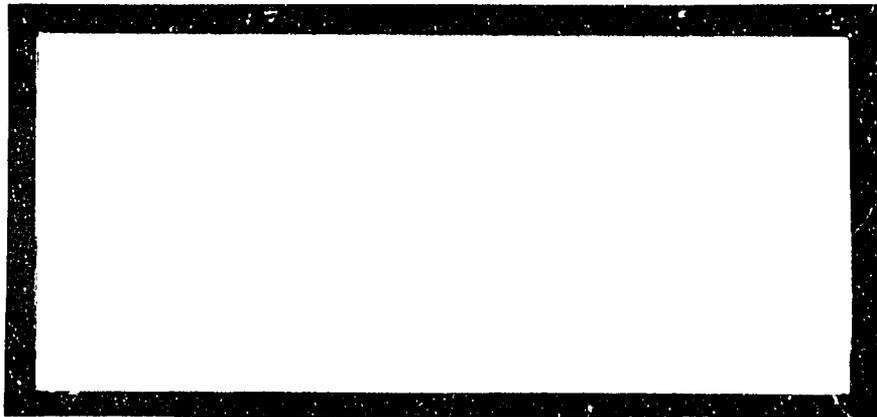


PN-ARH 061

69843



---

CENTER FOR RESEARCH ON ECONOMIC DEVELOPMENT  
The University of Michigan  
Ann Arbor, Michigan 48109

---

PN-1127-061

**DEVELOPMENT ASSISTANCE REVIEW:  
A SYNTHESIS REPORT**

by

**Ernest J. Wilson III and Christine Elias**

**November, 1988**

Prepared by

**Center for Research on Economic Development**

In partial fulfillment of

Contract #PDC-0180-0-00-8121-00

Bureau of Program and Policy Coordination

U.S. Agency for International Development

# DEVELOPMENT ASSISTANCE REVIEW — A SYNTHESIS REPORT

Ernest J. Wilson III and Christine Elias

## BACKGROUND

1. The Center for Research on Economic Development (CRED) of The University of Michigan was contracted by the USAID Bureau for Program and Policy Coordination, Contract No. PDC-0180-0-00-8121-11, to provide a systematic review of the materials generated by the Project on Cooperation for International Development (CID). The purpose of this review was to facilitate the work of the "November Report" Task Force. This document summarizes the findings of CRED's review, and supplements the sixty-five individual review summaries that CRED has been transmitting to Deputy Assistant Administrator Clifford Lewis, the official directing the "November Report" Task Force.

2. The CID Project was undertaken by the Center for Advanced Study of International Development (CASID) at Michigan State University (MSU). The project was initiated at a symposium held at MSU in June 1987, which brought together approximately twenty leading figures in the development community to plan a substantial project that would examine future options for economic cooperation between the United States and the developing countries. During the next several months, MSU sought the cooperation of partner institutions in the project and submitted proposals to foundations for financial support for the enterprise.

3. Eleven organizations joined MSU in the CID project. Ten of these organizations sponsored colloquia on specific development sectors and issues. These organizations and their colloquium topics were:

Association for Women in Development: "Gender Issues in Development Cooperation"

Board on Science and Technology for International Development (BOSTID), National Research Council: "Policy for the 1990s: Science and Technology for Sustainable Development"

The Futures Group: "International Population Assistance in the 1990s"

Institute of International Education: "The Role of Education and Training in Development in the 1990s"

Johns Hopkins School of Hygiene and Public Health: "International Health in Development in the 1990s"

**Midwest Universities Consortium for International Activities (MUCIA): "Role of U.S. Universities in the Development Task in the 1990s"**

**Virginia Tech College of Architecture and Urban Studies (VPI), in cooperation with the Washington Chapter, Society for International Development: "Urbanization in Developing Countries: Potentials for U.S. Development Cooperation"**

**U.S. Council for International Business: "U.S. Policy for the 1990s: Promoting Private Direct Investment"**

**Winrock International: "Future of U.S. Development Assistance: Food, Hunger, and Agricultural Issues"**

**World Resources Institute: "U.S. Policy in the 1990s: International Cooperation for Environmentally Sustainable Development"**

4. In addition, MSU's CASID sponsored a colloquium on "The Changing Nature of Third World Poverty in the 1990s." The Overseas Development Council (ODC) was the eleventh organization that joined with MSU in the CID project. ODC co-sponsored two meetings in Washington, one in November 1987 and one in April 1988, that reviewed the papers directly commissioned by the CID project. The April meeting also reviewed a first draft of the overall project report.

5. MSU received financial support for the CID project from a number of foundations. A core grant was received by the MSU Foundation. Private foundations supporting MSU were the John D. and Catherine T. MacArthur Foundation, the Carnegie Corporation and the Pew Charitable Trust. Several other foundations made contributions to the CID collaborating organizations in support of their particular colloquia. In terms of the range of participating organizations and the financial support behind the project, the CID project was probably the largest non-governmental activity of its kind ever undertaken on the issue of U.S. relations with the developing countries.

6. The CID project culminated in a national conference held at MSU in May 1988, attended by some 400 people. A draft report was prepared by the three CID project coordinators – Ralph Smuckler, Dean of International Studies and Programs at MSU; Robert Berg, President of the International Development Conference; and David Gordon, Professor of International Relations at MSU. The report was debated at the conference and was subsequently revised by the authors. A final report entitled "New Challenges, New Opportunities: U.S. Cooperation for International Growth and Development in the 1990s" was completed in September 1988 and is currently being distributed by CASID.

7. The CID project generated several kinds of written output, all of which has been systematically reviewed by the CRED team. The central project commissioned a series of papers that can be grouped in three sets. The first set explored the global context for U.S. development cooperation activities. The second set focused on U.S. interests and U.S. capabilities. The final set examined questions concerning the implementation of development cooperation activities. Most of the CID collaborating organizations also produced papers, either commissioned specifically for their colloquium or written in response to an open invitation to interested parties. Finally, each of the collaborating groups produced a report on their colloquium.

