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**Cutting Hunger and Poverty in Half:
Interest Groups and a Renewed U.S.
Commitment in the Post-Cold War World.**

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Executive Summary

U.S. leadership can cut worldwide poverty and hunger in half, but only with an effective coalition to expand foreign aid. The U.S. government is committed to cut hunger and poverty in half by the year 2015. Fulfilling this commitment requires a serious coalition-building and leadership effort to mobilize U.S. expertise and government resources.

Persistent poverty and hunger threaten US national security and economic interests and are unacceptable to US humanitarian values. Poverty and hunger cause conflict and instability in poor developing countries, and increasingly so since the end of the Cold War. Such instability threatens the US through possible expansion of conflict into countries where we have vital interests, through spawning disaffected groups that may attack the US directly, and through constant pressure to deploy US forces in humanitarian missions that weaken overall US defense readiness. Poverty and hunger also hinder US interests in expanding export markets and in creating a world-trading environment in which U.S. technologies and services can be freely exported without fear of trade backlash.

US expertise and resources are needed to cut poverty and hunger in half. World trade and economic expansion are crucial -- but are not by themselves sufficient -- to cut poverty and hunger in half. At relatively fast rates of trade expansion and economic growth, and with expanded use of new information technology and biotechnology's, hunger and poverty are nevertheless projected to remain near their current levels a generation from now. The expertise and resources of the US are needed to address these problems. In addition, what the US does affects the actions of other donors and poor countries in their own commitments to reduce poverty and hunger.

But U.S. budget resources to address poverty and hunger since the end of the Cold War have declined substantially. Overall development aid by all donors has fallen over the past decade. U.S. foreign aid has fallen significantly. Some outside groups and Congressional allies have tried to ensure increased funds for certain programs targeted largely on poor people -- such as child survival and microenterprise programs. However, constructing a USAID "poverty and hunger budget" shows that -- despite these increases -- overall USAID and partner budgets in direct support of reducing poverty and hunger have fallen during this period (see figure 4). This is largely due to the fall in support for agriculture -- a key source of poor peoples' income -- and education -- the key source of their productivity. Both of these categories of funding have been cut by two thirds since the mid-1980s. In addition, other programs which are acknowledged to be critical to long term poverty reduction, but are more indirect (such as institution building and facilitating economic policies and infrastructure) have fallen.

There is a nascent turnaround in the decline of foreign assistance to combat poverty and hunger. There has been a disturbing loss of US expertise, knowledge, and engagement regarding hunger and poverty problems in developing countries. This goes well beyond U.S. foreign assistance to include the U.S. university community,

foundations, NGOs and other groups. At the same time, however, there are indicators showing a turnaround in these trends. U.S. universities are increasingly engaged internationally; foundations are for the first time in many years working together and in concert with the U.S. government and private sector to address some of the world's biggest problems in developing countries; the private sector recognizes the need for government investment in public goods and stability in developing countries. Perhaps one of the most telling changes are a robust set of public opinion surveys showing the U.S. public to be interested in the rest of the world and concerned about hunger, poverty and disease. Finally, part of this public has -- despite congressional aversion to foreign aid in general -- build a very strong base within the Congress for support to a number of foreign aid initiatives directly addressing the needs of poor and hungry people. These range from child survival and microenterprise funding, to debt relief, to the Africa Growth and Opportunity Act and the Africa Seeds of Hope Act. The time is right to reconsider U.S. leadership in cutting world hunger and poverty in half.

Expanded development assistance resources are needed for a successful coalition and effective poverty and hunger reduction. Failure of a concerted coalition building effort among all the groups concerned with poverty and hunger is related in large measure to the zero-sum budget environment of the past fifteen years. This has encouraged groups to compete against each other and not to have a common vision. Without a change in this basic assumption about the pie not expanding, interest groups will continue to act as individualists not in the common interest of mobilizing greater US efforts to reduce hunger and poverty. The only way to change this environment, and the perverse incentives it provides to groups that encourage them not to join forces, is to change the budget assumption, and work for -- in a budget surplus era -- an expansion of development assistance.

A "poverty and hunger" goal, nested within a broader vision could draw together two sets of coalitions to expand US support to cut poverty and hunger in half. Several groups should coalesce around the concern for "poverty and hunger," and indeed this is already occurring. For this coalition to be successful in expanding foreign aid and U.S. efforts for poverty and hunger necessitates that the coalition include vocal and credible groups such as those supporting child survival and microenterprise. For overall aid levels to begin to rise would require a broader coalition rallying around a compelling broad vision for aid. Such a coalition has many potential members, including the U.S. private sector and the broad training and education community (beyond agricultural universities); while these groups are unlikely to actively support a hunger and poverty campaign, they might support a broader campaign of which hunger and poverty was one part.

A broad "global inclusion" or "expanding globalization to reduce poverty" coalition could work with U.S. government leadership to expand foreign aid. Such a vision could situate development assistance clearly in the context of global trade and globalization, but identify a function that the market and the private sector alone will not fulfill -- providing public goods to poor countries and poor and hungry people such as the tools, knowledge and opportunities that permit them to be included in the benefits of

globalization. This vision can attract significantly more support from private sector and trade groups than they have provided to the foreign assistance budget in years, while also keeping the NGO and hunger communities involved.

A Handful of Visionary Leaders in the Interest Group Community and the Executive Branch Must Take the Initiative to Make this Happen. The time is right, there are already nascent coalitions forming, and the nature of Federal budget pressure on foreign aid has changed dramatically. In this situation a few far sighted leaders ready to dream big dreams, take initiative, and change the zero-sum budget assumption can mobilize the broader community of interest groups to work together to expand foreign aid to combat poverty and hunger. This will only happen with the leadership and initiative of a few; but with such initiative U.S. leadership can be restored to combat hunger and poverty, and can lead the rest of the world to address these problems.

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ACRONYMS

ACC/SCN	Administrative Committee on Coordination/Sub-Committee Nutrition
ACFVA	Advisory Committee on Foreign Voluntary Assistance
DA	Development Assistance
DAC	Development Assistance Committee of the DAC
DFA	Development Fund for Africa
DoD	Department of Defense
FAO	Food and Agriculture Organization
GAO	Government Accounting Office
GATT	General Agreement on Tariffs and Trade
GPRA	Government Performance and Results Act
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
ICAF	Industrial College of the Armed Forces
IT	Information Technology
LDC	Less Developed Country
MV	Modern Variety
NGO	Non-Government Organization
NSC	National Security Council
OCLC	On-Line Computer Library Center
OECD	Organization of Economic Cooperation and Development
ODA	Official Development Assistance
RIF	Reduction in Force
UNICEF	United Nations Children's Fund
UN	United Nations
UNDP	United Nations Development Program
USDA	U.S. Department of Agriculture
USG	United States Government
USAID	U.S. Agency for International Development
WFP	World Food Program
WTO	World Trade Organization

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Preface and Acknowledgements

The purpose of this research paper is to examine the US national interest, and current US commitments, in achieving U.S. goals to cut hunger and poverty in half overseas, and then to suggest common ground that a number of actors can coalesce around in order for US commitments to be made adequate to the task at hand. It will become obvious that I believe that these goals are clearly in the US national interest for security, humanitarian, and economic reasons, and that they have not received an adequate commitment on the part of any US administration since the end of the Cold War. However, this is not a polemic but a research paper which attempts to present a clear and objective review of the merits of the questions, based on a considerable amount of scholarship by diverse groups and disciplines over the past twenty years.

My personal interest in this topic comes from a career working for USAID, promoting better opportunities for small scale farmers to increase their incomes, their production of food and other crops, and their families' welfare. I was fortunate to be posted back to Washington in 1996, a time when many different government and non-government groups, in the U.S. and elsewhere, were beginning to give serious consideration to how to achieve the goal of cutting hunger and poverty in half. One by-product of that was an effective campaign by an alliance of interest groups, spearheaded by Bread for the World, a hunger education and lobby group, which led to passage of the Africa: Seeds of Hope Act to promote more attention and support to African agriculture, hunger, and poverty efforts. Seeing the creation of such an effective alliance was instructive. But equally instructive was the not-so-pretty aftermath, in which each set of interest groups involved had their own interpretation of the Act, which often threatened the interests and resources of other interest groups.

