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TRANSFERABILITY OF WHAT? THE RELEVANCE OF FOREIGN AID TO THE DOMESTIC POVERTY PROGRAM

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TRANSFERABILITY OF WHAT?

THE RELEVANCE OF FOREIGN AID TO THE DOMESTIC POVERTY PROGRAM

by John D. Montgomery

Any serious effort to deal effectively with domestic poverty will require both new funds and new approaches. It would appeal to many different political groups if both could come from the foreign aid program, since it has not enjoyed a good press on the right, it has only a modest domestic constituency in the center, and it is beginning to be associated on the left with over-extension and even neo-imperialism. Unfortunately, however, the prospects for transferring either funds or operating principles directly from foreign aid to domestic poverty programs are not very favorable.

Apart from their short-term political purposes, both foreign and domestic aid serve similar humanitarian goals; and humanitarians who propose cutting foreign aid in order to enlarge the domestic poverty program must argue either that American misery is somehow more miserable than foreign misery, or that a dollar spent on domestic aid will alleviate more misery than one spent on economic aid abroad. The first proposition challenges the universality of humanitarianism and the second is probably false.* Humanitarianism and nationalism often make such inconsistent demands upon the public's sense of moral responsibility, but rarely is the challenge so direct as in the seeming confrontation between domestic and foreign economic aid.

A shift in resource allocations from one to the other would rob Peter and pay Paul, but it would still leave both seriously shortchanged. Peter has already been robbed: for several years foreign aid specialists have been grappling with their reduced circumstances. Paul is slightly richer than he was, but domestic welfare specialists are finding that their grasp on economic forces does not even give them as much leverage as foreign aid programmers have.

Foreign and domestic poverty can both be interpreted as the consequences of underdevelopment. Thus, it is not unreasonable to look for means of applying the lessons of development aid from the one to the other. Some citizens may be shocked at the suggestion that the much-maligned foreign aid program can teach us anything useful about the processes of development assistance. They may even be right -- not so much because foreign aid has failed, as because domestic agencies are likely to perform still worse unless they can find

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* There is one sense, however, in which it is true: in the proposition that foreign aid may be defined as a levy on the poor people in rich countries for the benefit of rich people in poor countries.

ways of fundamentally restructuring their efforts. Asian and African poverty may have something in common with American poverty, but Massachusetts and Mississippi are not very much like India and Ghana; and certainly Washington's relations with Delhi and Accra do not much resemble those with Boston or Biloxi.

In order for existing foreign and domestic programs to enrich each other, there must be transferable experiences at one or more of three levels: in the abstract reaches of *development* theory, in the *institutional approaches* to development programming, or at the level of *personal operations* in technical assistance.

THEORIES OF DEVELOPMENT, FOREIGN AND DOMESTIC

At some fairly high level of abstraction, the elements of comparability between domestic and foreign aid are obvious. First of all, both programs deal with the causes and consequences of *income variations*; in both cases the target is the "dual" economy made up of poor people living not far from rich people. Poor people all over the world share at least their poverty in common (some anthropologists even believe they can identify a "culture of poverty"). Secondly, the same remedy is offered for both conditions: *industrialization*. Almost everywhere in the non-Communist world, new wealth seems to have been both accumulated and concentrated by means of industrialization, a process which enriches a few people at first, and then spreads downward slowly and somewhat haphazardly to the masses. Differences in the distribution of industrially produced wealth can be, and often are, explained as differences in stages of growth, and the expectation is that time, or an acceleration of historical development, will take care of problems of distribution. Finally, the actual *forms of intervention* the United States government has pursued to improve the conditions of the poor, both domestic and foreign, are similar.

Among the forms of governmental intervention used to deal with the symptoms of underdevelopment, the least productive are the traditional programs of welfare and charity, which have largely been abandoned in foreign aid but which still dominate our domestic programs. More recently, development assistance has tried a second approach: to produce systematic and self-sustaining changes through the injection of new capital or technology. Such changes do not deal with the poor directly; they therefore carry the risk of producing an unequal distribution of the new wealth, in the hope of yielding a reasonable measure of trickle-down benefits. The latest forms of both foreign and domestic intervention have been political action programs designed to "animate" the apathetic poor so that they will take part in community self-help or at least self-assertion. These are the three major forms of intervention in both foreign and domestic aid: providing direct assistance, injecting capital and technical components of development, and strengthening individual and institutional capacities for action. Our understanding of these modes of action is much greater, as a

result of two decades of foreign aid experience, than it would have been if we had had only domestic welfare and poverty programs to examine.

