



BIFADEC

**BOARD FOR INTERNATIONAL FOOD AND AGRICULTURAL
DEVELOPMENT AND ECONOMIC COOPERATION**

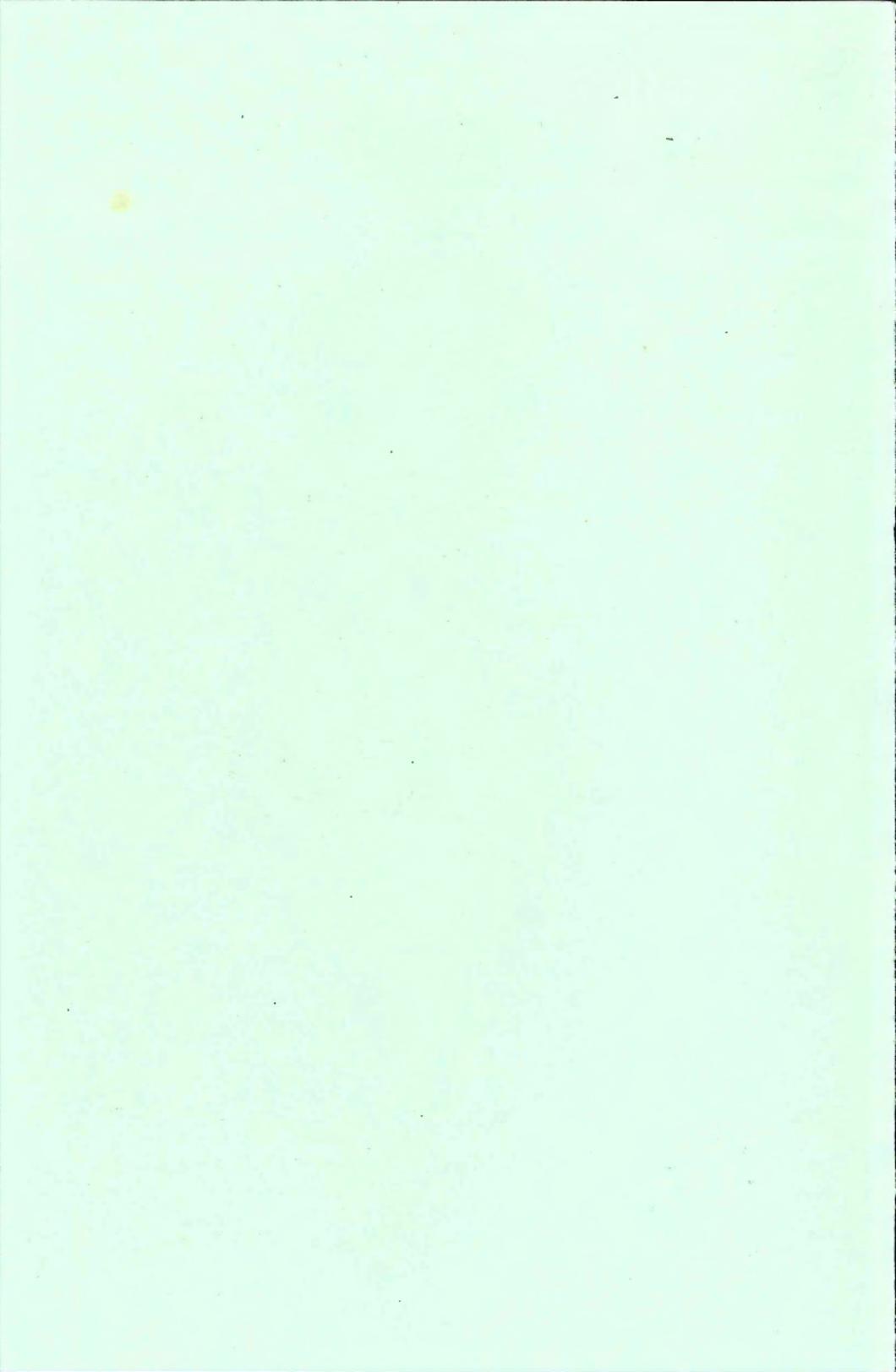
***THE IMPORTANCE
OF
INTERNATIONAL DEVELOPMENT COOPERATION
TO
THE AMERICAN PEOPLE***