This was occurring, I realized, not through calculated or malicious planning, but because of genuine differences in how these groups saw the world and the way to achieve the Act's objectives. But I also knew that as individuals most of the members of these groups agreed on what was important to help poor people in developing countries, that it was education *and* income, that it was agricultural credit *and* better crop varieties, that it was US science *and* African decisions, that it was nutrition and health *and* long term economic opportunities.

The idea for this research came from that experience; I wanted to see if one could identify the common ground among all the groups concerned with poverty and hunger overseas, groups that for over a decade had -- in subtle and not so subtle ways -- been competing against each other in a zero sum budget environment. If there was adequate common ground, then these groups could work with the Congress and Executive Branch to create a new broad vision of what it would take to cut hunger and poverty in half.

Hunger and poverty are long-term issues. They are separate but closely related. This research is not focused on food aid, humanitarian emergencies, or nutrition programs. Rather it is much more broadly focused on long term changes that could cut hunger and

poverty in half in a generation. There is a collection of people and institutions out there committed to cutting hunger and poverty in half... in some instances, they are only beginning to realize that they can be allies. But clearly, in the conversations I have had with over forty representatives of many different kinds of interest groups, there is a broad set of common interests that these groups could collectively pursue and -- in so doing -- work to better educate both the executive and legislative branches in how to achieve the goals of cutting hunger and poverty in half.

I am indebted to USAID and to the Industrial College of the Armed Forces, part of the National Defense University, for providing me ten months in a congenial, spiritually refreshing, and intellectually stimulating environment to take courses, meet new friends in other U.S. agencies, and undertake the research that led to this paper. Within USAID, I am especially indebted for their encouragement and support to Rob Bertram, Jill Buckley, Ralph Cummings, Jr., Dana Dalrymple, Valerie Dixon-Horton, Lanny Elliott, Antoinette Farrar, Tom Fox, Vivian Lowery-Derryck, Sharon Pauling, Tony Pryor, Curt Reintsma, Emmy Simmons, Gloria Steele, Peter Theil, Ann Van Dusen, and Jerry Wolgin. Despite the downsizings, budget pressure, reductions in personnel and RIFs, and several years of difficulties in USAID, I continue to consider it one of the great privileges of my life to work for an organization with so many positive, upbeat, and practical people trying and generally succeeding against significant obstacles both here and overseas to improve the lives of poor people and the prospects of poor countries.

At the Industrial College of the Armed Forces, I am most deeply indebted to Ken Moss, my faculty research advisor, Joe Goldberg, director of research and of the biotechnology industry study, Phillip-Michael Gary, my faculty advisor and a USAID colleague, and Milton Kovner, all of whom devoted many hours to reading, critiquing, and providing some of the most constructive feedback I have ever received, suggesting new avenues, people, and approaches which were most useful. I also want to express my gratitude to Col. Harold Tucker and Major General Richard Engle (Commandant of the Industrial College) for their efforts in sustaining the weekly prayer breakfast which was such a time of renewal during my ten months at the Industrial College, Alan Gropman for organizing the Van Ness Elementary School program, Col. Bill Mayall, Alan Whittaker and Steve Meyer for helpful contacts and guidance, and all my colleagues from the military services and civilian agencies in my fall and spring seminars for stimulating and broadening my thinking on national security, foreign policy, and the proper role for USAID, foreign aid, and diplomacy in that broader context.

In addition, I would like to express my deepest gratitude to Dr. Carl Eicher, professor emeritus of agricultural economics at Michigan State University. He read repeated drafts and helped me write both the "long" and "short" versions in ways that emphasized the positive and a way forward, rather than the negative obstacles to mobilizing U.S. support to cut hunger and poverty in half.

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Any errors and omissions are my own, and are not the responsibility of those who have helped me. Nothing in this paper represents the official position of the U.S. Agency for International Development.

Finally, I would like to thank my mother and father, Lois and Preston, for their pride and encouragement in my work with USAID, and their willingness to see the hope and the wonder, not the sadness and the trash, when they have visited us in places where it is difficult to be a visitor. I want to thank my mother in particular for using her considerable copy-editing skills while immobilized with a broken ankle; my wife, Nancy, for her encouragement, patience, and love and for her eagerness to share our lives together and raise a family in unhealthy overseas environments; and the God who watches over all of us, for providing me the gift of ten months to immerse myself in something that He calls us all to do, to “care for the least of these” and to see His face in the poor and hungry of the world as we decide how to address them.

Introduction

In 1974, the U.S. Secretary of State announced at the first World Food Conference in Rome that no child in the world would go to bed hungry by 1980, six years later. But this goal was not reached. In 1996, the U.S. government -- together with many other nations of the world -- made a commitment at the second World Food Conference to cut world hunger in half by the year 2015. This followed a commitment made earlier that year, with all of the aid donor nations, to cut poverty in half by 2015. These dual commitments can be achieved, but only with strong U.S. leadership and a concerted coalition of a range of interest groups. This paper examines the commitment and how to mobilize support to achieve it.

In the aftermath of the Second World War, the U.S. Government began what became a fifty-year commitment of resources to reduce poverty and hunger in the world. The commitment of private US foundations to the same goal goes back even farther, to early in the twentieth century. These commitments laid the basis for economic prosperity and stability in both East Asia and Europe during the half-century following World War Two. In a less visible -- but well documented -- way, they also promoted prosperity and stability in many countries of the developing world.

The U.S. commitment was driven by a remarkable congruence of interests among differing groups and between two often starkly opposed points of view in foreign policy: realists and idealists¹. Foreign aid to reduce poverty and hunger became an exceptional program that promoted both “realist” U.S. geopolitical interests (the containment of Soviet Communism) and “idealist” humanitarian goals (helping the poor overseas). Business groups, agricultural interests, universities, and humanitarian groups with little in common came together to support creation and expansion of programs aimed at reducing hunger and poverty.

Four related facts characterize the contemporary post-Cold War foreign aid situation and contrast starkly with that earlier era. First, the job is not done; despite past successes, roughly a billion people remain desperately poor and hungry in the world (with an additional two billion people -- in a somewhat better situation -- still earning only \$2 a day). Second, the simple -- sometimes simplistic -- rationale that foreign aid to reduce poverty and hunger was an essential element of the Cold War containment strategy -- ended with the end of the Cold War. Third, both public and private commitment has declined in significant ways. And fourth, the coalition of interests that successfully sustained foreign aid programs for half a century has lost the common vision that once made it effective.

The changing nature of the U.S. commitment to reduce poverty and hunger in the world can best be seen through three specific examples. In the early 1960s, private American foundations and the US Government were alarmed that without major improvements in food production, Asia’s growing population could not be fed and famine would ensue.

The Rockefeller Foundation – in partnership with the Ford Foundation and later the U.S. government -- decided to create an international research center in the Philippines to increase food production throughout Asia. Robert Chandler, the first director, informed his scientific staff of the goal of the new center: double Asian rice productivity in ten years, through the use of scientific research to increase crop-yields per acre of land². In a concerted effort led by U.S. scientists³ and supported through U.S. funding, the goal of doubling rice production was met. Even more impressive, this “Green Revolution” guided by the U.S. increased productivity and availability of many other foodcrops. Hunger in Asia declined by more than half, from 38% of the population between in 1969-71 to 18% in 1990-92.⁴ U.S. businesses, universities, and agricultural groups supported these programs. The interest of the U.S. and the world is perhaps best illustrated by the 1970 award of the Nobel Peace Prize to Norman Borlaug, a U.S. plant breeder, for his contributions to Asia’s Green Revolution.

In the mid 1980s, James Grant, an American serving as head of the United Nations Children Fund (Unicef) set out another straightforward but ambitious goal: significantly reduce early childhood death rates worldwide through a simple package of vaccination and other measures. The effort quickly captured the interest of key congressional leaders who wrote legislation requiring US Government participation. Largely as a result of this effort, childhood death rates in poor countries have fallen from 57 childhood deaths per thousand births in 1985 to 35 in 1995, with 4 million children under five saved each year as a result of this “child survival revolution.”⁵ A wide range of humanitarian groups, private health firms, NGOs, and universities have actively supported these efforts, and continue to lobby for this program, which Congress elevated to a separate budget line item in 1994.

