



BIFADEC
Board for International Food
and Agricultural Development
and Economic Cooperation



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THE U. S. INTEREST IN INTERNATIONAL DEVELOPMENT

*A Basis for Building Long-Term Collaborative
Relationships with Developing Countries*

**A Condensed Version of a Report of a Special Task Force on
Development Assistance and Cooperation**

The Task Force and its study were supported by grants from the Agency for International Development, the U.S. Department of Agriculture, the Ford Foundation and the Rockefeller Foundation.

June 1991

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PREFACE

Reforming foreign aid has been the subject of a number of studies, reports and legislative initiatives in recent years. Although there are many differences in recommended solutions, there is remarkable unanimity about the need for change and the obsolescence of existing laws, programs and modus operandi.

In the fall of 1989, when it appeared that several major reform efforts of the previous two or three years were losing momentum, the Board for International Food and Agricultural Development (BIFAD), in response to its legislative mandate to advise the President and the Congress, initiated a new effort to re-examine agricultural development assistance in the context of overall need for change in our approach to foreign aid.

After soliciting cooperation and support from a number of interested individuals and organizations, an informal organizing committee agreed to commission a Blue Ribbon Task Force of distinguished development scholars to take a new look at development strategies for the future and continue efforts to build a viable coalition for reform. Dr. G. Edward Schuh, Dean of the Humphrey Institute of Public Affairs, University of Minnesota was selected to head the Task Force and the Humphrey Institute agreed to become the "implementing organization" for the project, which initially became known as "Agriculture 2000."

It is a testament to the importance of the issues that we were able to assemble such an outstanding group of scholars to serve on the Task Force and to devote a significant amount of their time without compensation for over a year. We are deeply indebted to them for their tireless efforts and to the institutions with which they are affiliated for allowing them to serve.

We are also indebted to members of the Advisory Committee who met regularly with the Task Force and offered advice and support. They also served as an important link between the Task Force and policy makers and opinion leaders whose support will be required if the Task Force recommendations are to have any impact on programs of the future.

We are also grateful to the Ford and Rockefeller Foundations, the U. S. Department of Agriculture and the U. S. Agency for International Development for supporting this effort financially through grants to the Humphrey Institute. The BIFADEC Staff provided an important Washington headquarters for the project and supplied staff, secretarial and other logistical support as well as counsel and encouragement.

William E. Lavery
Chairman of the Advisory Committee
to the Task Force

FOREWORD

U.S. Foreign Economic Assistance as we now know it began in the late 1930s with a small program of collaboration in Latin America. This was part of President Roosevelt's Good Neighbor Policy towards that region.

Foreign Economic Assistance took on a new life at the end of World War II when there was an urgent concern that the countries of Western Europe would slip into the orbit of the Soviet Union. The countries of this region were in a sad state of disrepair, and social and political pressures were growing rapidly. In addition, there was a severe dollar shortage in the international economy, which limited what these countries could do to help themselves.

The U.S. responded with an unusual act of generosity with the Marshall Plan, a program that for a couple of years transferred the equivalent of slightly over 3% of our gross national product (GNP) to the countries of Western Europe. This act of benevolence kept the countries of that region from slipping behind what was later called the Iron Curtain. But it was also an act that served U.S. interests quite well. It is difficult to imagine what the international community would be like today if those countries had fallen into the Soviet orbit, or if there had not been that infusion of dollars into the international economy.

Unfortunately, most Americans have forgotten the lessons of that early set of events. What we remember is that it was a period, albeit short-lived, of unusual generosity on our part. We don't like to be reminded that for some time now we have provided little more than 0.1 % of our GNP in economic assistance to the poor countries, nor that we rank 18th out of the 18 developed countries in the share of our GNP we provide as assistance to those countries. Neither do we like to recognize that Japan, a country with half of our GNP, last year provided more economic assistance in absolute terms than did the U.S.

The premise of this report is that the U.S. should return to first principles as it thinks about its economic assistance to poor countries. It should seek to identify what is in its own best interests and act accordingly. Moreover, it should do that in the context of an international economy that has undergone enormous change these past 30-40 years. Perhaps the one thing that differentiates our report from others of its genre is this attempt to identify the changes in the international economy that are of significance to economic assistance programs.

A corollary premise of the report is that we should think about these programs as true economic cooperation, and forget the past patron/client relationship implied by the concept of foreign aid. That will make it clear that what we do is done in our best self-interest and not as an act of benevolence.

Although I owe thanks to many people who have made this study possible, I especially want to single out John Stovall who has been a superb staff director, Kathy Bahma who has helped keep my schedule clear enough so that the study would be complete, and Maria Ignez Schuh, who continues to tolerate amazingly well the piles of paper I leave scattered around our home and the interminably long hours required to do a project such as this.

G. Edward Schuh
Task Force Chairman

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KEY RECOMMENDATIONS

Far-reaching changes in the global economy over the past few decades have dramatically altered the conditions under which foreign assistance operates. Much of the rhetoric that justifies U. S. foreign aid and the form it takes is no longer relevant.

The Task Force has analyzed these economic and political forces and concludes that A.I.D.'s main mission should shift from that of providing significant financial support to one of fostering international cooperation with mutual sharing of knowledge and other forms of human capital. The development of human capital in all its dimensions and especially, the creation of knowledge, and new production technology would be the core of U. S. foreign development activities.

The words foreign 'assistance' and foreign 'aid' should no longer apply. The new stance would be that of a partner looking for collaborative relationships and shared benefits.

The Task Force recommendations are designed to move U. S. programs in that direction:

REORDER PRIORITIES

Task Force priorities, with a few exceptions, diverge significantly from A.I.D.'s present and pending priorities.

Emphasize: Long-term activities, including agriculture, human capital development, market and service-oriented institutions, population, improved equity and broader access to resources and services, and environmentally sustainable development;

De-emphasize: Short-term measures such as cash transfers for balance of payments and budgetary support, large capital infrastructure expenditures, mixed credits and tied aid and other subsidies to U.S. private enterprise.

Policy reform and structural adjustment programs are frequently necessary for economic growth and development, but the indigenous capacity to design, interpret and implement such programs is the foundation for such reforms. The most important interventions A.I.D. can make in promoting sound private-sector development is through investment in all forms of human capital development and public-sector educational, research and other service institutions.

REEMPHASIZE AGRICULTURAL RESEARCH AND DEVELOPMENT-- A COMPARATIVE ADVANTAGE

The United States has a particularly clear comparative advantage among donors in the capacity of its universities to address development problems, and especially in their capacity to collaborate in agricultural research and development. This expertise finds a match in the pressing need of developing countries for increasing agricultural production, feeding rapidly growing populations, building a sustainable environment.