8. With the exception of a few papers that were lost or never completed, CRED received, and reviewed, all of the material that was generated by the entire CID project. A list of the papers, organized by its place in the project, is appended to this report. In total, CRED reviewed sixty-five individual pieces. These papers covered an extremely wide range of topics, not all of which were directly relevant to the broad policy issues the project set itself to examine. The papers also varied in the degree to which they were policy-oriented, academic, journalistic, or simply ideological. Not surprisingly, given the numbers involved, the papers also varied very widely in quality. Taken as a whole, however, the papers reflect a wealth of experience, analysis, and hard thinking about the question of U.S. cooperation with the developing countries.

9. We have organized our assessment of the CID material into two parts. The first part examines three broad categories of issues that are addressed in the CID material: (i) the international context for U.S. development cooperation; (ii) the rationale behind and the goals for U.S. policies and programs; and (iii) issues of organization and implementation. The second part of our assessment is organized according to sectors. Within each of the sectors examined by the CID project we look at: what the lessons of experience have been, what should be the specific substantive focus of U.S. efforts, and what the mode of U.S. cooperation should be. What was especially interesting to us as we reviewed the material was the differing degree of agreement among the authors. On a range of questions, the CID material produced a rough consensus of opinion, while on a substantial number of issues, sharply conflicting positions were presented.

### EMERGING THEMES

10. Before discussing the broad themes that emerge from our examination of the material, it is useful to first focus on a number of key issues that are not addressed, or

are addressed only marginally in the material generated by the CID project. The project defined itself as concerned with economic cooperation between the U.S. and the Third World. Thus, it did not really grapple with the question of security assistance and military sales in a systematic way. In general, the project sought to shift U.S. assistance programs in favor of economic assistance, but this was not backed by a rigorous assessment of the issues involved. Several of the authors, including Maurice Williams and David Shear, did argue that security-driven assistance was less likely to successfully meet development goals.

11. A second issue that was not seriously addressed by the project was the question of which countries should receive concessional assistance. Percy Mistry raised the fact that the world may be shifting to a 'regionalization' of development cooperation, which would tend to suggest a natural U.S. focus on the Western Hemisphere, but he never took up the issue. Elliot Morss and several others suggested the importance of per capita income as a determinant of the direction of aid, but again did not really examine the implications of this. Some authors implicitly seemed to suggest criteria such as low capacity to implement development on their own. Others criticized the low level of bi-lateral assistance to India, given that country's size and continuing poverty problem.

12. Another issue that was addressed only marginally in the CID material was the sectoral balance of U.S. programs. Many of the papers generated by the various colloquia examined the issue of what should be undertaken within sectors, but nowhere in the project was a systematic effort undertaken to examine the issues involved in different possible balances among sectors. A paper on this topic might have been commissioned by the project, but was not. Thus, the CID project structure created something of a bias towards the current set of activities undertaken within development assistance.

13. As a whole, the project was informed by a desire to build on U.S. 'comparative advantage', but comparative advantage is a very slippery concept. In practice it meant that most of the authors felt there was comparative advantage in the sector they were examining; if not, as in the case of Kathleen Cloud writing on gender issues, authors tended to propose that the U.S. needed to 'catch up' in those areas. This approach grew out of the structure of the project, with the sector-oriented colloquia, but was not balanced by any effort at the central project level. For the most part, the sense was that the U.S. did have an advantage in science and technology, especially in the applied sense. Although, again, it was difficult to tell whether or not this was another reflection of current priorities.

14. The International Context. In looking at the international context for U.S. cooperation activities, the authors of the CID papers share a number of perspectives. It was agreed that changes among the developing countries have made the term "Third World" analytically obsolete; that the range of country experiences demands a more nuanced approach. Furthermore, basic relationships in the international economy are evolving. As our review of Lon Cesal and Ed Rossmiller's paper for the Winrock Colloquium on Food, Hunger and Agriculture stated, "The U.S. and the developing countries now occupy very different positions in the world economy than they did in the 1950s and 60s. The U.S. is no longer the sole dominant power with the ability to shape the international economic order as it wishes. Developed countries, with their internal strength secure, no longer have the same common concern they once had in reaching a consensus on economic policy. The influence of the developing countries on the international economy can no longer be ignored."

15. The papers all agreed that the maintenance of a relatively 'open' international economy was of central importance to the development chances of the Third World. Linda Lim asserted that the trends towards 'managed' trade are a major threat to the Third World and that the Third World, more than any other region, has an interest in trade liberalization. Several stressed the increasing heterogeneity of the Third World with the implication that the U.S. has to do more than in the past in designing programs to fit the needs of particular countries and regions. The authors also stressed the increasing common understanding that now exists about the Third World in general, about the difficulty of addressing poverty and about development strategies. The papers emphasized the institutional heterogeneity in aid recipient countries; many felt that it was imperative to involve U.S. programs more directly with the private commercial sector and the private voluntary sector (NGOs). All of these implied a necessity of seeking a new style of cooperation with the developing countries that put both sides on a more equal footing. Princeton Lyman captured this best in saying that the U.S. needs to get away from the mentality that equated development with aid.

16. The authors also tended to stress the on-going trends of accelerating global interdependence. A few authors went so far as to argue that, given this, U.S. national security interests were changing. For example, Maurice Williams argued that the U.S. will have to "adopt a national security vision which is broad enough to encompass global economic, social and environmental problems as well as concerns for military security." Several of the authors, especially those involved in BOSTID's colloquium on science and technology, implied that there was a substantial role for foreign assistance and

development cooperation in enhancing U.S. competitiveness. But, this question was not examined in depth in any of the papers, although the prevalent perspective of the authors was that foreign aid was in the economic interests of the U.S. as well as that of the recipient country.

17. The authors also agreed that among the most important changes in the international context was the diversification of the foreign assistance community, and, in particular, the declining relative role of USAID. Differences arose as to the implications of this. Some authors felt that specialization should be encouraged among donors. Others believed that bi-lateral donors should avoid initiatives that do not gain consensus among the donor community. There was agreement on the increased importance of donor coordination in country, both on projects and on program-type operations. Several authors felt that a major implication of diversification of the Third World was the need for the advanced developing countries to themselves become actively involved in development cooperation activities, including aid.

