	57	2003	134
1991	75,6	2004	127,4
1992	69	2005	108
1993	73,8	2006	137
1994	78,2	2007	154,2
1995	74,8	2008	187
1996	77	2009	268
1997	79,2	2010	237,8
1998	78,3	2011	249,4
1999	80,5	2012	233,3
2000	89	2013	294
2001	123	2014	400

Figure 5:1, United States Contributions to UNRWA.¹¹⁶⁵

UNRWA has been the caretaker of Palestinian refugees in the Palestinian territories and in refugee camps in neighboring Arab countries since its induction in December 1949, under United Nations General Assembly Resolution 302.¹¹⁶⁶ UNRWA continues to be the main provider of education, medical treatment for Palestine refugees to the present. Donations to UNRWA are voluntary by UN member states and it is possible in cash or in material goods. According to UNRWA, the United States was the single largest donor in 2009, providing \$269 million followed by the European Commission \$232 million.¹¹⁶⁷

¹¹⁶³ "UNRWA in Figures as of 1 Jan 2015," ed. UNRWA's Communications Division (Jerusalem: UNRWA, 2015).

¹¹⁶⁴ Mark Clyde, "United States Aid to the Palestinians," (Washington D.C.: Congressional Research Service, 2005), 4.

¹¹⁶⁵ For 2006-2014 see UNRWA, "Donor Charts: Donors Ranking, Overall," (Online 2015). and earlier data available from Zanotti, "CRS Report for Congress: U.S. Foreign Aid to the Palestinians."20.

¹¹⁶⁶ UNRWA, "About UNRWA."

¹¹⁶⁷ "UNRWA in Figures as of 1 Jan 2015," ed. UNRWA's Communications Division (Jerusalem: UNRWA, 2015).

Between 1950 and 1991, the United States contributed over \$1.6 billion, and since 1991 the amount has been in a steady increase.¹¹⁶⁸

As of December 2014, the U.S. was still ranked as UNRWA's number one donor with over \$400 million, followed by the EU with almost \$140 million.¹¹⁶⁹ Today UNRWA supports over five million registered Palestinian refugees in the West Bank, the Gaza Strip and neighboring Arab countries with a budget of over \$740 million.¹¹⁷⁰ Thanks to international assistance to UNRWA, particularly that of the U.S. as the single largest donor, the Palestinian Territories have one of the highest literacy rates in the Arab World, even higher than the oil rich Gulf States. According to UNESCO, the literacy rate in the West Bank and Gaza stands at 98 percent, in comparison to 94 percent in the United Arab Emirates and Saudi Arabia, and 93 percent in Oman.¹¹⁷¹

But as discussed in chapter one, humanitarian assistance in its various forms rarely ever lacks political implications. In hindsight, this claim might be surprising, humanitarian aid is a good in and by itself. Imagine the state of the Palestine refugees in these places if UNRWA had not been established, and if the donor countries had not provided it with billions of dollars to ensure its survival. A closer look at the political implications reveals that there is an inherent paradox in humanitarian action, as Feldman argues, "by providing aid, you can keep a conflict going, by simply getting in the way of forces that can compel a conflict to come to an end."¹¹⁷² Fiona Terry calls this "the paradoxes of humanitarian action," and David Kennedy has labeled it "the dark side of virtue."¹¹⁷³

There are many different ways through which humanitarian assistance to the Palestinians has helped maintain the status quo in the Palestinian territories throughout history. For example, one can argue that humanitarian foreign aid helps Israel by relieving it of having to pay for its occupation, and the destruction inflicted on Palestinian infrastructure and houses as a result of the successive wars.¹¹⁷⁴ According to a senior UNRWA official, "it is only Israeli extremists who call for an end to UNRWA. Israeli security and government

¹¹⁶⁸ Mark Clyde, "United States Aid to the Palestinians," (Washington D.C.: Congressional Research Service, 2005), 4.

¹¹⁶⁹ UNRWA, "Donor Charts: Donors Ranking, Overall."

¹¹⁷⁰ Pierre Krähenbühl, "Palestine Refugees: Challenges and Priorities- Lecture at the Graduate Institute- Geneva, Nov. 13, 2015."

¹¹⁷¹ UNESCO, "The Official Source of Literacy Data," in *See Statistical Tables in Literacy Resources* (Online: UNESCO).

¹¹⁷² Feldman, "Ilana Feldman, interview, Washington D.C., October 2014."

¹¹⁷³ David Kennedy, *The Dark Sides of Virtue: Reassessing International Humanitarianism* (Princeton: Princeton University Press, 2004); Fiona Terry, *Condemned to Repeat? The Paradox of Humanitarian Action* (Ithaca: Cornell University Press, 2002).

¹¹⁷⁴ Feldman, "Ilana Feldman, interview, Washington D.C., October 2014."

understand that UNRWA is necessary because otherwise Israeli [sic] would have to provide for the camps in the occupied territories.”¹¹⁷⁵ Along these lines, British-Israeli Avi Shlaim writing about the 2009 Gaza War in *The Guardian*, argued that the “undeclared aim is to ensure that the Palestinians in Gaza are seen by the world as a humanitarian problem and thus derail their struggle for independence and statehood.”¹¹⁷⁶ In this case, humanitarian aid serves as a “cover up,” for the lack of a better term, for the larger political issues at hand. By the same token, U.S. aid to Palestine refugees since 1948 has been a cover up for the need to address the Palestinians’ political rights and concerns.

The research has argued on more than one occasion that until the mid-1970s, the U.S. perceived the Palestinian problem as one of refugees displaced as a result of Israel’s founding. This support can be perceived as a result of America’s principles of helping others in need, but it can also be explained as a deliberate way to keep the Palestine issue humanitarian in nature. Furthermore, humanitarian assistance to Palestine refugees contributes to enforcing the refugee identity. Consider the example provided in chapter one of Palestinian refugees refusing aid during the 1967 war. Once the refugees consumed the rice, flour, and oil provided by UNRWA, they become refugees officially, destined to remain outside their homes forever, as was the case with those who left in 1948. Among aid workers, the “Palestinianization” of a refugee crisis has come to mean that the crisis will be “prolonged, when durable solutions seem unattainable.”¹¹⁷⁷ According to Peteet, UNRWA has played “a pivotal role in the production and reproduction of a Palestinian identity in Lebanon.”¹¹⁷⁸

There is no way to prove that America’s aid to UNRWA, and U.S. humanitarian aid to the Palestinians in general is an official state policy of the U.S. without dancing too closely to the tunes of conspiracy theories. But there is enough evidence to suggest that dealing with the Palestinian question from a humanitarian standpoint leaves the larger political issues unresolved, and that humanitarian aid rendered to Palestine refugees, as well as organizing donor conferences for rebuilding the destruction caused by the recent wars has taken that responsibility off of Israel’s shoulders. Is it then a surprise that Abbas has used dismantling

¹¹⁷⁵ Julie Peteet, "Cartographic Violence, Displacement and Refugee Camps: Palestine and Iraq," in *Palestine Refugees: Identity, Space, and Place in the Levant*, ed. Are Knudsen and Sari Hanafi (New York: Routledge, 2011), 24.

¹¹⁷⁶ Avi Shlaim, "How Israel Brought Gaza to the Brink of Humanitarian Catastrophe," *The Guardian*, January 7, 2009.

¹¹⁷⁷ Peteet, "Cartographic Violence, Displacement and Refugee Camps: Palestine and Iraq," 25.

¹¹⁷⁸ *Ibid.*, 24-25.

the PA as leverage against Israel and the U.S.?¹¹⁷⁹ Without the PA, the responsibility of caring for the millions of Palestinians in Gaza and the West Bank becomes Israel's, as required by international law as set in the 1907 Hague Regulations' articles 42-56, and the Fourth Geneva Convention's articles 27-34 and 47-78.¹¹⁸⁰

5.1.2. Fruit of Oslo

The signing of the Oslo Accords triggered a significant increase in foreign aid to the Palestinians, especially from the U.S. The purpose of this increase is best explained by Shimon Peres, the Israeli Foreign Minister at the time of the signing the Oslo Accords. Peres proposed seeking aid for the PNA to strengthen the institution economically.¹¹⁸¹ He sought to find funding from other sources as well, namely the Scandinavian countries and Western Europe. According to Peres "the aid itself didn't radically change the way Palestinians negotiate, but we both knew it would be crucial to the implementation of the agreement."¹¹⁸² It was assumed that economic stability in the Palestinian territories would guarantee the success of the peace process. In other words, Palestinians needed to taste the fruit of peace in order to abandon violence against Israel.¹¹⁸³ The logic behind the aid was that once the Palestinian Territories became economically developed, and social and politically stable, a democratic state would flourish. The purpose of the aid according to one official was "to build a peace constituency among the Palestinians."¹¹⁸⁴ If this sounds like the logic of Modernization Theory and the related idea of Democratization, discussed in chapter one, it is because it is very much the same logic.

According to Mahmoud Abbas' account of the Oslo process in his 1995 *Through Secret Channels*, even before the signing ceremony Clinton "spoke in very clear terms about America's commitment to provide economic support."¹¹⁸⁵ And after the signing ceremony, Christopher assured the Palestinian delegation that the U.S. would provide aid to "make the [Palestinian] people feel the benefit of the accord."¹¹⁸⁶ In an interview with Scott Lasensky,

¹¹⁷⁹ "Abbas Threatens to Dismantle Palestinian Authority if Israeli Settlement Construction Continues," *Haaretz*, December, 22 2012

¹¹⁸⁰ International Committee of the Red Cross, "Occupation and International Humanitarian Law: Questions and Answers," ed. ICRC's Legal Team (Online: ICRC, 2004). See ICRC, "Convention (IV) respecting the Laws and Customs of War on Land and its Annex: Regulations Concerning the Laws and Customs of War on Land. The Hague, 18 October 1907.," (Online: ICRC). and "Convention (IV) Relative to the Protection of Civilian Persons in Time of War. Geneva, 12 August 1949.," (Online: ICRC), for international law regarding occupation.

¹¹⁸¹ Lasensky, "Paying for Peace... 2004," 220.

¹¹⁸² Shimon Peres, *The New Middle East* (New York: H. Holt, 1993), 56.

¹¹⁸³ *Ibid.*

¹¹⁸⁴ Quoted in Lasensky, "Paying for Peace... 2004," 220.

¹¹⁸⁵ Mahmoud Abbas, *Through Secret Channels* (Reading: Garnet Publishing, 1995), 62.

¹¹⁸⁶ *Ibid.*

Palestinian negotiator Nabil Shaath stated that, “the Palestinians expected several dividends of peace...including economic freedom, security, and economic prosperity...” According to Shaath, the aid component was “critical to this process.”¹¹⁸⁷

Two weeks after the signing of the DoP, the U.S. organized the first of two international donor conferences. Some of the major players involved were; the U.S., Norway, Saudi Arabia, the World Bank, Japan and the European Union. The delegates pledged more than \$2 billion over a period of five years.¹¹⁸⁸ In a later meeting, the sum rose to \$3.6 billion.¹¹⁸⁹ According to Warren Christopher, Secretary of State under Clinton, the purpose of the meeting was to gather resources needed to “make the agreement work.”¹¹⁹⁰ The PNA’s own estimate was that it required \$11 billion over a seven-year period.¹¹⁹¹

Under this premise, the United States and its Western allies sought to strengthen the PA. If Palestinians began to feel the difference the peace process brought to their lives, whether it is in economic or social wellbeing, they are more likely to cling to the idea of peace and be more willing to compromise. Furthermore, one can argue that the United States fought the Cold War under the same principle; sustaining economies and building infrastructure in order for democracy to survive and thrive and the Middle East is no exception. The majority of the vast sums contributed by the U.S. administrations since Oslo were channeled through USAID programs.¹¹⁹² According to a recent CRS report by Jim Zanotti published on March 18, 2016, since the signing of the Oslo accords, the U.S. government has provided over \$5 billion in bilateral economic assistance to the PA.¹¹⁹³ This assistance targeted Palestinian economy, social service, and civil society sectors. The funds have also been used to strengthen the PA’s security forces by providing training, weapons, and improve governance of the different PA institutions.¹¹⁹⁴

Due to the absence of a government structure in the West Bank and Gaza, the World Bank established the Palestinian Economic Council for Development and Reconstruction, PECDAR. According to Graham Usher, PECDAR’s programs were politically targeted for

¹¹⁸⁷ Quoted in Lasensky, "Paying for Peace... 2004," 220.

¹¹⁸⁸ Graham Usher, *Palestine in Crisis: The Struggle for Peace and Political Independence After Oslo* (Chicago: Pluto Press, 1997), 62.

¹¹⁸⁹ Lasensky, "Paying for Peace... 2004," 220.

¹¹⁹⁰ Christopher, *In the Stream of History: Shaping Foreign Policy for a New Era*, 84. Ministry of Planning and International Cooperation, "First Quarterly Monitoring Report, May 2000," (Ramallah 2000). Quoted in Lasensky, "Underwriting Peace in the Middle East," 94.

¹¹⁹¹ Usher, *Palestine in Crisis: The Struggle for Peace and Political Independence After Oslo*, 62.

¹¹⁹² Le More, *International Assistance to the Palestinians after Oslo: Political Guilt, Wasted Money*, 86.

¹¹⁹³ Jim Zanotti, Congressional Research Service, *U.S. Foreign Aid to the Palestinians*, RS22967 (Online: Federation of American Scientists, 2016), 1.

¹¹⁹⁴ Congressional Research Service, *U.S. Foreign Aid to the Palestinians* (Online: Federation of American Scientists, 2010), 4.

Palestinians “to see very clearly that their situation will improve because of peace.”¹¹⁹⁵ In his account of PECDAR, Usher states the purpose of PECDAR was to establish “immediate impact projects” for the purpose of bringing fast improvements to Palestinians’ lives in terms of road construction, and improving electricity and water. As a World Bank institution, PECDAR was accountable to the World Bank, an idea that Arafat was not entirely comfortable with. He was a man used to running everything as he saw fit and PECDAR’s accountability issue, seemed to circumvent his authority. He issued a decree in November 1993 that made PECDAR accountable to Arafat. PECDAR’s managing director Yusuf Sayigh resigned in protest. Palestinian leaders urged Arafat to “forgo ‘the revolutionary mentality,’” in favor of “state-building mentality,” but he disregarded their request.¹¹⁹⁶ The donors wanted the aid money tied to infrastructure projects, while Arafat wanted the funds as “operational expenses.”¹¹⁹⁷ In other words, he wanted the funds to consolidate his position and power.

In April 1994, an important agreement was negotiated between Israel and the PA. The Paris Protocol on Economic Relations established “the contractual agreement that will govern the economic relations between the two sides...”¹¹⁹⁸ Palestinians have heavily criticized the protocol as unbalanced and favorable to Israel.¹¹⁹⁹ The most important aspect of the protocol for the purpose of this study however is that the protocol gave Israel the power to collect taxes on goods imported into the territories under the control of the PA, and to provide the PA with 75 percent of the revenues collected from income tax on Palestinians working in Israel.¹²⁰⁰ These tax revenues represent nearly two thirds of the PA’s budget, with foreign aid making up the final third.¹²⁰¹ Israel has regularly withheld these tax returns as punishment for the PA during turbulent periods in the relations between the two, most recently when the PA applied to join the Rome Statute and the International Criminal Court in 2015.¹²⁰² Chief

¹¹⁹⁵ Usher, *Palestine in Crisis: The Struggle for Peace and Political Independence After Oslo*, 62.

¹¹⁹⁶ *Ibid.*, 63.

¹¹⁹⁷ *Ibid.*, 64.

¹¹⁹⁸ Text of protocol available in Arie Arnon et al., eds., *The Palestinian Economy: Between Imposed Integration and Voluntary Separation*, vol. 60, Social, Economic and Political Studies of the Middle East and Asia (Leiden, Netherlands: Koninklijke, 1997), 239.

¹¹⁹⁹ See Paul Rivlin, *Arab Economies in the Twenty-First Century* (Cambridge: Cambridge University Press, 2009), 207-08.

¹²⁰⁰ *Ibid.*, 207.

¹²⁰¹ Jpost.com Staff/Reuters, "Israel to Resume Tax Revenue Transfers to the Palestinian Authority," *The Jerusalem Post*, March, 27, 2015.

¹²⁰² *Ibid.*

Palestinian Negotiator, Saeb Erekat described Israel's policy as "robbery and an act more appropriate to pirates and not governments."¹²⁰³

As agreed in the 1995 interim agreement, Oslo II, the PA structure included a legislative council and an executive to be selected by the Palestinian people.¹²⁰⁴ On January 21st 1996, the PA organized the first general elections, with a high voter turn out; almost 72 percent of eligible Palestinians voters cast a vote.¹²⁰⁵ Hamas, the Islamic Jihad boycotted the elections since this election was the product of Oslo and Washington, an idea Hamas chose to forget a decade years later.¹²⁰⁶ The first general elections in the Palestinian territories were free and fair. According to the Central Elections Commission, there were over 519 international observers from different countries and more than 2000 local officials ensuring the fair flow of the election process.¹²⁰⁷ As expected, Arafat won with a landslide victory after securing 88.2 percent of the total votes in comparison to his opponent Ms. Samiha Khalil who won 11.5 percent of the votes. In the Legislative Council elections, Fatah won 62 and independents won 15, out of total of 88 seats.¹²⁰⁸

According to Lamis Andoni, writing on February 1996 in *Middle East International* "election campaign has ended with a deepening feeling of an emerging ruling elite, whose economic interests are tied with Israel, and a widening social [and] economic gap in the West Bank and Gaza."¹²⁰⁹ Approximately 50 percent of the new cabinet members were from the landowning class.¹²¹⁰ The Palestinian leadership had hoped to use the results of the elections to provide some legitimacy for their leadership and to further enforce their position in negotiations with Israel and demonstrate their strong commitment to democratic principles.¹²¹¹ From the perspective of Arafat and the leadership, the elections represented an important step towards realizing a Palestinian state.¹²¹² For Israel, the elections represented a referendum of Palestinians' approval of the peace process and a chance for the newly democratically elected council to replace the PLO's more extreme Palestinian National

¹²⁰³ Erekat quoted in *ibid.*

¹²⁰⁴ Ghassan Khatib, *Palestinian Politics and the Middle East Peace Process: Consensus and Competition in the Palestinian Negotiation Team*, Durham Modern Middle East and Islamic World Series (London ; New York: Routledge, 2010), 145.

¹²⁰⁵ Central Elections Commission, "1996 Presidential and Legislative Elections."

¹²⁰⁶ Khaled Hroub, ed. *Hamas: A Beginner's Guide* (London: Pluto Press, 2006), xiv; Walter Rodgers, "Palestinians Turn out for Historic Vote," *CNN*, January 20, 1996.

¹²⁰⁷ "Central Elections Commission, 1996 Elections Results."

¹²⁰⁸ *Ibid.*

¹²⁰⁹ Quoted in Nubar Hovsepien, *Palestinian State Formation: Education and the Construction of National Identity* (Newcastle: Cambridge Scholars Publishing, 2008), 49.