Task Force findings are that A.I.D. has significantly downgraded agricultural development in its plans and programs. Moreover, the share of A.I.D. agricultural resources devoted to long-term capacity building has declined sharply in recent years. The Task Force believes this has been a serious mistake. The world food problem is not solved and the consequences mean more malnourished people, constrained economic development in countries that have the most potential for growth, and a rise in food prices for developed countries such as the United States.

A major failure is in not recognizing the extent and way in which agricultural productivity contributes to economic growth. Agriculture is important not just because it employs a large percentage of the population in many developing countries or because of the share of GNP it represents. Agriculture is important because everybody eats food. The modernization of agriculture and the consequent reductions in real food prices distribute benefits broadly, and in favor of low-income groups. A vibrant agricultural sector induces secondary development, makes domestic industry more competitive in the international economy, and generates broad employment effects.

The key to sustained agricultural development is the capacity to do research and provide a sustained supply of new production technology. Technology development should thus receive a significantly higher priority in A.I.D.'s agricultural programs.

CREATE A CENTER FOR SCIENTIFIC COLLABORATION

A coherent program in scientific and technological cooperation is unlikely to emerge from the aggregate of projects coming from field missions, given the short-term, politically-driven perspective and constant pressure for immediate results that the Agency faces.

A semi-autonomous Center should be created within A.I.D. to promote scientific and technological collaboration between educational and research institutions in the United States and other countries and to access knowledge as well as to share it. This collaboration should extend across a broad array fields pertinent to the development process.

The Center, a grant-making institution comparable in prestige to the National Institutes of Health, would make resources available to the U.S. university and research communities on a long-term, competitive, collaborative-funding basis. A requirement for some amount of matching monies from the participants would aim at mobilizing local funding in the developing countries along with the entrepreneurial ability to develop such funding.

The Center would be the recipient of a significant share of the U. S. appropriation for international economic assistance.

REBUILD A.I.D.'S TECHNICAL CAPACITY

A.I.D. does not now have sufficient capacity to support long-term research and technological collaboration, scientific training, institution-building, and permanent linkages between U. S. institutions and those in developing countries.

The Agency must acquire a staff technically competent to move the Agency toward long-term collaborative development priorities. The required competence ranges from development economists, sociologists and political scientists to scientific and technical specialists in agriculture, education, health, population and other sectors.

CREATE AN INSTITUTE FOR PRIVATE VOLUNTARY COOPERATION

Private Voluntary Organizations (PVOs) and Non-Government Organizations (NGOs) working in collaboration with counterpart organizations in developing countries have helped build and sustain indigenous local-level capacity.

An Institute for Private Voluntary Cooperation is proposed as a more systematic way of linking the PVOs, NGOs, universities and the private sector. The Institute would plan and coordinate private voluntary activities, dispense funds on a competitive basis, and facilitate cooperation.

INCLUDE A BROADER ROLE FOR USDA AND OTHER AGENCIES

The Task Force recommends that USDA's role be broadened and established on a more consistent basis; that it intensify its efforts to internationalize domestic research and education programs, building on its close historical ties with land grant universities; and that it develop a more clearly articulated policy and rationale for its international involvement.

Although the Task Force did not focus specifically on agencies other than A.I.D. and USDA, most other agencies stand to gain from broader roles in international development activities. The developing countries also stand to benefit from this collaboration with these agencies.

INVEST IN THE PUBLIC SECTOR FOR HUMAN CAPITAL DEVELOPMENT

The Task Force emphasizes the importance of human capital in all its forms--nutrition, health care, education, training, research investments and the institutional arrangements generally needed in society.

While developing countries now have the international capital markets as a source of funds for investments in infrastructure, those same markets are not generally responsive to providing funds for human capital development. Yet collaborative programs with educational and research centers, and collaborative ventures in health care and environmental problems, all have significant mutual benefits.

In pursuing public sector investments in human capital development, the United States needs to:

- Collaborate with developing countries in institution building, spanning a full panoply of institutions, including feeding programs, nutrition, delivery of health services, family planning, education at all levels, and research and technology.
- Make the same family planning technology that is available to upper income groups available to the poor and disadvantaged in developing countries. (As per capita incomes rise, families tend to demand fewer children. Promoting economic development may be the soundest population policy over the longer term.)
- Join with other developed and developing countries in an effort to assure an adequately nourished population.
- Sustain commitments to international organizations that deal with global health issues, and do more to facilitate the collaboration of domestic health organizations with those in other countries.
- Collaborate with the developing countries and the countries of Eastern and Central Europe in addressing their environmental problems.
- Collaborate on problems involved in acid rain, the release of chloro-fluorocarbons and the accumulation of greenhouse gases that potentially can lead to global warming.
- Sustain and strengthen present programs aimed at developing viable institutions for democratic governance.
- Help the developing countries build their own capacity for policy research and analysis.
- Sustain and strengthen present efforts to help the developing countries and those of Eastern Europe shift to market forms of economic organization.

BUILD A NEW POLITICAL COALITION

The Task Force urges A.I.D. to adopt program priorities that respond to the growing consensus in the development community on the basic ingredients needed for successful economic development.

The base for such a new coalition is rooted in the changing interests of a number of groups, including the U. S. academic community, the environmental movement, the private voluntary organizations, the private sector and those concerned with sustainable economic development.

INTRODUCTION

Recent years have brought forth a number of studies, conferences and task forces on foreign aid and how it can be reformed. Despite these previous studies there are several reasons for undertaking yet another analysis:

- o Dramatic political and economic changes have occurred on the international scene which have altered the conditions under which foreign economic assistance is extended and the relations between the United States and other nations of the world. All but the most recent studies have been rendered obsolete by developments such as the collapse of the Soviet Empire and the rapid emergence of newly independent nation-states.
- o Widespread calls for reform of foreign assistance programs include suggestions that foreign aid programs are obsolete in the new international distribution of economic and political power. This offers a unique and propitious opportunity to participate in reshaping future programs.
- o Despite previous efforts, there is still no well-articulated intellectual framework that reflects recent developments in the international political and economic system and which can serve as the basis for developing a political consensus in support of international economic cooperation and assistance.
- o A new economic and political development agenda is emerging globally, with increased attention being given to; 1) the environment and the importance of sustainable development; 2) disadvantaged and marginalized groups such as women, children, tribal groups, and indigenous groups; 3) political development; and 4) the changing position of the United States in the global political and economic system as its own relative economic position has declined.
- o Many observers and analysts are concerned that development agencies are de-emphasizing agricultural development, despite the powerful role it can play in the development of most low-income countries and despite a concern that the world food problem is far from solved.