AGENCY CENTER FOR UNIVERSITY



COOPERATION IN DEVELOPMENT

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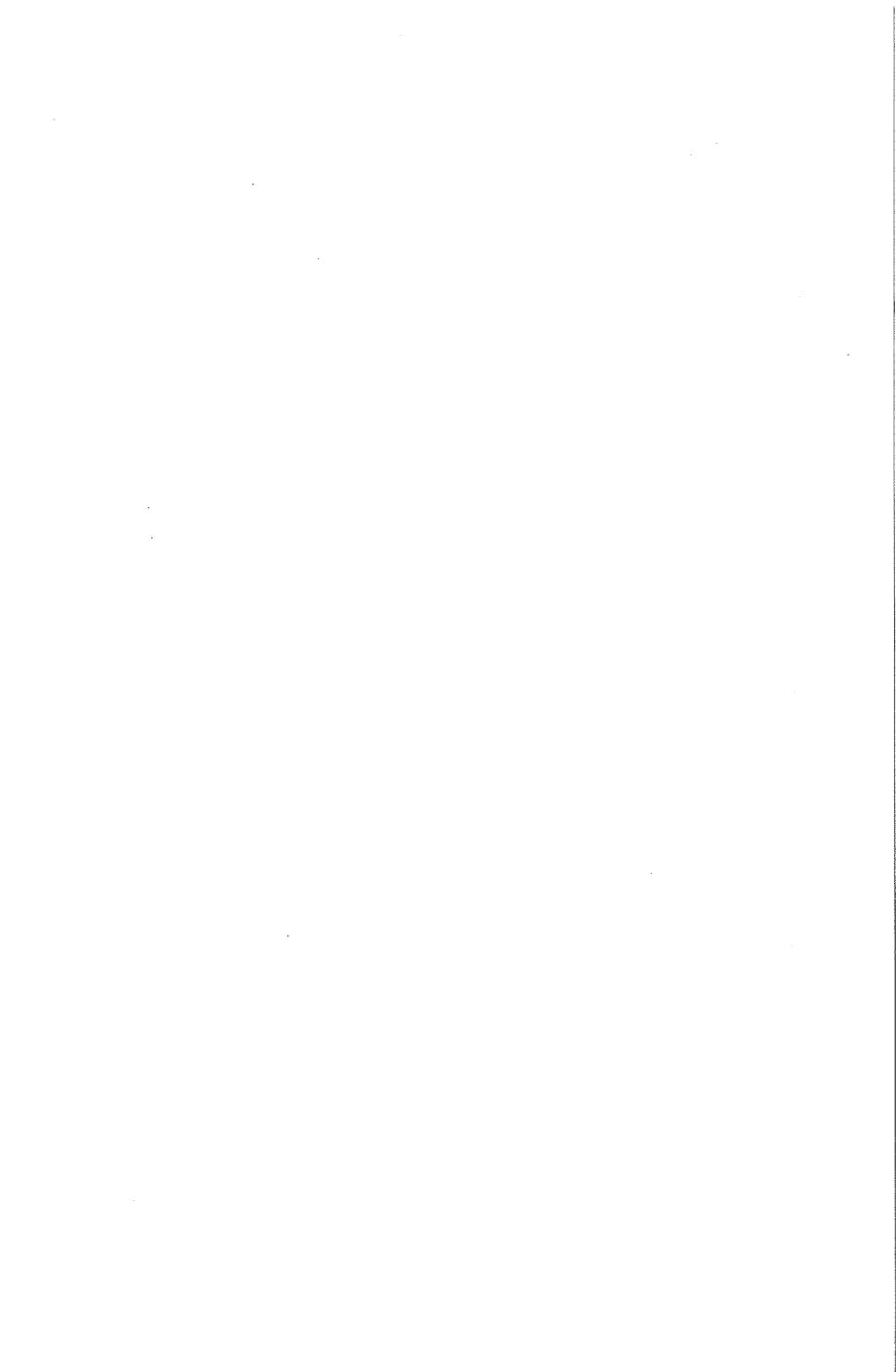
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In December 1992, the BIFADEEC issued a report, "The Future of International Development Cooperation." The report, a response to a request from USAID leadership for advice on the future of foreign aid, concentrated on the "development assistance" component. It stated, inter alia, that U.S. interests are served "by 1) promoting broadly shared economic growth, 2) addressing global issues, and 3) expanding economic and political freedom in the developing world."