One reason why the same modes of action seem appropriate to both settings is that our foreign aid program already represents an extrapolation from domestic experience. In many ways foreign aid is an American effort to translate the national success story into other languages. Some critics have even argued that the United States experience has already been transplanted abroad too directly (for example, the attempt to transmit technologies developed for American consumers; or to export pointless labor-saving techniques to countries facing widespread unemployment; or to promote American institutional devices and social preferences into ideologically hostile environments). Yet it may be that the very disappointments we have encountered in the literal translation of the American experience through foreign aid efforts have improved our understanding of development problems. Thus we may be able to generate out of the contrasts of foreign experience a better understanding of our own society. Most "old hands" in foreign aid think we know much more about development than we did a decade ago. The question is whether this understanding can be repatriated back to our present problem.

Much of the gratifying progress in social science theory and data-gathering in the past three decades can be traced to our discoveries in the Third World. Certainly any comprehensive doctrine of social change would have to encompass new findings of political scientists about political development, political socialization, and development administration; and it should consider as well those of psychologists and sociologists about innovation and about community and social action; it could not ignore the recent progress made by economists in understanding the role of external capital and the assignment of sectoral priorities. Many of the most important applications of social science knowledge have come through responses to the needs of the developing countries. Fragmentary as these are, they suggest how greatly recent social science has been enriched by its association with the concerns of foreign aid. Few social scientists would now be content with using the doctrines of the 1940's for development assistance action in the 1970's. Experts in comparative development have not yet begun to convert these new perceptions back into policies for dealing with domestic poverty, though there is reason to believe that the theoretical insights that have gradually emerged as foreign aid doctrine are relevant to our domestic efforts, if we can find the right institutional means of implementing them.

DEVELOPMENT PROGRAMMING, FOREIGN AND DOMESTIC

Descending to the next level of abstraction -- institutions and operations -- we encounter more difficult problems of transferability. The closer one gets to operations, the more perplexing are the differences in the landscapes of foreign and domestic aid.

Previous foreign and domestic development programs are distinguishable in both their scope and coherence . With increasing consciousness, foreign aid has aimed at changing whole societies in order to upgrade the conditions of life within them; domestic programs have attempted to improve the lot of the poor with a minimum of social change. The one seeks change for improvement; the other, improvement without change. The "self-help" levers the Agency for International Development has used to introduce social reform and political improvements in Latin America and Asia would have little appeal to Senator Ellender or Mayor Daley as a means of serving their own constituents. Similarly, the programming procedures used by the foreign aid agencies are highly concentrated and even rationalistic in contrast to comparable domestic practices. Foreign aid administrations use sophisticated economic planning and self-reinforcing developmental programming devices that are not available in the fragmented, functionally oriented approaches characteristic of the war on poverty. The three modes of action described above, for example, have constantly supplemented and reinforced each other in the "orchestrated" country programs of the Agency for International Development, a state of affairs that domestic poverty programmers can only envy. Whether AID has been succeeding in its efforts or not, it has tried to treat development analytically as an end in itself, which incidentally also serves U.S. national interests; the various governmental agencies that work on domestic poverty are denied the luxury of working with such macro-economic goals. As far as development is concerned, foreign aid just seems to try harder.

There is nevertheless something to be learned about intergovernmental relations in the two forms of development aid. Both use governmental (and private) institutions as change agents In this context, the change agent is literally conceived as a catalyst, working outside the immediate context of development, while itself immune to change. But the institutional immunity of the U.S. government to the changes it is inducing is clearly much greater abroad than at home. To be sure, U.S. aid policies frequently undergo change, but most change occurs in response to political circumstances and intellectual fads at home rather than as a result of its own efforts abroad. It can be explained as politics, not feedback. Indeed, one of the fine arts of aid administration is maintaining program continuity in the field while responding to the pressures for change in Washington. This art mingles creative adaptation and sheer deception, and it can be safely practiced only because no one can really monitor the discrepancies that develop in the field.* If it were not for the skilled practice of this art,

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* Most aid professionals in Washington know pretty well what the minimum demands of continuity are when development is at stake, and are quite sympathetic to mission directors and program officers who attempt to preserve it against threatened changes urged from Washington. Even the most suspicious Congressmen are more impressed by successful projects achieved over a decade of continuous effort than by promises of future successes predicated on the newest policies.

foreign aid would have achieved considerably less than it actually has in the underdeveloped countries. But domestic aid projects cannot so easily manage to stay on course when politicians in Washington or Biloxi call for change. Foreign aid constituents do not often complain to Congress when a program begins to change the society; the domestic constituency, conversely, is seldom silent when such changes begin to seem uncomfortable. Foreign aid, in short, really can be a catalytic change agent, while the domestic change agent is itself vulnerable to change.*

When the federal agencies act through state and local governments, their relationships superficially resemble those of development diplomacy abroad. In both cases, other governments are used as the action agents; in both, governmental programs are the principal basis of action; and in both, the "culture of poverty" is the target of the action.