¹²¹⁰ *Ibid.*

¹²¹¹ Ghanem As'ad, "Founding Elections in a Transitional Period: The First Palestinian General Elections," *Middle East Journal* 50, no. 4 (1996): 514.

¹²¹² *Ibid.*, 514-15.

Council.¹²¹³ The elections marked a general Palestinian approval with the course of events. Indeed, the day of the elections was a day of celebrations as it was seen as an important step towards peace and stability.

In May 1996, Israel held elections, this time the Israelis narrowly voted for Benjamin Netanyahu, a man known for being critical of the Oslo accords and the interim agreements that followed.¹²¹⁴ Netanyahu was opposed to an independent Palestinian, and with him came a hardline Likud led coalition. With Netanyahu's arrival, the peace process looked to be entering a dark tunnel. He was recorded boasting to some settlers that he had "stopped the Oslo Accord," "America is a thing you can move very easily, move it in the right direction... they won't get in our way."¹²¹⁵ The relationship between president Clinton and Benjamin Netanyahu was not a warm one. In a meeting with president Clinton, Netanyahu presumed to lecture the American president on the Middle East issues. Following the meeting Clinton asked his advisors who were present "who the [expletive deleted] does he think he is? Who's the [expletive deleted] superpower here?"¹²¹⁶

The first sign of disturbance came in September when the Israeli government opened a tunnel under the holy mosque in Jerusalem, provoking Palestinian riots.¹²¹⁷ Serious clashes occurred between stone throwers and the Israeli army occurred, much like the first uprising, though this time Palestinian police engaged in gun battles against the IDF.¹²¹⁸ The clashes left 75 Palestinians and 15 Israelis dead.¹²¹⁹ In Hebron, Netanyahu supported a band of settlers, leading 450 of these settlers to determine the fate of a city of 140,000 Palestinians.¹²²⁰ Netanyahu also increased settlement activities in the West Bank, in violation of the signed agreements as well as international law.¹²²¹ Countries across the world condemned Netanyahu's settlements projects in a UN general assembly vote of 130 votes to two.¹²²² The following March, Palestinian suicide bombings in Tel Aviv were followed by more attacks in

¹²¹³ Ibid., 515.

¹²¹⁴ Galia Golan, *Israeli Peacemaking Since 1967: Factors Behind the Breakthroughs and Failures*, UCLA Center for Middle East development (CMED) (London ; New York: Routledge, 2015), 142.

¹²¹⁵ Quoted in *ibid.*

¹²¹⁶ Aaron David Miller, *The Much too Promised Land: America's Elusive Search for Arab-Israeli Peace* (New York: Bantam Books, 2008), 273.

¹²¹⁷ Freedman, *A Choice of Enemies: America Confronts the Middle East*. 322.

¹²¹⁸ Ibid.

¹²¹⁹ Ibid.

¹²²⁰ Ibid.

¹²²¹ Laura Drake, "A Netanyahu Primer," *Journal of Palestine Studies* 26, no. 1 (1996): 62-63.

¹²²² Richard Roth, "U.N. Condemns Israel's Settlement Plan," *CNN*, March 13, 1997.

Jerusalem in July, and again in September, leading to closure of the West Bank and suspension of transfer of Palestinian tax revenues.¹²²³

As the peace process stalled and the economic situation began to deteriorate rapidly in the Palestinian Territories, the PA's position began to weaken as more Palestinians began to favor violence against Israel. In March 1996, 21 percent of Palestinians were supportive of attacks against Israel, by April 1997, the percentage increased to 40 percent and by October 1998 to 51 percent.¹²²⁴ During this period, Arafat suspended the security coordination with Israel, then started it, then suspended it again.¹²²⁵ He had cracked down on Islamist oppositions in March 1996 following terrorist attacks against Israeli civilians, but the crackdown seemed to ease as Netanyahu continued with closure, suspension of tax revenues, and settlement expansion.¹²²⁶ With the situation deteriorating in this manner, Clinton invited Arafat and Netanyahu to Wye River for discussions in October 1998.¹²²⁷

The Wye River Memorandum included provisions for the resumption of the final status negotiations between the two sides, further security coordination and cooperation with Israel on security matters and further Israeli transfer of power to the PA in areas of the West Bank.¹²²⁸ The major difference with the new security coordination was direct American involvement to provide "monitoring and actual participation in Israeli-Palestinian-U.S. security coordination committee..."¹²²⁹ The two sides also agreed on "the importance of continued international donor assistance to facilitate implementation by both sides of arrangements reached."¹²³⁰ The parties also recognized "the need for enhanced donor support for economic development in the West Bank and Gaza. They agree to jointly approach the donor community to organize a Ministerial Conference before the end of 1998 to seek pledges for enhanced levels of assistance."¹²³¹

The implementation of the memorandum was put on hold as Netanyahu faced fierce opposition from the Israeli right that eventually led to the collapse of his coalition.¹²³² On May 17, the Israeli Labor Party was back in power with Ehud Barak, which was a hopeful

¹²²³ Brynen, *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza*, 69.

¹²²⁴ Quoted in *ibid.*

¹²²⁵ Golan, *Israeli Peacemaking Since 1967: Factors Behind the Breakthroughs and Failures*, 142; Brynen, *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza*, 69.

¹²²⁶ *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza*, 69.

¹²²⁷ *Ibid.*

¹²²⁸ Full text of memorandum available from Israel Ministry of Foreign Affairs (IMFA), *The Wye River Memorandum, October 23, 1998*, Vol. Foreign Policy, Peace Process (Online: IMFA).

¹²²⁹ Golan, *Israeli Peacemaking Since 1967: Factors Behind the Breakthroughs and Failures*, 142

¹²³⁰ (IMFA), "The Wye River Memorandum, October 23, 1998."

¹²³¹ *Ibid.*

¹²³² Golan, *Israeli Peacemaking Since 1967: Factors Behind the Breakthroughs and Failures*, 142

sign since soon after the two sides met again in September in Sharm el-Sheik in Egypt and agreed to resume the implementation of the arrangements in the Wye River Memorandum.¹²³³ By then, donors had pumped approximately \$3.8 billion of \$4.2 billion pledged into the Palestinian territories.¹²³⁴

In a 1997 public opinion survey, 72 percent of Palestinians believed that services and infrastructure improved under the PA, while 76 percent felt that foreign aid was the reason for this improvement. Of the participants who did not feel that there was improvement, 26 percent blamed the donor, and 47 percent blamed the Palestinian Authority. In another 1997 survey, questions regarding the impact of the donor's politics on aid yielded the following results,

	Positive (percentage)	Neutral (percentage)	Negative (percentage)
Perceived Impact of Donor Politics on Aid: All Donors			
By Donor Officials	34	34	19
By Local NGOs	12	21	60
By PA Officials	6	19	75
Perceived Impact of Donor Politics on Aid: U.S. Assistance			
By Donor Officials	18	9	43
By Local NGOs	5	8	84
By PA Officials	1	6	92
Perceived Impact of Donor Politics on Aid: EU Assistance			
By Donor Officials	30	42	3
By Local NGOs	38	42	18
By PA Officials	33	43	25

Figure 5:2, Center for Palestine Research and Study (CPRS, 2007), *Prevailing Perceptions on Aid Management*.¹²³⁵

As the table above demonstrates, there was a noticeable difference between the perceived impact of EU and US policies on aid, with EU policies receiving far more favorable views among local NGOs by a wide margin, 38 to 5 percent positive perception and 18 to 84 percent negative perception respectively. Among PA officials, the disparity is even more apparent with 92 percent of PA officials believing that U.S. policy to have had a negative impact on aid, as opposed to 25 percent who saw the impact of EU policy on aid to

¹²³³ John Dumbrell, *Clinton's Foreign Policy: Between the Bushes, 1992-2000*, (New York and London: Routledge, 2009). 160.

¹²³⁴ Brynen, *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza*, 161.

¹²³⁵ Center for Palestine Research and Studies, "Prevailing Perceptions on Aid Management," in *Research Reports Series, No. 9* (1997), 16. Quoted in Brynen, *A Very Political Economy: Peacebuilding and Foreign Aid in the West Bank and Gaza*, 157.

be negative. Only one percent of PA officials perceived the impact of U.S. policy to have had positive impact on aid to the Palestinians in 1997.

Clinton's Final Effort

Before leaving office in January 2001, President Clinton attempted to cap the earlier peace achievement in his first term with a conclusion of a final peace agreement between Israel and the Palestinians. He invited Yasser Arafat and Israeli Prime Minister Ehud Barak to attend a summit at Camp David resort, the same location in which the Egyptian-Israeli was achieved decades earlier. Perhaps the hope was that the significance of the location would help achieve a Palestinian-Israeli deal, similar to the one achieved by Carter. The negotiations remained secret for the most part. Prior to his arrival, Arafat was rather hesitant to go. He feared that if the negotiations failed, Clinton and Barak would blame him, which they did.¹²³⁶ The year 2000 was an election year the U.S. but Clinton had nothing to lose, since he was nearing the end of his second term as president, which made him free of the pressure usually present during election years. Clinton was also trying to fix his legacy, which had been badly damaged by the Monica Lewinski affair and his subsequent impeachment by the House of Representatives for lying about it.¹²³⁷ A historic Israeli-Palestinian final settlement would have done much to repair the damage. Barak on the other hand was facing stern opposition in Israel and his government coalition was falling apart due to his failure in achieving peace with Syria in earlier negotiations and the stalemate with the Palestinian.

What happened at Camp David has been a contentious issue, with both sides providing different narratives as to what was offered and what was demanded. Generally, Arafat's fears proved true as both Barak and Clinton blamed him for the summit's failure. The debate over what happened in Camp David is centered on a supposedly extremely generous offer made by Barak that Arafat had rejected. Thomas Friedman, a well-known American journalist and *New York Times* columnist wrote in July 2000,

“Prime Minister Ehud Barak of Israel offered the Palestinians a real state in virtually all of the West Bank and Gaza; he put forward a credible solution for the Palestinian refugee issue; he offered Yasir Arafat a mosaic of Palestinian administrative control and sovereignty over the Arab areas of Jerusalem and Muslim holy sites.”¹²³⁸

¹²³⁶ Gabriel Tabarani, *Israeli-Palestinian Conflict: From Balfour Promise to Bush Declaration, The Complications and The Road for A Lasting Peace* (Bloomington: AuthorHouse, 2008), 214.

¹²³⁷ Eric N. Budd, *Conflicted Are the Peacemakers: Israeli and Palestinian Moderates and the Death of Oslo*, (London; New York: Bloomsbury, 2013). 100.

¹²³⁸ Thomas L. Friedman, "It Ain't Over Till It's Over," *The New York Times*, July, 26, 2000.

According to Lasensky, the generosity at Camp David included a \$35 billion offer made to both sides at the negotiations table. \$10 billion would compensate Palestinian refugees, another \$10 billion would be dedicated to Israel-Jordanian-Palestinian water desalinization project, and another \$15 billion for Israel to upgrade the IDF, redeploy out of territories and moving settlers out of the West Bank.¹²³⁹ Robert Malley and Dennis Ross, two American negotiators and aides to Clinton who were present at the negotiations both said that Arafat could not have accepted this unprecedented generous offer.¹²⁴⁰ According Malley, Barak refused to meet Arafat alone. Apparently, Barak complained that Arafat had a notepad in which he scripted conversations and offers that he would later brandish out and remind Barak of things he had said.¹²⁴¹ Ross also confirmed Barak's refusal to meet Arafat face to face. Barak's offer was probably made, but it was never written. It was an oral offer with no validity whatsoever.¹²⁴²

Ross, who was quick to blame Arafat for the failure later, said in an interview Omar al-Issawy for Aljazeera's *Tale of a Revolution*, "should he [Arafat] have taken the offer at Camp David? Probably not... I would say from his standpoint no, he should not have accepted it."¹²⁴³ Malley echoes this opinion in the same documentary, "if you ask any American negotiator today... do we think Palestinians should, could, accept the ideas president Clinton put on the table... I think they would all have to say in hindsight, no, he couldn't accept them."¹²⁴⁴ According to Malley, not even moderate Palestinian leaders like Mahmoud Abbas accepted it, they rejected it in terms harsher than Arafat's. What Arafat was blamed for, and rightly so, was his failure to propose a counteroffer, even after the failure when Clinton attempted to revive the talks in December 2000. So why did Arafat not propose a counter offer?

According to Quandt, there was reason to believe that Arafat was ill advised about the new president. He was told by the Saudis that he should wait because the new president, meaning George W. Bush, would be more pro-Arab and more pro- Palestinian than Clinton

¹²³⁹ Lasensky, "Paying for Peace... 2004," 227.

¹²⁴⁰ Aljazeera, "Elkhitiar (The Old Man)," in *Hikayat Thawra (Tale of a Revolution)*, ed. Omar al-Issawy (Aljazeera, 2008).

¹²⁴¹ Ibid.

¹²⁴² Ibid.

¹²⁴³ Ross and Malley offered conflicting accounts of what actually happened, despite their argument in this particular documentary, *ibid.* See Robert Malley and Hussein Agha, "Camp David: The Tragedy of Failures," *The New York Review of Books* (2001); Deborah Sontag, "Quest for Middle East Peace: How and Why it Failed," *Journal of Palestine Studies* 31, no. 1 (2001); and Saul Singer, "Whose Fault was the Failure of Camp David," (Online: Jerusalem Center for Public Affairs, 2002). For the "blame debate," see also Tabarani, *Israeli-Palestinian Conflict: From Balfour Promise to Bush Declaration, The Complications and The Road for A Lasting Peace*, 214-15.

¹²⁴⁴ Aljazeera, "Elkhitiar (The Old Man)."

was. When asked about the source, Quandt cited Clinton administration officials, who believed that they knew who the individual was. Quandt did not mention any names, but said that his name started with a “B,” nobody can prove it, said Quandt, but he believed that it was probably true. The man whose name starts with a “B,” a Saudi with strong connections in the U.S. points very strongly at Bandar bin Sultan Al-Saud, Saudi Arabia’s ambassador to the United States.¹²⁴⁵ Bandar would later claim that Arafat’s refusal of Barak’s offer was “criminal.”¹²⁴⁶ In their last conversation, Arafat said to Clinton, “you are a great man,” to which Clinton responded, “I am not a great man, I am a [colossal] failure, and you made one”¹²⁴⁷

The failure of the Camp David Summit had dire consequences on the region and the peace process. Exactly what is responsible for the events that followed is also a subject for debates and discussions. The Palestinians territories erupted in a second uprising. Palestinians argue that it was Ariel Sharon’s provocative visit to the Wailing Wall, and his passing the venues of the holy mosque in Jerusalem that started the trouble. Sharon had by then become the Palestinians’ enemy number one. He was not even occupying a governmental position, but his actions in Lebanon in 1982 and his role in the Sabra and Shatila Massacre for which he was held personally responsible by an Israeli investigation that led to his resignation, put Sharon in the same category as Menachem Begin in the Palestinians’ perception.¹²⁴⁸ To say he was one of the most despised figures in Israeli politics among Palestinians would be an understatement.

Israel blamed the violence on Arafat, rather than Sharon’s visit. The argument was that once the negotiations failed, Arafat resorted to violence in order to pressure Barak and the U.S. into gaining better offers, and that Sharon’s visit was used as a catalyst to ignite Palestinian violence. Whether it was Arafat’s desire to restart the Intifada or it was general frustration among the Palestinians at the deterioration of the peace process and their conditions, or it was an outrage at Sharon’s visit, what was hardly disputable by November 2000 is that the region was quickly slipping into another cycle of violence and that the peace process was taking its last breaths.

¹²⁴⁵ Ibid.

¹²⁴⁶ Aluf Benn, "Israel's Liaison to Its Neighbors: Saudi Prince Bandar," *Haaretz*, March, 02, 2007.

¹²⁴⁷ Quoted in Tabarani, *Israeli-Palestinian Conflict: From Balfour Promise to Bush Declaration, The Complications and The Road for A Lasting Peace*, 214. Some accounts of the conversation include “colossal,” others do not.

¹²⁴⁸ Ze'ev Schiff and Ehud Ya'ari, *Israel's Lebanon War* (New York: Simon and Schuster, 1984), 283-84.

5.2. Bush

When President Bush arrived at the Oval Office in January 2001, the second Palestinian uprising was only four months old. The situation in the territories was bad, and getting worse. During his first NSC meeting, Bush was critical of Clinton's peace efforts, saying that Clinton had given Arafat too much, and doubted that "much can be done about the Palestinian issue."¹²⁴⁹ When Secretary of State Colin Powell said that things could get worse for the Palestinians, Bush shrugged off his concern saying maybe that would be for the best.¹²⁵⁰ The "Arab-friend" George W. Bush did not prove all that friendly to the Palestinians. Arafat "never had much of a chance with [Bush]," to whom Arafat was an "incorrigible terrorist."¹²⁵¹ The president was more often than not at odds with Powell, who felt that more can and should be done regarding the Israeli- Palestinian conflict. Time and again, the two men disagreed, so much so that in early 2002, National Security Advisor Condoleezza Rice became the handler of U.S. policy toward the conflict, rather than the Secretary of State.¹²⁵²

The terror attacks on September 11, 2001 did little to help the Palestinian case. The Bush administration divided the world according to "with us or against us," "Axis of Evil," and "War on Terror" perceptions, and Arafat naturally fell into the "against us" category.

In June 2002, with the Post-9/11 democratization fever that swept the Bush administration, Bush declared his support for a Palestinian state on the condition that the Palestinians reform their political institutions. The speech would eventually materialize into the president's Road Map for Peace. Early draft of the proposal was released in November 2002, and the final text in April the following year.¹²⁵³ In his June 2002 speech, the president declared that,

"When the Palestinian people have new leaders, new institutions, and new security arrangements with their neighbors, the United States of America will support the creation of a Palestinian state whose borders and certain

¹²⁴⁹ William B. Quandt, "Skewed Perceptions: Yasir Arafat in the Eyes of American Officials, 1969-2004," in *Scripting Middle East Leaders: The Impact of Leadership Perceptions on US and UK Foreign Policy*, ed. Lawrence Freedman and Jeffrey H. Michaels (New York; London: Bloomsbury, 2013), 112.

¹²⁵⁰ Ibid.

¹²⁵¹ Michael Rubner, "Book Review: Tested by Zion: Th Bush Administration and the Israeli- Palestinian Conflict by Elliott Abrams," *Middle East Policy* XX, no. 2 (2013): 288; Quandt, "Skewed Perceptions: Yasir Arafat in the Eyes of American Officials, 1969-2004," 112-13; Marcus Mabry, *Twice as Good: Condoleezza Rice and Her Path to Power* (New York: Modern Times, 2007), 171.

¹²⁵² Rubner, "Book Review: Tested by Zion: Th Bush Administration and the Israeli- Palestinian Conflict by Elliott Abrams."