The charge to the Task Force originally focused on agricultural development and what this nation's programs should be. The Advisory Committee, however, urged the Task Force to focus more broadly on overall aspects of development assistance and make whatever general recommendations deemed appropriate. In response, the Task Force has made some comments about the more general collection of activities commonly referred to as "foreign aid". Most of the attention is directed to "development assistance"--a specific budgetary term, but also used generically to refer to a broad range of activities to promote development in developing countries. The Task Force did not take it as their charge to focus on multilateral programs, although they were conscious of the interrelationships between bilateral and multilateral programs and the report occasionally comments on aspects of the multilateral banks.

In short, the Task Force has taken as its charge to re-examine development programs and strategies in light of the dramatic changes that are occurring in the world and suggest new directions for the future. This report reflects the collective judgments about how economic assistance programs can better serve this nation's interests, while improving the lot of developing countries.

This was an ambitious assignment. Implicit in the charge, yet not stated explicitly, was the need to examine the rationale for an effective economic assistance program for international development and to develop one that could garner political support both domestically and within the countries expected to receive such assistance. The development of political support is deemed critical to developing a sustained program which will best serve this nation's needs, enable it to promote its own economic growth and development, and protect its vital national interests.

CHANGING SETTING, CHANGING AGENDA

The setting in which international economic assistance is implemented has changed dramatically since the provision of such assistance became an important part of this nation's foreign policy. Because of these changes, the amount of foreign aid needed has changed and the use to which it should be put has also changed. U.S. interests in foreign aid have also changed as have the interests of developing countries.

The most important of these changes are identified and discussed as follows:

CHANGING POLITICAL AND ECONOMIC INTERESTS

From a position of overweening economic and political power on the international scene, the United States now faces a world in which it has strong competitors, and in which it must increasingly find its way based on its knowledge of other countries---knowledge of their economic and technological capabilities, their economic, political, and social systems, and their cultures and values. This has important implications for the kinds of cooperation and collaboration the United States should seek with other nations.

A more recent development is what appears to be the disappearance of the Cold War. The suddenly perceived economic weakness of the Soviet Union, the loss of the Eastern European countries from its domain, and the likelihood that many of the Soviet republics will spin off as separate nations, eliminates the need to wage an ideological struggle. These developments should change the basis for U.S. relations with countries of the developing world.

Finally, the United States has become fully integrated through trade with the international economy, and more dependent on the international economy. At one time the United States came about as close to having a self-sustaining, autonomous economy as any country in the world.

That no longer is the case. Today, this nation imports over 50 percent of some 13 raw materials judged critical for its manufacturing sector. It now imports over 50 percent of its petroleum. And it imports significant shares of its producer and consumer goods and services. The further development of the countries which supply these goods and services is in the interest of the United States, especially if those countries have an inherent comparative advantage in producing them.

The other side of the trade relationship is equally important. The United States must earn foreign exchange if it is to pay for the goods and services it needs from abroad. Developing countries offer a great potential for expanding markets for its own goods and services, particularly in agricultural products. This potential will not be realized, however, unless those countries experience increases in their per capita incomes. Thus, the motivation for U.S. economic cooperation programs is no longer rooted in currying political favor in those countries but rather in assuring their sound economic growth and development.

CHANGING INTERESTS OF DEVELOPING COUNTRIES

The developing countries themselves have changed perspectives toward international economic assistance. The countries are diverse and at different stages on the development ladder but some generalizations seem to apply.

Many developing countries have evolved more stable political regimes, have become less defensive about their colonial past, and have developed more confidence in their independence. Latin America is an outstanding example of a region in which authoritarian military regimes have been overturned and democratic governments put in their place. This newly found independence and confidence causes these countries to insist that they be treated as peers now and not as poor cousins. It is more difficult to curry political favor through military assistance programs. And it makes it easier to develop truly collaborative arrangements to attain mutual goals.

Finally, many developing countries have now developed their higher education and science and technology systems so that U.S. institutions can collaborate with them as peers. Faculty exchanges can now be beneficial to both sides. U.S. students can benefit from rigorous educational programs in the developing countries. R & D budgets have grown rapidly in some developing countries, and there is much new knowledge being generated in the developing countries from which the U.S. science and technology establishment can benefit. Although there is much institutional development to be done in most developing countries, the agenda in many such countries has shifted from a paternal relationship to one in which scientific and technological collaboration is the key to developing sound, longer-term relationships.

DEVELOPMENT, TRADE AND CAPITAL MARKETS

In today's world, foreign economic assistance might better be viewed as a complement to international trade. To the extent that it is a response to inefficient or incomplete markets, as in the case of the capital markets to finance human capital, it makes possible a higher rate of

economic growth in the recipient country and thus provides the basis for an expansion of demand for imports and an increase in the supply of exports. These are the basis for an expansion in trade generally, and economic assistance thus becomes a complement to international trade. Both the trade and the aid expand economic opportunities.

The Bretton Woods fixed exchange rate system for all practical purposes disappeared in 1973 when the United States devalued the dollar for the second time in an 18-month period and said that henceforth the value of the dollar would be whatever foreign exchange markets said it was worth. Developing countries are no longer bound to keep their exchange rates fixed, and in fact fix them only at their own convenience. In this setting, balance of payments support often only delays the day of reckoning for needed realignment, and thus in far too many cases only defers needed reforms in economic policy rather than helping to make it possible.

A well-integrated international capital market has emerged on the international scene. Although banks which suffered losses as a consequence of their past errors are less prone to participate actively in that international capital market, it is a market that is open to governments that pursue sound economic policies. Thus, it is a viable means of mobilizing savings from diverse sources and channeling those savings to where the rate of return is highest.

This capital market has the advantage of providing the developing countries with diversified sources of capital. Prior to its emergence, developing countries were literally faced with a choice of external savings, which was limited to accepting foreign aid and thus the potential for political meddling in their country, or equity investments by multinational firms, which had similar political limitations. The new capital market gives them a third choice, which in effect involves much less direct intervention in their economy.

This market also gives the lending countries new options. They no longer need to be general sources of capital for the developing countries. Instead, they can limit their transfers to those cases in which there are incomplete or inefficient markets. These tend to be for human capital. And it is investment in human capital that can be of greatest benefit to the United States, especially if made in such a way as to be of mutual interest and benefit.