18. There was concurrence among the authors that only limited external resources were likely to be available for the developing countries in the foreseeable future. Despite the fact that virtually all of the papers were written by aid enthusiasts, a sober realism on the future financing of aid did inform the essays. In fact, several of the authors stressed the point that one of the main questions facing foreign aid in the 1990s was how it could be used to help better mobilize local resources.

19. The authors of the relevant papers agreed that multilateral financial institutions were the one source that had the potential for a large increase in resources available. The authors tended to support a U.S. policy of enhancing the role of the multilateral financial institutions, both because of their ability to leverage resources (every dollar directly contributed from the U.S. to the World Bank translates into sixty dollars of lending capacity), because of their ability to 'depoliticize' aid, and because of their generally high levels of expertise. The colloquium report of the U.S. Council for International Business, for instance, saw expanded World Bank lending as a possible handmaiden for increased volume of foreign direct investment in the future.

20. The prevalent view among authors whose papers focused on the international context and macroeconomic issues was that the multi-laterals were better placed to engage in policy-based and policy-conditioned operations. However, some of the authors who were writing on sectoral issues were highly critical of both the Bank and the IMF for

the style and substance of policy-based lending. There was, for instance, a sharp debate within the papers on the likely outlook for Third World exports and the implications of that for policies such as trade liberalization. Elliot Morss, for instance, felt it was inappropriate for Western nations to take the attitude of "do as I say, not as I do."

21. There were several points of even sharper debate raised about the multi-laterals and the U.S. role in them. Norman Uphoff and others felt that the World Bank, due to its size, was not well-placed to undertake poverty-oriented projects nor support local non-governmental organizations (NGOs) in the Third World. Percy Mistry feared that the financial expansion of the Bank was driven by a misguided clinging to the Baker Plan which would result in misdirected lending (to the Baker 15) and would threaten the Bank's financial rating. He also felt that the Bank has largely failed in its structural adjustment efforts. Several other authors also feared that U.S. policy in the multilaterals was overly influenced by the U.S. Treasury's debt strategy. One of the organizational questions addressed by several papers (to be discussed later) was how 'development' concerns could have a larger influence in U.S. policy toward the international financial institutions.

22. Princeton Lyman nicely summarized the implications of the changed international context for U.S. policy by arguing that the following interests should inform the U.S. response to the Third World: the Third World's potential for weakening the international financial system; the need to capture more of the rapidly growing Third World market for our exports; the instability and potential for conflict, directly affecting U.S. interests, that exists in the Third World; problems of drugs, disease, crime, and migration that operate in and from the Third World and which impinge directly on our lives and interests; and the problem of persistent poverty, especially in the least developed countries and how we should address it on a long-term basis.

23. The Rationale and Goals. Lyman's summary of U.S. interests in the Third World is a good lead-in to the question of the rationales for U.S. development programs and what the goals of U.S. policies and programs should be. A small number of the CID project papers dealt substantially with these issues, while many more touched upon them either explicitly or implicitly. Unlike the international context, there was less consensus among the authors on these issues. But some common themes do emerge. Perhaps the most important is the problem of global environmental degradation as a rationale for development cooperation activities focused on making development 'sustainable'. William Chandler wrote, "The U.S. ... has an environmental stake in the development policies of

all other nations. It will be forced to consider environmental impacts...and shift efforts to make development 'sustainable'. These efforts must include assistance in structural reforms designed to reduce simultaneously economic and resource waste." Several other authors touched on the same theme, and the CID Final Report is imbued with this message.

24. Several of the papers derived the rationale for aid and development cooperation from the successes of aid activities in the past and the learning of lessons about development that is likely to make aid more successful in the future. Some authors cited the recent books by Robert Cassen and associates, by Roger Riddell and by Paul Mosley, each of which cautiously endorses the utility of aid as an instrument for development. Other authors were much more critical about previous experiences with aid, feeling that the appropriate lesson was the need for a more fundamental reassessment. This perspective came out sharply in CASID's report from their session on the changing nature of poverty in the Third World. Within the CID project, left-wing critics of previous aid experience were better represented than right-wing critics.

25. The refined concept of national security, focusing greater attention on global economic and social issues, discussed in the previous section, formed a second rationale for U.S. development programs that was raised in the CID papers. But neither Maurice Williams nor Philip Johnson, the two authors who best articulated this notion, made a compelling link between the concept and its implications for development assistance. Johnson did make the interesting assertion that the massive onslaught of Third World immigrants may become the developed world's greatest motivation for helping Third World countries stabilize their economies, an especially interesting statement in light of the U.S. Treasury's recent massive loan to Mexico. A recent front-page article in the Wall Street Journal on urban unemployment in North Africa made precisely the same point.

26. In general, the CID project seemed ambivalent about economic rationales for aid, wanting to find shared interests but seeking to avoid having short-term U.S. interests drive the program. As a rationale for an expanded commitment to education within the U.S. assistance program, the colloquium report from the Institute of International Education argued that only if the developing countries have educated citizens will they be able to collaborate with the U.S. in the solution of critical mutual problems. They also stressed the economic benefits to U.S. educational institutions of substantial numbers of Third World students. Similarly, the Winrock International colloquium report concluded that, despite common perceptions to the contrary, U.S. farmers are net beneficiaries

from U.S. assistance (not only food aid) and from economic development in aid-recipient countries. Alfred Van Huyck argued that if development assistance programs were reoriented more towards urban issues, U.S. economic interests could become a weightier rationale for aid than it now is, since a wider range of American commercial interests could become involved.

27. Several papers and colloquia examined public opinion towards aid and how it might be influenced. The BOSTID colloquium report suggested that traditional humanitarian motives be melded with the popular concern for the erosion of the natural resource base in the developing countries. John Hamilton, in his paper examining public attitudes towards foreign aid, concluded that growing North-South interdependence, far from strengthening the rationale for aid as was stated either explicitly or implicitly in many of the papers, may reinforce negative attitudes towards aid. He looked at several specifics, such as the relative loss of American global power, growing competition for jobs, and the emergence of strong resentment against foreigners. Similarly, Dennis Avery felt that the declining likelihood of famine in the Third World would undermine one of the traditional rationales for aid programs in the United States.