1. *Governments as action agents.* The fragmentation of the present domestic effort stands in sharp contrast to the relatively concentrated administration of foreign aid. There are, to be sure, strongly competitive elements among the different national and international agencies concerned with aid, and within the bureaucracy of the Agency for International Development itself; but abroad, these conflicts are confronted directly through a strenuous programming process, at least in countries receiving substantial American aid. A comprehensive annual programming review forces each country mission to assign priorities among conflicting projects and claims.** Thus far, program devices of this order have not been used within the United States; and although it would be theoretically possible to experiment with comprehensive programming by selectively funding the more promising projects proposed by rival local governments, the political costs would be formidable.

It may also be harder to separate developmental purposes from federal gravy in Mississippi than in India. The United States probably exercises more administrative leverage in inducing social reforms and economic policies in foreign governments than it does in dealing with its own state governments. In domestic politics the government is beholden for voter support

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* The concept of the catalytic change agent refers to policies, not individuals; and the immunity to change refers to external forces, not internal ones. Obviously *individuals* participating in catalytic institutions have to change in response to the development process, if they are to remain useful, and good development institutions, like all organizations, are subject to inner dynamics of change.

** Priorities assigned on economic or technical grounds are, of course, subject to banishment if conflicting political or military judgements are imposed by higher authority. But such cases are exceptional.

to the same states to which it allocates aid money (the tax base for which, of course, is the same citizenry); and it loses some of its effectiveness in bargaining with its alter ego.

Many critics of foreign aid administration believe that the concept of "leverage" is too simple to describe the richness of the forms of development diplomacy that characterize the relationships between the United States and other governments. But even if "leverage" could be applied to states, it might produce unsatisfactory results for the state and local governments are probably less capable of dealing with problems of social change in their own domains than many foreign governments are. The elitist higher civil service of India or Pakistan may actually be more flexible (and even better educated) than that of Mississippi or Massachusetts. The political leadership abroad is also probably more development oriented than it is here, though it shares some of the same weaknesses. (Like most African and Asian leaders, our state governors enjoy impressive monuments to their own administrations. The "edifice complex" was not originated abroad.) Moreover, unlike the American states, the governments of underdeveloped countries are the exclusive source of social policy for their own populations. Throughout Asia and Africa and in much of the Middle East and Latin America social policy is idealogically and politically linked with *development*. Foreign governments have at their disposal a variety of economic policies they can use to stimulate development, a recourse denied to our states because monetary and even fiscal policies are perogatives of the national government.

It is true that the United States foreign aid program sometimes puts stability and regime security ahead of development, though foreign aid administrators generally regard such choices as second best. But similar short term considerations are also the general rule in our own state and domestic politics. Few politicians like to take risks. State governments nearly always want federal agencies to concentrate on politically safe programs in their borders and to contain rather than stimulate political participation and social reform. Foreign potentates may also try to use foreign aid for short-term political gain, but their desires can often be thwarted by hard-nosed aid programmers, with the backing of hard-headed Congressmen.

These differences in the political targets of the two forms of aid doubtless help explain why foreign governments give developmental objectives a higher priority than state governments do: by aiming at the most promising sectors of the population, foreign aid programmers can adopt a trickle-down theory that gains them the approval of their elite supporters; while domestic poverty programs, aimed at the poor, often seem to threaten the elite. Altruism is seldom the prime motivating force in political decision-making.

2. *Programming Instruments*. As already suggested, foreign aid possesses much stronger administrative resources for programming its activities than are available in the improvised "maximum-feasible-misunderstanding" compromises that make up the total domestic aid program. The comprehensive pro-

gramming system, more than a decade in the making, is one of the most powerful instruments of U.S. foreign aid. It not only forces the bureaucratic elements of the aid mission to accept a common set of priorities, but it also brings the host and donor governments together so that they can more or less systematically, and jointly, appraise the total needs and potentialities of the economy. There are some encouraging starts at regional programming in HUD and HEW, but even at their best these agencies control only a portion of the Federal effort. States and municipalities do not have to accept comprehensive programming as a condition of federal largesse, as foreign governments often do.