¹²⁵³ "President Bush's Road Map to a Palestinian State," *International New York Times*, November, 14, 2002.

aspects of sovereignty will be provisional until resolved as part of a final settlement in the Middle East.”¹²⁵⁴

From here the trouble started. The “reforms” required by the Bush administration led to the eventual arrival of Hamas as a major political player in the arena, but that story must wait a little longer. During his speech, the president promised that the U.S., and international donors, including the World Bank “stand ready to work with Palestinians on a major project of economic reform and development... the United States, along with our partners in the developed world, will increase our humanitarian assistance to relieve Palestinian suffering.”¹²⁵⁵ What is a better way to bring these concessions than by simply paying for them? Bush’s Roadmap for Peace, which was adopted by the Quartet, was another failed American attempt to resolve the conflict, by “reengineering Palestinian politics.”¹²⁵⁶ The plan consisted of three phases; here are some of its requirements;

Phase I, “Ending Terror and Violence, Normalizing Palestinian Life, and Building Palestinian Institutions.” The phase required that Palestinians to cease violence immediately, including undertaking “visible efforts on the ground to arrest, disrupt, and restrain individuals and groups conducting and planning violent attacks on Israelis anywhere.” The U.S. will rebuild the Palestinian security apparatus with aid from Egypt and Jordan, and all security organizations to be consolidated into three, reporting to an *empowered Interior Minister*, (not the executive: Arafat). To start a process of reform that includes the creation of a prime minister position, a new Palestinian constitution, based on *strong parliamentary democracy*, (again, not Arafat and his executive department). The donor coordination committee, the Ad Hoc Liaison Committee would review the humanitarian situation and to launch a major donor assistance effort. Israel will be required to freeze all settlement activity and both leaderships issue unequivocal statement affirming their commitment to the two-state solution.

On March 19, 2003, Arafat appointed Mahmoud Abbas as the first Palestinian Prime Minister in history, Arafat’s hope was that since Abbas was perceived as a moderate, his appointment would meet the demand and help restart negotiations.¹²⁵⁷ Unlike Arafat who was sympathetic, and even supportive of armed resistance against Israel, Abbas was not known

¹²⁵⁴ President George W. Bush, "Remarks on the Middle East," in *The American Presidency Project* (Online by Gerhard Peters and John T. Woolley: The American Presidency Project, University of California, 2002).

¹²⁵⁵ Ibid.

¹²⁵⁶ Elgindy, "Khalid Elgindy, Interview, November 2014, Washington D.C.." Full text of the plan available from United Nations website "A Performance-Based Roadmap: To a Permanent Two-State Solution to the Israeli-Palestinian Conflict," United Nations News Center, <http://www.un.org/News/dh/mideast/roadmap122002.pdf>.

¹²⁵⁷ Tom Lansford, *9/11 and the Wars in Afghanistan and Iraq: A Chronology and Reference Guide* (Santa Barbara: ABC-CLIO, 2012), 103.

for his love for militants. He complained, with justification, that his position was a hollow one, that Arafat remained in control of the entire security apparatus. Arafat, who had been the sole leader for much of his life, was not about to relinquish the power over the security forces to Abbas, or an “empowered Interior Minister” either. Abbas lasted until October of the same year before resigning his new position, citing “a lack of support from Israel and the United States as well as internal incitement against his government.”¹²⁵⁸

Phase II, “Transition; June 2003- December 2003.” During this phase, “efforts are focused on the option of creating an independent Palestinian state with provisional borders and attributes of sovereignty...” The phase includes plans for an international conference to be convened by the Quartet to support Palestinian economic recovery. The phase also included multilateral talks on regional issues such as “water resources, environment, economic development, refugees and arms control.” During this phase, Israel would be required to stop settlement activities by the end of 2003 and withdraw from all areas occupied, or reoccupied since September 2000.

Phase III, “Permanent Status Agreement and End of the Israeli-Palestinian Conflict 2004-2005.” Since the conflict is still raging in 2016, needless to say, the plan did not make it to this stage. At any rate, the objectives in this phase are “consolidation of reform and stabilization of Palestinian institutions... and Israeli-Palestinian negotiations aimed at a permanent status agreement in 2005.” And again, an international conference convened by the Quartet “to support progress toward a Middle East peace settlement...”¹²⁵⁹ When all is achieved, the Arab states accept to full normalize relations with Israel in the context of a comprehensive Arab-Israeli peace.¹²⁶⁰

Indeed, the Bush administration has received much criticism and blame for its actions in Iraq and elsewhere, but has so far escaped the blame for turning Palestinian politics on its head by insisting on holding elections and carrying out reforms during a time when Hamas was on the rise. One is left to wonder if the Bush administration had done their calculations correctly, whether the Palestinian- Israeli conflict would be where it is today.

If the Bush administration’s pressure brought Hamas to the helm of Palestinian politics, it can hardly be blamed for Hamas’ rise since it occurred over 20 year period. Indeed Hamas did not come to power as a result of its excellent campaign strategies in 2006, nor the charismas and eloquence of its leaders alone. It was a long process that started in late 1980s,

¹²⁵⁸ Dan Cohn-Sherbok and Dawoud El-Alami, *The Palestine- Israeli Conflict; Beginner's Guide*, (London: One World Publications, 2015). *Renewed Aggression*.

¹²⁵⁹ "A Performance-Based Roadmap: To a Permanent Two-State Soltuon to the Israeli-Palestinian Conflict".

¹²⁶⁰ *Ibid*.

and culminated in the movement's electoral victory in 2006. The process began with secret attacks, successful recruitment, and indoctrination with emphasis on loyalty to the movement, a well-established social support system, an effective media branch, and perhaps most importantly, an effective military wing in Izz ad-Din al-Qassam Brigades. Al-Qassam is by far the best-equipped and trained Palestinian military faction at present. The military wing that began with Salah Shahada has grown to include, depending on various estimates between 20,000-50,000 fighters today.¹²⁶¹

Hamas is a branch of the Society of Muslim Brothers, or the Muslim Brotherhood, as it is better known. It was born officially on December 14, 1988 when it issued its first communiqué threatening Israel, or the "criminal Zionists," as referred to in the communiqué, to "keep their hands off of our people, our cities, our refugee camps, our villages." Hamas' battle with the Zionists was a battle of "faith, existence, and life," according to the declaration.¹²⁶² While the movement has undergone a process of mild moderation since its founding, particularly after its official enrollment in the political process as the majority party in the Palestinian Legislative Council, it still holds to its longstanding policy of refusing to recognize Israel's right to exist, and still carries out attacks against Israeli civilian. According to a Hamas military commander, this sort of action is justified on the "an eye for an eye" concept, and the fact that Israel has compulsory military service, meaning that its citizens could be called into action by their government when drafted.¹²⁶³

The founder and spiritual leader of the movement was Sheik Ahmad Yassin of Gaza City. Yassin was a 1948 Palestine refugee who fled to the Gaza Strip following the occupation of his village near the city of Ashkelon in Israel.¹²⁶⁴ After a wrestling accident at the age of 12, Yassin suffered from quadriplegia for the remainder of his life until his assassination by Israel after the *fajr* (morning) prayer outside a mosque in Gaza City in March 2004.¹²⁶⁵ A public opinion poll two weeks after Yassin's assassination found that Hamas had become the most popular party among Palestinians for the first time in history.¹²⁶⁶

¹²⁶¹ Mohammed Omer, "Hamas Growing in Military Stature, Say Analysts," *Middle East Eye* (2014).

¹²⁶² Hamas Islamic Resistance Movement, "First Founding Communiqué Issued by the Islamic Resistance Movement," Hamas' Official Website, <http://hamas.ps/ar/post/39/>.

¹²⁶³ A Qassam Commander- Beit Hanoun, interview by Author, 2014, Gaza Strip.

¹²⁶⁴ Zaki Chehab, *Inside Hamas: The Untold Story of Militants, Martyrs, and Spies*, (London; New York: I.B. Tauris, 2007). 15.

¹²⁶⁵ *Ibid.*, 120.

¹²⁶⁶ "Hamas Is the Most Popular Among the Palestinians," *al-Quds al-Arabi*, April 22, 2004. ; Khaled Hroub, "Hamas After Shaykh Yasin and Rantisi," *Journal of Palestine Studies* 33, no. 4 (2004).

Today the U.S. Department of State, and most European countries list Hamas as a terrorist organization.¹²⁶⁷ Norway and Switzerland remain the only two western European countries not to list Hamas as a terrorist organization, joined by Brazil, China, Iran, Qatar, Turkey and Russia.¹²⁶⁸ The Chinese government's position regarding Hamas was clarified by Chinese Foreign Ministry spokesperson Liu Jianchao after the 2006 elections when he stated, "... we believe that the Palestinian government is legally elected by the people there and it should be respected."¹²⁶⁹

On October 25, 2004, news from Ramallah reported that Arafat was ill with the flu. As his condition worsened in the next few days, Arab doctors from Egypt, Jordan, and Tunisia arrived to help with the treatment.¹²⁷⁰ After obtaining permission from Israel, Arafat was transported in a Jordanian helicopter to Amman and transported to Percy Military Hospital in Calmart, a suburb of Paris.¹²⁷¹ Few days later, on November 11, 24, Yasser Arafat passed away in France from what French called a massive hemorrhagic stroke, and that he had suffered from a blood condition called disseminated intravascular coagulation.¹²⁷²

The French Army Honor Guard accorded Arafat a funeral that included playing the French and Palestinian national anthems. Former French president Jacques Chirac stood beside Arafat's coffin for about 10 minutes in a show of respect for the old man.¹²⁷³ The following day, Arafat was transported to the city of his birth Cairo, where he was accorded a military funeral with the presence of many Arab kings, presidents, and other world heads of state, and high rank officials.¹²⁷⁴ He had wished to be buried in Jerusalem, but Israel denied the request. He was therefore buried near headquarters in Ramallah in the presence of tens of thousands of Palestinians from all ages, and factions, who had come to say farewell to their leader. Needless to say, he died as he had lived, in controversial and mysterious circumstances, and fingers quickly pointed at Israel with accusations of poisoning him using

¹²⁶⁷ Terrorism, "Foreign Terrorist Organization."

¹²⁶⁸ Joshua Davidovich, "The China Bank is Not the Issue Here, Dude," *The Times of Israel*, December 18, 2013. Senussi Bsaikri, "Russia's Relations with Hamas: a Win-Win Situation," *Middle East Monitor*, February 15, 2010.

¹²⁶⁹ As quoted in Chris Zambelis, "China's Palestine Policy," *The Jamestown Foundation- China Brief* 9, no. 5 (2009): 10.(China Daily, June 2, 2006)

¹²⁷⁰ Amal Jamal, *The Palestinian National Movement: Politics of Contention, 1967-2005* (Bloomington: Indiana State University, 2005).

¹²⁷¹ Josef Federman and Karin Laub, "New Tests Revive Debate Over Arafat Death," *Associated Press*, July, 4, 2012.

¹²⁷² Ibid.

¹²⁷³ Brian Whitaker and John Aglionby, "Blair's Tribute to Arafat Breaks Ranks With Bush," *The Guardian*, November, 12, 2004.

¹²⁷⁴ "Leaders Gather in Egypt for Arafat's Funeral," *CNN International*, November, 12, 2004.

polonium. Since then, an investigation into his death has been carried out in France, Switzerland and Russia but investigators have reached inconclusive conclusions.¹²⁷⁵

Arafat's political career began when Eisenhower and Dulles were in charge of the foreign policy establishment as president and secretary of state respectively. He became the de facto leader of the Palestinian people and revolution during the Johnson presidency, and ended with George W. Bush and Colin Powell. During his life, the U.S. changed presidents 10 times, and over 17 people occupied the position of Secretary of State, while Arafat endured at the pinnacle of Palestinian politics. For the Palestinians', Arafat's death was a major blow to their cause. For he had long been the father figure and a symbol for their revolution, towards the end of his life, he was referred to in reverence and respect as *Elkhitiar*, meaning the "old man." He had spent the better part of his revolutionary years trying to have somewhat of a normal relation within the U.S. for his belief that it held the key to Israel, but he never managed to gain the friendship or the trust of his American counterparts. Not a single official from the Bush administration attended the funerals in Paris, Egypt, or Ramallah. "After more than 30 years of interactions with the Americans," says Quandt, "Arafat was still shunned and demonized by those whose support he had sought in vain."¹²⁷⁶

After Arafat died, the authorities of the Chairman of the Palestinian Authority was given to Rawhi Fattouh, the Speaker of the PLC, to serve as interim president for 60 days, during this time, Fattouh arranged for elections.¹²⁷⁷ The leadership of Fatah went to one of the last living of Fatah's founders, Farouq al-Qaddoumi, until elections could be held. Fattouh scheduled elections for January 9, 2005, exactly 60 days after Arafat's death, and legislative elections was to be held on July 17 of the same year, though that deadline was postponed to January 2006.¹²⁷⁸

The 2005 presidential elections took place on the day Fattouh had chosen. Prior to the elections, there was a debate within Fatah to choose a candidate. One of the candidates considered was Marwan al-Barghouti, an extremely popular figure among Palestinians and Fatah's leader in the West Bank prior to his arrest and sentence for five life-sentences by Israel for establishing Al-Aqsa Martyr Brigades, a Fatah military wing established during the second uprising and responsible for attacks against Israel by Barghouti himself. In jail,

¹²⁷⁵ See for example, British Broadcasting Corporation (BBC), "Q & A: Investigation Into Yasser Arafat's Death," (Online: BBC, 2013).

¹²⁷⁶ Quandt, "Skewed Perceptions: Yasir Arafat in the Eyes of American Officials, 1969-2004," 113.

¹²⁷⁷ Ahmed Qurie, *Peace Negotiations in Palestine: From the Second Intifada to the Roadmap* (London; New York: I.B. Tauris, 2015), 195.

¹²⁷⁸ *Ibid.*, 194-97.

Barghouti could do little to campaign, or even influence the nomination of a candidate within Fatah. The only other serious candidate was Mustafa Barghouti an independent (a relative of Marwan). So unopposed from within Fatah, and hardly any opposition from outside since Hamas and the Islamic Jihad both boycotted the election, Abbas ran practically unopposed, with the exception of Mustafa Barghouti the independent who still managed to claim almost 20 percent of the total vote.¹²⁷⁹ There was little to no doubt that Abbas would win. He won with 62.5 percent of the total vote. Abbas' campaign slogan was "The Best Successor for Best Predecessor."

But for all his victory, Abbas has never been a popular figure. He is falsely credited with being one of the founders of Fatah, which he was not. These claims have probably been advanced chiefly to add weight to his "revolutionary record." He was recruited to join Fatah during its underground years in Kuwait.¹²⁸⁰ Abbas was in Qatar working as Director of Personnel in the Emirate's Civil Service in 1961 when he was recruited more for his wealth than for his political brilliance.¹²⁸¹ In 2012, Abu-Dawoud, the Black September architect of the Munich Massacre admitted in an interview that Abbas was actually the financial sponsor of the operation, though he did not know what his money was going to be spent on.¹²⁸²

Abu Mazen was born in Safad in March 1935, a city in British Mandate Palestine that is now in Israel, to which he has publicly announced giving up his right of return, proving that he really is a pragmatist.¹²⁸³ In 1948, his family fled Safad to Damascus where Abbas graduated with a law degree from its university. He went to Moscow where earned a PhD in 1982 for his thesis entitled *The Secret Relations Between the Nazism and Zionism*.¹²⁸⁴ His views of the Holocaust would come into question, and he has repeatedly denied accusations that he was a Holocaust denier. In truth, he did not deny it. He said that it did take place, but that the number of casualties was greatly exaggerated by the Zionists to generate more international sympathy for their cause, and he further argued that there was cooperation between the Nazis and the Zionists to facilitate Jewish migration to Palestine.¹²⁸⁵

¹²⁷⁹ Central Elections Commission, "2005 Presidential Elections Results," (Online); "Abbas Declared Victor in Palestinian Election," *CNN*, January, 11, 2005.

¹²⁸⁰ For Abbas' biography see Michael Broening, *Political Parties in Palestine: Leadership and Thought* (New York: Palgrave Macmillan, 2013), 73-75.

¹²⁸¹ *Ibid.*, 73.

¹²⁸² Mark Langfan, "Op-Ed: Abbas: Paymaster of the 1972 Munich Massare Terrorists," *Israel National News*, October, 4, 2013.

¹²⁸³ Broening, *Political Parties in Palestine: Leadership and Thought*, 73.

¹²⁸⁴ *Ibid.*

¹²⁸⁵ Benny Morris, "Exposing Abbas: Mahmoud Abbas is Peddling Lies and Distortions. Apparently *The New York times is Buying*," *The National Interest* (2011).

Abbas has three sons, Mazen his eldest (hence the name Abu-Mazen) ran a construction company in Qatar where he died of a heart attack in 2002. His second son Yasser, is a multimillionaire Canadian citizen, and his third son, Tareq is a business executive. The doings, businesses, and wealth of his sons would come into question in Palestinian political and corruption debates on more than one occasion.¹²⁸⁶

5.3. 2006 Elections

With mounting pressure for reform from the Bush administration, the 2006 elections were scheduled for January 2006, few months after Abbas' electoral victory.¹²⁸⁷ According to prominent Fatah leader Mohammed Dahlan "it was Bush who had pushed legislative elections in the Palestinian territories in January 2006, despite warnings that Fatah was not ready."¹²⁸⁸

Secretary of State Condoleezza Rice was at the World Economic Forum in Davos, Switzerland, when the preliminary election results were released. In a videoconference message, Secretary Rice congratulated president Abbas and the Palestinian people on peaceful elections, and restated the United States' position on Hamas saying "you cannot have one foot in politics and the other in terror. Our position on Hamas has therefore not changed," meaning that Hamas must abandon violence and recognize Israel.¹²⁸⁹ These two conditions Hamas has never been willing to accept.

Few days before the elections, the Washington Post reported that the Bush administration spent foreign aid money in an attempt to increase the popularity of Abbas prior to the elections. The \$2 million program, which was double what Hamas spent on its election campaign, was run by a division of USAID, "but no U.S. government logos appeared with the projects or events being undertaken as part of the campaign, which bears no evidence of U.S. involvement..."¹²⁹⁰ At least the administration kept the project quiet, and so far as this research found, it was not reported in local Palestinian media, else it would have been a scandal that would have been counter productive to improving Abbas' standing and image. American officials said that providing aid in this manner was to ensure that Abbas received the credit for them. The aid money was spent on this "temporary paradigm shift,"

¹²⁸⁶ Natasha Mozgovaya, "U.S. Lawmakers Slam Mahmoud Abbas for Alleged Corruption," *Haaretz*, July, 11, 2013.

¹²⁸⁷ David Rose, "The Gaza Bombshell," *Vanity Fair* 2008.

¹²⁸⁸ Dahlan quoted in *ibid*.