28. William Maynes, on the other hand, expressed the view that the public's negative attitude towards the Third World could turn around in the near future. He cited improved racial attitudes in the U.S., the emergence of Third World leaders more appealing to Americans and less hostile to the U.S., and the trends in Soviet policy to see the Third World less as a focus for East-West rivalry. He argued that the 'rationale' crisis for aid derives from the breakdown of the post-war coalition between the "iron-willed and the big-hearted". Like Lyman, he saw danger in the persistence of the notion of development as the North giving and the South receiving aid. Maynes suggested that the U.S. encourage international agencies to undertake programs within the U.S. to counter the image. He concluded that if the foreign-policy elite really wishes to re-establish a bi-partisan foreign policy consensus, it must win back the support of the humanitarian lobby, the traditional supporters of development assistance. Ted Wiehe, in a paper focused on the role of Congress, argued that what is needed is a clear "rallying concept" for foreign assistance policy which is bipartisan and pulls conservative and liberal critics of foreign assistance towards a consensus for change. He suggested the recent welfare reform drive as a model.

29. Several of the papers did reflect the traditional humanitarian perspective on the rationale for aid — the existence of morally unacceptable levels of poverty and

human degradation in many of the developing countries. Most of these authors tended to stop their analysis of the rationale for aid at that point, which left a series of tough questions unasked. Few posed the question in Maynes' terms, as the need for a humanitarian thrust as part of a strategy to regain national foreign policy consensus. Many of the authors wrote as if the mere identification of a development problem in the Third World, and some U.S. capacity to address it, is sufficient rationale to be included in development assistance.

30. But John Mellor, in his paper for the Winrock International colloquium, began where the humanitarians tended to leave off — the moral imperative to attack poverty — and presented a challenging hypothesis on the developmental possibilities of food aid. Mellor noted that even in the fastest growing Third World countries, the growth in food demand has far outstripped the expansion of supply. Mellor inferred that the marginal propensity of the poor to spend on food is very high. He concluded that food aid, if well designed, can be a spur to economic development by giving poor countries more food with which to entice workers into greater levels of labor effort. Similarly, food aid can also lubricate structural adjustment programs by helping the poor compensate for the loss of consumption subsidies. Thus, the rationale for food aid is not only 'consumptionist', but is developmental.

31. As was the case with the rationales for development programs, there was also substantial divergence among the CID papers on what the goals for development programs should be. Again, several themes stood out. The goal of 'sustainable development' appeared in many of the papers. The World Resources Institute colloquium report stated that "sustainable development in U.S. terms is development that is environmentally, economically, financially and institutionally sustainable." While often a catch-phrase, 'sustainable development' seems to have at least three themes that were discussed by William Chandler: first, pricing natural resources to reflect both their replacement costs and their environmental impacts; second, generating conservation criteria which set limits on consumption that do not put at risk the natural resource base of the global economy; and third, satisfying health and family planning needs by reducing environmental sources of disease.

32. Several of the papers were critical of current AID policy for having too wide a range of potentially inconsistent goals. Others criticized AID for having too narrow a focus on economic growth, and paying too little attention to poverty alleviation. As a whole, the CID project reached consensus on a triad of long-range goals: the promotion of

broadly-based economic growth, the alleviation of poverty, and the prevention of environmental degradation. There was also consensus that U.S. programs need to define goals in longer-term perspectives and build the capacity of developing countries. There was also agreement that wider segments of American society, especially the private sector, need to be mobilized on the basis of mutual interest. On the more immediate question of what development programs should do to reach those goals, there was less agreement.

33. A major sharp debate was between supporters of traditional development projects, who defined goals in project-specific terms; proponents of policy-based orientations, who defined goals in terms of improving the quality of analysis and policy-making in the developing countries; and supporters of institution-building activities, who defined goals in terms of generating the institutional capacity to manage development. Obviously, these three activities can co-exist, but in the CID papers it is striking how different authors assessed the U.S. capacity to undertake the three types of activities. Proponents of projects and institution-building claimed that AID does not have the personnel to undertake policy-formulation activities. Proponents of policy-focus and institution-building tended to see projects as enclaves. Finally, project and policy proponents saw institution-building as wasteful and constraining of potential action.

34. These conflicts arose in the food and agriculture colloquium on the question of targeting research funds on actual research or on building indigenous capacity. Similarly, they emerged in the Johns Hopkins health colloquium on the issue of international health campaigns' versus building local capacity and supporting locally-defined goals. In the education and training colloquium, the same conflicts surfaced concerning the question of direct educational projects versus a focus on educational policy issues. They also arose on questions of how to alleviate poverty. Several authors, Maurice Williams in particular, favored a return to poverty targeting in projects as was common in the 1970s. On the other hand, Norman Uphoff argued vigorously for carefully-targeted institution-building to promote "assisted self-reliance".

35. One of the sharpest disagreements was on whether the U.S. should keep its 'rural bias' in development programs. While the bulk of the papers that dealt with the issue supported the agricultural focus, Van Huyck, Morss, Sheldon Annis and the VPI colloquium summary each made strong arguments for a change in focus. These all began with the assumption that, despite whatever success is achieved in rural development, the rapid pace of Third World urbanization will continue. They urged a greater U.S. engagement with urban development issues.

36. Organization and Implementation. The CID project generated a wealth of ideas concerning the organization and implementation of U.S. development programs. There was broad agreement on the continuing need for a U.S. agency to be responsible for development policy and programming. Several authors felt that AID should change its name to convey a new reality that 'development assistance' is not merely concessional aid or charity. The CID Final Report suggested Development Cooperation Agency as a new name. There was also some consensus that the new agency should be chartered to deal with different types of countries in different ways and through different mechanisms. In this regard, several authors, most prominently Shear, felt that the time was ripe for a fundamental reassessment of the utility of the overseas mission as the core of the foreign assistance agency structure. Many others believed that it was the overseas missions that gave U.S. programs their particular strengths and distinguished them from the programs of virtually all other aid organizations.