This BIFADEEC statement, "The Importance of International Development Cooperation to the American People," is a companion to the earlier report. It responds to President Clinton's call to reconsider our priorities. Noting how interwoven are our national agenda and international concerns, the statement sets forth a rationale for a bilateral international development cooperation and assistance program that addresses those concerns in ways which provide direct benefits to the United States.

Additional copies of this statement are available on request.

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*THE IMPORTANCE
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INTERNATIONAL DEVELOPMENT COOPERATION
TO
THE AMERICAN PEOPLE*

April 1993

We are heartened by the global vision evident in recent statements by the new Administration. Outlining steps on an agenda for American action in a global economy, which include promoting "the steady expansion of growth in the developing world" and "the success of democracy," President Clinton affirms that "they constitute an agenda for our own prosperity as well...in this global economy, there is no such thing as a purely domestic policy." In defining a new "strategy for U.S. leadership after the Cold War," Secretary of State Warren Christopher says, "We cannot afford to careen from crisis to crisis. We must have a new diplomacy that can anticipate and prevent crises like those in Iraq, Bosnia, and Somalia, rather than simply manage them. Our support for democratic institutions and human rights can help diffuse political conflicts, and our support for sustainable development and global environmental protection can help prevent human suffering on a scale that demanded our intervention, for example, in Somalia." Deputy Secretary of State Clifton Wharton calls for a foreign policy that reflects "the fundamental reality of our global nature," especially in economics, ecology and human knowledge, and speaks of his vision, "fed by the best and purest springs of the American character," that we "pursue peace, not just through preparedness, but also by eliminating hunger, poverty, desperation, and chaos, (and) champion democracy not by imposing it, but by fostering the economic, political and social conditions for the development of free institutions."

THE IMPORTANCE OF INTERNATIONAL DEVELOPMENT COOPERATION TO THE AMERICAN PEOPLE *

All across the nation people are questioning the priorities of government expenditure. Times are tough: unemployment is high, poverty and social unrest have been increasing, crime is troubling our cities, and local, state and federal programs to deal with these problems are being reduced for lack of revenues. President Clinton is calling for a renewed emphasis on investment in people and technology, along with reductions in other spending categories, "to get our own economic house in order." This is clearly top priority. In this situation, it is reasonable to question whether expenditures on the foreign assistance program should be eliminated. Should we not get our own house in order and worry about our own poverty and unemployment first, before spending any of our scarce resources on other people in far away and foreign lands?