The U.S. government poverty and hunger reduction goals come out of worldwide consultations held on these problems in 1996⁶. Poverty can best be defined as a form of deprivation in which people do not have sufficient resources to care for themselves or their families. The specific poverty goal to which the U.S. government is committed is to cut in half the number of people in the world earning less than a dollar a day. The specific hunger goal is to cut in half the number of people not receiving adequate food. Poverty and hunger are closely related, but different, concepts. Almost all hungry people are poor, but there are many poor people who have enough income to provide food for their family, but not shelter, or schooling, or health care when they are sick.

This goal of cutting poverty and hunger in half -- like the food and child survival goals mentioned above -- is straightforward and easy to understand. It is tempting to say now that poverty is a complex problem to address, in contrast to the earlier food production and child survival goals, which could be seen as simpler and therefore more easily accomplished. However, such a view represents the “wisdom of hindsight.” No one had ever set out to increase world food supply before the Green Revolution, and the institutional, human, and scientific aspects of the effort were both daunting and complex. Similarly, child survival may appear to be an objective simple in concept and measurement. But the immunization and other services required to fulfill these goals are

complicated, and the institutional, financial, and training and sustainability aspects are highly complex and demanding.

It is clear that at current levels of effort the hunger and poverty goal will not be reached. Indeed current projections suggest only a modest reduction in the absolute number of hungry and poor people into the 2010-2020 period⁷. A recent General Accounting Office review identifies significant gaps between the ambitious goal of cutting hunger in half and the resources and commitment currently in place to attain it⁸.

The failure to mobilize resources and commitment behind this goal of cutting hunger and poverty in half is particularly ironic, given advances in knowledge in two areas. First, there is a consensus in many academic and research circles on how to promote economic development.⁹ Economists and advocates of free market solutions now recognize that poverty and hunger reduction require, in addition to market based policies, investment in human capital (especially primary education and especially for girls), better health and child survival, publicly funded crop research where the private sector does not have enough of a return to invest, and local level solutions to problem. At the same time, groups that traditionally advocated social and local development solutions recognize that economic growth and market-based investment are crucial for long term poverty and hunger reduction.

The second advance in knowledge relates to the relationship between agriculture and health in combating malnutrition and hunger. For many years there has been a sense of competition in foreign affairs and international development circles between the agriculture and economic focus of the green revolution, and the health focus of the child survival revolution. With the exception of a very few groups (such as Bread for the World) which have supported both agriculture and health approaches, most interest groups have seen one or the other approach as the only way to proceed. However, recent research shows the strong link between these approaches. With major success in bringing child death rates down, fully half of remaining childhood death rates in developing countries are now caused, at least in part, by malnutrition¹⁰. The causes of malnutrition generally include a complex interrelationship between disease (a health problem) and access to food (an income and agriculture problem). A renewed commitment to reduce hunger and poverty would thus promote the interests and concerns of both the health and economic/agricultural groups that continue, by and large, to compete for a declining resource base in foreign aid. Yet such a common vision has not developed.

There has not been a broad interest group or Congressional support for mobilizing to reach this goal. Indeed, some see the current constellation of interest groups as actually impeding achievement of the goal; through the splintering of a broad coalition of support into often competing interest groups.¹¹ Yet there is cause for some cautious optimism. Even the greatest Congressional skeptics of foreign aid and of government solutions were captivated by -- and supported -- the Jubilee 2000 debt relief initiative as a way to help poor people in developing countries. And careful opinion polls show that -- despite

Congressional misunderstanding of public attitudes -- there is strong public opinion support for using tax dollars for effective programs to reduce hunger overseas.¹²

The first half of the report is based on literature and budget reviews of US interests and commitment and overseas need. The second half is based on forty interviews with representatives of various interest groups (in particular, universities, the private sector, and NGOs) and other observers and participants in foreign aid debates, including a number of Congressional staff. The report is based on the views of those who identify interest groups as key influences on budget levels and programmatic direction in foreign aid policy.¹³ The implicit political decision model it is based on assumes that the interaction of such interest groups with Congress are the most important point at which Congressional decisions get shaped, especially on issues distant from most constituents' immediate interests, such as foreign aid and overseas hunger.

The report is structured as follows:

Section One assesses the U.S. national interest in cutting hunger and poverty in half. This is the most important question regarding poverty and hunger from the perspective of foreign policy, national security, and grand strategy. With the end of the Cold War, and a major increase in crises and emergencies overseas, a reassessment of US interests is warranted. While these interests are more complex than was the case in the Cold War, they nevertheless present a compelling set of reasons why -- with confidence in the ability of development assistance to make a difference -- both the public and the Congress should agree in the continued U.S. interest to reduce poverty and hunger.

Section Two assesses the need for U.S. foreign assistance in reducing world poverty and hunger, specifically two questions: do poverty and hunger in developing countries require outside international support to address them; and the appropriate role of the U.S. in responding to that need. It sets out future scenarios of hunger and poverty overseas made by several institutions. The possibility of countries, and poor populations within them, being marginalized from benefits of these economic and technical opportunities, and the contribution of such a development to growth in "relative deprivation," political instability and insecurity is discussed. Section Two concludes with a discussion of reasons why the involvement of the U.S., in particular, is important.

Section Three reviews trends in various kinds of U.S. support to reduce hunger and poverty. A U.S. foreign assistance "poverty and hunger budget" is developed for the period 1990 to the present showing not only a decline in all development resources, but also a similar falling off in resource levels that most immediately and directly reduce poverty and hunger (i.e., budgets for agriculture, microenterprise, child survival, and primary education).¹⁴ The section examines resources committed by both the US government and private groups (NGOs, universities, and foundations), as well as more intangible indicators of involvement and commitment by such public and private agencies.

Section Four analyzes why interest groups no longer support a broad and effective commitment to reduce hunger and poverty. It identifies key interests and concerns of a range of actors (most particularly, the private sector, NGOs and social development groups, and U.S. universities) related to foreign assistance for poverty and hunger alleviation. The results of interviews conducted by the author during the 2000-2001 year provide some explanations for the drop in support for actions to reduce hunger and poverty.

Section Five argues that interest groups and executive branch leadership should forge a common vision for foreign assistance to address hunger and poverty. It suggests how to develop an effective coalition to speak compellingly to the Congress and Administration. It suggests that without broad and focused confidence building and a common vision across a very wide range of interest groups, there is little hope for expanded development assistance in the early part of the 21st century.

Section Six sets out a three-tiered coalition-building approach that could reestablish a coalition of interest groups in support of a renewed effort to cut hunger and poverty in half. It provides what could serve as the basis for dialogue between foreign affairs representatives in the executive branch, outside interest groups, and the incoming 2001 Administration, under circumstances in which a few key, farsighted leaders in the executive branch and the interest groups took the initiative to seize the strategic opportunity.

¹ Ruttan, p. 7, pp 49ff.

² Personal communication, Carl Eicher and Ralph Cummings, Jr.

³ The Rockefeller effort to increase rice production built on lessons learned and earlier Rockefeller experience with increasing wheat productivity in Mexico, Pakistan, and India in the 1940s and 1950s. These efforts continued, and had continuing impact on improving wheat production in Asia, during the time of the effort to double rice production.

⁴ Bread for the World, 1997, p 13.

⁵ Unicef, p 7, p 50.

⁶ At the annual meeting of the Organization of Economic Development and Cooperation's Development Assistance Committee, the donor nations of the world agreed on a goal of cutting poverty in half by the year 2015. This committed the donor countries specifically to a similar goal agreed on in 1995, a year earlier, at the World Summit for Social Development in Copenhagen. Later in 1996, at the second World Food Conference in Rome, the participating countries agreed to the goal of cutting hunger in half by the year 2015. This was seen as a more realistic goal than the that agreed on in 1990 at the World Summit for Children, in New York, of cutting child malnutrition in half by the year 2000.