MORE OPEN ECONOMIES

When foreign economic assistance first received its impetus in the aftermath of World War II, the international economy could best be described as a collection of relatively closed, autonomous economies tied together with a relatively small amount of international trade. Today, the international economy is increasingly well-integrated, with international trade having grown at a faster rate throughout the post-World War II period than global GNP, and a huge international capital market having emerged to link national economies together in ways they had not been linked in the past. The effect has been to make national economies increasingly open to economic forces from the international economy.

Economies that become increasingly open become increasingly beyond the reach of national economic policy. This leads to two important institutional developments:

First, some part of economic policy-making and implementation shifts up to the international level and becomes imbedded in the codes, rules and disciplines of international institutions such as the General Agreement on Tariffs and Trade. It also becomes increasingly imbedded in systems of economic integration such as the Canada-United States Free Trade Agreement and the European Economic Community's "EC-92".

Second, some part of policy-making and implementation shifts downward to the state and local levels. In the process of shifting downward, moreover, economic policy changes character. It shifts away from an emphasis on product and commodity markets, and focuses instead on income policies and resource issues. Such shifts have become increasingly important around the world, not the least in the United States where state governments have been growing at a rapid pace over the past decade.

These shifts in where economic policy is made and implemented increase the demand for new institutional arrangements. Developing countries, for example, now need a capacity to understand international institutional arrangements, and an analytical capacity to understand the implications for them if sound "local" policy is to be devised. At the same time, they need localized institutional arrangements and analytical capacity if they are to develop sound policies at the state and local level.

To summarize, in the past, developing countries needed national institutional arrangements to develop national economic policies. Development agencies thus attempted to help them develop the capacity to attain this end. In today's world, developing countries need assistance in building the capacity to understand the international economy, and the capacity for state and local research and analysis to help in decentralizing their policy-making and implementation.

PRECARIOUS GLOBAL FOOD SUPPLY-DEMAND BALANCE

The world has experienced a number of Malthusian scares in the post-World War II period. One of these occurred in the mid-1960s; another in the mid-1970s. Some observers began to believe it was a characteristic of the world food situation that scares occurred on about a 10-year interval. The mid-1980s, however, was characterized instead by surpluses and quite low commodity prices. Many thought the world food problem had been solved.

Contrary to that optimistic view, the world is once again facing a precarious food supply situation. A number of factors are at work:

First, the dwarfing of rice and wheat responsible for the large increase in yield potential has been almost fully exploited. The exhaustion of the potential for further increases in yields by dwarfing is reflected dramatically in the case of rice. The highest yield potential for high-yielding rice was obtained at the International Rice Research Institute, the source of the miracle rices, in 1968. Additional attempts to further increase the yield potential has met with failure. Further increases will apparently be obtained only with another breakthrough, such as improved efficiency in photosynthetic processes, something that will require significant commitments of resources to basic research.

A second factor affecting the potential for further significant increases in the output of the improved rices and wheats is that the geographic spread of the improved varieties is leveling out. This means that the adaptive research that contributed to this geographic spread has also done about all it can do. Either further breakthroughs will have to be made in the basic plant material or sustained increases in yields in other crops will have to be obtained. At this writing there is nothing on the international scene that suggests a potential breakthrough.

These two problems are exacerbated by the decline in capacity for agricultural research in the developing countries at a time when more and more effort is required just to keep pace with constantly adapting pests and diseases ("defensive" or "maintenance research"). At the beginning of the 1980s, a number of developing countries had nascent graduate training programs that were training agricultural scientists for their national research systems. Simultaneously, they were developing significant agricultural research systems as well. The serious economic problems of the developing countries in the 1980s has seen these graduate training programs and agricultural research systems fall into serious disrepair. Because of lack of resources and inadequate salaries, scientists have had to take up other activities to survive, or migrate to other employment in other countries or international organizations.

An additional dimension to this problem is that many of the developing countries are poised for rapid economic expansion. The 1990s could witness an unprecedented expansion of economic growth in the developing countries. If it occurs, this will contribute to strong increases in the demand for food and agricultural output, and put upward pressures on prices.

Thus a global food crisis could materialize, creating significant problems for the United States, as it did in the mid-1970s, but even more severe problems for poor countries. For that reason it is important that the United States assist in helping to resolve the world food problem.

DEMOCRATIZATION OF EASTERN EUROPE AND USSR

Events of 1989 and 1990 included the growing freedom of Eastern European countries and their expressed desire to shift to more market-oriented economies. The Soviet Union has had its glasnost and perestroika, although reforms are not going nearly as rapidly as in some of the Eastern European countries.

The United States has a vested interest in seeing that these countries make the transition to freer societies with more market-oriented economies. Successful economic development in these countries means expanding markets for the United States, and a growing source of raw materials, consumer goods, and eventually capital goods as inputs for the manufacturing sector in the United States.

These countries face enormous challenges in reforming the institutional arrangements that govern their economy and in establishing a democratic society. The United States is well-situated to help them move forward. It has the premier free-market economy on the international scene, and should be able to assist in designing and reforming the institutional arrangements needed for a market economy. It has also had over 200 years of experience with a democratic form of

government. It should be able to collaborate with colleagues in those countries in designing and established democratic institutions.

The emergence of these potential demands for increased international collaboration will put a significant drain on development resources that might otherwise go to the developing countries. This is a new dimension to international collaboration. It is an opportunity the United States cannot turn away from.

KEY ELEMENTS OF A DEVELOPMENT ASSISTANCE AND COOPERATION STRATEGY FOR THE FUTURE

The dramatically changed setting and a new agenda offer new opportunities for the United States. But to fully exploit them will require new approaches, new policies and a new strategy for the future.

Over time the development agenda has been subject to more than the usual amount of fads. The new agenda identified by the Task Force has an important pervasive feature: the requirement to invest in the human capital of the developing countries. This is essential if they are to have a broad-based and sustained process of economic development. It is the kind of economic development that citizens of the United States should want, since it is key to their future markets and sources of raw materials, input supplies, and consumer goods. It is also key to a democratic world order that will be more politically stable without massive investments in armaments and military establishments.

The Task Force has outlined what it believes are the key elements of a new strategy, and the basis for an action agenda for the future.

MUTUAL SELF INTERESTS, MUTUAL BENEFITS

Many still perceive the foreign aid relationship as one of patron-client. They tend to think that this country knows best, and that its efforts are designed to do good. Not only does this rankle the recipient, it does not enable the United States to do what is in its best interest.