The Board for International Food and Agricultural Development and Economic Cooperation (BIFADEC) normally concerns itself with how the U.S. government could do a better job with its foreign assistance dollars. Recently it made a series of recommendations toward this end in "*The Future of International Development Cooperation*," anticipating that most Americans will accept the need for such a

*The Board for International Food and Agricultural Development and Economic Cooperation (BIFADEC) was asked to articulate why major components of the U.S. foreign assistance program are important to the American public. In this paper BIFADEC chooses to concentrate on "development assistance," its main concern, and leave to others the other components of foreign aid, such as military and security assistance and emergency relief.

program. This statement, however, is in response to the President's call to reconsider our priorities. Representing important segments of the higher education community and the American public, the Board is compelled to set forth the reasons why it thinks a bilateral program in international development cooperation, as it recently recommended, is indeed in our national interest and worth the scarce taxpayer resources devoted to it. We are concerned with what happens abroad, including in the developing countries, because we ourselves want to realize a world that is more prosperous, enjoys more political and economic freedom, and is more secure. As a world leader, we have the most to gain and the most to lose, as well as the most to offer, as we seek to build a better world for our children and for their children.

It is impossible to separate our national agenda from international concerns, so closely are they interwoven. Nevertheless, high on our national agenda are four sets of long-term, fundamental American concerns that have particularly important international elements which relate directly to the developing world:

- 1) economic and political freedom and peaceful change,**
- 2) expanding broadly-shared economic growth, employment and income,**
- 3) global issues such as environmental degradation and energy use, health, periodic famine, population growth and migration, and**
- 4) humanitarian concerns about poverty, hunger and malnutrition, ignorance, disease and disasters.**

Domestic programs and policies alone cannot address these areas of concern adequately; they must be dealt with in the international arena as well. While international cooperation and multilateral efforts to address them are essential -- the U.S. cannot go it alone -- a bilateral U.S. program in international development cooperation and assistance can contribute much to their positive resolution and help maintain our leadership in the process. Modest investments focused on sustainable development and the global problem areas mentioned below are critical components of U.S. foreign policy addressing these concerns in the emerging democracies and developing countries, although the precise mix of interventions and the manner in which they are pursued will differ among countries. For example, development cooperation with the emerging democracies of Eastern Europe and the former Soviet Union and with advanced developing countries elsewhere requires different approaches and institutional relationships than it does in other developing countries with lower levels of human capital and institutional resources.

The U.S. can pursue these concerns, in ways which provide direct benefits to the U.S., with a development cooperation and assistance program having two major purposes: to *promote sustainable development* and to *address global problems*.

The discussion below will outline why the Board thinks a bilateral international development cooperation and assistance program in these areas benefits the United States and should be continued. We also indicate why such a program best addresses our humanitarian concerns. For the most part, we do

not attempt to deal with how it should be done, since that has been discussed elsewhere.

I. PROMOTE SUSTAINABLE DEVELOPMENT

In order to give our values a strong base, the United States needs a world characterized by economic and political freedom and peaceful change. Because of the increasing interdependence among countries, our own national interests require a peaceful, stable, secure international order that can cooperate effectively on issues of mutual concern. Promoting basic U.S. values, such as building respect for freedom and human rights, contributes to political stability abroad and to our own ability to trade, travel, and live in peace and tranquility. If we are to achieve our foreign policy objectives and help build the kind of future world we would like to see, the U.S. must play a leading role abroad and nurture its ability to do so.

The U.S. has a strong self-interest in expanding broadly-shared and sustainable economic growth, employment and income around the world. Economic growth provides the resources needed to solve pressing global problems and helps maintain the political stability necessary for free societies to develop through peaceful change. To assure our own continued prosperity, we need increasing markets abroad for our goods and services, and we need to learn better how to trade and do business with the rest of the world. The main determinants of our ability to compete abroad are sound domestic economic policies; nevertheless, a healthy, expanding, more open, more market-oriented and integrated global economy offers

greater opportunities for trade and investment, directly benefiting the U.S. economy.