The prospects for administrative innovation seem even more tenuous in inter-governmental programs than in international efforts. The federal government sometimes does finance some pilot projects at the state and local level, but the risk of failure where it can be so clearly seen by the political opposition is a real deterrent to extensive field experimentation in the United States. AID administrators, on the other hand, can experiment at least with the local currency funds that are generated by agricultural surplus sales abroad, since these resources are expected to be used with somewhat greater flexibility and ingenuity than hard cash is. In domestic development there is no such substitute for dollars. Even when surplus commodities are directly supplied for relief purposes at home, the unions and other interests make it impossible to convert them to the "food for work" programs that have been so successfully developed overseas.

Another advantage in the international arena is in the division of responsibility for development programs. The two parties often work out an informal "let George do it" arrangement, whereby the United States carries the opprobrium of supporting unpopular but necessary developmental policies and projects, leaving the host government to appear as the champion of the popular measures. Both programs may be financed by U.S. funds, but sometimes AID can afford to let the host government take the credit for the successes. No such arrangement is possible between the federal government and the states, since both appeal to the same citizens for their political support and neither wants to be the scapegoat sacrificed to the rationality of development economics.

It is almost certain that the processes of programming and the inter-governmental implementation of development aid will turn out to be even more complex at home than abroad. Despite the great cultural, legal, and linguistic problems of international development -- or perhaps because of them -- the actual administrative arrangements in use are less torturous than those between the federal establishment and American state and local governments.

3. *The culture of poverty.* Now that the existence of malnourishment has been demonstrated on nation-wide TV, no one can deny that there is poverty in the United States. Some economists believe, however, that the problem in the United States is not one of "poverty" so much as one of "maldistribution". The implication of this argument is that in India, in contrast to the United

States, policies should be directed to the productive sectors, while in the United States they should aim at better distribution of new and existing wealth. The difference, of course, is a matter of emphasis; both countries need better distributive policies; the poor in both need to increase their productivity in certain sectors.

The victims of poverty in underdeveloped areas may not really be as much like their American counterparts as surface appearances suggest. Of course, there are similarities in the two forms of "dual economy." For example, the growing rich-poor gap, widened by the flow of external capital to the modernizing sectors, is encountered both in India and Appalachia. But there are important differences in the quality of life among the poor in the two situations. If a society offers wealth and other favors to the few, it creates physical privation, disappointment, frustration, and exclusion from social privileges and opportunities for the many; but they may be immobilized by their very poverty. Personal frustration may be more severe in the former case, where misery is so widely shared. In a democracy it is politically harder to ignore a vociferous few than a silent multitude, even if individuals in both groups suffer equally from existing policies. The poor may be psychologically worse off in the United States than in India, and they are certainly politically more potent. The poor in America are not noted for their patience and passivity in times of adversity.

Recent experience in adult education suggests that it is easier to provide skill-training to individuals who have had no access to schooling than it is to those who had some educational opportunities but could not exploit them. Evidence on this point is inconclusive,but it is reasonable to suppose that exclusion from privilege is psychologically harder in a modern industrial society when participation is based on achievement than it is in a traditional one where it is an ascriptive right. It probably means more to be rejected on the basis of *merit* than of *birth*. It is also harder to preserve individual self-respect while accepting welfare in a society that provides it bureaucratically than in one which protects its individual members against starvation through the extended family.

The adminstrative problems of dealing with individual poverty in the United States are therefore more sensitive, more technically difficult, and politically more dangerous than in India. Foreign aid offers more experience with mass production of wealth than with selective, personally tailored programs for the underprivileged. Domestic aid requires more and smaller programs, targeted not so much against the culture of poverty as against individual loss or misuse of opportunity. On an objective scale, personal poverty is worse in the underdeveloped countries than in the United States, but is is probably easier to deal with through governmental programs.

INDIVIDUAL CHANGE AGENTS AT HOME AND ABROAD

These social, political, and institutional differences seem to disappear when the experience of individual poverty workers are compared in the two settings. There seems to be good evidence that a community development worker, an extension agent, or a teacher who succeeds in one assignment enjoys better-than-average prospects in his next, and that cumulative experience increases his effectiveness. The successful change agent appears to be able to find ways of communicating his skills even in quite different contexts.