Successful efforts at international cooperation and collaboration require truly mutual self-interests and mutual benefits. Our future programs of international cooperation should be so designed as to realize mutual self interests and mutual benefits. They also need to be articulated in that way both to the domestic body politic and to the collaborating country. If they are, domestic support for them will be attained, and the collaborating country will be more willing to participate.

The Task Force believes it is time to abandon the term "foreign aid" (except, of course, in the case of famine and other disasters when aid is the appropriate humanitarian response). What we do should be in the U.S. national interest and should emphasize mutual cooperation and mutual benefits.

POLICY REFORM AND REDUCTION OF TRADE BARRIERS

Although foreign aid can be an effective means of promoting economic growth in the developing countries, it has the disadvantage of transferring capital from one country to another and thus possibly reducing the rate of economic growth in the country supplying the capital. A more effective way of promoting economic growth on a broad base is to promote international trade by means of trade liberalization. International trade has grown at an unprecedented rate since the end of World War II. Partly because of that growth, the developing countries have also grown at unprecedented rates. Those developing countries more open to trade (often referred to as the Newly Industrialized Countries--the NICs) have experienced the more rapid rates of growth.

The United States has played an important leadership role in promoting trade liberalization and freer trade since the end of World War II. That leadership has waned during the 1980s and into the early 1990s as a consequence of persistent deficits on the U.S. trade accounts. These deficits in turn are a consequence of the need to borrow on international capital markets to finance a large federal deficit. The resulting inflows of capital create a strong dollar, which contributes to the trade deficit. The United States needs to get its economic house in order if it is to renew its leadership role in promoting free trade. As long as the dollar is overvalued as a consequence of contradictory monetary (restrictive) and fiscal (stimulative) policies, the United States will have persistent and strong domestic political pressures to be more protectionist of its domestic economy. Under those circumstances, the United States is no longer a credible defender of freer trade, as the Uruguay Round of Multilateral Trade Negotiations has demonstrated.

Reform of domestic economic policies and establishment of realistic exchange rates are essential if freer international trade is to emerge. The United States can help the developing countries undertake needed reforms in economic policy through its international collaborative programs. In addition, foreign economic assistance can promote an expansion of international trade by promoting more rapid rates of growth in the developing countries. Freer trade promotes economic growth by expanding income-earning opportunities. But economic growth also promotes an expansion in international trade by expanding the range of goods and services demanded as per capita incomes rise.

The Task Force recommends that the United States revitalize its commitment to free trade and re-establish its leadership role in promoting trade liberalization as an important means of promoting broad-based economic growth in the international economy at large.

BUILDING THE POLITICAL COALITION FOR INTERNATIONAL COOPERATION

Political support for the U.S. foreign economic assistance program has waned over the years. The leadership for U.S. support of such programs has for the most part come from its political leaders as part of their cold war strategy, not from broad-based grass roots movements.

There is now an opportunity for building a broad-based coalition in support of international cooperation. This potential coalition arises out of the growing recognition in this country that the world is becoming increasingly globalized and that in many cases what happens here at home has its origins in developments abroad. It also arises out of growing interest in international issues among domestic interest groups.

The base for a broad-based political coalition is rooted in the changing interests of a number of specific groups within our society. The first of these is the U.S. academic community. The need for colleges and universities to strengthen their resident instruction programs on the international society and global economy has stimulated an interest in having a larger share of faculty gain international experience. It has also stimulated an interest in study-abroad programs for students. In addition, colleges and universities have developed an interest in collaborative research programs with institutions in other countries as the means to generate new knowledge on the rest of the world.

Second, the environmental movement is a rapidly emerging political force in the United States. Environmental movements in favor of natural resource conservation have emerged periodically in the past. However, the present movement appears to be more deeply rooted, and likely to sustain itself into the future. The international dimensions of important environmental problems such as acid rain, the disappearance of parts of the ozone layer in the upper atmosphere, and the growing concerns about global warming have generated domestic political movements that will likely persist well into the future. These groups can be mobilized in support of international development assistance that addresses their concerns.

Private voluntary organizations (PVOs) are another rapidly growing political movement in the United States. These organizations have a special interest in linking up with their counterparts in the developing countries as a means of addressing problems of poverty, health, women and child welfare, and of the environment.

Some private firms are also becoming more interested in international development programs. Increasingly, they recognize that their future markets lie in the developing countries, and that these markets are dependent on those countries experiencing increases in per capita incomes. Similarly, they realize that an ever larger share of their raw materials will come from these countries.

Finally, there are those concerned with sustainable economic development. This movement is in part associated with environmental concerns. However, sustainable development has taken on a life of its own, driven in part by growing concerns about the persistence of rapid population growth in the developing countries. Proponents of sustainable development can also be a support for economic assistance programs for years into the future if they perceive that programs address long-term development problems.

The Task Force recommends that a conscious effort be made to develop programs that take account of the concerns of these interest groups and that will engender their continued support. In addition, it encourages leaders in the private and nonprofit sector to become more active in building a coalition that will provide sustained political support for programs in their interest.

THE CENTERPIECE FOR A STRATEGY: BUILDING HUMAN CAPITAL

The current consensus among development economists is that investments in human capital are in most countries the critical, high-payoff means to economic growth. Human capital includes the nutritional and health status of the population, educational attainment, skills acquired by on-the-job and vocational training, institutional arrangements, and the culture of the society--the extent to which the values and beliefs of the society lend themselves to modern economic development.

The Task Force recommends that the United States join with other developed and developing countries to assure an adequately nourished global population. This goal is attainable--not overnight but within a reasonable time frame. Eliminating malnutrition involves eliminating poverty. Thus, while feeding programs for the disadvantaged may be needed in the short term, the longer term problem will be solved only as economic development is broadly shared.

Improving the health status of the population is another high-payoff investment. Improved health status raises physical productivity, increases mental alertness, and facilitates the absorption of cognitive skills. In addition, it reduces time lost from work and helps sustain the underlying population base.

The Task Force recommends that the United States maintain its commitments to international organizations dealing with global health issues, and that it do more to facilitate the collaboration of domestic health organizations with those in other countries so as to improve this country's knowledge base on diseases that pose a threat to the world's stock of human capital, including its own.

Special attention should be given to the health status of the rural sectors in the developing countries. The delivery systems for health services are notoriously weak in rural areas relative to those in urban areas. If development is to be broad-based and agriculture is to be modernized, the availability of health services should be comparable in rural areas to those in urban areas.

Certain population groups suffer economic and political discrimination in almost all countries. Among these are women, children, and disadvantaged ethnic population groups such as tribal and minority groups. The Task Force recommends that the United States give high priority in its international collaboration efforts to improve the lot of these groups. a development program.