¹²⁸⁹ Secretary Condoleezza Rice, U.S. Department of State, *Statement on Palestinian Elections- Remarks at the World Economic Forum in Davos, Switzerland* (online: U.S. Department of State Archive, January 26, 2006).

¹²⁹⁰ Scott Wilson and Glenn Kessler, "U.S. Funds Enter Fray in Palestinian Elections," *The Washington Post*, January 22, 2006.

would sponsor street-cleaning campaign, distribution of free food and water to Palestinians at border crossing, donating computers to community centers and sponsoring a youth soccer tournament.¹²⁹¹

The most puzzling aspect of the 2006 elections is the supposedly “unexpected” Hamas victory. The puzzle is not why they won, but the fact that it was unexpected. Hamas’ victory should have come as no surprise to any scholar or politician who had kept a close eye on the developing events in the Palestinian territories following Arafat’s death. Why American policy makers failed to see Hamas’ coming victory, when everyone else saw it, remains inconceivable. During a visit to the Gaza Strip in 2005, I was truly dumbfounded by the large number of people who had switched their allegiance to Hamas, or those who became Hamas supporters. By January 2006, Hamas had won major municipal and local elections across the Palestinian territories.¹²⁹² It was “carrying the resistance banner,” leading the military operations against Israel and led a well-organized campaign on which the focus was Fatah’s corruption.¹²⁹³ Its payroll and charity programs had expanded massively in the years of the Intifada. In 2005 municipal elections, Hamas won a total of 75 percent of total seats up for elections in Gaza’s districts.¹²⁹⁴

A possible explanation for this misdirection was a series of public opinion polls conducted shortly before the elections, as well as exit polls on the day of the elections. In all honesty, Hamas fooled everyone, particularly Palestinian researchers. As numerous Hamas supporters, and some of its leaders confirmed, in the weeks before the elections, Hamas supporters were told to first ignore public opinion surveys, and if that was not possible, they were to provide the wrong answer with respect to their voting preference. This misled to faulty results in many of the opinion polls.¹²⁹⁵

The second deficiency was misreading the actual results by the media and politicians alike. According to a poll conducted between 17-19th of January 2006, Fatah’s list was expected to win 42 percent of the total legislative seats, to Hamas’ 35 percent. The very same poll indicated that 7 percent were still “undecided.” Such high number of undecided voters was enough to swing the elections in Hamas’ favor. Unfortunately, in such cases the attention is usually focused on the larger digits, and little to know attention is focused on the undecided and the independents.

¹²⁹¹ Ibid.

¹²⁹² British Broadcasting Corporation (BBC), "Big Hamas Win in Gaza's Election," (Online 2005).

¹²⁹³ Ibid.

¹²⁹⁴ Ibid.

¹²⁹⁵ Talks with Hamas leaders and supporters, Gaza, 2014. See also Chehab, *Inside Hamas: The Untold Story of Militants, Martyrs, and Spies*. 2.

What followed was a disaster by any standard, for everyone involved. The major donors suspended their foreign aid to the PA until Hamas and the new government met three conditions; renunciation of violence, recognition of Israel, and acceptance of previous commitments and obligations made by the PA. If this sounds familiar, it is because these demands were more or less the same the Reagan administration made of the PLO in late 1980s. What Hamas' victory did was send the peace process 20 years into the past.

Within the Quartet, there was division regarding what to do with Hamas. The U.S. and the EU, the major donors, saw Hamas as a terrorist organization and were adamant that the movement had to change its position regarding Israel. Russia and the UN were more flexible. According to Kofi Annan, the UN Secretary General at the time, the quartet attempted to reach a "common but differentiated approach," wherein the UN and Russia would deal with Hamas "as necessary," while the U.S. and the EU would exercise pressure on the movement, but Condoleezza Rice "would have none of it."¹²⁹⁶ Annan's advisors warned him against the risk early on saying that U.S.'s intention was now to bring down the Palestinian Authority, and that would result in chaos. The advisors also warned of "a large disgruntled security sector whose salaries were not paid." According to Annan, "The work of more than a decade of building institutions, however imperfect, could be lost. The Americans did not seem to mind."¹²⁹⁷

The U.S. and Israel did not mind because they believed Hamas' new government would crumble under the financial pressure, and that somehow they would be overthrown by a popular uprising. As Dov Weisglass, an advisor of Israeli Prime Minister Ariel Sharon, informed Annan, it would take "just few days" for popular protest to force Hamas to meet international demands or fall.¹²⁹⁸ This was grievous misjudgment on part of Israel and the U.S. Twenty years since Hamas' founding and the so-called policy experts on both side felt that this was the way to go forward, that such pressure would actually make Hamas succumb to pressure. Twenty years and it seems that they had learnt little to nothing about Hamas. Needless to say, it has taken more than "few days," it has taken years and Hamas is as likely to change its position today, as it was when it won the elections. Instead, Bush and Israel's blockade backfired, creating a "Rally Around the Flag Effect," rather than bring down the flag effect.

¹²⁹⁶ Kofi Annan and Nader Mousavizadeh, *Interventions: A Life in War and Peace*, (London and New York: Penguin Press, 2012). Chapter VII.

¹²⁹⁷ *Ibid.*

¹²⁹⁸ *Ibid.*, Chapter VII.

In the months that followed the elections, PA employees were suffering as a result of not receiving their monthly wages. Worst of all, the economic boycott that followed the 2006 elections undermined the PA reform efforts that were being carried out by Abbas. The Palestinians felt abandoned by the international community. How could they not feel this way when they cast their vote as required only to be told in no subtle manner, too bad, you have chosen wrongly? Reform, democracy, human rights, and sustainable development were all undermined by the blockade. In responding to the suspension of aid following the elections, Khalid Meshal, Head of Hamas' Political Office rejected the U.S. and the EU's demands, stating in an article published in *The Guardian* entitled *We Will Not Sell Our people or Principles for Foreign Aid*,

“The day Hamas won the Palestinian democratic elections the world's leading democracies failed the test of democracy. Rather than recognize the legitimacy of Hamas as a freely elected representative of the Palestinian people, seize the opportunity created by the result to support the development of good governance in Palestine, and search for a means of ending the bloodshed, the U.S. and EU threatened the Palestinian people with collective punishment.”¹²⁹⁹

Donors had spent millions of dollars in their attempt to build democratic institutions, and ensuring that the Palestinian Elections Commission was well equipped and its staff well trained, and that the Palestinians understood the benefits of such notions as democracy, transparency and good governance, only for all these notions to be thrown out of the window because the Palestinians voted for Hamas.¹³⁰⁰ After the elections, Fatah also pursued a policy of limiting Hamas' authority by urging donors to send aid to PA individuals and agencies under Abbas' control rather than to the local municipalities controlled by Hamas.¹³⁰¹ A report by the British House of Commons published in early 2007 concluded that, “the situation... politically, economically and socially, is worse than it was in 2004. The International community is in danger of preventing the creation of a viable Palestinian state.”¹³⁰²

The rising tension as a result of Hamas and Fatah's struggle for power soon transferred itself into the Palestinian streets. Violence erupted between the supporters of the two movements, which culminated in military clashes between the armed wing of Hamas on

¹²⁹⁹ Khalid Mish'al, "We Will Not Sell Our people or Principles for Foreign Aid," *The Guardian*, January 31, 2006.

¹³⁰⁰ Sahar Taghdisi-Rad, *The Political Economy of Aid in Palestine: Relief from Conflict or Development Delayed*, Routledge Political Economy of the Middle East and North Africa (New York: Routledge, 2011), 182.

¹³⁰¹ Annan and Mousavizadeh, *Interventions: A Life in War and Peace*. Chapter VII.

¹³⁰² Quoted in Taghdisi-Rad, *The Political Economy of Aid in Palestine: Relief from Conflict or Development Delayed*, 182.

the one side, and the armed wing of Fatah and the PA's security on the other. What and who exactly is or are responsible for the short intra-Palestinian civil war is a matter for speculation. Both Fatah and Hamas embarked on propaganda campaigns in both the local and international theaters, absolving themselves of responsibility and holding the other accountable for the deterioration in the security situation. According to Raji Sourani, the director of the Palestinian Center for Human Rights, "it took Hamas just few days to flush away 53,000 strong PA security apparatus which was a fourteen-year Western investment."¹³⁰³

The day Hamas seized Gaza remains a day of controversy for Palestinians. Today, Fatah supporters call it "the coup," and Hamas' supporters call it the day of "decisiveness." The next day, when the sun rose over Gaza, the entire coastal strip was under Hamas' control. If Israel and the U.S. had not been worried, this was the time to start. What began with suspending foreign aid to moderate or even bring an end to Hamas after its electoral victory, culminated in a disaster. Suspending foreign aid did not work; in fact it made matters, much worse for the U.S., Abbas, the peace process, and Israel. Hamas became the de facto governor of Gaza, and Israel declared the coastal strip a "hostile territory."¹³⁰⁴ Over the next few years, the hostile territory would enter into three wars with Israel, resulting in the deaths of thousands of Palestinians, the destruction of thousands of homes, the destruction, reconstruction then re-destruction of Palestinian infrastructure that was built with foreign aid money.

In the West Bank, after Hamas' takeover of the Gaza Strip, Abbas worked on consolidating his and Fatah's positions after the embarrassing defeat at Hamas' hands. As the figure above demonstrates, U.S. bilateral aid to the Palestinians dropped significantly after Hamas' electoral victory in 2006, before beginning to climb to the highest amount in history in 2008-2009, due in large part to aid provided to Abbas to secure the West Bank and avoid another disaster for the U.S. Salam Fayyad, a Palestinian technocrat, was appointed as prime Minister of the Palestinian Authority. According to Elgindy, Fayyad was the perfect model for the West because he provided them "with a sanitized depoliticized version of Palestinian politics that the West could embrace."¹³⁰⁵ Fayyad represented a new wave of non-militant leaders, he was not interested in the difficult political issues; refugees' right of return,

¹³⁰³ Quoted in Paul McGeough, *Kill Khalid: The Failed Mossad Assassination of Khalid Mishal and The Rise of Hamas* (New York: New Press, 2009), 381.

¹³⁰⁴ Tobias, "2007 Budget Hearing Testimony, Senate Appropriations Committee Subcommittee on State, Foreign Operations...". Conal Urquhart, "Israel Declares Gaza Strip Hostile Territory," *The Guardian*, September 20, 2007.

¹³⁰⁵ Elgindy, "Khalid Elgindy, Interview, November 2014, Washington D.C.."

Jerusalem, borders and armed struggle. Instead, Fayyad focused on good governance, and institutional reforms, a much-preferred approach by the Europeans and the U.S.

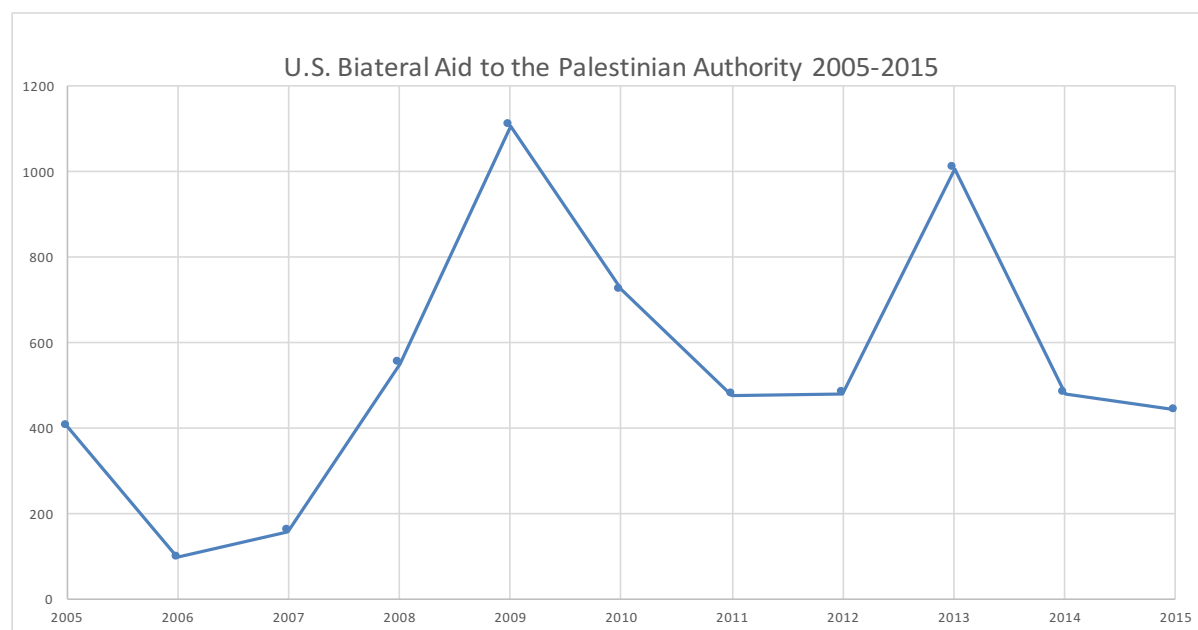


Figure 5:3, Bilateral American aid to the PA in USD millions.

5.4. Embargo and Blockade

Few days after the coup in June 2007, the Guardian UK published a secret *End of Mission Report*, by Alvaro De Soto, the United Nations Middle East Envoy. In the leaked report, which was written in May 2007, de Soto condemned the boycott of the Palestinian government following the elections describing the boycott “at best extremely short-sighted.”¹³⁰⁶ Gaza has become a “concentration camp” had become often used to demonstrate the level of suffering inflicted upon Gaza’s citizens as a result of the blockade.¹³⁰⁷ People who use such expressions either do not have the slightest clue as to what a concentration camp was, or do not know what Gaza is like. Gaza is a camp, with very limited freedom of movement for its citizens, and people are concentrated there, but there is no extermination, no forced labor, no gas chambers, Gaza is not Auschwitz. Gaza is far from being a concentration camp in the sense that “concentration camp,” as a term entails. It is a big prison that occasionally opens its doors to let few prisoners out. Food and other necessities are available with occasional shortages every now and then. Petrol and cooking-gas and commodities of

¹³⁰⁶ Alvaro de Soto, "End of Mission Report," (Online: The Guardian UK, 2007). A confidential report that was leaked and then published by the Guardian

¹³⁰⁷ Amira Haas and Julie Poucher Harbin, "Amira Hass: "Let Me Be Blunt: Gaza is a Huge Concentration Camp"," (Online: Informed Comment, 2015); Philip Weiss, "Gaza is a Concentration Camp, and it's an American Delusion Not to Recognize That- Weschler," *Mondoweiss* (2014).

this nature are imported from Israel, and Israel closes trade crossings and forbids such material to enter the strip as it sees fit. And this does not by any means give legitimacy and justification for Israel's unjust, and counter-productive policy of blockading 1.8 million people. There is death and misery in Gaza, and plenty of both because of the blockade, and life can indeed be quite unbearable for its residents.

The collapse of Hamas that Israel and many others, including the PA in Ramallah, waited for never materialized, in large part due to the ingenious idea of digging tunnels under the Gaza- Egypt border. These tunnels provided a much-needed lifeline to Hamas, and to the people of Gaza. Gazans smuggled all sorts of goods through these tunnels, ruling Israel's blockade of the strip virtually obsolete. Thanks to these tunnels, the Gaza Strip had a zoo, though the Zebras were actually painted donkeys.¹³⁰⁸ Cars and machineries began to be smuggled through these tunnels as well. During a visit to the tunnel area, I was shocked by the sheer number of these tunnels. When I finally mastered the courage to go down into one, I saw a car that had been cut in three parts being rolled out to be re-attached together in Gaza, a flock of sheep followed the car, before carts of Egyptian cement concluded the day's business for the tunnel owner. People on both sides of the border prospered as Egyptians in Sinai discovered a market of 1.8 million consumers who had been deprived of much due to Israel's blockade. Some of the tunnels were 20 and 30 meters deep and 250 meters to 1 km long, according to the tunnel operators I spoke with. And if all that was not enough, a Gazan could pick up the phone and order Kentucky Fried Chicken from Al-Arish in Egypt to be delivered to their homes a couple of hours later cold and soggy.

But no Gazan benefitted half as much as from the tunnels as Gaza militants, as Hamas militants informed me in 2013, and 2014 prior to the start of the war. According to these militants, after the collapse of regimes in Arab countries during the so-called Arab Spring provided Hamas and other military groups managed to smuggle huge amounts of weaponry, ammunition, and military technologies that they had lacked, particularly from Libya. Hamas' fighters no longer wore the standard military uniform alone, now their outlook included American night vision goggles. Hamas' rocket arsenal expanded to include thousands of rockets in total, some of which was built with Syrian and Iranian training before Hamas started manufacturing them locally in Gaza. Some of these rockets include the Qassam rocket, which has a range of 17km, able to reach cities such as Sderot and Ashkelon in Israel; Fajr-5, an Iranian rocket with 75km range, Hamas developed the M-75 based on this rocket

¹³⁰⁸ Karl Schembri, "The Man Behind Gaza's Fake Zebras," *The Guardian*, November 4, 2009.

which can reach major cities in Israel such as Beersheba, Dimona, Tel-Aviv and Jerusalem; and Khaibar-1 which has a range of 160 km, and can threaten the city and port of Haifa. While these rockets are still primitive and inaccurate, they still proved a major threat to Israel during the 2014 conflict since they limited the Israelis' movement, spread fear and caused the shutdown of Ben-Gurion Airport for few hours, leaving thousands stranded, unable to leave Israel, nor come back to Israel, with major airliners either cancelling or delaying their flights to Tel- Aviv.¹³⁰⁹

Instead of a hostile political party equipped with basic military means, or a hostile bankrupt government, Israel's fierce enemy became a quasi-state with its own independent territory. Hamas' control of the strip helped Hamas grow in all aspects at a much faster rate, particularly during the year between June 2012 and June 2013 when the Muslim Brotherhood came to power in neighboring Egypt after the revolution in 2011.¹³¹⁰

5.5. Manifestations of Disorder

For all Hamas' success in the election campaign, and in its success in maintaining its control over Gaza despite the blockade, the current decline in Fatah is a product of its own failure, particularly the failures of its leadership presented chiefly by Mahmoud Abbas, who was described by Elgindy as "the man without a plan B."¹³¹¹ The optimism that surrounded the signing of the Oslo accords began to fade rather quickly as the new PA was unable to manage Palestinian political, social and economic affairs in an effective manner. The leadership seemed to stumble from one folly to the next, with total disregard to the needs and demands of their own people. Arafat and Abbas after him focused on maintaining and enforcing their positions of power by dictatorial means rather than by providing honest government and functioning economy, despite the various restrictions Israel imposed throughout the two decades since the signing of Oslo.

"In Palestine, citizens have rights of free speech and free assembly. The most independent judiciary in the Arab world adjudicates their disputes. Palestinians select their leaders freely in competitive elections overseen by an independent electoral commission. A representative assembly monitors the executive, granting and withholding confidence from ministers and reviewing the state budget in detailed public discussions.