⁷ Pinstrip-Anderson, Pandya-Lorch, and Rosegrant, p. 6, p. 18ff suggest a modest reduction in hunger of 15% in the year 2020. World Bank, 2000, suggests significant reductions in poverty in East Asia, but inadequate reductions in South Asia, and expansion in Africa.

⁸ United States Government General Accounting Office.

⁹ Perhaps best represented by the World Bank WDR 1990 and discussed more recently by Gwinn and Nelson.

¹⁰ Pelletier et al. 1995; USAID 1995.

¹¹ Mellor.

¹² See Bostrum; Interaction; Kull and Destler; Kull, Destler, and Ramsey.

¹³ See Ruttan, Wilhelm, Wirth; this is a subset of a much broader literature on how interest groups shape Federal agency budgets and programs in general.

¹⁴ As discussed in more detail in Section 3, key elements of democracy and governance programs (specifically local level civil society initiatives) and of environment (specifically natural resource management) also directly benefit poor people. USAID's coding for the budgets for these two sets of activities has changed so dramatically between 1990 and the present that it is impossible to find a consistent data set for comparing their budgets and adding into this overall poverty budget.

1. Reducing Hunger and Poverty Overseas Promotes U.S. Security, Prosperity, and Humanitarian Interests

“Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos.” --Secretary of State George Marshall, announcing the Marshall Plan

1.1 A reassessment of the U.S. national interest in reducing overseas poverty and hunger is needed.

A reexamination of U.S. interests is needed because there is a widespread but unexamined assumption in the foreign policy community that a major decline in foreign assistance is appropriate in the post-Cold War world. Declining financial and policy commitments, waning Congressional and interest group support, and the end of the Cold War rivalry between the U.S. and Soviet Union in developing countries suggest to many that the U.S. national interest in reducing hunger and poverty may be less compelling than during the Cold War. In addition, other major changes -- in the international humanitarian, security, and economic situation the U.S. faces -- also argue for a reexamination of U.S. national interest in reducing overseas hunger and poverty.

The humanitarian situation has changed dramatically since the mid-1980s. From 1985 through 1989 there were on average five manmade humanitarian emergencies (caused by politics, people, and/or war rather than natural disasters) somewhere in the world each year. In the 1990s, the annual occurrence of such emergencies has increased by a factor of four or five, ranging between 20 and 26 per year from 1990 through 1999.¹⁵ This change reflects the proliferation of internal conflicts and civil wars and the fact that now "internal wars are concentrated in the poorest parts of the world."¹⁶ From the mid-1980s through the 1990s, the number of people in need of emergency humanitarian assistance has tripled.¹⁷ These changes require serious thinking about what interests the U.S. has in reducing the suffering of people who are poor, hungry, sick, displaced, and threatened by violence, how best those interests might be met, how much and how often the U.S. can respond, and whether short-term or long-term commitments and approaches are warranted.

The security situation faced by the U.S. has also altered drastically since the end of the Cold War. The clear and focused strategy of containing Soviet influence and expansionism has been replaced by a vaguer and multifaceted strategy of global engagement. The U.S. now faces a multitude of smaller, less easily identifiable threats. These range from the possible emergence of a new major power and competitor to terrorism, rogue states, weapons of mass destruction, and general instability and disorder. The number of deployments of U.S. military forces overseas has increased rapidly since the end of the Cold War -- in both the Bush and Clinton administrations -- largely in response to the proliferation of humanitarian emergencies. The number of deployments and the high level of military "operational tempo" have led to significant concerns about the readiness of U.S. forces to defend U.S. allies and interests if attacked or drawn into a

war. How, if at all, do hunger and poverty affect U.S. security in a world where the threat of Communist inroads among poor communities and nations is no longer a concern?

The U.S. economic interest in poor developing countries also merits reexamination. Changes in the world economic situation since the end of the Cold War have been just as dramatic as the changes in the humanitarian and security situations. Private financial flows are now four times greater than ten years ago; these private flows now dwarf official foreign aid from all countries. In addition, export markets have become a significant element of U.S. economic growth, employment, and incomes; and most of the increase in export growth has come from developing country markets. Finally, world decision-making bodies (such as the WTO and the biodiversity convention), in which developing countries have some important influence because of the number of votes they hold, are playing an increasingly important role in making economic and trading rules that affect U.S. firms and employees. A better sense of how these changes relate to U.S. interests in addressing hunger and poverty overseas is needed.

1.2: Addressing Causes of Humanitarian Crises Rather than Symptoms

The U.S. has had humanitarian foreign policy interests since the founding of the republic. The slavery question was as important as any other issue in U.S. foreign policy concerns during the first nine decades of the Republic¹⁸. More recently, both Republican and Democratic administrations have decided that some humanitarian interests are so important that they may even override national security interests. This occurred when the U.S. provided substantial U.S. food to avowed enemies or Communist dictatorships in Ethiopia in the 1980s and North Korea in the 1990s in order to prevent starvation in their countries¹⁹. The U.S. military intervention in Somalia in 1992-93, with its costs in loss of life and in U.S. credibility, was driven by a humanitarian concern for victims of famine, and by Congressional advocates of this concern who attracted the media attention to it²⁰.

The Somali intervention was the first of a number of costly military actions in the 1990s to provide humanitarian assistance, often to prevent starvation or suffering, in the midst of political and military crises in poor countries in the 1990s. The cost of these operations is one indicator of the weight that the Executive Branch, Congress (which has often appropriated supplemental funds to pay for them) and the U.S. public have to date given to a U.S. interest to provide assistance in such emergencies. The most important cost of these actions has been a reduction in the readiness of the U.S. military to engage in a war if we or our allies our interests were attacked; this is one more indicator that humanitarian interests have in some cases overridden security interests.

In addition, however, there has been a significant fiscal cost. The cost of military deployments alone for humanitarian operations was \$1.9 billion in 1994 and \$2.6 billion in 1995. Overall costs for total military and humanitarian response to such crises in Rwanda, Somalia, Bosnia-Herzegovina, and Kosovo is approaching several billion dollars per operation²¹.

The average annual budget for all U.S. development assistance for all purposes to poor developing countries (between \$1.6 and 2 billion) during this same time period has been substantially less than the military and humanitarian costs of U.S. crisis alleviation. It is not clear how long this level of crisis intervention can be sustained, from either the military readiness or the financial point of view. If it could be demonstrated that less money spent to address the root causes of these crises could in some cases prevent their occurrence (and hence prevent the expenditure of some of the billions of dollars per country crisis or per year on these emergencies) it might lead to a reallocation of resources away from short-term crisis response, with its relatively open-ended and often unsatisfactory outcomes, towards cheaper but longer term approaches.

Beyond the fact of current high levels of expenditures providing some evidence that providing humanitarian assistance is in the national interest, it is also important to cite the attitudes of citizens and the Congress. Americans are generous people, responding quickly to perceived suffering, poverty, and hunger in the world; however, they respond generously only when they believe that they can make a difference and that their help will not be hijacked by either non-responsive government bureaucracies or people who don't need help. This has been true for many years. Support for the Marshall Plan came not only from the foreign policy establishment but from the American public and private sector, the same people who -- just a few short years earlier -- were sending contributions to CARE and other groups to help the millions of displaced persons and refugees from World War II.

Americans continue to be generous. Charitable giving by both private Americans and U.S. businesses for a wide range of overseas activities is significant and growing, although only a limited proportion of that is to address the needs of poor and hungry people in developing countries. Large numbers of U.S. citizens and local groups, including churches and other religious institutions in particular, devote substantial time and resources to feeding the poor in the U.S. and overseas.²² These generous actions on the part of large numbers of U.S. citizens are supported by polling data (discussed in more detail in Section 3) in which large percentages of Americans expressed a desire to do more for hungry people overseas if they could be sure that help would be well used.²³

When they are presented in concrete and understandable ways, programs and efforts to help poor people overseas garner significant support from the U.S. public. Section 3 reviews a wide range of polling data which show public support for foreign aid, especially to reduce hunger and poverty and to prevent disease in poor countries, to be much higher than Congress and the press think it to be. The generous impulses of Congress and the public have been most striking in the recent past in several initiatives. It would be easy to identify statements of a strong U.S. national interest in humanitarian assistance²⁴ as aberrations, due more to politics in the 1990s than to a rigorous identification of enduring values and interests. However, the above brief outline of enduring humanitarian objectives, current public and Congressional views, and ongoing implications for use of military forces would suggest that such an interpretation would be off base.