The Task Force recommends that the United States give high priority to encouraging greater investments in this form of human capital in the developing countries. Such investments are critical to promoting higher economic growth rates, and to assuring a more equitable distribution of the benefits of development.

REFOCUSING ON FOOD AND AGRICULTURAL DEVELOPMENT

The share of economic assistance devoted to agriculture by A.I.D. and other bilateral and multilateral agencies has declined significantly over the past decade. Equally troubling is the tendency to neglect long term efforts required to build and maintain the scientific capacity to support sustainable agricultural development. The Task Force believes this is a serious mistake and strongly urges that more attention be given to basic agricultural development.

There are two reasons for this recommendation. First, contrary to a widespread belief, the world food problem is far from resolved. In the not-too-distant future the world may well be facing another food crisis. This crisis will be exacerbated if the developing countries experience revitalized economic growth on the scale the Task Force expects in the decade ahead.

A world food crisis will have important consequences. Progress will be stymied in reducing the share of the world's population that is malnourished. A rise in food prices can constrain economic development in those developing countries that have the most potential for economic growth and for contributing to improvements in global welfare.

The strongest positive case for refocusing attention on agricultural development is the significant contribution it makes to economic development. The significance of agriculture as the basis for economic development rests in the fact that everybody consumes food, not just the size of the agricultural labor force or its share of the total labor force. Reductions in real food prices as a consequence of the modernization of agriculture distributes the benefits of economic development widely in society, and in favor of low-income groups. In this sense it induces secondary development by providing a broad-based market for nonfood goods and services. In addition, since food is a wage good, reductions in the real price of food make it possible to increase real wages without increasing nominal wages. This helps make domestic industry more competitive in the international economy, and has employment-generating effects more generally.

For these reasons, the Task Force recommends in the strongest possible way that agricultural development be moved back to a top place on the development agenda, not only in the A.I.D. but in the multilateral development agencies also. It should also continue to receive high priority from governments in the developing countries.

The key to sustained agricultural development is to build the capacity for agricultural research (including research on policy alternatives) in the developing countries for a sustained supply of new production technology and new knowledge. Increases in productivity are becoming more difficult to obtain as successes are realized. Moreover, an ever larger share of research expenditure has to go for maintenance research. This suggests that technological development should receive higher priority as development proceeds. However, that component of the A.I.D.'s agricultural development assistance has been declining in recent years.

PROTECTING THE ENVIRONMENT THROUGH SUSTAINABLE DEVELOPMENT

Environmental problems have been neglected in many parts of the world, but especially in the developing countries and those of Central and Eastern Europe. Similarly, the issue of whether development processes can be sustained over time has not received the attention it deserves, either in this country or abroad.

Addressing environmental problems can be an important means of promoting economic development both in the short and long term. It need not sacrifice economic development, and in fact may provide a stronger basis for such development over the longer term. There is growing evidence, for example, that viable economic development can occur in the tropical rain forests without destroying the tree cover. Similarly, soil conservation reduces the costly accumulation of silts in lakes, streams, and rivers, that constrains economic development. The accumulation of fertilizers and pesticides in above-ground and underground water supplies has similar effects. Addressing these problems thus promotes economic development rather than restrains it.

The Task Force recommends that priority be given to collaborating with the developing countries and the countries of Eastern and Central Europe in addressing their emerging environmental problems. It further recommends that high priority be given to collaborating on problems involved in acid rain, the release of chloro-fluoro-carbons, and the accumulation of greenhouse gases that potentially can lead to global warming. These are international issues that low-income countries may be unable to address given their limited stock of human capital and financial resources.

BUILDING INSTITUTIONS FOR SUSTAINED DEVELOPMENT

Several studies have shown that the development of viable institutions is the highest payoff investment the United States can make in collaborating with developing countries to promote their economic development. Some of the most impressive success stories that can be cited over the past three decades are projects in which the U.S. assisted in building a university, a cooperative or a research institute. Yet, there is a disturbing tendency for A.I.D. to turn away from these difficult undertaking in favor of shorter-term-payoff activities.

A new institution building challenge has emerged with the growing number of countries that recognize the improved economic performance associated with market economies. But the switch from a socialist to a market economy requires more than new policies. In order to function, a number of public institutions that market economies take for granted, ranging from data collection and market information to market regulation, do not exist. Thus the new challenge.

Unfortunately, there is much less knowledge of and experience with just how to go about shifting from a centrally planned economy to one that depends on market forces, especially in terms of the political problems.

The Task Force recommends that present efforts to help the developing countries and those of Eastern Europe shift to market forms of economic organization be sustained and

strengthened. Greater dependence on markets not only improves economic performance, it breaks up and decentralizes political power, and makes democratic forms of governance more feasible.

Another form of institution building needed in most developing countries is the capacity for policy research and analysis. The development of sound economic policy requires knowledge on the domestic and international economy. If developing countries develop sound institutional arrangements for this purpose, they not only would be able to take charge of their own economic policies they would also be better able to negotiate with international development agencies and achieve meaningful donor coordination of assistance programs.

Finally, there is the issue of developing viable institutions for democratic governance. An important feature of shifting away from central planning and toward market forms of economic organization has been a parallel shift away from authoritarian and totalitarian forms of governance toward democratic forms of governance. The United States has a great potential for collaborating in this effort. The Task Force recommends that present programs to this end be sustained and strengthened.

U.S. development efforts at one time gave a great deal of attention to new institutional arrangements in the developing countries. Development assistance efforts eventually turned away from such initiatives, in part because they are difficult to do and in part because they require sustained commitments over time.

The Task Force recommends that high priority be given to collaborating with developing countries in building the institutional arrangements needed to bring about investments in human capital at socially optimal levels. These efforts should span the full panoply of institutions needed for feeding programs, improved nutrition, improved delivery of health services, education at all levels, ranging from primary to higher education, and especially graduate training, the institutions for research and technological development and institutions that support democratic forms of government. Collaboration to these ends can in many cases be the means by which U.S. institutions of higher education and other private and public sector research institutions develop their own knowledge base on the rest of the world, and by which they do research on other parts of the world. An important criterion in deciding which institutions to collaborate with in other countries should be the complementarity to U.S. interests.

MAKING MORE EFFECTIVE USE OF FOOD AID FOR DEVELOPMENT

Food aid is a political reality. It is a logical consequence of domestic commodity programs that set domestic prices for such commodities above their market clearing levels and thus create surplus production. Moreover, it is not likely to go away in the near future. The challenge is to make more effective use of these resources.