37. There was broad consensus that bureaucratic impediments within AID, exacerbated by Congressional micro-management, weakened the capacity of the institution to pursue its mission. A number of the authors, including Nyle Brady, wrote of the need to make aid programs longer term and find better instruments to ensure continuity. Alan Hoben's paper provided a sensitive discussion of a range of these issues. He argued that the program cycle, AID's dependence on contractors, the proliferation of priority areas, and new regulations and set-aside requirements have made internal organizational reform efforts less successful than they might have been. He felt that both individual and institutional incentives within the organization mitigate against achievement of its developmental goals. Reform efforts should focus on these incentives. Both Shear and Williams argued in favor of clearly distinguishing between 'development' aid and 'political/security' aid, with Williams proposing separating AID organizationally to reflect the distinction while Shear felt that the agency itself need not be divided.

38. Several authors made suggestions of new institutions to complement the role of the central aid agency. At the BOSTID colloquium, ideas were put forth to create a research-oriented foundation that would focus on longer-range scientific problems of mutual concern to the U.S. and the Third World. Several of the BOSTID participants recalled the experience during the Carter administration to create such a body (i.e. ISTIC) and felt that the time was ripe to try again. Such a foundation would have as its mandate the mobilization of top U.S. talent in support of international development. Several authors felt that the bi-national U.S.-Israel industrial research foundation might also be

replicated elsewhere. Other authors supported the foundation idea but didn't feel that it should necessarily be purely scientific in focus, pointing to the Canadian International Development Research Center (IDRC) as a possible role model for such an activity. Several of the colloquia reports raise the issue of the need to better integrate scientific research with policy, and science researchers with policy analysts.

39. Foundation-like entities were also suggested as transitional mechanisms for 'graduating' foreign assistance recipients that would allow the U.S. to maintain a development relationship after foreign aid ended. Lyman, Shear and others expressed the view that there was a particular institutional gap in U.S. relations with the advanced developing countries. At the U.S. Council for International Business colloquium, several contended that OPIC should play a larger role in facilitating U.S. foreign investment in the Third World. Paul Streeten suggested a U.S. version of the Commonwealth Development Corporation, which both invests in and manages commercial ventures in the Third World.

40. An underlying theme raised in a number of papers was the need for better overall coordination of U.S. policies and programs affecting development. Different opinions were expressed about how such coordination should be organized and who should have a leading role. Lyman argued in favor of the State Department as the coordinator of Third World policy, through enhancing the role of the Under-Secretary for Economic Affairs. Williams supported White House coordination through an inter-agency committee with a coordinator drawn from the White House staff. There was general consensus that attempting to reinvigorate IDCA would not be successful. A number of papers addressed the related issue of how to enhance the aid agency's role in overall U.S. government policy. There was agreement in the papers that the aid agency's policy/analytical capacity needed to be improved for such a result to come about. Several authors felt that this was particularly important given the focus within the donor community on policy issues. Shear, for instance, recommended that AID play a larger role in reviewing World Bank programs and projects.

41. A key problem of coordination, according to many papers, is the lack of trust between the Executive and Congressional branches of government. There was a consensus in the papers that the proliferation of congressionally-mandated 'barnacles' and the mutual hostility between the two branches is a major impediment to effectiveness for U.S. programs. The predominant view was that high-level intervention on the part of a new Administration would be needed to reverse the trend, but that Congress will also

have to develop more of a consensus on its own goals and responsibilities. Ted Wiehe articulated several strategic options for legislative reform. He was ambivalent about the potential for comprehensive legislative reform, favoring a more incremental approach to change.

42. Many papers from the CID project addressed the question of how development programs should be delivered. For the most part, there appeared to be support for greater use of intermediaries, including wherever possible, indigenous organizations and individuals. The MSU poverty colloquium report put special emphasis on supporting indigenous NGOs as delivery mechanisms. Shear's paper provided a very comprehensive look at these issues. He argued that the use of intermediaries should be determined by the level of development within the recipient country and by the particular sector within which the program is undertaken. Shear argued that the delivery of aid should be better integrated with trade and investment issues. He felt that U.S. universities could play a more direct role as could private, for-profit training institutions and companies. In agriculture, especially, Shear saw opportunity for utilizing American commercial firms.

#### SECTORAL DEVELOPMENT ASSISTANCE

43. A number of the CID project papers addressed sector-specific development issues. We have divided the material into the following sectoral categories:

- Education
- U.S. Universities and Development Assistance
- Health
- Population
- Urbanization
- Gender Issues
- Food, Hunger, and Agricultural Issues
- Poverty
- Science and Technology

For each sector, we look at: lessons of experience; the authors' views on the future focus of U.S. efforts; and what the mode of U.S. cooperation should be. As noted earlier, one observation is that, since the authors of these papers generally are proponents of their respective sectors, their proposals tend to call for strengthened development assistance

programs for their sectors. As is evident in the following synopses, discussion of inter-sectoral priorities is almost totally lacking.

44. Education. The colloquium sponsored by the Institute of International Education (IIE) generated the papers concerning this sector. Both primary and higher education were addressed, the consensus being that, as a prerequisite to attaining other goals of economic development, basic education for all should receive the highest priority. There was also agreement that U.S. policy makers need patience and a long-term perspective when working in the education sector. A conclusion of the colloquium was that although scarcity of resources is often cited as the reason for the marginal level of U.S. assistance in this sector, the real cause is disillusionment that results from a lack of patience. Education requires a long-term program, not a project approach.

45. U.S. Universities and Development Assistance. It is interesting to note that the authors and participants of the MUCIA colloquium addressing this issue began with a different perspective than those concerned with the broader topic of education. In dealing with the role of U.S. universities in international development, the implicit assumption was that development assistance resources should be allocated to higher education. At this colloquium, therefore, the question was not whether to allocate resources, but how and for what.

46. Two themes ran through the papers dealing with this issue. The first was the need to give an international perspective to U.S. university curricula. This is within the control of universities. There was less consensus, however, on the means to achieve this. For example, Edward Schuh discussed the mutual benefits of providing instruction for professionals from other countries, while Jean Lipman-Blumen and Peter Drucker questioned the wisdom of such exchange programs.