There is now a quite extensive incidence of ocean-crossing in technical assistance: there has not been a planned rotation of development administrators from Asia to Appalachia, but veterans of foreign aid are constantly relocating themselves and their families into other government services upon completion of tours abroad; ex-Peace Corpsmen have regularly taken employment in government agencies concerned with the poor; and more recently a small but growing company of young Asians have started dedicating a year or two of voluntary service to community development programs in urban ghettos and on American Indian reservations. Hundreds of veterans of the foreign aid services are already attempting to transfer their experiences directly to activities that are now urgently on the public conscience: technicians from the Department of Agriculture who served on lend-lease to the Agency for International Development; returned Peace Corpsmen now volunteering for VISTA; and community development specialists from Asia, Africa, and Latin America presently working in the United States. Most of them seem to believe that the developmental requirements in these various settings are basically the same.

The qualities that make for success in an external change agent are not fully understood, partly because "success" itself is so ill-defined, and partly because of the variety of personalities that have achieved it. But the degree of professional detachment that the technical assistant maintains from the client group in order to achieve influence is apparently not measured by the cultural distance between them. A good welfare worker hopes to develop just enough detachment from the lives of people in his charge to perform his task professionally, yet without sacrificing the degree of personal rapport necessary to communicate effectively. And if it is difficult for the American technician or volunteer to identify with Indian peasants because of the differences in their life style and cultural traditions, these distances do not seem to prevent him, as a respected external source of experience and information, from influencing them. Obviously an American working in Appalachia finds it more difficult to achieve a corresponding degree of detachment in his associations. He is confronting other Americans who have the same voting rights he has, who possibly even possess a car and a TV set, and who speak the same language and share (or scorn) values similar to his own. Yet in spite of the greater problems of personal detachment, the VISTA experiences seem quite comparable to the Peace Corps ones.

The differences in these two situations may be matters of degree and technique rather than of essence. At the lowest level of personal intercourse, domestic and foreign aid programs appear to offer compatible, if not interchangeable, experiences.

CONCLUSION

PREREQUISITES OF TRANSFERABILITY

There is now a substantial body of doctrine governing foreign aid policy. Poverty, coupled with the promise of development are the common elements in programs of foreign and domestic aid. These are elements about which we have developed both some theoretical understanding and considerable experience. Thus the prospects of transferability at these two levels seem reasonably direct. Within AID, the World Bank, and the UN Development Program, most practitioners agree -- too readily, I believe -- on a number of general principles: the role of foreign exchange, the value of private enterprise, means for establishing priorities among sectoral demands, the application of rational principles of profitability and cost benefit ratios, the use of decentralized and participatory styles of planning and programming, the importance of "systems approaches" to technological change, and, to a lesser extent, the sequential interrelationships among political, institutional, and economic factors in development. They also agree in principle on the procedural advantages of using comprehensive approaches to assistance programming, although only the American agency has developed coordinated field missions to achieve this objective.

These general principles of development aid as applied abroad are entering the body of doctrine in about the same fashion as those used at home for restraining the business cycle or controlling inflation. There are competing schools of thought about them, but the policy recommendations that emerge from them are often compatible in spite of theoretical disputes about their etiology.

For both foreign and domestic problems, economics offers clear courses of action but it is politics that frustrates them. Although foreign aid is embroiled in both American congressional politics and the political ambitions of thousands of foreign officials, it is nevertheless able to sterilize many major policy decisions and keep them at least one step from domestic politics simply because the operations are international.

Americans may be reluctant to admit that their much-challenged foreign aid program has operational advantages over their fragmented domestic aid program; that the procedures developed by AID employ a higher level of programming skill than that available to HUD or HEW; or, more especially, that the prospects for corruption (i.e., unintended and unproductive uses of funds) are greater (though of a different kind) in the relations between the federal government and American states and cities than in the underdeveloped countries. But as things stand at the end of the 1960's, all of these unpleasant and improbable assertions can be offered as serious hypotheses.

The tactical advantages of foreign aid over domestic poverty operations derive from the fundamental difference between national entities and intergovernmental units as parties to the aid relationship. Perhaps some of

the administrative and technical inventions of foreign aid -- comprehensive, reinforcing programming, sectoral development, and systems planning, for example -- could be adapted to programs involving federal, state, and local governments. But the real question is whether the American people will be as patient with experimental programs at home as they have been abroad.

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