In the early years of this nation's food aid programs, large proportions of the food were sold into the domestic markets of the recipient country and the proceeds used for other development activities or to support the budget of the recipient country. Academic critics of such programs noted that such policies had strong disincentive effects to local producers and were

counter-productive in efforts to strengthen agriculture, which was often a goal of U. S. policy in those same countries.

The PL-480 legislation was rewritten by Congress in 1990, to become effective January 1, 1991 and through December 31, 1995. The new law places greater emphasis on using food aid to promote food security and the privatization of agricultural market systems. It requires multi-year agreements for all PL-480 Title I, II, and III agreements, albeit with exceptions allowed. The law is also structured so that a greater percentage of the total U.S. government food aid programs will be provided on grant (as opposed to loan) terms.

An important administrative change in the program is that the Title I loan program (concessional sales for trade and development assistance) will be implemented by the USDA, Title II (emergency and private assistance programs) and III (food for development) are to be administered by A.I.D. Provision is made for debt forgiveness, for extending eligibility of certain elements of the program to middle income countries and emerging democracies, and for providing for payment in cash to eligible PVO's.

This new legislation provides support for a number of the Task Force's recommendations. However, it also has some provisions the Task Force believes are not consistent with sound development policy. For example, the legislation provides ample incentives for sale of commodities into the open market, which will have disincentive effects for local producers.

The Task Force focuses on one possible use of food aid and urges that it be given high priority in the use of these resources. Specifically, the Task Force recommends that food aid be used as a means of inducing more children in developing countries to go to school. The way to minimize the disincentive effects of food aid is to provide it as a direct income transfer in real terms to low-income families. In that way the income transfers increase the demand for food at the same time the domestic supply is increased. Price-depressing effects should be minimal under these circumstances.

Food aid transferred in this way can also be used as a means of inducing higher participation rates in schooling among low income families. Consider the case of school attendance among very poor families. The first- and second-born in such families in the developing countries often are not able to go to school because they are needed either to help produce the family's subsistence food supply or to earn a subsistence income by selling minor items on the street or by simply begging. Children who come later are more likely to go to school, but at least two cohorts of children often are lost to the educational process.

This is where food aid can make a useful contribution if it is used in the right way. A possible approach is to provide a quantity of food equivalent to what is needed to offset the income the child is earning. This food aid would be provided conditional on the student being in school for a requisite period. In effect, the child is paid to go to school. This typically will involve a larger amount of food for the individual family than is involved in school-lunch programs.

Such an approach has a multiple payoff in terms of attaining economic development goals. It improves the nutritional status of the affected families, and in this way also raises the health status as well. Improving the nutrition and health status increases the ability of the children to

learn, and especially to absorb cognitive skills. This is a multiple payoff, on top of the original goal of getting more students into school.

IMPROVING U. S. GOVERNMENT INSTITUTIONS FOR INTERNATIONAL COOPERATION

Implementation of the new strategy for development cooperation will require changes in the current government institutions that would carry them out. Several government agencies share this responsibility but the Task Force focused only on A.I.D. and USDA.

The Task Force makes three key proposals for strengthening the Agency for International Development. One is the creation of a Center for Scientific Collaboration. The second involves the creation of a new Institute for Private Voluntary Cooperation (IPVC). The third involves the strengthening of the technical capacity of the Agency.

CENTER FOR SCIENTIFIC COLLABORATION

A strong element of U.S. foreign economic assistance almost since its inception has been the sharing of this nation's knowledge with those in developing countries. This was the explicit purpose of President Truman's Point IV Program. It has also been an important part of later incarnations of this nation's international assistance programs.

An important assumption behind these programs was a belief, supported by significant evidence, that the United States was the scientific and technological leader of the world, a nonexhaustible resource that could be shared with others. Another belief, often evidenced explicitly, was that the Land Grant colleges and universities held a privileged position in the U.S. system and thus should play a major, if not monopolistic, role in delivering these services to other countries.

These assumptions are no longer tenable. Neither are many of the other assumptions which underlie our economic assistance programs. For example, the United States is no longer the predominant leader in expenditures on science and technology; an ever larger share of the world's R & D budget is spent in other countries. Similarly, the United States is no longer the leader in field after field of science and technology. These developments mean that the United States should no longer view itself as being the source of all knowledge but instead position itself so it benefits from the new knowledge being produced in other countries. It can do that by developing programs that foster international cooperation, with mutual sharing of knowledge, rather than viewing its main mission as one of technical assistance.

From a somewhat different perspective, the United States needs to accumulate a broader stock of knowledge on the rest of the world. Developing cooperative research programs is an important way to do that. Similarly, U.S. young people need to be trained and educated to work in an increasingly interdependent world. They need to know more about other parts of the world

and other cultures. U.S. faculty thus need to have a stronger base of knowledge on other cultures, other economies and other political systems.

The Task Force recommends the creation of a Center for Scientific Collaboration in A.I.D. under the auspices of an expanded BIFADEC. The purpose of a new, expanded BIFADEC and a subordinate Center should be to promote scientific and technological collaboration between U.S. educational and research institutions with similar institutions in other countries. The Center should be the recipient of a significant share of this nation's appropriation for international economic assistance. Some part of the grants would be for collaborative research efforts. Another part would be for collaborative educational programs, to include faculty and student exchange, and the development of truly international educational endeavors.

The Center would be comparable to the National Institutes of Health (NIH) and have similar prestige attached to it. Grants for long term collaboration administered by the Center on behalf of the Board would be made on a competitive basis and would be open to all U.S. universities and other research organizations. Proposals would be subject to peer review in the same way that proposals are made to the NIH and the National Science Foundation.

What would differentiate the proposals of this new Board and Center is that the projects would be truly collaborative and long term efforts. Both research, educational and institutional development projects would have to have partners in another country. In addition, funding would also have to be on a collaborative basis. Past international research and education programs have tended to displace domestic sources of funding in the recipient country. Consequently, researchers and educators in other countries have not developed their entrepreneurial and fund-raising skills, nor have domestic sources of support emerged in other countries. By making the grants conditional on some financial support from domestic sources in the collaborating countries, there should be significant institutional development in the other country.

The same applies to participating U.S. institutions. Since these programs would ultimately be in their own economic interest, they also should provide a predetermined share of the resources for the program. Requiring counterpart funds on both sides of the cooperative arrangement has the potential to mobilize a significant amount of additional resources. Moreover, it makes it likely that the cooperative programs will be more effectively integrated with ongoing programs in cooperating institutions.