¹³⁰⁹ Josh Levs, Ben Brumfield, and Dana Ford, "U.S. Extends Ban on Flights into Israel's Ben Gurion Airport," *CNN*, July, 24, 2014.

¹³¹⁰ "Egypt's Morsi Meets with Hamas Chief Haniya," *Hurriyet Daily News*, July, 28, 2012.

¹³¹¹ Elgindy, "Khalid Elgindy, Interview, November 2014, Washington D.C.."

Elected councils manage local governments that are fiscally autonomous of the center.”¹³¹²

Nathaniel Brown’s 2005 *Evaluating Palestinian Reform* describes Palestinian politics as it is “on paper.”¹³¹³ Brown continues his generous description by stating, “Palestine is, in short, a model liberal democracy.” After finishing this description of the PA, Brown exclaims that the PA remains “an authoritarian regime in a region rich with authoritarianism.”¹³¹⁴

The deficiencies of the PLO manifested themselves in the PA. There was no tangible change between the leadership style of Yasser Arafat after he became president of the PA. The PLO was a revolutionary organization that was ill equipped to carry out the tasks of a full-scale government in the form of the PA following Oslo. The mismanagement of social and economic affairs that the PLO demonstrated in Jordan and Lebanon in the 1970s manifested itself in the Palestinian territories, they simply carried over into the PA. Neither Arafat nor Abbas were able to provide good governance that is based on democratic values, transparency, equal opportunity, and respect for their citizens’ rights.

Their cronyism is one of the major causes of the corruption that eventually manifested itself in every layer of Palestinian politics and society. The Palestinians satirically referred to Vitamin “waw,” which stands for “*wasta*” in Arabic, meaning nepotism, or “who you know.” In other words, if someone wished to be appointed to any job position, all they needed was to know someone in whatever institution they wished to work for. Another way was to be counted among Fatah affiliates. Indeed, Fatah’s downfall while it took place simultaneously with Hamas’ rise, was a product of such policies rather than Hamas’ own successes, significant as they were. Hamas’ 2006 electoral list was called “change and reform.” Change from the leadership of Fatah that plagued the Palestinian society for two decades, and reform of the corrupt institutions that Fatah established and filled with incompetence and individuals who wasted public resources for their own benefits.

The majority of the vast sums contributed by the U.S. administrations since Oslo were channeled through USAID programs.¹³¹⁵ According to a recent CRS report by Jim Zanotti published on March 18, 2016, since the signing of the Oslo accords, the U.S. government has provided over \$5 billion in bilateral economic assistance to the PA.¹³¹⁶ This assistance targeted Palestinian economy, social service, and civil society sectors. The funds have also

¹³¹² Nathan J. Brown, "Carnegie Papers: Evaluating Palestinian Reform," (Online: The Carnegie Endowment, 2005), 3.

¹³¹³ Ibid.

¹³¹⁴ Ibid., 5.

¹³¹⁵ Le More, *International Assistance to the Palestinians after Oslo: Political Guilt, Wasted Money*, 86.

¹³¹⁶ Zanotti, "U.S. Foreign Aid to the Palestinians," 1.

been used to strengthen the PA's security forces by providing training, weapons, and improve governance of the different PA institutions.¹³¹⁷

According to a December 2014 public opinion poll, 81 percent of the Palestinians living in the territories believed that there was corruption in the PA, compared with 78 percent in a poll conducted three months earlier. In the same poll, 29 percent of the Palestinian public believed that Israeli occupation and settlement construction to be "the most serious problem confronting Palestinian society today," and 25 percent believed it was corruption.¹³¹⁸ Corruption under the PA, argues Haddad, "was not an anomaly inasmuch as it was systemic and a means of governance- a deliberate tool of garnering power and consolidating position."¹³¹⁹

Through an initiative by a number of Palestinian civil society organizations, The Coalition for Integrity and Accountability, AMAN, was established in 2000 with the mission of promoting transparency and accountability in Palestinian institutions.¹³²⁰ AMAN publishes an annual report on corruption in the Palestinian territories, which is funded by the governments of Norway, Netherlands and Luxembourg. In its most recent report for 2014, AMAN found that the ministry of planning stopped public reporting on budget and data, and that some officials' salaries reached \$10,000, an outrageously high salary at a time when Gaza employees have not been paid in years, while public sector employees in the West Bank have been on strike multiple times in the last year demanding improved salaries and retirement packages.¹³²¹ \$10,000 a month is an outrageous salary even for the PA president, as the highest ranked official in the PA structure.

Some of the major findings in AMAN's 2014 report conclude that with a dysfunctional legislative branch, there has been a lack of supervision, and little transparency over budgetary issues. There has also been further growth in the politicization of appointments to public positions, which has led to "random and unnecessary appointments," particularly in the civil and security sectors, imposing further constraints on the budget. Anti-corruption courts received 50 cases in 2014 alone, some of which were director generals of ministerial positions, 20 cases were dismissed and the courts ruled in only three of them,

¹³¹⁷ "U.S. Foreign Aid to the Palestinians," 4.

¹³¹⁸ Palestinian Center for Policy and Survey Research, "Public Opinion Poll No (54): December 2014," (Ramallah: PCPSR, 2014).

¹³¹⁹ Toufic Haddad, "From Arafat's Death to the Disengagement Spectacle," in *Between the Lines: Readings on Israel, the Palestinians and the U.S. "War on Terror"*, ed. Toufic Haddad and Tikva Honig-Parnass (Chicago: Haymarket Books, 2007), 348.

¹³²⁰ AMAN, "Aman- Transparency Palestine, About Aman," (Online: Aman).

¹³²¹ Nadim Baba, "Frustrated Palestinian Teachers Escalate Strike Action," *Aljazeera*, March, 11, 2016.

leaving 27 practically untouched. Economic crimes, according to AMAN's findings are also on the rise.¹³²²

Corruption is not a new phenomenon in Palestinian politics. Indeed, it is embedded in the foundation and structures that govern the Palestinians. As Tariq Dana rightly points out, "the scandals that Palestinians hotly debate from time to time... are an outcome of longstanding corruption embedded in the underlying power structure that governs the Palestinian political system and that were rooted in the Palestinian Liberation Organization prior to the Oslo process."¹³²³ Foreign aid simply helped bring these issues under the spotlight due to oversight and reporting mechanisms require by the donors on the bilateral and multilateral levels.

Writing about the PA in his *The Iron Cage*, Rashid Khalidi states that, "the Para-state structure," is

"a patronage- laden and largely ineffective system rife with cronyism. This system conspicuously benefited PLO leaders and cadres who had staffed the Palestinian quasi state in Lebanon, and then had sat in enforced idleness in different sites of exile for over a decade after the expulsion of the PLO from Beirut in 1982. These individuals were chosen for most of the top positions in the PA essentially because of their loyalty and their revolutionary past rather than on the basis of merit. The senior figures among them enjoyed privileges and perquisites ranging from education abroad for their children to VIP status shrewdly granted by Israel that gave them relative freedom of movement and insulated them from the lot of the common people."¹³²⁴

Thomas Friedman wrote along similar lines 16 years before Khalidi in *From Beirut to Lebanon*, Friedman writes that there is "well-known corruption in the PLO leadership, the misuse of funds, and the way in which the organization had become as much a corporation full of bureaucratic hacks and guerilla outfit."¹³²⁵

The explanation for the spread of this phenomenon begins at the very top of the Palestinian pyramid, and also at the roots of Palestinian culture. The nature of the newly established PA; the fact that it stemmed from an quasi-state organization like the PLO and from a militarized political movement, such as Fatah, ensured that the vast majority of the new state employees were enrolled in the security apparatus. To accommodate such large number of military personnel, twelve different security apparatuses were established within

¹³²² AMAN, "2014 Integrity and Anti-Corruption Report: Executive Summary," (Online: AMAN, 2014).

¹³²³ Tariq Dana, "Corruption in Palestine: A Self-Enforcing System," *Al-Shabaka*, August 18, 2015.

¹³²⁴ Khalidi, *The Iron Cage: The Story of the Palestinian Struggle for Statehood*, 204.

¹³²⁵ Thomas Friedman, *From Beirut to Jerusalem* (New York: Anchor Books, 1990), 72-73.

the new PA. Twelve security branches to serve less than four million people. Furthermore, this extraordinarily high number of security organizations can be attributed to Arafat's way of rewarding those military commanders who had served long in Fatah's ranks and were loyal to him. Giving them high ranked positions within the security organizations was Arafat's way of rewarding them, and keeping them on his side.

The protocol allowed the PA to import goods and set prices on them within the territories. According to Nigel Parsons, the system was manipulated to the advantage of "selected merchants in collusion with the PA."¹³²⁶ The PA did not make public auctions for importing cement, communications equipment and petroleum resulting in huge economic benefits and monopolies to "well-placed" Palestinians such as Mohammed Dahlan, head of Preventative Security in Gaza; Mohammed Rashid, Arafat's financial advisor, and Nabil Shaath.¹³²⁷

Unaffiliated Palestinians tend to be the group that suffers the most. There is a sense of iron loyalty among Palestinians to their political affiliation. Part of this loyalty no doubt springs from the fact that each party takes care of its affiliates, supporters, and members, leaving the unaffiliated with much less care. An experience during the 2014 war is worth mentioning at this point. Being an educated Palestinian with knowledge of American politics and a good command of English has made me an attractive target for the political parties. During Israel's air campaign against the Gaza Strip, prior to the ground invasion, a neighbor's house was destroyed and our house sustained some damage. Within hours, my phone was ringing with calls from different people affiliated with different parties asking for my details so they can compensate me for the damage done to our house, and the unaffiliated neighbors whose houses were even more damaged received no such calls. Also during the war, Fatah, Hamas and other parties supported their supporters who were displaced because of the war with blankets, cooking supplies, and other basic necessities, and the unaffiliated had to wait for relief from international relief organizations, and some of them did receive aid, others did not.

Even the health sector became corrupt. Due to the limited medical resources in the Gaza Strip, a large number of Gazans travel for surgeries, cancer treatments and other advanced medical procedures. Arafat himself would issue these transfer orders, without the knowledge and approval of the minister of health or the minister of finance for that matter.

¹³²⁶ Nigel Parsons, *The Politics of the Palestinian Authority: from Oslo to al-Aqsa* (New York and London: Routledge, 2005), 89.

¹³²⁷ Ibid.

“A letter from Arafat was all that was needed to implement such decisions; not even a medical examination was required.”¹³²⁸

The cultural aspect that reinforces corruption is the loyalty to families and places of origins. It is not unusual for a high-ranking government official to distribute jobs and positions among members of the family, or town, even if said members lack the merit and skills required for such positions. It is abnormal if they do not. As a hypothetical example, if the Minister of Energy were from Jabalya, one can expect Jabalies to fill the ranks in the Ministry of Energy. If the minister does not hire relatives and fellow Jabalies, he or she become subject to disapproval. This patron-clientelism, argues Dana, “contributes to the climate of corruption by favoring incompetent loyal political constituents and excluding skillful people on arbitrary basis.”¹³²⁹

Mohammed Rashid, a close aide of Arafat, who had been his financial advisor for many years, was sentenced to 15 years in jail in absentia by a court in Ramallah in May 2012 after being found guilty of money laundering and misappropriation of public funds.¹³³⁰ Rashid was fined \$15 million and ordered to return more than \$30 million, which he was accused of stealing.¹³³¹ Shortly after Rashid’s sentence, the House Subcommittee on Middle East and South Asia held hearings entitled *Chronic Kleptocracy: Corruption within the Palestinian Political Establishment*, in which former George W. Bush administration official Elliot Abraham stated that “corruption is an insidious destroyer not only of Palestinian public finance but of faith in the entire political system. And it has certainly had an impact on potential donors.”¹³³² Recalling from his own experience while seeking assistance for the PA from the Gulf States that he was told, “why should we give them money when their officials just steal it?”¹³³³

5.6. Carrots and Sticks

Despite the initial success of the efforts of president Clinton, and the less frequent and less successful efforts carried out by his successors, the situation in the Middle East remains

¹³²⁸ As'ad Ghanem, *Palestinian Politics After Arafat: A Failed National Movement* (Bloomington: Indiana University Press, 2010), 88.

¹³²⁹ Dana, "Corruption in Palestine: A Self-Enforcing System."

¹³³⁰ Khaled Abu Toameh, "Adviser to Arafat Wanted for Embezzlement, Fraud," *The Jerusalem Post*, May, 16, 2012.

¹³³¹ Associated Press, "Arafat's Moneyman Targeted in Highest-Profile Palestinian Corruption Probe," *Alarabiya English*, May, 17, 2012.

¹³³² Elliot Abrams, United States House of Representatives, *Chronic Kleptocracy: Corruption within the Palestinian Political Establishment*, July 10, 2012, 112th Cong., 2nd sess. (Online: Council on Foreign Relations, 2012).

¹³³³ Ibid.

too close to the abyss for anyone's comfort. Until the time of writing these lines, President Obama has showed little to no interest in bringing together the two sides to the negotiations table fearing perhaps to tarnish the end of his legacy with a failure, particularly after his success with Iran's nuclear deal and normalization of relations Cuba.¹³³⁴ Secretary of State John Kerry has visited the region a number of times in vain attempt to bring the two sides closer. Although that is probably due for the most part to the Palestinian and Israeli leaderships' unwillingness to come to the table without preconditions. Israel is demanding to be recognized as a Jewish State, and the Palestinians are refusing to come to the table so long as settlement expansion in the West Bank continues.¹³³⁵ Hamas' control of the Gaza Strip and the recent conflicts between the Islamist movement and Israel, have done little to ease the tensions between the two nations and their leaderships.

Presidents Clinton, Bush and Obama have all used the foreign assistance program to pressure Abbas and his bankrupt PA into making policy concessions and policy adjustments. None of these of leaders actually succeeded in achieving their goal. On the contrary, America's peace partner is stuck in a corner, unable to juggle between Israel and the security commitments required of him, and the demands of the people who chose him to lead them more than a decade ago. The simple truth is that the PA cannot survive without foreign assistance and budget support. Aid has been the backbone of its economy, particularly when Israel withholds tax returns on imports destined for the territories.

In late September 2015, the Palestinian territories erupted once again in what German foreign Ministry Spokesperson Martin Schäfer called "possibly a third Intifada."¹³³⁶ The situation was reminiscent of the first two uprisings with Palestinian youth throwing stones and clashing with Israeli soldiers at checkpoints. Netanyahu accused the Palestinian leaders of inciting extermination against the Jews. At least two IDF generals disagreed, stating publicly "that Palestinian violence is driven to a considerable degree by anger at Israeli

¹³³⁴ Stephen Collinson and Casey Cpachi, "With Iran and Cuba Deals, Obama Goes Legacy-Hunting Abroad," *CNN*, July, 14, 2015.

¹³³⁵ Mark Maddell, "Obama Urges Palestinians to Drop Settlement Precondition," *BBC*, March, 31, 2013. ; Barak Ravid, "Netanyahu: Israel Prepared to Make Peace, but Abbas Must Recognize Jewish State," *Haaretz*, March, 04, 2014.

¹³³⁶ Quoted in Peter Beaumont, "Is a Third Intifada on the Way- or Has it Already Begun?," *The Guardian*, October, 5, 2015.

actions.”¹³³⁷ Israeli intelligence service the Shin Bet claimed it was a feeling of discrimination among Palestinian youth that was driving them to violence.¹³³⁸

The Department of State and congress have accused the Palestinian leadership of inciting violence and not doing enough to prevent Palestinian youth from carrying out attacks against Israelis. So in late September 2015, the State Department informed congress of their plans to reduce aid to the Palestinians by \$80 million, approximately 20 percent of total aid destined for 2015.¹³³⁹ The U.S. was sending a message to Abbas to stop alleged incitement against Israel. Though the cuts had already been planned before the clashes took place, in response to the PA’s application to join the International Criminal Court and the UN as well as the PA’s negotiations with Hamas to resolve the political rift between the two major Palestinian factions that has plagued the Palestinians since Hamas’ takeover of Gaza in 2007.¹³⁴⁰

The final section of this research focuses on such historic and contemporary instances when the U.S. used foreign assistance to influence the policies and practices of the PA and its president Mahmoud Abbas, and how the adjustments made on part of the PA contributed to the decline of his, and his party’s popularity among the Palestinian public. As has already been discussed, a decline in Fatah and Abbas’ popularity will certainly lead to rise of Hamas’, which is an undesired consequence for both the U.S. and for Israel. This section discusses and analyses the failed attempts of the Bush and Obama administrations to influence the PA by using aid as a tool of statecraft, and how this use backfired and resulted in further decline of Abbas and Fatah. Three case studies suffice to demonstrate the extent of the shortcomings of using foreign assistance in this way; the Goldstone Report, the Palestinian bid for statehood, and finally and most significantly the American sponsored security cooperation between the PA and Israel.

5.6.1. Goldstone Report

On December 27, 2008, a war erupted between the Palestinian factions in the Gaza Strip, Hamas chief among them, and Israel. The war ended just few days before the inauguration of president Obama on January 21 the following year.¹³⁴¹ It was the first of

¹³³⁷ J. J. Goldberg, "Israel's Top Generals Split with Benjamin Netanyahu on Roots of Terror Wave," *Forward* (2015).

¹³³⁸ Gill Cohen, "Shin Bet: Feelings of Discrimination Driving Palestinian Youth Toward Terror," *Haaretz*, November, 11, 2015.

¹³³⁹ Julian Pecquet, "Congress Pulse: US Sends 'Message' to Abbas With \$80 Million Aid Cut," *al-Monitor* (2015).

¹³⁴⁰ *Ibid.*

¹³⁴¹ Operation Cast Lead in Israel, and Gaza Massacre, and the Battle of Furqan by Hamas.

three wars between the Gaza Strip and Israel between 2009 and 2014. The situation erupted when the Egyptian brokered ceasefire between the two sides came to its conclusion and the parties failed to extend it. The war left approximately 1400 Palestinians and 13 Israelis dead and over 5000 Palestinians and 518 Israelis injured.¹³⁴² Both Hamas and Israel came under criticism for their war tactics. The former for firing rockets and mortar shells indiscriminately towards Israeli civilian areas, and the latter for the airstrikes that left civilians and police officers dead, particularly on the first day of the war.