47. The second theme concerned the American foreign aid policy environment. As stated by Lipman-Blumen and Drucker, any large scale amelioration of U.S. universities' Third World programs is contingent on abandoning certain "inherently flawed assumptions" which interfere with effective cooperation with developing countries. These flawed assumptions were echoed throughout the CID project materials (see The International Context above), and include the following: the Third World is a seamless entity that can be addressed by all-purpose plans; the benefits of foreign aid accrue only to the recipient country; and, aid inevitably wins friends and is always an effective political tool.

48. Health. Several authors addressing the health sector wrote of an international consensus among donors concerning primary health care as the international policy focus. However, the authors identified varying constraints and proposed a range of strategies to alleviate them. Both P. G. Smith's paper and that of Henry Mosley and Christine Mauck identified the need for better trained health professionals. Smith discussed the dearth of appropriately trained tropical disease field researchers, while Mosley and Mauck supported an inter-disciplinary orientation of health professionals. As with the farming systems approach to agricultural development, they asserted, health teams could then tailor solutions to a country's particular circumstances rather than adopt "global blueprint approaches".

49. Lee Howard noted the frequent inability of requesting governments to articulate their demand for financial assistance for health related activities. He proposed an international system to support developing country efforts to articulate this demand, and to assist with national health planning and with methods for negotiating with donors. In a discussion of inter-sectoral priorities rare in the CID project materials, Howard suggested that AID may be financing programs that would be willingly supported by other financing sources. He argued that although AID policy strongly endorses donor collaboration, in practice there seems to be a form of "historical jet lag"; that is, "planning for the future as if there were few or no alternative sources to fund the same program objectives."

50. John Akin suggested that, especially in the curative care area, a large part of the financial burden should be borne by those who directly benefit from the services. Developing country governments should redirect the savings toward basic health services, such as immunization, that benefit society as a whole.

51. Population. USAID has been the single largest donor to this sector. As noted in the colloquium summary of the Futures Group and John Dumm's paper, these efforts have contributed to increased adoption in developing countries of policies to lower population growth or at least a recognition of the need for population planning. From AID's program experience, we have learned (among other things) that: (i) policy development efforts have been essential; (ii) both the public and private sectors have important roles to play in population programs; and (iii) monitoring and evaluation systems are critical to sustained success. The consensus among the authors of the population papers is that future efforts should be targeted towards strengthening the capacity within developing countries to develop population policies and programs, and to monitor and evaluate these efforts.

52. Urbanization. While the authors concerned with urbanization questioned the rural bias in development programs (paragraph 35 above), they also agreed on the interdependence of the agricultural and urban economies. In addition, Van Huyck stressed the linkages between all development sectors within urban places. Recognizing these linkages, the VPI colloquium summary dealt with the importance of a coherent settlement policy rather than piece-meal efforts in communities selected by arbitrary size criteria.

53. Sheldon Annis acknowledged a built-in paradox of urban poverty alleviation: that solving the problem makes it worse (i.e. as urban conditions improve, more migrants are attracted to the cities). But, as stated by Van Huyck, urbanization is, and will continue to be, a spontaneous process; it requires a flexible system of which permits development with the use of only limited controls.

54. Three other general points were raised in the urbanization papers: (i) because of its immense knowledge and experience with its own urban issues, America has a comparative advantage in urban development cooperation (Van Huyck); (ii) the urban poor will become an increasingly important partner in the debate on urban poverty (Annis); and (iii) cities will be far more attractive targets to foreign investors if they are well-planned and have the appropriate infrastructure. For Sub-Saharan Africa, Morss suggested that a few major urban agglomerations could serve as centers of major industrial activity and transport nodes for the entire continent.

55. Gender Issues. There was a noticeable lack of discussion of gender issues (generally a synonym for "women's issues") in the CID project materials. And as Cloud pointed out, leadership among donors to support women's rights within the development process has moved away from the United States. Variations on a long-standing debate — whether to take an "affirmative action" or "equal opportunity" approach when addressing women's issues — were raised in the colloquium summary of the Association for Women in Development. Cloud's paper and the colloquium summary seemed to reach conclusions on opposing sides of this debate; Cloud supported affirmative action while the colloquium summary favored the integrated approach.

56. Food, Hunger, and Agriculture. The papers conveyed sharp disagreement on the nature of the problems related to agricultural development. Concerning the global food market, Elliot Morss detected a resurgence of what he believed to be the erroneous predictions made in the Global 2000 Report to the President. That report anticipated widespread food shortages, implying a policy response for developing countries which

could count on good prospects and strong world prices for agricultural exports. In that vein, Ronald Trostle predicts faster growth in world food demand than in production, particularly among low and middle income countries. In his view, then, it follows that those countries which continue to produce agricultural surpluses will increase the volume of their agricultural exports. Morss and Dennis Avery, on the other hand, foresaw a long-term secular tendency for commodity prices to remain low or to drop even further. According to Avery, this will make "export-led" development strategies even more difficult to carry out than they currently are and may induce LDCs to switch agricultural resources from export production to supplying local labor-intensive industries with raw materials.

57. Food aid was discussed in several papers. Mellor presented food aid as an instrument for economic development as well as for improving nutrition in food deficit countries (see paragraph 30). In fact, he favored food transfers to low income people over direct monetary transfers. Mellor argued that because high and low income groups have very different marginal propensities to consume basic food grains, transferring income from the rich to the poor can have undesirable effects on the food market. Williams gave a conflicting view. He suggested increasing the flow of straight cash income support payments to vulnerable populations in the form of "cash for work" programs. To Williams, this policy is preferable to food aid in that it does not disrupt local markets by displacing demand for locally grown food.

58. A number of papers focusing on agriculture highlighted linkages and cause-and-effect relationships between agriculture and other sectors. For example: (i) the impressive rates of agricultural growth in some countries have been largely negated by equally sharp population growth; (ii) increased production has often been traded for an increasingly intensive use of fragile soils and rapid environmental degradation resulting from such practices; (iii) in countries with declining production, the size of urban populations has swelled.