The U.S. -- not only the executive branch, but the Congress and the public -- have long identified a significant national interest in relieving suffering among poor and hungry people overseas. The challenge for the new century is how to do this most effectively, where to engage, and how to establish priorities in a world of apparently growing needs. In this respect, the recent U.S. commitment to join other nations of the world in the dual goals of cutting both hunger and poverty in half by the year 2015²⁵ is fully consistent with the long established U.S. national interest in providing humanitarian assistance when needed; whether it will be backed with resolve, sustained commitment and resources remains to be seen. The long decline in foreign assistance for poverty and hunger alleviation is due not to a failure of generosity; rather it is due to a disenchantment with government programs, budget pressure, and misunderstanding of the security and economic interests in reducing hunger and poverty overseas, which strongly complement the U.S. humanitarian interests. Addressing the underlying causes of humanitarian emergencies, by cutting hunger and poverty in half, could do much to reduce the number of short term crises and humanitarian emergencies which are so costly to the U.S. both in terms of military readiness for other missions as well as in financial resources that pay for the military and emergency interventions.

1.3 Poverty and Hunger Overseas and U.S. National Security

The early Cold War national security rationale for foreign aid was to reduce hunger and poverty. Until the late 1970s and early 1980s, the national security rationale for non-military foreign aid saw long-term economic, humanitarian, and security interests as complementary and mutually reinforcing. Both idealists and realists in foreign policy circles believed that the U.S. had an important national interest in reducing poverty and hunger.

Realists saw poverty and hunger as a breeding ground for communism; they saw economic development -- increasing food, incomes and opportunities for poor people -- as an important part of the overall containment strategy²⁶. They saw growing prosperity, and the alleviation of hunger and poverty, as ways to make the promises of communism unattractive to poor countries and people. These arguments provided a compelling rationale for U.S. assistance to reduce poverty and hunger, and increase prosperity, in poor countries.²⁷

The idealists, by contrast, saw U.S. help to poor countries and people as a moral imperative resting on earlier efforts by U.S. religious groups and private foundations to reduce overseas poverty and hunger dating back to early parts of the twentieth century²⁸. Indeed much of the overt rationale for foreign aid in the post-War period was couched in terms of humanitarian as much as security rationale²⁹, and was often the result of very explicit horse trading compromises and consensus building between idealists and realists, as well as U.S. business groups.³⁰

As a result, the Cold War era saw a very broad consensus on the U.S. interest in reducing poverty and hunger, which was also joined by a strong humanitarian impulse for the same

thing. There were of course tensions over program directions, funding levels, and selection of priority countries, as amply documented by Ruttan. The national security, humanitarian, and business groups supporting foreign aid overall often disagreed on specific issues in aid allocation or focus; indeed a few of the realists didn't agree with the overall national security rationale for aid to poor nations.³¹ Current controversy about whether or not foreign aid during the Cold War period was driven by humanitarian, economic, or security concerns testifies to the strong influence of the various interests in undergirding the foreign aid program in this period.³²

The national security rationale for foreign aid shifted in the late 1970s and early 1980s. Foreign aid came to be seen primarily as a way to influence short-term political events and shore up allies and friendly powers in the U.S. competition for influence with the Soviet Union. The Israel-Egypt peace process of the late 1970s, followed rapidly by an early Reagan administration strategy of using foreign aid to address Soviet expansionism and influence throughout the developing world, were the key elements of this change. The historic security rationale of foreign aid to increase prosperity in poor countries was replaced by a strategy to minimize Soviet influence over a very short time horizon.

Unlike the Carter Administration, which publicly espoused basic human needs in foreign assistance but actually shifted to security concerns, the Reagan administration sought to restore foreign economic assistance to what it regarded as its traditional role as an instrument of national security policy...the administration channeled funds, for example to friendly nations regarded as threatened by internal (El Salvador, Sudan) or external forces (Honduras, Pakistan) and cut aid to governments considered unfriendly, uncooperative, or mismanaged...³³

In the case of countering Soviet influence and expansionism, the National Security Council explicitly saw a new strategic imperative in U.S. relations with the Soviet Union early in the Reagan administration. In the words of one National Security Advisor:

Our objective was to build a record... nothing big. No single event that was big. We didn't want to do anything that they [the Soviets] would view as a vital threat... We wanted to build a record to convince the Soviets that they simply could not win this competition. That it could be a draw, but they weren't going to win.³⁴

Foreign aid was one tool used in convincing the Soviet Union that it would not prevail in influencing third world people and governments to its side. While significant amounts of aid still served to improve the economic prospects of these countries and their people, such countries were not always those in which poverty was a significant concern. Indeed the purpose of aid was not to address poverty but rather to seek friends, or stability, or support -- all to counter the Soviet Union -- using foreign aid as an incentive. The security rationale for aid to reduce poverty and hunger was seldom heard by this time; the rationale for reducing poverty and hunger became almost entirely the province of a few

vocal humanitarian groups and NGOs. The long consensus was thus broken among realists and idealists that reducing poverty and hunger was a high priority for the U.S.³⁵

At the time, this approach of using aid to counter Soviet influence appeared to many not only to make sense, but also to be the only way to maintain a national security rationale for foreign aid. But its consequences were unfortunate: Aid went to countries that sometimes did not need it or could not use it. With significant proportions of foreign aid going to countries as a political reward, irrespective of effective use of that aid, a track record of "horror stories" and non-performance was created that -- in the post Cold War era -- only reinforced perceptions common in the private sector and in Congress that aid is ineffective and wasteful. Among the most telling changes here were in the distribution of aid for Africa. For several years in the 1980s, the four largest recipients of aid were Liberia, Somalia, Sudan, and Zaire. Within Africa, these countries have had the worst record of economic growth, poverty reduction, stability, human rights, or contributions to U.S. security. This was not because of a failure of foreign aid, but because the choice of recipient countries was made unrelated to the ability of those countries to use foreign aid to improve their prospects.

By the 1980s, the rationale for foreign aid -- from a national security perspective -- was a fragile one. The longer-term objectives of foreign aid (economic and political development, reduction of hunger and poverty, creation of a middle class) were no longer seen as integral to achieving the overall goal of containing communism. Rather, foreign aid was a short-term tool to reward friends the U.S. wanted to keep out of the Soviet orbit.

When the Cold War ended, this national security rationale for foreign aid evaporated. The exception was a concern to help the countries of the former Soviet Union and Eastern Europe transition out of communism and into a relatively smooth period of democracy, restructuring and economic growth. Budgets for foreign aid for these regions peaked in the early 1990s to reflect this concern, but declined by the mid-1990s. Overcoming poverty and hunger had no major adherents in the national security community in a post-Cold War world.

The U.S. continues to have an important but different national security interest in reducing poverty and hunger in the 21st century. In contrast to the Cold War era, U.S. national security is now threatened by continued instability, civil war and "state failure" in poor developing countries. This threat is less urgent, in most cases, than some other national security concerns, but it is not a "low threat" and it will affect U.S. security for years to come. It is precisely these problems of instability that have caused a tripling in the number of humanitarian crises, and U.S. military deployments to respond to them, in the 1990s.

Popular writers such as Robert Kaplan have created a broad audience in the U.S. for the view that the instability created by state failure in developing countries is one of the most important national security concerns to be faced in the 21st century. At the other end of the spectrum are those such as the Tofflers, Snow, and Tucker who see disorder, even

chaos, in the developing world as relatively unimportant to U.S. security. Indeed, Snow sees the very fact that there is some concern about disorder in the developing world as an indicator of how secure the U.S. really is, compared to the Cold War era in which our concerns were focused on a strong and armed enemy that clearly was opposed to U.S. interests³⁶. The rationale of this school of thought is that there are certain countries or regions in the world in which marginalization, chaos and instability will have little impact on U.S. security. In part, this school of thought may be a reaction to the hyperbole and exaggeration of the Kaplan school.