To effectively staff such an organization the Agency for International development needs to have a strong in-house technical capability. This in-house staff would need to work closely with the regional bureaus to install programs and help facilitate program development. This in-house staff could also serve as the location of a strategic analytical capacity for the Agency.

There are a number of reasons for establishing a program of this kind. First, in recognition of the growing extent to which the United States faces competitive pressures from abroad, many universities in this country are attempting to internationalize their curricula and to do more research on international issues. Funding for such efforts has been sorely lacking, however, even in the major research universities. To date, the Federal government has not made a significant commitment to international research or education within U.S. research and teaching institutions. The International Education Act of 1967 was dedicated to that end. Although

passed by Congress and signed into law by the President, money has never been appropriated for it.

Second, one of the problems with strengthening the international curricula in the universities is the lack of faculty with true international competence. An expanded program for the Center would enable the Nation to take important first steps toward the development of such faculty by providing the means for faculty members to gain international experience, either as part of a research or educational effort.

Third, the proposed program of the Center would be of considerable value to the collaborating countries. It would enable their scientists and educators to collaborate with some of the best researchers and collaborators in this country. This collaboration would be on the basis of mutual respect and would benefit both sides. Moreover, if the projects and programs are well conceived, there can be a great deal of institutional development on both sides of the arrangements.

Another advantage of such an initiative is that it would enable the United States to capitalize on its past investments in participant training. In addition, this is an effective way of dealing with the so-called problem of graduation. In effect, no country graduates. The nature of the relationship simply changes over time.

The knowledge and human capacity developed by this program should be of value to both the private and public sectors in this country. It should give the United States a capacity to access the results of research and development activities undertaken in other countries. It should also enable the U.S to compete more effectively in the international community.

The key to the success of this proposal is acquiring high quality staff to manage and direct the program. Until such leadership is put in place, the development of the program should be restrained.

The mission of the Center and its objectives should be well articulated. An Advisory Council of highly qualified development specialists should be created to provide policy guidance for the Center and to help establish program priorities.

To further develop the effectiveness of the program, U.S. universities need to develop collaborative arrangements on the domestic side. Not every university needs to develop a research and educational capacity on every country in the world. An end product of an expanded international research and educational capacity in this country could well be new institutional arrangements that facilitate cooperation.

AN INSTITUTE FOR PRIVATE VOLUNTARY COOPERATION (IPVC)

Humanitarian concerns for the poor in the poorest countries and for those who have been displaced by international conflict and domestic repression will continue to represent a basic impulse for foreign assistance by a wide spectrum of the American public. Official assistance agencies do not have a strong record of performance in this area.

The Task Force recommends that an Institute for Private Voluntary Cooperation (IPVC) be created in A.I.D. to parallel the Center for Scientific Collaboration. The IPVC should be organized to fund programs by PVOs, NGOs, cooperatives and other agencies on a competitive basis.

This Institute could also play a major role in addressing the problems of disadvantaged women, children, and marginalized minority groups. Much of food aid could be channeled through the Institute, including that designated in support of educational programs.

An important part of the resources allocated to the Institute should be used to strengthen PVOs and NGOs in the developing countries, and here at home to undertake programs assigned to them. In addition, the in-house staff should have a high level of technical competence to evaluate proposals and identify the kind of strengthening programs the PVOs and NGOs need. The PVOs and the NGOs should also be linked with universities both in the United States and in the developing countries.

STRENGTHENING THE TECHNICAL CAPACITY OF A.I.D.

At one time, the predecessor agencies of A.I.D., and even the A.I.D. itself, had a significant in-house staff of highly qualified technical people. That capability has gradually eroded until today most of the staff are highly qualified financial people, competent generalists or people with a high degree of entrepreneurial capability.

The Task Force recommends that a major effort be made to acquire a highly qualified, technically competent staff to address the challenges of the revitalized mission of the Agency. This ranges all the way from knowledgeable development economists and sociologists, to political scientists who provide leadership for programs designed to deal with governance issues, to specialists knowledgeable about the scientific and technological issues of agriculture, to those knowledgeable in a similar way about other sectors of the economy. The Agency also should have in-house capability on international trade issues to assist in devising strategies to realize the complementarity between aid and trade.

STRENGTHENING THE PARTICIPATION OF USDA AND OTHER AGENCIES

The USDA has played an important role in international development assistance and cooperation for many years. Its primary interest has been to help U.S. agriculture become more competitive in world markets. Thus it has an interest in world economic growth and improving the economies of developing countries with the expectation of increasing future markets for agricultural products.

Historically, USDA has often found its support for international development under fire from traditional commodity groups who view such activities as giving aid to competitors in world export markets. As a result, economic development activities in the Department were entirely funded by A.I.D. and maintained a low profile or were sometimes discouraged.

Prior to the 1975 farm bill, the USDA had few specific authorizations for international development work. Subsequent farm bills reaffirmed and strengthened the authorizations for a USDA role in the international arena. The 1990 farm bill further defined its international role giving the Department authority for cooperation and collaboration with agricultural research and extension institutions around the world.

The current leadership in USDA is committed to expanding participation in international cooperation and collaboration. Earlier in the Bush Administration, a National Policy on International Science, Education, and Development was adopted which emphasized the importance of agriculture as a means to revitalize and expand the economies of many countries and placed high priority on science and education. The policy underscored the importance of U.S. participation to help speed the process of development as well as to strengthen U.S. agriculture.

Interest in international cooperation and development among USDA agencies is uneven and in such a large and diverse department, coordination of programs is difficult. Thus it is not surprising that USDA does not always speak with one voice on international cooperation and development. A special paper commissioned by the Task Force, "Strengthening the U.S. Government's Capacity in Agricultural Development", points to ambiguities in the posture of the various USDA agencies toward international development and suggests a department-wide coordinator for international programs at the Office of the Secretary level.

The Task Force has observed that A.I.D.'s interest in agriculture appears to be declining while USDA has an increasing interest in the international dimensions of agriculture, raising questions about the appropriate future division of labor between these two federal agencies.

The Task Force, noting strong USDA capabilities and the interest of current leadership in international cooperation and development, recommends that USDA's role be broadened and established on a more consistent basis. In addition to the work that USDA has historically done for A.I.D. on a reimbursable basis, USDA could better serve U.S. agriculture by intensifying efforts to internationalize domestic research and education programs through cooperation and collaboration, building on the close historical ties with land grant universities. The Task Force also notes the uneven pattern of interest in international development over the years and recommends USDA develop a more clearly articulated policy and rationale for its international involvement, with better central coordination.