59. The papers offered little in the way of an evaluation of past agricultural development programs and very few proposals for future efforts in this field. Avery identified what he considered to be two successes of aid in the agricultural sector: (i) a strengthened agricultural research network, brought about primarily by funding the CGIAR centers around the world; and (ii) strengthened national development organizations with more capable personnel resulting from the funding of training programs. Mellor and the Winrock colloquium summary also identified support to agricultural research and

training responsive to the needs of the developing world as important duties of developed countries. The colloquium summary addressed the political difficulties of such an approach and explored the ways and means of rallying public, U.S. farmer, and Congressional support for international agricultural development.

60. Poverty. Though not a development 'sector' as such, Michigan State University's colloquium and a number of other papers tackled this issue. For the most part, the papers agreed with the thesis — explicitly supported by Williams — that poverty, not breakdowns in food production, is the main cause of famine. In a discussion to support his statement that food prices are likely to continue to fall in the foreseeable future, Avery noted that even Africa — where population growth in many countries outstrips agricultural production — has had difficulty consuming all the grain it received during the 1983/84 drought. He asserted that demand constraints are responsible for much of the stagnation in Third World agriculture.

61. Some papers considered the mechanisms for channeling financial and technical assistance to the poor. Examples of instances where both the urban and rural poor have organized themselves into advocacy groups were cited in several papers. Michael Bratton and Norman Uphoff contended that these self-help organizations may be an appropriate channel for assistance. But, in Bratton's words, big donors and small NGOs "make uncomfortable bedfellows by virtue of unbridgeable differences of scale, ethos and capacity." Uphoff agreed and suggested several types of "non-project" initiatives which may be more appropriate. His alternatives tended to be more labor-intensive than capital-intensive and to build upon local resources.

62. Science and Technology. While themes from this sector were threaded throughout the CID project papers, BOSTID's colloquium focused explicitly on science and technology. One underlying conclusion was that because of the diverse needs, capacities, and comparative advantages of different countries and regions, greater flexibility is required in the design of S&T assistance programs. The colloquium participants concluded that assistance to LDCs should be directed at survival needs rather than economic growth, emphasizing the applied sciences to rebuild the resource base. Building indigenous S&T capacity should also be emphasized, since the "brain drain" is often fueled by the inability of many developing countries to make effective use of their returning scientists. In the more advanced developing countries, closer links between local professional associations and those in the U.S. should be encouraged as well as exchanges of scientists.

63. The need for more private sector involvement in the S&T field emerged as a point of consensus. In LDCs, the private sector should be utilized to introduce S&T into small-scale, technology-based enterprises in key areas. In more advanced countries, private sector activities could even surpass those of bilateral S&T programs. Concerning technology development, the BOSTID participants stressed that U.S. technological cooperation should be of mutual interest and benefit and that programs must be tailored to a country, a region, or a sector — not all-encompassing. In addition, they underscored the importance of transmitting change through existing socio-economic structures, rather than attempting to transform or Westernize those structures. The discussion highlighted the need for better coordination of U.S. government activities in S&T outside AID. Multilateral mechanisms for delivering S&T, such as the World Bank and the UN agencies, deserve closer attention by the United States.

## CONCLUSION

64. The materials generated for the Project on Cooperation for International Development are an important source for anyone seeking to understand the issues facing the United States in its economic relations with the developing countries. The CID project clearly succeeded in energizing a large number of the most experienced individuals in the development community to express their views on future directions for U.S. policies and programs. We were impressed by the range of issues undertaken and the range of insights generated. While hardly providing a blueprint for AID, they do present a series of important issues that will have to be addressed by policy-makers in the near future. The materials, taken together, reflect a cautiously optimistic perspective on foreign assistance and its role in development, while exploring ways to make such programs more relevant to the changing needs of the Third World and the changing capacities of the United States. In that sense, the CID project material, in a more forward looking vein, reinforces the perspective of several recent retrospective studies of foreign aid, most importantly Robert Cassen's Does Aid Work.

65. Don Paarlberg, in a paper prepared for the Winrock colloquium, expressed views on agricultural development which we feel have broader implications. He concluded that one great lesson has been learned "by those who have eyes to see": development is a slow process. Yet, in Paarlberg's word, we have, in the past, chosen to address a "hundred-year problem with five year plans, staffed with two-year appointments, financed with annual appropriations." The need for long-range development assistance goals consistent with the existence of an increasingly interdependent global community was expressed

throughout the CID project materials. But the realities of conflicting interests also emerged from the papers. Despite these conflicts, a number of positive accomplishments have emerged from development assistance programs. Paarlberg put it best: "International agricultural development is one of those few areas in which ethical behavior and long-run enlightened self-interest are, to a large degree, compatible." We believe this to be true for other types of international development as well.

## APPENDIX

### List of CID Project Papers Reviewed

#### Commissioned Papers

Chandler, William U. (Senior Researcher, Worldwatch Institute). "Development and Global Environmental Changes."

Hamilton, John Maxwell (Public Affairs Specialist, The World Bank). "Development Cooperation: A Public Commitment."

Hoben, Allan (Director, African Studies Center, Boston University). "AID: Organizational and Institutional Issues and Effectiveness."

Lim, Linda Y.C. (Research Director, Southeast Asia Business Education and Resources Program, Center for South and Southeast Asian Studies, University of Michigan). "The Impact of Changes in the World Economy on Developing Countries."

Lyman, Princeton N. (U.S. Ambassador to Nigeria). "Beyond Aid: Alternative Modes of Cooperation."

Maynes, Charles William (Editor, Foreign Policy). "U.S. Foreign Policy Interests in the Third World in the Years Ahead."

Mistry, Percy S. (Senior Fellow, Queen Elizabeth House, University of Oxford). "Financing Development in the 1990s" and "Reforming the Development Financing System."

Shear, David (Senior Vice President, International Management and Development Group, Ltd.). "U.S. Delivery Systems for International Cooperation and Development to the Year 2000."

Stover, John (Vice President, The Futures Group). "Social, Economic, and Political Trends in the Developing World: The Context for the U.S. Development Cooperation in the 1990s."

Streeten, Paul (Director, World Development Institute, Boston University). "Accelerating Development in the Poorest Countries."

Van Huyck, Alfred P. (Virginia Polytechnic and State University). "Urbanization in the Developing Countries: Potentials for United States Development Cooperation."