During the last week of the war, the Organization of the Islamic Conference requested from the United Nations Human Rights Council (UNHRC), sending a fact-finding mission to the Gaza Strip. The Council adopted a resolution to “dispatch an urgent, independent international fact-finding mission, to be appointed by the President of the Council, to investigate all violations of international human rights law and international humanitarian law by the occupying power, Israel, against the Palestinian people...”¹³⁴³ One needs not be an expert in the Palestinian- Israeli conflict to read the obvious bias in the resolution since it made no mention of possible crimes committed by Hamas and other Palestinian factions. Because of the bias in the language, former commissioner Mary Robinson refused to head the commission stating that the mandate was driven by politics rather than human rights.¹³⁴⁴ South African jurist Richard Goldstone also refused leading the commission for the same reason, until the mandate was changed to investigate “to investigate all violations of international human rights law and international humanitarian law...”¹³⁴⁵

The mission was headed by Goldstone who had been the chief prosecutor of the International Criminal Tribunals for the former Yugoslavia and Rwanda and included; Christine Chinkin, International Law Professor at the London School of Economic and Political Science; Hina Jilani, Advocate of the Supreme Court of Pakistan; and Desmond Travers, a former colonel in the Irish Defense Forces. The mission traveled to the region to

¹³⁴² The IDF, Hamas, and human rights organizations have provided a different number of casualties, with the number of military and civilian casualties being a matter of debate between the two sides. Palestinian Center for Human Rights, "Confirmed Figures Reveal the True Extent of the Destruction Upon the Gaza Strip," (Online: The PCHR, 2009); Yakkov Lappin, "IDF Released Cast Lead Casualty Numbers," *The Jerusalem Post*, March 26 2009.

¹³⁴³ 9th Special Session Human Rights Council, "Resolution S-9/1 in Report of the Human Rights Council on its Ninth Special Session," (Online: The United Nations General Assembly, 2009), 6.

¹³⁴⁴ Mary Robinson, interview by Amy Goodman, March, 9,, 2009, "Fmr. Irish President Mary Robinson Joins Women Leaders at International Women's Conference in Liberia".

¹³⁴⁵ Human Rights Council, "Resolution S-9/1 in Report of the Human Rights Council on its Ninth Special Session."

conduct their investigation. The 574-page report of their findings accused both Israel and Hamas of committing war crimes and possibly crimes against humanity.¹³⁴⁶

The next step was to vote on the report and its recommendations at the UNHRC. The recommendations required both Hamas and Israel to conduct open investigations in their conduct during the war, should the parties fail to do so, the case would be transferred to the International Criminal Court. If the case reaches the ICC, Israeli leaders would be subject to arrest and trials for committing war crimes. What happened next was the real shock for Palestinians. In the last hours before the resolution was to be put to a vote by the UN council where it would have in all likelihood received 33 votes of the 47 members, Abbas decided to postpone the vote until March the following year.¹³⁴⁷ Consequently, Palestinians took to the streets in protest against Abbas. Gazans threw shoes at Abbas' portraits and called him a traitor, Ramallah's main square filled up with protestors, and Syria cancelled Abbas' planned visit.¹³⁴⁸

In a vain attempt to salvage what he could, Abbas delivered a televised address in which he explained, "the decision to postpone was a result of a consensus among the different parties at the human rights council ... in order to secure the largest number of supporters for any resolution in the future."¹³⁴⁹ Abbas changed his mind a few days later to preserve what he could after the wave of criticism his action created.¹³⁵⁰ According to an opinion poll by An-Najah University, despite the fact that the report accused Hamas as well as Israel, 55.6 percent of Palestinians supported the implementation of the report's recommendations.¹³⁵¹

The leaked documents from the Palestinian negotiating teams, the *Palestine Papers*, reveal that the postponement of the report had nothing to do with a consensus among the different parties or securing more votes. The reason for it was American promises of aid and a political settlement package. In a meeting between Senator George Mitchel, U.S. Special Envoy for Middle East Peace, and Saeb Erekat, Chief Palestinian Negotiator on September 24, 2009 in New York City, Mitchel told Erekat that president Obama was "strongly committed to supporting AM [abu-mazen, Abbas] and his government. I've devoted half my

¹³⁴⁶ "Human Rights in Palestine and Other Occupied Arab Territories: Report of the United Nations Fact-Finding Mission on the Gaza Conflict," 32 paragraph 108 and 249 paragraph 1175.

¹³⁴⁷ Heather Sharp, "Goldstone Fall-Out Plagues Abbas," *BBC*, October, 9, 2009.

¹³⁴⁸ *Ibid.*

¹³⁴⁹ S. Farhan Mustafa, "PA Stonewalled the Goldstone Vote," *Aljazeera English*, January, 26, 2011.

¹³⁵⁰ Rory McCarthy, "Mahmoud Abbas Tries to Save Reputation with U-Turn on Gaza Report," *The Guardian*, October 12, 2009.

¹³⁵¹ Center for Opinion Polls and Survey Studies, "Results of Palestinian Public Opinion Poll No. 39 (22-24 October 2009)," (Online: An-Najah National University, 2015).

time over the last several months to things like getting you support (for example with Kuwait) not just financial. We will stay the course on this.”¹³⁵² Before Mitchell’s arrival at the meeting, David Hale informed Erekat that Mitchell was speaking with the Kuwaitis “about getting aid to be more cash assistant,” according to the meeting minutes.¹³⁵³

The chaos that surrounded the Goldstone Report saga left Abbas on bad terms with everyone involved. The Palestinian people resented his action in postponing the report because they believed he had given Israel a free pass, and Israel and the U.S. were not happy about his U-turn. Abbas then launched an investigation in a vain attempt to calm the Palestinian protestors; an investigation in his own action.¹³⁵⁴ In fairness, the *Palestine Papers* reveal that the postponement of the report, while it did bring aid benefits, seemed to have been done for the most part due to American promises to re-launch the peace negotiations. The *Palestine Papers* also recorded a discussion regarding a \$200 million aid package from Saudi Arabia that the PA needed but would not have received had the U.S. not interfered with Saudi Arabia.¹³⁵⁵

5.6.2. Bid for Statehood

By summer 2008, a sense of frustration was growing among both Palestinians and Palestinian leadership at the lack of progress in the political process. Neither Hamas, with its supposed military prowess, nor Abbas with his experienced negotiators, had produced any tangible achievement on the ground. The staggering peace process, and the failed attempts to reignite it, only added to the frustration, forcing Abbas to think of alternative ways to deliver. As Khalid Elgindy noted in a *Foreign Affairs* in September 2011, the Palestinian leadership was not “seeking to revive the moribund peace process: they are seeking to bypass it altogether.”¹³⁵⁶ Meaning that to progress towards establishing a Palestinian state, the Palestinian leadership bypassed the peace process by going to the UN to seek recognition from its institutions. Needless to say, neither Israel nor the U.S. welcomed this new approach, and both used financial pressure to force the PA to back down.

¹³⁵² Aljazeera Investigations- The Palestine Papers, *Meeting Minutes: Dr. Saeb Erekat, Sen. George Mitchell, United States Mission to the United Nations, September 24, 2009* (Online: Aljazeera).

¹³⁵³ Ibid.

¹³⁵⁴ David Blaire, "Mahmoud Abbas Alienates Palestinians, US and Israel Over Gaza War Crimes," *The Telegraph*, October, 16, 2009.

¹³⁵⁵ Aljazeera Investigations- the Palestine Papers, *Meeting Minutes: Saeb Erekat and General James Jones, White House, October, 21, 2009* (Online: Aljazeera).

¹³⁵⁶ Khaled Elgindy, "Palestine Goes to the UN: Understanding the New Statehood Strategy," *Foreign Affairs*, no. September/October issue (2011).

Saeb Erekat, summarized the Palestinian negotiation position bluntly and succinctly in an NPR interview in March 2015 when he said, “since Eve negotiated with Adam, I am the most disadvantaged negotiator in history. I have no army, no navy, no air force, no economy... my people are fragmented.”¹³⁵⁷ The bid for statehood provided the Palestinian leadership with a much-needed leverage, not just to secure some diplomatic success on the home front, but to pile pressure on the Israeli and American governments. They were in a desperate need of a carrot, or anything that could be used to improve their standing. With this, “Palestine 194” campaign was launched. 194 refers to Palestine becoming the 194th member of the United Nations.

The bid for statehood provided just the Palestinian leadership with an opportunity to improve their standing among Palestinians and also at any future negotiations, at the very least, they could use their UN bid as leverage against Israel and the U.S. The responsibility fell to Salam Fayyad. The PLO had served as a quasi-state organization that ran refugee camps, invested globally, maintained law and order, and fought bloody wars and skirmishes with Israel for 50 years. The PA took over in the last decade of the 20th century, and was supposed to be doing an improved job in building Palestinian institutions, with the aid of international donors to help sustain the Palestinian people in their state building process.

Echoing the action of the senate a month earlier, in July 2011 the U.S. House passed Resolution 268, in which the house opposed “any attempt to establish or seek recognition of a Palestinian state outside of an agreement negotiated between Israel and the Palestinians.”¹³⁵⁸ Furthermore, the resolution urged Palestinian leaders to “cease efforts at circumventing the negotiation process, including through unilateral declaration of statehood or by seeking recognition.... from other nations or the United Nations.” The act further affirmed that such efforts would “harm U.S.- Palestinian relations and *will have implications for U.S. assistance programs* for the Palestinians and the Palestinian Authority.”¹³⁵⁹ The house’s resolution was very similar to the resolution passed by the senate a month earlier, affirming, urging and threatening the same principles in a similarly worded resolution.¹³⁶⁰

¹³⁵⁷ Saeb Erekat, interview by Steven Inskeep, March, 20, 2015, "Transcript: NPR's Interview with Chief Palestinian Negotiator Saeb Erekat".

¹³⁵⁸ United States House of Representatives, *H.Res.268. Reaffirming the United States' Commitment to a Negotiated Settlement of the Israeli-Palestinian Conflict Through Direct Israeli-Palestinian Negotiations, and for Other Purposes*, 112 Cong., 1 sess. (Washington D.C., 2011).

¹³⁵⁹ Ibid. Italization added for emphasis.

¹³⁶⁰ United States Senate, *S.Res.185 "Reaffirming the Commitment of the United States to a Negotiated Settlement..."*, 112 Cong., 1 sess. (Washington D.C., 2011).

Two months before the UN General Assembly were to vote on the resolution, congress suspended over \$200 million in aid money to the PA that was to be used for humanitarian and development projects.¹³⁶¹ In response, Ghassan Khatib, a PA spokesperson, labeled congress' action as "another kind of collective punishment which is going to harm the needs of the public without making any positive contribution."¹³⁶² In September 2011, in a desperate attempt to prevent the PA from seeking state recognition at the UN, David Hale, who had replaced Senator Mitchell as U.S. Middle East peace envoy, and Dennis Ross embarked on shuttle diplomacy visit to Israel and the West Bank in an attempt to persuade the PA to withdraw their bid, to no avail.¹³⁶³ Despite American threats to veto any resolution, the Palestinian leadership was confident that they would receive the nine votes required, if the U.S. vetoed it, then the U.S. would be the one standing in the path of establishing a Palestinian state.¹³⁶⁴

On December 30, 2014, the UN Security Council rejected a resolution that called for an end to occupation within three years, and the establishment of a Palestinian state within 1967 borders, receiving eight "yes" votes, and two "no" votes from the U.S. and Australia, with five abstentions.¹³⁶⁵ In explaining the American vote, U.S. Ambassador to the United Nations Samantha Power said, "we voted against this resolution not because we are comfortable with the status quo. We voted against it because... peace must come from hard compromises that occur at the negotiating table."¹³⁶⁶ The resolution required nine "Yes" votes. Nigeria surprised the council with their abstention. It is not yet clear what promises or threats were made to sway the Nigerian vote. What is known however is that the Palestinian and Jordanian delegations received assurance from the Nigerian delegation that they would back the resolution.¹³⁶⁷ Even if Nigeria had voted in favor, or abstained, the U.S. would have had to use its veto power to prevent the resolution from passing anyway.

Secretary of State John Kerry made a phone call to the Nigerian president before the vote; what threats or promises were made during that conversation remains unknown, but one cannot help but wonder how big a role U.S. assistance to Nigeria played a role in helping the

¹³⁶¹ Donald Macintyre, "We Are the Victims of Collective Punishment, Say Palestinians," *The Independent*, October 1, 2011.

¹³⁶² Donald Macintyre, "We Are the Victims of Collective Punishment, Say Palestinians," *The Independent*, October 1, 2011.

¹³⁶³ Ali Sawafta, Andrew Quinn, and John O' Callaghan, "U.S. Vows to Veto Palestinian Statehood Bid at U.N.," *Reuters*, September, 8, 2011.

¹³⁶⁴ *Ibid.*

¹³⁶⁵ "UN Security Council Rejects Palestinian Statehood Bid," *The Guardian, UK*, December 30, 2014.

¹³⁶⁶ *Ibid.*

¹³⁶⁷ Peter Beaumont, "US and Israeli Intervention Led UN to Reject Palestinian Resolution," *ibid.*, December 31, 2014.

African nation decide.¹³⁶⁸ Nigeria is one of the largest African recipients of American foreign assistance, both economic and military.¹³⁶⁹ In 2013, the most populous African country received over \$300 million, in 2014 the amount increased to over \$350 million, and in May 2015, the Obama administration promised further increase in military assistance.¹³⁷⁰

The United Nations Education, Scientific and Cultural Organization, UNESCO, was the first organization to lose U.S. funding. During a UNESCO meeting in September 2011, a resolution sponsored by 24 states was put forward to consider the Palestinian application for full membership in the organization. On October 5th, UNESCO voted in favor of the admission 107 to 14 with 52 abstentions.¹³⁷¹ Shortly after the vote, the Obama administration, citing a 1990 congressional law, withheld \$60 million from UNESCO, leaving the organization's budget in a terrible position. The Congressional law states that "no funds authorized to be appropriated by this Act or any other Act shall be available for the United Nations or any specialized agency thereof which accords the Palestine Liberation Organization the same standing as member states."¹³⁷²

The 2011 suspension of aid to UNESCO was not the first time the U.S. used foreign aid to influence, or punish international organizations the U.S. perceived to be critical of Israel, or supportive of the Palestinians. During the Ford administration in November 1974, the General Conference of UNESCO rejected Israel's request to join the organization's European regional group, leaving Israel as the only member of the organization without a regional group.¹³⁷³ Earlier still, a resolution by the general conference condemned Israel for "its persistence in altering the historical features of the City of Jerusalem and by undertaking excavations which constitutes a danger to its monuments."¹³⁷⁴ A month later, congress voted to suspend U.S. assistance to UNESCO budget.¹³⁷⁵ The embargo was lifted two years later once the general conference admitted Israel to the European regional group.¹³⁷⁶

¹³⁶⁸ Ibid.

¹³⁶⁹ USAID, "Dollars to Results: Nigeria," in *Dollars to Results* (USAID Website: USAID, 2015).

¹³⁷⁰ Ibid. Michael R. Gordon, "U.S. Signals Willingness to Expand Military Cooperation with Nigeria," *International New York Times*, My 29, 2015 2015.

¹³⁷¹ The UNESCO Courier- UNESCOPRESS, "General Conference Admits Palestine as UNESCO Member," (online: UNESCO Website 2011).

¹³⁷² *United States Code, Title 22 Foreign Relations and Intercourse, Pub. L. 101-246, title IV, §414, Feb. 16, 1990, 104 Stat. 70.*, United States Congress, (Washington D.C.: U.S. Government Printing Office.

¹³⁷³ Leo Gross, *Essays on International Law and Organization*, vol. 1&2 (Dordrecht: Springer Science and Business Media, 1984), 664; James A. R. Nafziger, "UNESCO- Centered Management of International Conflict Over Cultural Property," *The Hastings Law Journal* 27 (1976): 1054.

¹³⁷⁴ Israel Ministry of Foreign Affairs (IMFA), *44- General Conference of UNESCO Resoluition on Protection of Cultural Property in Jerusalem- 20 November 1974*, Vol. 3: 1974-1977 (Online: IMFA).

¹³⁷⁵ House Committee on International Relations, *Congress and Foreign Policy, 1975* (Washington D.C.: U.S. Government Printing Office, 1976), 117.

¹³⁷⁶ Gross, *Essays on International Law and Organization*, 1&2, 665.

The International Labor Organization (ILO) also had a taste of American sanctions. In 1975, while the UNESCO suspension was still in effect, Kissinger handed the ILO director general a notice in November stating four grievances against the ILO, the last two of which were the organization's disregard for due process. According to Kissinger "the most blatant example was the 1973 conference's treatment of Israel," and what he perceived as the increasing politicization of the organization.¹³⁷⁷ The politicization in all certainty referred to the PLO's participation in the General Conference, and the General Conference's 1974 condemnation of Israel for "racist" practices in the West Bank. On November 1, 1977, President Carter suspended America's membership in the ILO, and it would not resume until February 1980.¹³⁷⁸

Suspending aid to UNESCO in 2011 was devastating to the organization to say the least. American aid to the UN amounts for a little over 20 percent of the organization's budget, and 22 percent of UNESCO's, totaling over \$140 million.¹³⁷⁹ As a result of losing American aid, the organization embarked on a series of budgetary cuts, which according to its director, affected every platform of the organization.¹³⁸⁰

In March 2012, the satirical American *Daily Show with Jon Stewart* criticized the Obama administration's action.¹³⁸¹ In the report, John Oliver, the show's Chief Foreign Correspondent investigated the issue, interviewing Congressman Robert Wexler who admitted that "many of the things [UNESCO] does are life saving," but blaming the organization for the situation in which it found itself.¹³⁸² Gabon, the poor African country was the first country to "step up and pledge \$2 million," to assist with the organization's budget deficit. The report highlighted the efforts of UNESCO on global scale, particularly its efforts in Afghanistan and Iraq, including teaching over 80 percent of the Afghan police force how to read and write.¹³⁸³ The Obama administration is yet to resume funding the organization, *The Department of State, Foreign Operations, and Related Programs*

¹³⁷⁷ Ibid.

¹³⁷⁸ Ibid.

¹³⁷⁹ Steven Erlanger, "Cutoff of U.S. Money Leads UNESCO to Slash Programs and Seek Emergency Aid," *International New York Times*, October 11, 2012.

¹³⁸⁰ Ibid.

¹³⁸¹ Jon Stewart, John Oliver, and Comedy Central, "Daily Show Segment Blasts U.S. For Cutting Off UNESCO Funding," (2012).

¹³⁸² Ibid.

¹³⁸³ Ibid.

Congressional Budget Justification for fiscal year 2016 includes no funding requests for UNESCO.¹³⁸⁴

The Palestinian Authority went ahead with the bid for statehood, despite American and Israeli pressure and loss of crucial financial assistance. UNESCO went ahead and recognized Palestine, leaving the U.S. without voting rights in one of the most important UN organizations having lost it for failing to pay its dues.¹³⁸⁵ While neither UNESCO, nor the UN for that matter, determines crucial political issues, the U.S. has lost “influence in culture, science and education around the world.”¹³⁸⁶ The use of foreign assistance in this particular scenario failed to achieve its policy objective, worse still for the U.S., considering the plethora of projects UNESCO had to slash in areas of significant geopolitical importance for the U.S. The U.S.’s standing in the world as its leader, an indeed an example to other supposedly, was damaged by such needless action that has not, nor is it likely to, yield any results in the future.