Sustainable economic and political development is aimed at improving the indigenous capacity of developing countries to solve their own problems and to contribute to the solution of global problems. It enables the developing countries to deal more effectively with poverty, famine, natural and man-made disasters, and their prevention, thus reducing requests for and the cost of U.S. humanitarian assistance. Cooperative efforts to achieve sustainable development also help create a sense of global community and lay the foundation for international cooperation in other important areas of mutual concern. The primary focus of the U.S. foreign assistance program, therefore, should be sustainable development cooperation, with two main objectives:

● Promote democratic governance and respect for diversity and human rights. The U.S. has two centuries of experience in a free market economy and democratic governance, and it has developed viable institutions critical to those processes. There is much we can pass on to other countries about how to establish and operate free market economies, participatory political systems, the rule of law, effective and accountable local and national governments (that can provide the key public services and infrastructure necessary for development), and the supporting legal and institutional societal structures (which provide a level playing field by protecting the freedom and human rights of minorities and individuals).

We can do this in ways that promote permanent, collaborative relationships between our institutions and theirs, especially in education and research, thus also enhancing our knowledge and understanding of foreign cultures and problems and improving our ability to play a leading role abroad. We gain from greater understanding of foreign cultures because it promotes greater tolerance for ethnic diversity at home, which is high on our national agenda.

● Promote market- and employment-oriented, environmentally sustainable economic growth and development. Improved incomes will enable developing countries to buy more of our exports, increasing mutually beneficial trade which raises incomes and employment in the U.S. Developing countries already are buying an increasing share of American exports abroad and provide a large share of the raw materials and other inputs our industries need. We can promote growth and development in ways which also build healthy interaction and permanent relationships between our institutions and theirs. Such relationships can enhance our ability to educate a new American generation of global business and political leaders and improve the inclination of developing countries to cooperate on other important issues.

Increasing productivity and income will help developing countries derive the national resources needed to sustain attacks on other pressing domestic and global problems in health, education, population, and the environment. They also will help increase political stability in the midst of change. The need for

such resources always will far outweigh those available from foreign donors.

By reducing poverty and enhancing food security, sustained economic development will help stem the flow of migration. An improving economy and increasing opportunities for productive employment greatly reduce ethnic conflicts and the propensity to migrate illegally to the U.S. and elsewhere in search of jobs and a better life.

II. ADDRESS GLOBAL PROBLEMS

The U.S. has strong national interests in leading global efforts to address widely shared problems that require international cooperation for their resolution. Put simply, we will gain if they are well managed; we will lose if they are not. These problems cannot be approached successfully without worldwide cooperation, which requires U.S. leadership. Global efforts necessarily rely on the capacity of each country to contribute its share. However, U.S. foreign assistance also must be used to address such global problems directly. Among our more urgent global concerns are:

- *Environment.* Deforestation and carbon dioxide and other emissions contribute to global warming and the depletion of ozone. Increasing consumption of nonrenewable fossil fuels threatens an early end to global reserves. The steady and alarming loss of biodiversity denies the U.S. and other countries the benefits of future genetic discoveries and improvements. At the country level, environmental degradation prevents sustainable economic growth,

reducing U.S. trade and commerce.

U.S. foreign assistance in these areas benefits Americans, as well as the cooperating countries. Helping to develop and adapt new technology to use renewable, nonpolluting forms of energy conserves nonrenewable energy reserves for everyone and reduces harmful atmospheric emissions that affect us all. If we can help developing countries shift the focus of their economic activities away from those that damage the environment and toward those that promote resource-sustainable economic growth, our own economy benefits through trade. We also can help developing countries design environmental programs and regulatory and incentive systems to reduce the loss of plant and animal species, preserving their biogenetic potential for future generations of Americans as well as the rest of the world.

● *Health.* Modern mobility makes some health problems global. Epidemics, like AIDS, affect U.S. citizens, too. Even at the country level, however, healthy populations contribute more productively to both their own and the world economies and enhance the growth of U.S. trade and commerce. Unhealthy children are a drain on local health and education systems and will contribute less to future economic growth. At the same time, high infant and child mortality contributes to a cultural demand for higher birth rates, leading to higher population growth, another serious global problem.