Weihe, Ted (Executive Director, U.S. Overseas Cooperative Development Committee). "Congressional Strategies."

Williams, Maurice J. (Senior Fellow, Overseas Development Council). "Organization for Development Cooperation: U.S. Institutional Policy Responses."

## Colloquium Reports

### I. Association for Women in Development: "Gender Issues in Development Cooperation"

Colloquium Summary Report: Jaquette, Jane S. "Gender Issues in Development Cooperation."

### II. Board on Science and Technology for International Development, Office of International Development (BOSTID), Office of International Affairs of the National Research Council: "U.S. Policy for the 1990s: Science and Technology for Sustainable Development."

Colloquium Summary Report: "Symposium on U.S. Policy for the 1990s: Science and Technology for Sustainable Development."

#### Colloquium Papers

Baruch, Jordan. "Issues in Technology Development."

Brady, Nyle C. "The Role of Science and Technology in Development."

Prewitt, Ken. "Strategic View of Science and Technology for Development."

Sagasti, Francisco. "Science Policy and Technology Assessment."

#### Working Group Reports

"Report of the Working Group on Advanced Developing Countries."

"Report of the Working Group on Assessment, Management & Policy."

"Report of the Working Group on Development of Technology."

"Report of the Working Group on Mechanisms and Institutional Issues."

"Report of the Working Group on Pure and Applied Research."

"Report of the Working Group On The Least Developed Countries."

### III. The Futures Group: "International Health in Development in the 1990s"

Colloquium Summary Report: Stover, John. "International Cooperation in Population Programs in the 1990s: The U.S. Role."

Baldi, Patricia. "Foreign Assistance in the 1990s and the Role of Population."

Dumm, John. "Twenty Years of A.I.D.'s Experience in Population."

Hogenboom, Hugo. "U.S. Population Assistance into the 1990s."

IV. Institute of International Education: "The Role of Education and Training in Development in the 1990s"

Colloquium Summary Report: "The Role of Education and Training in Development in the 1990s Policy Report and Conclusions."

Heyneman, Stephen and Bernadette Etienne. "Higher Education in Developing Countries: What, How and When."

Zagorin, Ruth K. and David M. Sprague. "Education: The Cornerstone for Development. Let's Capitalize on Our Comparative Advantage."

V. Johns Hopkins School of Hygiene and Public Health: "International Health in Development in the 1990s"

Colloquium Summary Report: Moseley, W. Henry. "International Health in Development in the 1990s."

Akin, John S. "Recession, Structural Adjustment and Innovative Health Financing."

Howard, Lee M. "Trends in United States and International Financial Support for Health in Developing Countries."

Jamison, Dean T. "International Aid in the Health Sector: Program, Project and Research Investments: "Aid Instruments and Their Comparative Advantage."

Mosley, W. Henry and Christine Mauck. "Technical Assistance: Professional Development and Career Structures in International Health."

Smith, P.G. "Technology Development and Adaptations: Challenges for Field Research in the 1990's."

VI. Michigan State University Center for Advanced Study of International Development: "The Changing Nature of Third World Poverty in the 1990s"

Colloquium Summary Report: Derman, Bill. "The Changing Nature of Third World Poverty in the 1990s: A Policy Focus."

Annis, Sheldon. "What is Not the Same About the Urban Poor: The Case of Mexico City."

Bratton, Michael. "Poverty, Organization and Policy: Towards a Voice for Africa's Rural Poor."

Uphoff, Norman. "Organizational Capabilities of the Poor in Asia" and "Para-Projects as Alternative Modes of International Assistance for Self-Sustainable Development in the 1990s."

VII. Midwest Universities Consortium for International Activities:  
"Role of U.S. Universities in the Development Task in the 1990s"

Colloquium Summary Report: Lombardi, John. "U.S. Universities in International Development."

Ahmad, Muzaffer. "Some Thoughts on the Role of U.S. Universities in the Development Task – A Third World View," reported by Muzaffer Ahmad.

Lipman–Blumen, Jean and Peter Drucker. "Looking Backward and Forward: Reassessing the Third World Role for U.S. Universities in the 1990s."

Morss, Elliott R. "What is the Development Task?"

Schuh, G. Edward. "Development Assistance Modes Appropriate for U.S. Universities."

VIII. U.S. Council for International Business: "U.S. Policy for the 1990s: Promoting Private Director Investment"

Colloquium Summary Report: "Promoting Private Investment."

IX. Virginia Tech College of Architecture and Urban Studies in Cooperation with the Washington Chapter of the Society for International Development: "Urbanization in Developing Countries: Potentials for U.S. Development Cooperation"

Colloquium Summary Report: "Urbanization and Settlement Policy in Developing Countries: Strategies for US Development Cooperation in the 1990s."

X. Winrock International: "Future of U.S. Development Assistance: Food, Hunger, and Agricultural Issues"

Colloquium Summary Report: "That Damn Foreign Aid"

Avery, Dennis T. "Tomorrow's Environment for Agricultural Development."

Brady, N.C. "Reevaluating Substance and Process Priorities in Development Assistance."

Cesal, Lon and Ed Rossmiller. "Development Assistance and Trade: Lessons Learned from Forty Years of Experience — The Way It Was, the Way It Is and What the Difference Means."

Cloud, Kathleen. Women, Development, Equity and Efficiency: In Pursuit of Constrained Bliss."

Harwood, Richard R. "Developing Sustainable Agriculture in the Third World: Lessons from Indo-U.S. Experience."

Johnston, Philip. "Re-defining National Security."

Mellor, John W. "Global Food Balances and Food Security."

Paarlberg, Don. "Forty Years of Food Aid and Development Assistance: What Have We Learned?"

Pellett, Peter L. "Nutrition, Health and Agricultural Development."

Trostle, Ronald G. "Prospects For Food Aid Needs and Global Food Supplies."

Williams, Maurice. "Famine Prevention – Lessons from African Experience."

II. World Resources Institute: "U.S. Policy in the 1990s: International Cooperation for Environmentally Sustainable Development"

Colloquium Summary Report: Brown, Janet Welsh. "Poverty and Environmental Degradation: Basic Concerns for U.S. Cooperation with Developing Countries."