Kaplan's view can best be stated in his own words: "It is time to understand 'the environment' for what it is: *the* [his italics] national security issue of the early twenty-first century."³⁷ Kaplan's view is that environmental degradation -- and the associated disease and migration that it brings -- directly threaten the U.S., and will bring illness, pollution, and hordes of very poor people to U.S. shores in the coming years. This view has had a powerful effect in U.S. foreign policy circles, changed the organization of the State and Defense departments (each of which created senior environmental positions and bureaus), and spawned a sizable literature. After almost a decade, however, there is a growing mainstream view about the national security implications of instability in developing countries which is more measured.

The developing "mainstream" view -- a view developed among some national security experts, peace researchers, and political scientists who have studied conflict for some time -- sees the problem of failed states and instability is one of several significant security concerns. However, it does not pose this as the most important security concern of the 21st century; it also downplays the "threat" of migration from developing countries³⁸, recognizing that this can be as much an economic strength as a threat to the U.S. It also is less categorical about Kaplan's view that the national security concern with instability and state failure is primarily related to the environment. One of the more comprehensive assessments along these lines is the State Failure Task Force, convened at the request of the Vice-President, to assess environmental and other causes of developing country instability, civil war, and state failure.

In this new, more measured and analytical literature, three major reasons are advanced as to why state failure in the developing world poses a threat to U.S. security³⁹. First, state failure has often had spillover or contagion effects, creating instability in neighboring states where we may have vital interests⁴⁰. Probably the starkest examples would be possible effects of continued crisis in the Balkans affecting stability in Greece and Turkey; the impact of the Rwandan crisis of the early 1990s on stability in all neighboring countries, several of which are of significant concern to the U.S., and the potential of instability in Zimbabwe to destabilize much of Southern Africa.

Second, state failure can provide a breeding ground for the acquisition and use of weapons of mass destruction and other terrorist activities by marginal and angry insurgent groups. This is a concern brought out by both the bipartisan Hart-Rudman commission studying U.S. national security needs in the 21st century, as well as former

Chief of Staff of the Army, General Gordon Sullivan. This concern received attention in an Army War College symposium on the topic of ethnic conflict.⁴¹

Finally, state failure could have significant impact on the readiness of U.S. forces to defend U.S. allies or interests in the face of an attack. This is probably the security threat with the greatest potential to disrupt Western interests. Both humanitarian interests and the "CNN effect" are likely to influence continued U.S. involvement in humanitarian crises arising out of state failure. Even if Tucker, Snow, and the Tofflers are right that state failure is not in and of itself a U.S. national security concern, it nevertheless becomes a matter of national security to try to prevent such situations if we know that for other reasons U.S. forces are likely to get drawn into them. This is because continued U.S. military deployments for such purposes weakens the ability of U.S. forces to defend U.S. national security interests in a more traditional attack and war scenario.

Reducing poverty and hunger addresses an important cause of state failure and instability. State failure is currently the object of widespread and in depth study. One of the strongest explanations for state failure is the incapacity and unresponsiveness of the state to address competing and hostile interest groups, and the capacity of those groups to communicate effectively and engage in violent collective action in support of their demands. However, economic and social factors – in particular poverty and hunger – are also strong factors in state failure.⁴²

Poverty and hunger can contribute to state failure.⁴³ through an increased sense on the part of individuals or groups of being "left out" of global prosperity, as well as through new and troubling demographic trends. Early research on insurgency in the 1960s and 1970s suggested that the poorest populations were not likely to rise up in arms and that the poorest countries would not be the locus of insurgencies or instability. Rather, the groups that were likely to form the basis of an insurgency were located in societies which had already experienced some progress in economic development. The process of economic development was seen as creating tensions that could – in an intermediate period of economic growth – provide an incubator for discontent and insurgency.

The theory was that people's "rising expectations"⁴⁴ or perceived sense of "relative deprivation"⁴⁵ (compared to compatriots who were doing better in the early stages of economic growth) would create discontent sufficient in some cases to breed violent insurgency⁴⁶. Foreign aid to facilitate economic development was seen as helping countries rapidly transition through this dangerous stage of development to more stable stages. In fact, for much of the Cold War countries experiencing significant instability and insurgency tended to fit this hypothesis -- they were not the poorest countries.

Snow analyzes in some detail a major change in the nature and causes of state failure, civil war, and insurgency that has coincided with the end of the Cold War⁴⁷. Fully three fourths of these cases in the post Cold War era have occurred among the poorest countries. This contrasts with the Cold War period in which poor countries' governments assured a significant level of security and stability without addressing the lack of economic opportunity in their societies. This provides strong evidence that the Cold War

theory of insurgency and instability resulting from early success in economic development no longer holds. Rather, most recent cases of state failure have occurred amidst absolute poverty. It is now the poorest countries in the world where conflict, instability, and state failure are likely to occur⁴⁸.

There are several reasons for this. Poor countries tend to have weak states unable in some cases to survive significant stresses; global media has created a sense of “relative deprivation” and “rising expectations” even without people seeing neighbors or compatriots doing much better economically than they themselves are; and some very poor indigenous people are being marginalized and losing resources to other groups.⁴⁹

In addition, globalization, the information revolution, and biotechnology are likely to exacerbate social tensions in developing countries, especially in poorer countries. Global trade creates a world market for skills; skilled people in poor countries will increasingly be able to earn salaries that come closer to OECD salaries than was the case in the past. Even the poorest countries have technicians, computer network managers, scientists, and others with some high skill level; these people are increasingly able to market their skills in the world, making their salaries increasingly disconnected to a local wage rate comparison and increasingly influenced by a world market. In an economy where information technology increasingly permits people to use their skills, and be compensated, regardless of location, these skilled workers in poor developing countries are going to see their wages rise faster than their compatriots. Wage differentials within poor countries will, as a result, be significantly expanded, leading to a much greater sense of inequality and “relative deprivation” than in the past, for those towards the bottom of the economic scale. Combined with the shock of innovative information and biological technologies, and the likelihood of increased social tension, and in some cases instability, resulting from these changes is significant in some countries. Indeed, the bipartisan Hart-Rudman commission to reassess U.S. national security needs for the 21st century predicts: “An anti-technology backlash is possible, and even likely... some societies will find it difficult to develop the human capital and social cohesion necessary to employ new technologies productively. Their frustrations will be endemic and sometimes dangerous. For most advanced states, major threats to national security will broaden beyond the purely military.”⁵⁰

Poverty and hunger are one central element of state failure in some developing countries. In poor countries in Africa and elsewhere, it is possible that the social disruption caused by high mortality from HIV/AIDS can also contribute to this effect. An additional factor for the future is likely to be the extent to which poor countries and poorer members of society in those countries are seen to benefit from global trade, information technology, and biotechnology. According to the broad literature, and most recently confirmed by the State Failure Task Force, state stability is associated with higher incomes, better health, and less hunger;⁵¹ state stability also is likely to be associated in the future with the ability to ensure that the new global economy, information, and biological revolutions are meeting some of the needs of poor people and countries. Failure on either of these fronts increases the likelihood and incidence of state failure substantially. As the recent United Nations Development Program’s Human Development Report states,⁵² “The

voices and concerns of people already living in human poverty – lacking incomes, education, and access to public institutions – are being increasingly marginalized. Determined efforts are needed to bring developing countries – and poor people everywhere – into the global conversation.”

One other causative factor in state failure is the demographics of poverty. With the urban population of developing countries overtaking the rural population by the year 2020⁵³, and with much of the urban population in poor countries made up of unemployed young men, there are many idle young men waiting for something exciting and profitable to do while being paid or fed. They are the raw material for rebellion and civil wars that can spill over into neighboring countries and beyond.⁵⁴ This demographic trend has to do with the youth bulge in developing countries. It tends to be the poorest countries who are farthest behind in the "demographic transition" from high population growth to declining growth rates. Peterson's recent review of demographic trends states, “the Pentagon’s long term planners predict that outbreaks of regional anarchy will occur more frequently early in the [21st] century. To pinpoint when and where, they track what they call “youth bulges” in the world’s poorest urban centers.”⁵⁵

Expanding economic opportunities, reducing hunger and poverty, and providing the means for poor countries, groups, and individuals to access and use information technology, biotechnology, and global trade expansion are important factors in removing poverty and hunger as a significant cause of state failure. The cost of reducing hunger and poverty, and providing such opportunities, is less expensive than creating the solid physical infrastructure of transport, power plants, and telecommunications that poor countries need, but that the private sector can pay for through the operation of international capital markets.⁵⁶ The costs to reduce hunger and poverty are primarily for “softer” items such as investing in people, training, policy assessment, and institution building. It is not a guarantee against state failure. But neither is multi-billion dollar interventions in crisis situations a guarantee against future state failure and instability.