5.6.3. Security Coordination

The final case study, and arguably the most important focuses on the U.S. donations to the security apparatus of the PA, and the security coordination between Israel and the PA. The security coordination, sometimes referred to as security cooperation or security collaboration, between the Palestinian Authority and Israel originated with the signing of the Oslo accords. The purpose was to facilitate the cooperation between the two sides on security matters and exchange of intelligence.¹³⁸⁷ Unlike Abbas, Arafat’s commitment to the program can best be described as half-hearted at best, and the coordination ceased to exist during Arafat’s last years in office following the start of the second uprising in 2000.¹³⁸⁸ The program was revived under his predecessor Mahmoud Abbas, who views the coordination as sacred as he described it to Israeli journalists and business people during their visit to his headquarter in Ramallah in 2014.¹³⁸⁹

The sacredness of the coordination to Abbas springs from three reasons. The first is the fact that most foreign aid provided by the U.S., particularly after Hamas’ takeover of the

¹³⁸⁴ "Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs Fiscal Year 2016," 42.

¹³⁸⁵ Mustafa, "U.S., Israel Lose Voting Rights at UNESCO over Palestine Row."

¹³⁸⁶ "US Loses UNESCO Voting Rights After Stopping Funds over Palestine Decision," *The Guardian*, November 8, 2013.

¹³⁸⁷ Jessica Purkiss and Ahmad Nafi, "Palestinian Security Cooperation with Israel," (Middle East Monitor, 2015).

¹³⁸⁸ *Ibid.*

¹³⁸⁹ Miller, "Abbas Vows to Uphold 'Sacred' Security Coordination with Israel."

Gaza Strip has been dictated to the security sector. The PA's security apparatus is the single largest employer within the PA structure, representing approximately half of the employees on the PA's payroll. The authority's spending on security, particularly salaries, represents 30 percent of the PA's budget. In 2014 for example, PA expenditure for security sector totaled \$1.1 trillion of the PA's \$3.5 trillion dollar budget, equaling what the PA spent on education and health combined.¹³⁹⁰ The second reason is the protection provided to Abbas' rule in the West Bank since most of the employees are Fatah affiliates whose loyalty belongs to Abbas. This reason was elevated to higher levels after Hamas' coup in Gaza. And finally, for any future peace agreement with Israel to work, Abbas needs to prove his ability to maintain peace, law, and order in the West Bank, or else Israel will never give him the state he desires.

This coordination was capped by the creation of the office of the United States Security Coordinators (USSC) by Secretary of State Condoleezza Rice in 2005. The USSC is one of the most controversial policies ever adopted by the PA. The USSC is a multinational team made up of security experts from the United States, Turkey, Britain and Canada. Lieutenant General Keith Dayton,

“It was to mobilize additional resources and to allay Israeli fears about the nature and capabilities of the Palestinian Security forces. The USSC was to help the Palestinian Authority to right size its force and advise them on the restructuring and training necessary to improve their ability, to enforce the rule of law, and make them accountable to the leadership of the Palestinian people whom they serve.”¹³⁹¹

According to General Dayton, his office focused on improving the Palestinian Authority and government system in four different ways; first is training and equipping new security forces; second is capacity building and improving the institutional capabilities of the Ministry of Interior; the third way is infrastructure; the fourth and final was the senior leader training programs.¹³⁹² According Thomas Friedman, this new policing has done much positive to stabilize the West Bank and create a safe environment for investment.¹³⁹³

Since Hamas' takeover of the Gaza Strip in 2007, the U.S. has spent more than \$1 billion in security assistance to the PA. Most of this aid has been provided under the International Narcotics Control and Law Enforcement program (INCLE). The aid has helped

¹³⁹⁰ Palestinian Ministry of Finance (PMoF), "2014 Budget: Expenditure by PA Organization, Jan-Dec 2014," (Online: PMoF, 2015), 5-7, amount in NIS, converted to USD at 3.4 rate.

¹³⁹¹ Keith Dayton, "Keynote Address at the Washington Institute for Near East Policy," in *Program of the Soref Symposium: Michael Stein Address on U.S. Middle East Policy* (Washington D.C.: Voltaire Network, 2009), 4.

¹³⁹² Ibid.

¹³⁹³ Thomas L. Friedman, "Beyond the Banks," *The New York Times*, February, 7, 2009.

train approximately half of the 45,000 PA security personnel in the West Bank and provide non-lethal assistance, advise, housing, training, and equipment such as uniforms, vehicles.¹³⁹⁴ For FY 2016, the State Department requested \$70 million in INCLE funds for the West Bank to “continue to build the capacity of the Palestinian Authority security sector and sustain the capabilities of the PA security forces.”¹³⁹⁵

In 2009 alone, Palestinian and Israeli forces took part in 1297 coordinated activities against militant groups, a 72 percent increase over the year before.¹³⁹⁶ Fatah’s Al-Aqsa Martyrs Brigades, established by the imprisoned Barghouti that led the armed attacks against Israeli civilians and IDF in the beginning of the second uprising, was dismantled by this joint Palestinian-Israeli security coordination.¹³⁹⁷ The result was a reduction of Palestinian attacks against Israel to their lowest levels since the start of the intifada on September 28, 2000. “It is better than before the second intifada even- it’s excellent,” commented Mike Herzog, former Chief of Staff to the Israeli Defense Minister Ehud Barak.¹³⁹⁸ The *Palestine Papers*, the leaked documents by Aljazeera from the PA’s negotiations department, have revealed the PA security forces complacency in Israel’s assassination of a top tier Fatah military commander, Hassan Al-Madhoun in Gaza.¹³⁹⁹ Furthermore, another document cites Saeb Erekat, Chief Palestinian Negotiator, speaking of “killing our own people,” in reference to the PA security forces’ killing of Hamas militants in Qalqilya in the West Bank.¹⁴⁰⁰

Amid growing pressure on Abbas, he supported a PLO Central Committee decision to suspend security coordination with Israel in March 2015.¹⁴⁰¹ The committee explained its decision based on “Israel’s systematic and ongoing non-compliance with its obligations under signed agreements, including its daily military raids throughout the State of Palestine, attacks against our civilians and properties,” according to a statement by the committee.¹⁴⁰² Until the writing of these lines, a year after the decision was taken, and Abbas is yet to carry it out. Security coordination is proving to be too useful and too beneficial to abandon, even amidst ever growing disapproval of the Abbas and his policies with respect to this cooperation.

¹³⁹⁴ Zanotti, "U.S. Foreign Aid to the Palestinians," See Summary and 14.

¹³⁹⁵ "Congressional Budget Justification: Department of State, Foreign Operations, and Related Programs Fiscal Year 2016," 107.

¹³⁹⁶ Nathan Thrall, "Our Man in Palestine," *The New York Review of Books* (2010).

¹³⁹⁷ Ibid.

¹³⁹⁸ Quoted in *ibid*.

¹³⁹⁹ "Meeting Summary: Shaul Mofaz and Nasr Yousef," in *The Palestine Papers*, ed. Aljazeera Investigations (Online 2012).

¹⁴⁰⁰ Purkiss and Nafi, "Palestinian Security Cooperation with Israel."

¹⁴⁰¹ Peter Beaumont, "PLO Leadership Votes to Suspend Security Cooperation With Israel," *The Guardian*, March, 5, 2015.

¹⁴⁰² Ibid.

Public opinion surveys conducted between 2014 and late 2015 indicate a strong disapproval among Palestinians for security coordination. There was general approval of the PLO's Central Committee's decision to suspend the coordination in March 2015. In a survey conducted by An-Najah National University in Nablus between 20-22, November 201, 72 percent of respondents in the West Bank supported the decision, as opposed to 64 percent in the Gaza Strip where Hamas rules and there is no security coordination.¹⁴⁰³ A possible explanation for the eight percentage point difference is that respondents in the West Bank are more aware of the consequences of this coordination since they are subject to it, unlike their Gazan counterparts. When the respondents were asked whether the PA would eventually implement the committee's decision, 27 percent said yes and 62 said no.¹⁴⁰⁴ Another opinion poll conducted more than a year earlier, showed similar results with 67 percent of participants opposing the security coordination.¹⁴⁰⁵

When the Head of Palestinian Intelligence in the West Bank Majid Faraj announced in January 2016 that the security forces had thwarted more than 200 planned attacks against Israel, there was a wide outrage against him in local news as well as social media network, amid calls demanding his resignation. A tweet by an outraged Palestinian called for Faraj's expulsion dubbing him as "Dayton's puppy." Faraj's statement was published in an article, *Keeping ISIS Out of Palestine*, by Barbara Opall-Rome published in New York based Defense News website.¹⁴⁰⁶

The attacks Faraj referred to were mostly lone-wolf stabbings planned by Palestinian youth. All the same, Faraj came under heavy criticism, particularly from Hamas. Talal abu-Tarifa, a member of the DFLP's political office, labeled Faraj's statement "a political scandal and a political cover to the daily policy of execution and murder and a stab for the intifada."¹⁴⁰⁷ Hamas PLC representative, Marwan abu-Ras said that Faraj's declaration revealed that these leader, in reference to the security apparatus leadership, are "a part of the Zionist project," who hide their shame under the cloak of working in accordance with Palestinian national interest.¹⁴⁰⁸ He added that these leaders have contributed nothing to the Palestinian people and condemned Faraj and Abbas for protecting "the occupation army and

¹⁴⁰³ Center for Opinion Polls and Survey Studies, "Results of Palestinian Public Opinion Poll No. 51," (Online: An-Najah National University, 2015).

¹⁴⁰⁴ Ibid.

¹⁴⁰⁵ Arab Center for Research and Policy Studies, "Palestinian Public Opinion: Attitudes Towards Peace Negotiations and National Reconciliation," in *Arab Public Opinion Project- Arab Index 2014* (Online: ACRPS, 2014).

¹⁴⁰⁶ Barbara Opall-Rome, "Keeping ISIS Out of Palestine," *Defense News*, January, 18, 2016.

¹⁴⁰⁷ "DFLP and Hamas Attack Majid Faraj's Statements," *Dunia Alwatan*, January, 20, 2016. Arabic.

¹⁴⁰⁸ Ibid.

their settlers.”¹⁴⁰⁹ If that was not enough, Hamas’ Attorney General in Gaza opened a case against Faraj in a military court for his confession in “preventing ‘resistance operations’ and ‘coordinating with the occupation.’”¹⁴¹⁰ Nothing will come since Hamas’ Attorney General has no jurisdiction over Faraj or the West Bank at any rate; it is just Hamas’ way of making sure Faraj stays under the spotlight.

An opinion poll conducted between March 17 and March 19, 2016, asked respondents about Faraj’s statement regarding stopping 200 attacks against Israel, only 30 percent of Palestinian public supported the PA security’s action in stopping these attacks, and 65 percent opposed it.¹⁴¹¹ In Gaza, a traditionally a Hamas stronghold, the support percentage dropped to 22 percent, as opposed to the West Bank’s 34, while opposition in Gaza stood at 74 percent, in comparison to the West Bank’s 59 percent. The poll indicates a general disapproval of Faraj’s statement, and further disapproval of the security coordination between the PA and Israel.¹⁴¹²

Yet for all the training of these Palestinian policemen, they remain very much affected by the conditions in which they live and what they experience. In the most recent escalation in late 2015 and early 2016, Amjad al-Sukkari, an off-duty police officer opened fire on Israeli soldiers at a checkpoint near Ramallah, wounding three. The attack rang alarm bells in Israel and drew heavy criticism of Abbas by Netanyahu who accused the PA of standing “behind the incitement that stokes the terrorist attacks.”¹⁴¹³ Few hours before the attack, Sukkari posted a poem by late Palestinian poet Mahmoud Darwish on his Facebook page. “We have on this earth what makes life worth living,” wrote Amjad before adding, “unfortunately, I do not see anything worth living for as long as the occupation is suppressing us and killing our brothers and sisters.” Sukkari’s attack was the first to be carried out by a Palestinian police officer. After hesitation, the PA accorded Sukkari a military funeral with thousands of Palestinians attending, hailing him as a hero.

Sukkari’s attack was glorified by Palestinian media and praised by Hamas, which did not miss the chance to mention security coordination on the occasion of an attack by an officer from the so-called Dayton Army. Ismail Haniya told local news website *Alwatan*

¹⁴⁰⁹ Ibid.

¹⁴¹⁰ “Hamas Attorney General Transfers Case Against Faraj to Military Court,” *Amad Press*, March, 14, 2016. Arabic.

¹⁴¹¹ Palestinian Center for Policy and Survey, “Palestinian Public Opinion Poll No (59),” ed. Khalil Shikaki (Online: PCPSR, 2016).

¹⁴¹² Ibid.

¹⁴¹³ Quoted in Yaakov Lappin, Abu Khaled Toameh, and Tovah Lazaroff, “Palestinian Police Officer Shoots Three Soldiers at Check Point Near Ramallah,” *Jerusalem Post*, January, 31, 2016.

Voice that agreements with Israel were useless and demanded a national strategy to bring the Palestinians out of what he described as a “dark tunnel,” in reference to security coordination, and demanded a cancellation of agreements “that damage our shared Palestinian... we praise the great Mujahid Amjad al-Sukkari who works in the West Banks security apparatus who sought a free Palestinian future.”¹⁴¹⁴

With his adamant refusal to carry out the wishes of the Palestinian population to end security coordination with Israel, and general agreement among Palestinians of what they perceive as his failure to deliver any substantial improvements in their lives as well as general dissatisfaction with his policies, public opinion surveys since summer 2015 have generally showed Abbas’ approval ratings to be dropping, at the cost of rising approval for Hamas, and military oriented leaders such as Marwan al-Barghouti, the Fatah leader currently serving multiple life sentences for terrorist charges in Israeli jails.¹⁴¹⁵ For the last six months, approximately two thirds of Palestinians believe that the time has come for Abbas, to borrow a football expression, to hang his boots, with 60-67 percent demanding his immediate resignation.¹⁴¹⁶

Doubtless, the escalating violence in the territories, particularly the stabbings and riots in the West Bank, with the number of dead Palestinians soon to exceed 200 since September 2015, there is a general shift among Palestinians to more hardline, more right oriented groups and leaders than Abbas.

It is hard for any Palestinian living in the West Bank and the Gaza Strip, to witness and experience their very own Palestinian police cracking down on militants as well as youth stone throwers and remain supportive of Abbas. For the sake of the argument, place yourself in the neighborhood in the city of Qalqilya where Abbas’ police marched in and engaged Hamas militants and killed them. Whether one agrees with Hamas’ tactics and strategies or not, this is a different question,

5.6.4. The Palestinians’ Perception of Aid

As mentioned in the literature review as well as chapter three’s discussion of the role of public opinion in foreign aid, there is a general lack of literature on the role of public opinion on aid, particularly on the perception of aid in the recipient countries. Unfortunately, the Palestinian case is not an exception. There are few opinion polls that include questions on

¹⁴¹⁴ Mohammad Awad, "Haniya: Beit Eil Operation is a Real Proof of Our People's Solidarity Against the Occupation," *Dunia Alwatan*, January, 31, 2016. Arabic.

¹⁴¹⁵ Mohammed Daraghme, "Poll: Two-Thirds of Palestinians Want Abbas to Resign," *Associated Press*, March, 21, 2016.

¹⁴¹⁶ *Ibid.*

the Palestinians' perception of donor assistance, and fewer dedicated to the question of aid motives and functions specifically. The Development Studies Program at Birzeit University in Ramallah conducted one of those surveys 2004.¹⁴¹⁷ Beata Paragi of the Institute of International Studies from the Corvinus University of Budapest conducted another survey in 2010. Paragi's survey was based on a series of individual and focus group interviews, and reached similar conclusions to Birzeit University's survey.¹⁴¹⁸ The results of both surveys demonstrate a general distrust of foreign assistance among Palestinians, as well as questions regarding the political motives of donors.¹⁴¹⁹

According to the 2004 survey by Birzeit University, 62 percent of respondents believed that donors had hidden political agenda, while only 14 percent believed that the donors acted out of concern for the needs of the Palestinians, and 24 percent believed it was a combination of both.¹⁴²⁰ In the same survey, 55 percent of respondents believed that aid had helped Israel consolidate its control over the territories, and only one third believed that aid had served the long-term interests of the Palestinian people.¹⁴²¹ The most interesting of the survey's results was the fact that only 24 percent of Palestinians surveyed believed that donor assistance should be provided to the PA, a clear indication of mistrust among Palestinians of the PA's ability to manage international assistance, as opposed to 20 percent who believed it should be provided to private sector, while the majority 56 percent believed that it should be provided to NGOs. Finally, 77.5 percent of respondents believed that neither they, nor their families had benefited directly from foreign aid.¹⁴²² The issue of corruption in the PA ranks is the most accurate explanation for this mistrust. The survey was conducted a decade after the PA took charge of their lives, two years after the start of the second uprising, and by then PA corruption was common knowledge among Palestinians.

The Norwegian research foundation Fafo, also conducted an opinion poll in both the West Bank and Gaza in February and March 2008, shortly after the 2008/2009 Gaza War.¹⁴²³ A small part of the survey was devoted to perception of foreign assistance. The poll reached similar results to the 2004 Birzeit survey, with the majority of respondents believing that

¹⁴¹⁷ Bir Zeit University's Department of Development Studies, "An Opinion Poll Concerning the Performance of Palestinian Institutions, their service Provision, their Role in the Development Process, and International Funding June 4-6, 2004," (Ramallah: Bir Zeit University, 2004).

¹⁴¹⁸ Beata Paragi, "First Impressions and Perceived Roles: Palestinian Perceptions on Foreign Aid," (Corvinus University of Budapest, 2010).

¹⁴¹⁹ *Ibid.*; Studies, "Birzeit University, DDS, Poll No. 17, 2004," 17.

¹⁴²⁰ "Birzeit University, DDS, Poll No. 17, 2004," 17-18.

¹⁴²¹ *Ibid.*

¹⁴²² *Ibid.*, 18.

¹⁴²³ Fafo, "Surveying Palestinian Opinions, March 2008," (Oslo: Fafo, 2008).

“Western financial assistance to the PA is doing more harm than good.”¹⁴²⁴ 63 percent of Palestinians believed that aid to the PA promoted corruption, and a similar percentage believed that it had very little to no effect on eliminating poverty in the territories. Nearly 70 percent of those polled said that foreign aid contributed to the rift between Fatah and Hamas, and only a third felt that aid had a positive impact on services provided by the PA.¹⁴²⁵

The 2010 survey conducted by Paragi also reached similar conclusions. One of the survey questions asked the respondents about their “impressions and feelings” regarding foreign aid, and whether they agreed with specific statements regarding foreign assistance. 53 percent said that their feelings towards aid were “positive feeling, it is always good to help,” 42 percent said that aid “makes me feel more secure,” 65 percent saw it as “only compensation from those responsible for the situation,” 65 percent saw it as “humiliation.”¹⁴²⁶ Regarding the roles and functions of aid, 68 percent felt that, “aid helped donor countries impose their aims,” and 62 percent agreed with the statement that the role of aid was to “help Israel continue the occupation.”¹⁴²⁷ Based on these results, Paragi concludes that, “donors are perceived as active players being able to influence not just political or institutional processes, but hurting the collective and individual self-esteem of the recipient as well.”¹⁴²⁸

Despite the general shortcomings associated with public opinion surveys, all three polls indicate that there is a general dissatisfaction with foreign assistance among Palestinians. Two notions from these surveys are worth keeping in mind; Palestinians do not trust their government to spend aid donations fairly without reinforcing the existing corruption, and the second is that the Palestinian populace perceive aid as a political tool rather than a humanitarian tool designed to ease their suffering.