It is in our own interest to continue to improve the predominant U.S. technical capabilities in health research and services and to share that technology

with the rest of the world. It is far better for us to help other countries deal with epidemics and other health problems abroad than to have them spread to the U.S.

● Population. It is in our interest to help slow population growth. Population pressures and poor employment opportunities often result in destabilizing migration flows to nearby countries, including the U.S. In the absence of alternative employment and improved agricultural technology, growing numbers of people degrade the environment on marginal land, absorb investment resources, seriously impede economic growth, increase poverty, and reduce the health status of mothers and children.

The U.S. foreign assistance program should continue to provide technical and managerial know-how for developing country family planning programs to slow the rate of population increase, the success of which is so critical to the success of sustainable, widely shared development.

Humanitarian Concerns

Most Americans support humanitarian efforts to alleviate poverty, ignorance, disease, hunger and human degradation, and the suffering caused by natural and man-made disasters. The strong public support enjoyed by the extraordinary U.S. effort in Somalia amply illustrates this point. However, these represent costly cures of problems which often could be prevented at much less expense. Emphasis in our bilateral development cooperation program should be placed on sustainable development that enhances

domestic capacity to deal with such problems, thereby reducing the need for costly foreign donor efforts to provide humanitarian assistance. While the U.S. should continue to lead and contribute to humanitarian assistance efforts, it normally should be provided through multilateral, cooperative efforts with other nations, rather than through the bilateral assistance program.

By focussing on sustainable development, the bilateral program addresses such humanitarian concerns in a more cost-effective way. For example, the U.S. no doubt will continue to send food commodities to those suffering acute famine and hunger; at the same time, we have a stronger national interest in helping poorer nations develop the capacity to provide for their own food security. It is of little or no economic benefit to the U.S. economy to use our own dollars to subsidize or pay for our food "exports" to those in need. However, it is to our benefit to help poor countries -- through sustainable development -- produce, process, store and market food to meet the bulk of their needs and to export what they can, earning and saving their own foreign exchange to buy real exports from us.

The U.S. has a leading capability worldwide in agricultural research, education and extension to increase productivity in food production, processing and marketing which lowers real food costs in ways that are sustainable and of great benefit to the whole society. By building such capability in developing countries, the U.S. reaps significant benefits from the technological improvements in agricultural science and technology developed in collaboration with scientists

working abroad, while addressing an important humanitarian concern with a permanent, cost-effective solution.

Most Americans would like to help reduce the worst aspects of poverty and provide poor families the skills and health to improve their own conditions. However, the need is far greater than foreign donor resources ever can satisfy. Rather, emphasis must be placed on sustainable development -- that is, building the indigenous institutional and financial capacity in each country to develop its human resources and alleviate its poverty on a sustained basis.

In assisting developing countries do this, the U.S. can use its tremendous comparative advantages in health and education, involving private voluntary organizations (PVOs) as well as public and private health organizations and educational institutions. We reap important mutual benefits as we help solve health problems and learn more about the rest of the world.

Conclusion

None of the above requires large resource transfers. Large transfers often can be counterproductive by skewing basic price relationships and investment incentives away from sustainable economic activities. What is required is an emphasis on the thoughtful and collaborative application of scientific research and improved technology, improved domestic policies and institutions that promote free market economies and democratic governance, and sustained investments in human and institutional

resources. Such an emphasis also will enable U.S. institutions to develop productive, enduring relationships with developing country institutions that will serve this country well long into the future. An international development cooperation and assistance program of the kind discussed above clearly benefits the U.S. and offers great promise for the future of the world.

The Board for International Food and Agricultural Development was created with the enactment of Title XII of the Foreign Assistance Act of 1961, as amended, in December 1975. In January 1991, the Board's mandate was broadened and its name was changed to include economic cooperation generally. BIFADEC is the only Presidentially-appointed board to advise the Administrator of the Agency for International Development in developing and implementing the official U.S. foreign assistance program.

The current members are:

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