Without even addressing the humanitarian or economic national interests in overseas hunger and poverty reduction, there would seem to be a strong case to be made -- on cost/benefit grounds alone -- that state failure might be best addressed by modest investments in economic opportunity and in poverty and hunger reduction over the long term (at a cost of tens or hundreds of millions of dollars over a decade or more for a country) than by short term military and humanitarian interventions which often come without warning and too late -- at a cost of billions of dollars over a period of months or just one or two years -- in response to crises whose mitigation by military and emergency humanitarian means may be only temporary.

1.4 Reducing Hunger and Poverty Will Help Expand U.S. Markets and Protect the World Trading System

The U.S. has a strong interest in promoting prosperity and economic growth in developing countries. Those countries buy a significant and growing portion of U.S.

exports. The mature economies of the world are no longer growth markets for U.S. exports. Exports to developing countries have grown much faster than those to the developed world during the past two decades, and now account for a substantial percentage of U.S. exports.⁵⁷ Many U.S. firms and farmers experienced their relationship with developing country markets in painful personal ways when the Asian economies encountered difficulties in the 1996-99 period.

It is important to not overstate the growth possibilities of the developing countries. U.S. business has spent the last one hundred years expecting the imminent transformation of China into a nation of hundreds of millions of consumers seeking U.S. products. It has yet to happen. Nevertheless, major U.S. trading partners now (Japan, Korea, Thailand, Taiwan, Indonesia, Brazil, Mexico) were poor countries with poor consumers one or two generations ago. (It is also the case that with very few exceptions, foreign aid played a crucial role in educating and training leaders and technocrats in those countries, providing models of economic management and policy that were important factors in their ability to lay the groundwork for solid economic growth.)

U.S. business recognizes the need for continued developing country growth. As the Business Alliance for International Economic Development stated in a document signed by the U.S. Chamber of Commerce, "There is, in fact, a strong self-interest case for foreign assistance in the new world of globalization, where new competition arises for the emerging markets of the future... development programs assisted by the United States create the essential first steps in this growth process. America's trading partners of the future will account for a growing percentage of jobs within our borders."⁵⁸

The arguments for expanding prosperity in developing countries to benefit U.S. trade are well known⁵⁹. Foreign aid that brings poor developing countries into the mainstream of global trade, and expands prosperity by increasing the incomes of poor people can be instrumental in creating conditions that will expand U.S. markets in these countries. In addition, foreign aid can have specific benefits to U.S. sectors or industries. For example, in agriculture, much of the scientific research that led to and expanded the Green Revolution also made new genetic material available to U.S. agriculture. U.S. government investments of \$134 million for example, in wheat and rice research to the benefit of developing countries, returned a return \$14.7 billion, or roughly 100 times the investment cost. Small companies trying to gain a foothold overseas have sometimes found the right idea or contact they needed through U.S. foreign assistance to those countries, as highlighted in House Appropriations subcommittee hearings in 1996.⁶⁰

There is one other way in which foreign aid to reduce poverty and hunger promotes U.S. economic interests. The previous sections on national security highlighted the potential "backlash" from people who feel that they have been bypassed by progress, prosperity, or globalization. This backlash may perhaps pose a threat to U.S. national security, as discussed by the Hart-Rudman commission on national security in the 21st century. But probably even more important is the economic threat. Demonstrations in Seattle in 1999 and in Washington D.C. in 2000 showed the breadth and depth of feelings against globalization, world trade, and technology.

Poor developing countries, because of their numerical weight, are an influential group in decisions that have lasting effects on the worldwide rules for trade and technology exchange (e.g. for genetically modified crops). Right now, they are “sitting on the fence” on many issues regarding world trading rules. The world trade regime is going to evolve for a number of years, through many votes on specific issues. Having poor developing countries feel that they are benefiting from these worldwide trends increases the likelihood that those countries will vote in favor of the free and open trading rules that the U.S. supports and which are essential for our export growth. It is not clear, however, where they will come out on many of these issues over the next decade or two. In a world in which the former CEO of Sun Microsystems and the Unabomber can share some of the same concerns about the negative impact of new technologies,⁶¹ the support of the world -- especially that part of it that may not be benefiting -- for continued free trade, globalization, and technology is not assured. Runge and Senauer make the point, specifically for world food trade and export regimes affecting bioengineered U.S. food exports, that the U.S. needs the support of developing countries.

Developing countries are unlikely to support U.S. free trade positions in world forums if they do not see, understand and experience the benefits of expanding world trade. Sachs (2000) and the USDA have both identified very specific ways in which poor developing countries may lose out or be left behind in the new economy fueled by knowledge and technology, unless steps are taken – steps for which only the public sector will make investments – to help them benefit from globalization. Foreign aid -- especially aid to help bring poor countries, and groups of poor people within them, into the benefits of new technology and globalization-- can be a critical factor in helping them experience the positive aspects of globalization and as a result to support U.S. positions that are to our mutual economic benefit.

¹⁵ U.S. National Intelligence Council, pp. 10-11.

¹⁶ Snow, p. 98.

¹⁷ U.S. National Intelligence Council, p. 13.

¹⁸ Lafeber, pp. 80-156.

¹⁹ Ronald Reagan stated “a hungry child knows no politics” in announcing the US food assistance program to help stop famine in Marxist Ethiopia in 1984. More recently the Clinton Administration has made the U.S. the largest food donor to North Korea to alleviate its protracted famine. While this reflects a humanitarian concern, the food deliveries are also related at least indirectly to the broader security “package” of U.S., Japanese, and South Korean assistance to North Korea in exchange for more moderate North Korean behavior with respect to development of nuclear capability.

²⁰ See Mermin.

²¹ O’Hanlon, p. 15 and U.S. National Intelligence Council, p. 16.

²² Beckman and Simon discuss the widespread generosity of Americans in addressing hunger problems at home in the U.S.

²³ Kull, Destler, and Ramsey, p. 111; Beckman and Simon; Bread for the World, 2000.

²⁴ See White House, [A National Security Strategy for a New Century](#).

²⁵ See U.S. Government Interagency Working Group on Food Security/Food Security Advisory Committee and Organization for Economic Cooperation and Development/Development Advisory Committee.

²⁶ Ruttan (1996), pp. 61 ff.

²⁷ Of course, the world was never as simple as this view of economic development made it out to be. For example, Packingham’s critique of the intellectual foundations of foreign aid points out that from their inception after World War II, aid programs were based on simplistic assumptions. These included

assumptions that “change and development are easy” and “all good things [especially democracy and economic development] go together.” In addition, there was not until later a recognition that the process of economic development itself could create divisions and instability in societies which could foster a growing adherence to communism by some elements in countries that were becoming more prosperous (a view that first came to prominence with Morgenthau (Ruttan (1996), p. 64). Finally, doubts that poverty was a breeding ground for communism were extant in the academic community but were not part of the policy and security consensus for foreign aid. (E.g., Packingham (p. 52) quotes Legislative Reference Services, Library of Congress, U. S. Foreign Aid: Its Purposes, Scope, Administration and Related Information. House Document No. 116, 86th Congress, 1st Session, Washington, D.C.: Government Printing Office, 1959, pp. 84-85: “The simple assumption that Communism flows from poverty is so widely accepted in America that it is almost an article of faith. The evidence of history suggests, however, that while there is a relationship between poverty and the growth of communism this is a highly complex relationship and that it is not possible to assert as a generalization of universal validity that poverty leads to communism... A stagnant society of illiterate people, mired in poverty, living on a near starvation diet, with little expectation of progress and with only enough energy for work is not likely to produce a large group of communist revolutionaries.” While some would (and with the passing of time did) criticize this Cold War consensus on foreign aid, its strength was to transcend the subtleties of detail and nuance to maintain a simple vision of the short term security interest in reducing hunger and poverty.