This section of the research focused on the road to decline with the establishment of the PA after the signing of the peace process between the PLO and Israel. The chapter argued that the causes of Fatah’s decline date back to the years before the signing of the peace process, but that the process peace and subsequent aid have played a role in accelerating this decline by feeding the corruption within Fatah and the PA’s ranks, and by pressuring the Palestinian leadership to meet political demands that were not in line with the view of the Palestinian people. Indeed, as the case studies discussed in this section have demonstrated,

¹⁴²⁴ Ibid.

¹⁴²⁵ Ibid.

¹⁴²⁶ Paragi, "First Impressions and Perceived Roles: Palestinian Perceptions on Foreign Aid," 11.

¹⁴²⁷ Ibid., 14.

¹⁴²⁸ Ibid., 20.

using foreign aid has put the PA leadership, and president Abbas at odds with the Palestinian public on multiple occasions.

First, the Goldstone Report scandal resulted in a backlash against Abbas' decision to postpone it, and the research has revealed that it was for the promise of further American aid and aid from Kuwait and other gulf states the U.S. promised the Palestinians would work tirelessly to obtain. Second, the attempt to dissuade the PA from seeking a recognition of a Palestinian state at the UN ended with UNESCO, a well respected international organization that was carrying out humanitarian projects across the world, including Afghanistan, to lose its U.S. funding, throwing its budget in disarray and forcing program cuts. And finally, and arguably worst of all, aid has turned the Palestinian security apparatus against their own citizens, even if such citizens are designated as terrorists by Israel, they remain Palestinian and fighters for a noble cause, as the Palestinians see them. Abbas is therefore perceived to be cooperation with the enemy against his own citizens.

Conclusion

The purpose of this study was to examine the political impact of American foreign aid on Palestinian politics, particularly since the signing of the Oslo Accords in 1993 to the present. It examined the role American assistance played in shaping the bilateral American-Palestinian relationship, and more specifically the role this impact played in feeding the discontent with the peace camp represented by President Mahmoud Abbas and the Palestinian Liberation Movement, Fatah. The study also evaluated the use of aid as a tool of foreign policy in achieving the objectives the U.S. has spent billions trying to achieve, namely protecting Israel's security as its most important ally in the Middle East, and advancing the cause of peace in an unstable part of the world that has paramount geopolitical significance to U.S. interests.

The study demonstrated that American foreign aid has had a profound impact on shaping the American-Palestinian relationship, not only since the signing of the Oslo agreement, but rather since the U.S. began providing millions of dollars to UNRWA's budget when the organization was created in 1949. The impact of American aid to the Palestinians can be summarized in three periods, or phases, each marking a paradigm shift in the use of aid in dealing with the Palestinian question; the pre-Oslo Humanitarian Phase, the post-Oslo Development Phase, and finally the Security Phase.

This study argued that during the first phase U.S. aid to Palestine refugees had a strong political component that dominated American foreign policy circles until the mid-1970s. The political component of what in this case qualifies as "humanitarian aid" was keeping the Question of Palestine as a humanitarian one rather than a political one, a problem of refugees and displaced persons, rather than a problem of a nation without a state. It was hoped that with time, the question would simply answer itself in one of two ways; by either simply being buried in the pages of history which meant that the refugees would eventually settle in whatever Arab country they escaped to, or the Jordan Option would resolve the refugee crisis by hosting the Palestinians, providing for their needs with international assistance, integrating them in Jordan, and eventually also by speaking for them in any future negotiations. In this paradigm, American humanitarian aid took the politics out of the question of Palestine, and with it any questions regarding the Palestinians' political rights to self-determination and statehood. With this solution, Israel would not have to relinquish territory to accommodate any future Palestinian state.

This paradox of what may be perceived as humanitarian action, has indeed helped prolong the conflict in other ways than simply covering up the political issues, particularly of

the Palestinians' right to self-determination. An example of the role of aid in prolonging the conflict through this paradox was by absolving Israel of its supposed responsibilities under international law to care and pay for the needs of five million Palestinians in the Gaza Strip and the West Bank, who were otherwise being aided by the U.S. and UN agencies. If Israel felt the pressure to provide for another five million individuals, one could argue that this pressure would have made Israel flexible on territorial issues.

However, the use of humanitarian aid as a means to keep the politics out of the refugee problem, though it can be said to continue today, was beginning to prove insufficient as three factors that evolved simultaneously during the 1970s put the politics back in the question of Palestine, and ruled the original intent of American aid obsolete. The first was the emergence and growth of the PLO as a major player in the Middle East political scene, particularly when the organization threatened to topple the regime of King Hussein in the early 1970s and make a Hanoi in Amman. There are also the infamous plane hijackings by the PFLP, and the even more infamous activities of the Black September Organization, which played a role in enforcing the PLO's position and also in bringing the Palestinian question to the forefront of international agenda. Terror does have its purpose, and it seemed to have work in the 1970s as not only the Arab League recognized the power and influence of the PLO, but also most of the world as the General Assembly invited the PLO to speak for the Palestinian people at the world's highest international forum. "The world only ever listened to [the Palestinians] when [they] blew things up," I was told by Elgindy during the 2014 interview in Washington D.C.

The two other interrelated reasons for the change in the U.S. perception of the Palestinian issue was the 1973 Oil Crisis, which forced the U.S. to look at the deeper roots of the conflict, with the Question of Palestine at the heart of it, and finally the change brought by the election of president Carter with whom came individuals who believed that the solution to the Middle East conflict lay in resolving the Question of Palestine by creating a homeland for Palestine refugees, Brzezinski and Quandt and the minds behind the Brookings Report chief among them.

This idea of a homeland, though it did not feature a state in the contemporary sense of the word, continued into the Reagan administration, even though Reagan had little love for the PLO, and its general alignment with the Soviet Union, he held to the homeland solution, perhaps in a confederate arrangement with Jordan. But when King Hussein decided to disengage from the West Bank, and hand it over to the PLO, the Jordan Option the U.S. had

clung to for years was all but dead, and there was no other way for the Palestinian issue to be resolved except by talking with the PLO, an idea that U.S. was not willing to embrace easily.

The Reagan administration made demands of Arafat and the PLO that were very similar of those made of Hamas by the George W. Bush following the 2006 elections; recognition of Israel, renouncing terrorism, and accepting UN resolutions 242 and 338. Arafat accepted these demands, though he had refused them during Carter's time in office, or could not accept them then due to serious opposition from other PLO factions. The reason for Arafat's acceptance to become involved in the diplomatic efforts towards the end of Reagan's time in office and George Bush's term, was his loneliness, and loss of support of financial and political aid provided by the Arab States, particularly in the Gulf, after his miscalculation when he sided with Saddam, who had lured Arafat to his cause by providing handsome financial packages to begin with.

The second phase was the Development Phase that followed the start of the peace process. During this phase, the Clinton administration paid for peace and for peace dividend. This phase is best understood within the framework of Modernization Theory and democratization as advocated by the 1950s and 1960s works of the CENIS group and Seymour Lipset. The purpose of aid during this phase was to create a developed, stable, and peaceful Palestinian regime and society under the leadership of the Palestinian Authority. This aid was supposed to set the course for the eventual creation of a Palestinian state that would in turn be stable, viable, developed, democratic, and therefore peaceful. The dominant belief during the second phase was that economic stability and social prosperity lead to a democratic form of government that resorts to peaceful negotiations to resolve longstanding issues between the Palestinians and the Israelis, thereby removing the threat of Palestinian militarism.

Within this rationale, there was the idea that aid would help move the peace process forward. The Oslo agreement, a considerable achievement on its own, was supposed to be a mere first step towards reaching a lasting peace. There is an undeniable link between foreign aid spending and peace agreements. A review of U.S. aid spending in the Middle East revealed an increase of aid to any country that country signed a peace agreement, including Syria in the 1970s, though the aid stopped as soon as the promise for peace failed to materialize. This case is apparent since the 1975 Sinai II and the 1978 Camp David agreements between Egypt and Israel, among many others. Such aid can be attributed as a reward for concessions, and as a means to support the leaders in implementing the agreement. In the case of Egypt, supporting Sadat was essential since his involvement in negotiations on

final settlement issues without the Palestinians, and without providing a serious plan to resolve the Israeli-Palestinian dispute alienated him and Egypt in the Arab World. By providing aid, the U.S. bound Egypt, and kept it well away from the Soviet Camp, and also gave Sadat the means to begin socioeconomic development of Egypt. Aid in this case serve a twofold purpose; neutralizing Egypt as a threat to Israel, since it was actually the only Arab country able to present a threat and to help Sadat sell the agreement to the Egyptian people.

The same could not be said of the PLO. The research argued that this approach failed for a number of reasons, chief of which was the failure of the peace negotiations during this period to deliver answers to the larger political questions, particularly the final status between Israel and the Palestinians. The economic and social stability the U.S. paid for did not materialize due to extremist elements in both Israel and the Palestinian territories, which stagnated the peace negotiations and stood in the way of Palestinian economic and social development including the Palestinian economy's reliance, or even dependence on Israel's economy, as well as Israel's virtual control on most aspects of the Palestinian economy in the territories. Corruption and mismanagement of donor assistance during this period contributed significantly to the failure of the development phase, and indeed foreign aid played a role in fueling this corruption as well. Finally, the last reason was the rise of a stubborn and capable opponent to Fatah in all aspects of Palestinian life, from social assistance and charity to armed struggle against Israel, Hamas virtually overtook Fatah in practically every aspect.

The final phase, Security Phase, began with the Hamas' electoral victory in 2006 and its takeover of the Gaza Strip a year later and it continues to the present. The objective in this phase is to ensure the survival of Mahmoud Abbas, and the peace camp by providing aid for security purposes, even though it was officially rendered under the umbrella of economic aid. During the third phase, the Israeli-Palestinian security coordination was elevated to higher levels, particularly after the creation of the Office of United States Security Coordinator for Israel and the Palestinian Authority (USSC). The objective of aid provided to the Palestinian Authority's so-called "Dayton Army," was to foster the security cooperation between the PA and Israel to prevent Palestinian militants from attacking Israel, and to ensure that what happened in Gaza in 2007 with Hamas' takeover of the strip does not repeat itself in the West Bank.

Of all the unpopular policies Abbas has adopted since coming to power in 2005, his unwillingness to compromise on this particular policy has been more detrimental to his standing than any other policy he has adapted or any statement he has made. Indeed, a year has passed since the PLO's highest executive authority officially suspended this coordination,

it remains in effect to this day for Abbas' refusal to stopping it or at least bringing it to minimum. Palestinians may forgive corruption, they might even forgive and forget the Goldstone scandal, but few are likely forget the fact that Palestinian blood was shed by Palestinians, for the protection of Israel. This is not to argue that Palestinians have not shed Palestinian previously. Far be it from anyone to deny that Palestinian factions have over the years killed other Palestinians for political reasons with equal fervor as they have killed Israelis, Lebanese, and Jordanians during the years of their revolution. But so far as the history of the Palestinian nationalist movement can reveal, no faction sided with Israel against other factions so openly and so proudly as Abbas, and by association Fatah, have done in recent years.

The seriousness of Hamas' threat to the West Bank's regime is a matter of speculation, but neither Israel nor the U.S. were willing to take any chance in this regard. Hamas' takeover of the Gaza Strip, and the subsequent expansion of its military capabilities has arguably represented the most serious threat to Israel since the 1973 War as the Islamist organization has developed its overall abilities and capabilities significantly since its electoral victory in 2006. Just as I write the words of this conclusion, Hamas' television channel is broadcasting images and nationalist songs in an attempt to fuel this ongoing wave, or "Third Intifada," and only few moments ago the movement revealed that they have four Israeli soldiers in custody after the 2014 War, although in the beginning they claimed to have had one only. Their "military media," as they call it, have also become increasingly effective with radio and television stations and even a website with an excellent archive, surpassing the best of the PA's websites in terms of quality and search results.

The second of this study's objectives was examining the impact of aid on the standing of the Palestinian peace camp under president Abbas. The U.S. has had a tendency not only to tie its aid program, but also to condition it upon the recipient meeting certain conditions and demands, or carrying out policy adjustments, or providing concessions, even the Marshall Plan aid, America's greatest humanitarian endeavor, was tied and conditioned, though this fact is sometimes omitted from literature on the plan. The study found that not only does aid conditionality in this regard fail to achieve its objectives, but that it has had undesirable outcomes and consequences, the most important of which was undermining the popularity, and therefore the already weakened position of the peace camp in general, and president Abbas in particular. Fatah, which had dominated the Palestinian political scene since its official founding in the 1960s, finds itself divided, corrupt and second to Hamas in terms of popularity and support among Palestinians. According to most opinion polls

conducted in the last few months, Hamas' candidates are the most likely winners of any presidential or legislative elections. The U.S. ought to be thankful that there is no prospect for elections in the near future at least.

In order to explain these unintended consequences, from the U.S. perspective, the research studied a number of instances in which the U.S. used its foreign assistance to influence the course of events in the Palestinian territories. There are two ways in which the U.S. has done that; providing aid packages as incentives, or inducements; and the second is withholding aid until the Palestinian leadership came to its senses, and did what was required of it. The study has found that neither policy has achieved any tangible results.

Using economic inducements to either gain policy adjustments or to gain concessions at the negotiations table has not been successful. The \$34 billion aid package that was promised to Arafat did not succeed in tempting Arafat in accepting the offer that was supposedly made at Camp David. It was by far the most generous financial aid package ever promised to the Palestinians. However, while the promises of a negotiations package and financial support did succeed in convincing Abbas to postpone the vote on the Goldstone Report, the postponement enraged Abbas' supporters and opponents alike, thereby reinforcing the image of his weakness and his willingness to accept American demands easily as he appeared complicit in protecting whom the Palestinians perceive as Israeli war criminals from being prosecuted in international criminal courts, despite how unlikely such prosecution is to take place.

The second method to influence Palestinian politics is withholding foreign aid as punishment until the Palestinian leadership changed course. This study found that this method has been just as unsuccessful, if not indeed more so, but has yielded a positive outcome with respect to Abbas and Fatah's position. The method entails threatening to suspend, and in some cases suspending foreign assistance to the Palestinian Authority. There are numerous examples of this particular use. The most prominent example of using foreign aid to gain policy concession was the Bush administration's demands made of the PA after Hamas's electoral victory in 2006. The administration suspended its entire foreign assistance until Hamas met the Quartet's conditions, which included recognition of Israel, abandoning terrorism and a declaration that the new government would respect previously agreed agreements between Israel and the PA.

Hamas met the third condition only, and the Bush administration, together with the EU, suspended all forms of assistance to the PA, creating a rather disastrous situation for the Palestinian economy and Palestinian people in the territories. Needless to say, the suspension

and subsequent blockade proved counterproductive, from American and Israeli point of view as it created a Rally Around the Flag effect, and saw Hamas' popularity increase.

Another instance of punishing the PA was threatening to suspend foreign aid when the latter sought to win diplomatic recognition for a Palestinian state at the United Nations and its organizations. The result was catastrophic for UNESCO, rather than the Palestinian Authority. The organization was forced to suspend many of its programs and perform budget cuts across the board. Abbas' position and popularity in this period were actually strengthened as he appeared to be able resist American pressure and stand for what the Palestinians perceive as their principles and rights. But the bid for statehood went ahead all the same, and the PA has since made plans to join the International Criminal Court and other international organizations, which could, theoretically at least, threaten Israeli military and political leadership with war crimes charges for their actions in recent military confrontations in the Gaza Strip.

As discussed in chapter five, the most recent use of withholding was reducing the aid intended for FY2016 by \$80 million in response to what the U.S. perceives to be Abbas' failure to stop the current wave of violence. Abbas and the "Dayton Army," have actually done much in this regard. As the case of Faraj's statement regarding stopping over 200 planned attacks against Israelis in the last few months demonstrated. This has of course enraged the Palestinians further. At a time when they believe that their president should be supporting this "third uprising," Abbas has come out time and again recently and praised the security coordination and vowing not to permit any protest against Israel. To most Palestinians, this wave of violence is a result of settlers' actions in the West Bank and of the Israeli government's unwillingness to make life easier for them, and Abbas simply seemed to be doing what they want him to do. This study does not advocate attacks against Israel or the Israelis, it simply argues that Abbas and his security apparatus have become alienated from the people who chose him to lead them.

The Ugly American, the book that Kennedy was fond of and played a role in influencing him to reform the foreign assistance program when he came into office, has come to my mind more often than any other work used in this research. It is high time a new novel is published, though perhaps the new title should be the *Blatantly Ignorant American*. It seems that the Bush administration did not read the book, nor understand the principles it emphasized. Ignorance of local political and socioeconomic circumstances in the recipient country is essential to the success of any foreign aid program. Indeed, if the U.S. wished to provide development aid to country X, they should be aware of the economic situation in that

country, and how providing aid or withholding it would affect the political situation. It is not sufficient to just pour dollars into a society and hope that it would miraculously develop, not when the local leadership is so corrupt that money results in no tangible improvements in people's lives. The simple truth regarding Abbas is that he has too far gone for the Palestinians to trust him again. His failure to handle American pressure is only part of the reason why Palestinians have come to place little faith in him. He seemed to jump from one folly to the next without even realizing it, or simply not caring. Few rational beings actually believe that the Palestine refugees would be allowed to return to their homes which they abandoned, or were forced to abandon, during the 1948 and the 1967 Wars, but there was no need for the Palestinian leader to blatantly say that he himself had given up the right to return as Abbas had done. Maybe he is just too realist for his own good.

The aim of the study was to contribute to existing literature on foreign aid to the Palestinians by focusing on the political, rather than the economic impact of foreign aid, and to shed some light on the average Palestinians' perspective on the consequences of aid, and their reaction and perception of their leadership's ability or inability to resist the U.S.'s use of this tool. The hope is that this study will serve to inspire other scholars to explore these seriously understudied aspects of American foreign aid; recipient's public opinion, and the political impact and consequences of aid.

In conclusion, United States' foreign aid program, and the use of this tool in the realm of foreign policy, though at times proves to have inconsistent policies, methods, and purpose, the fact that denial, or worse, ignorance more often than not proved detrimental to the goals and purpose of providing such large sums of tax money to Middle Eastern countries in general and the Palestinian Authority in particular. U.S. aid to the Palestinians is filled with problems and paradoxes and using it to advance American foreign policy objectives makes for an uncertain tool of statecraft at best. The research concludes that using aid in American foreign policy with respect to the Palestinians, is hardly fully thought-out, and its consequences, particularly the unintended, have proved to be more costly than beneficial.

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