²⁸ As described, for example, in the early chapters of Bolling.

²⁹ The clearest policy statement of this was probably Secretary of State George Marshall’s address at Harvard in June 1947 announcing the Marshall Plan: “Our policy is directed not against any country or doctrine, but against hunger, poverty, desperation, and chaos.” (available at www.info.usaid.gov)

³⁰ E.g., see Ruttan (1996), p. 66 ff.

³¹ For example, see Ruttan (1996), Chs. 3-4.

³² As only two of many examples, Lumsdaine’s in depth, thoughtful analysis of several decades of U.S. foreign economic assistance concludes that it was based overwhelmingly on humanitarian interests, while Porter’s rigorous analysis of flows of foreign assistance to various countries demonstrates the opposite.

³³ Ruttan (1996), p. 121-2.

³⁴ John Poindexter, quoted in Timberg, p. 374.

³⁵ Probably the Kissinger Commission on Central America and the Carlucci commission on national security and foreign assistance were the two most visible policy and strategy statements of this new approach during the Reagan administration.

³⁶ Snow.

³⁷ Kaplan, 1994, p 58.

³⁸ Sukhre.

³⁹ In addition, there is a not very convincing concern that state failure encourages migration which can create security problems, although this is a controversial proposition, since migration has many economic benefits to the recipient country that can often outweigh its costs in terms of possible instability. Kaplan’s view of the security problems posed by migration is perhaps the most dramatic, but countered in a realistic and balanced way by Sukre and Tucker.

⁴⁰ Gurr, 1996.

⁴¹ Pfaltzenberger and Schultz; Sullivan.

⁴² Initially, in the late 1980s and early 1990s, the attention of researchers was focused on ethnicity and environment, rather than economic and poverty factors, as causes of state failure. Most scholars now agree, however, that ethnic conflict almost always has causes beyond ethnicity (Bose, Sullivan, European Platform, Goble, Gurr, Kahl), and that much of the time some of those causes are economic. In the case of the environment, there is less consensus. There has been a broad scholarly and popular literature (most closely identified with Robert Kaplan and Worldwatch Institute) to promote environment as a key national security issue, mainly related to migration, refugees, and state failure. Many careful scholars -- including those whose perspective is clearly environmental -- conclude that poverty, economic opportunity, and hunger are important intervening variables determining when environmental stress in fact leads to conflict. Indeed, Levy -- the principle author of the "Failed States" study -- decries the singular focus on environment, saying that researchers have neglected broader more useful multi-factor explanations.

⁴³ Among those researchers who have identified a clear economic basis for state failure and conflict -- either related to ethnicity and environment, or independent of those two factors -- are Bose, Sullivan, Renner, Carnegie Commission on Preventing Deadly Conflict, Goble, Gurr, Horowitz, Kahl, Levine, Sukre, Homer-Dickson, Messer and Cohen, Snow, Hauge, Nafziger, Cohen and Pinstруп-Anderson, Collier and Hoeffler, deSoysa.

⁴⁴ A term first widely used by Barrington Moore; Swaminathan also discusses this.

⁴⁵ Gurr, 1993, pp. 125 ff.

⁴⁶ Snow, p. 50 ff.

⁴⁷ Snow, p 54, p. 96.

⁴⁸ Kaplan and Renner appear to agree with this analysis.

⁴⁹ Gurr, 1993, p 133 ff.

⁵⁰ United States Commission on National Security for the 21st Century, pp. 4-5.

⁵¹ Esty et al. and State Failure Task Force.

⁵² p.65.

⁵³ Pinstруп-Anderson, Pandya-Lorch, and Rosegrant.

⁵⁴ de Soysa and Gleditsch, p. 29.

⁵⁵ Peterson, p. 32.

⁵⁶ Costs of cutting hunger and poverty in half are discussed in Section 2.

⁵⁷ Business Alliance for International Economic Development (1997, 2000); Kellogg and Schram.

⁵⁸ Business Alliance for International Economic Development (2000), "Forward."

⁵⁹ See Kellogg and Schram, and the several papers of the Business Alliance for International Economic Development, for example.

⁶⁰ U.S. Government Printing Office, 1996.

⁶¹ See Joy.

2: U.S. Foreign Assistance Is Essential to Cut World Hunger and Poverty in Half

“There are many intractable problems in the world; but hunger is not one of them; we know how to cut hunger in half.”⁶²

-- David Beckman, Bread for the World, 1999

“Foreign aid has achieved bad results; there are no indications that hunger and poverty are getting better as a result of foreign aid; there is no record of aid achievement; 34,000 children die of hunger every year despite many years of aid... The only developing country in which U.S. foreign aid has ever succeeded is Japan.”

-- Chief of staff of a Member of Congress

[If] scientists had in 1950 designed a blueprint for pro-poor agricultural innovation, they would have wanted something very like the MVs [modern varieties of crops supported by foreign aid donors through the green revolution].

-- Michael Lipton, British poverty researcher

Hunger and absolute poverty -- affecting roughly a billion people worldwide -- are problems with known and attainable solutions.⁶³ This section identifies why hunger and poverty will persist in the world, even under conditions of strong economic growth, unless resources are committed to address underlying causes; it suggests that -- with such commitment and resources -- cutting hunger and poverty in half are realistic and attainable goals. Success in achieving these goals requires that U.S. foreign assistance play an essential role.

It is important to note that the focus of this section is on chronic, long-term poverty and hunger, and the long-term responses needed to address them. It does not focus on famine (a short-term crisis phenomenon), food aid, or short-term humanitarian crises. These latter are often the reflection of the longer-term, chronic problems. The U.S. is likely to continue to respond to short-term emergencies, famines, and food crises; but without a change in current trends and policies, it is likely to do so while devoting insufficient attention to the long-term conditions which give rise to them.

2.1 The Marginalization of Poor Developing Countries Can Be Avoided.

Some believe that the persistence of poverty and hunger, and indeed the marginalization and increasing poverty of some parts of the world, are inevitable. Toffler and Toffler describe the poor countries of the world as First Wave countries, largely cut off from the benefits of global knowledge and technology. By contrast, for developed countries (“Third Wave” countries), they predict that “highly capitalized, knowledge-based technology will take over many tasks now done by the cheaper labor countries and actually do them faster, better – and more cheaply....Put differently, these changes threaten to slash many of the existing economic links between the rich countries and the

poor.”⁶⁴ As stated by Kaplan, who probably did more than anyone else to create in Washington D.C. a sense of fear of developing countries and poverty, but without suggesting alternatives and solutions:

Sierra Leone is a microcosm of what is occurring, albeit in a more tempered and gradual manner, throughout West Africa and much of the underdeveloped world: the withering away of central governments, the rise of tribal and regional domains, the unchecked spread of disease, and the growing pervasiveness of war... The coming upheaval, in which foreign embassies are shut down, states collapse, and contact with the outside world takes place through dangerous, disease-ridden coastal trading posts, will loom large in the century we are entering.⁶⁵

Toffler and Toffler and Kaplan see third world (or First Wave) poverty, hunger, disorder, and misery as a given; the only policy prescription then becomes what the U.S. (and other Third Wave societies) need to do to insulate themselves from it. If this is the case, then the U.S. must face a trade off between humanitarian concerns (which would impel the U.S. to “do something” in a hopeless situation) and security and economic concerns, which would impel the U.S. to erect barriers (in immigration, trade, education, and other areas) to keep out the contagion of environmental degradation, epidemic disease, terrorism, and mass migration from a diseased, decaying, and unstable third world with no prospects for the future.

Hammond also presents a similar scenario in his visions of the future. His “Fortress World” of the near future resembles the Tofflers’ and Kaplan’s views, with those countries and groups within countries that have benefited from globalization, IT, biotechnology and other changes walling themselves off from the rest of the world, which increasingly falls behind and is left to war, destitution and ecological disaster. The difference, however, is that Hammond explicitly posits his “Fortress World” as the consequence of policy choices; different choices would lead to different, and more positive, outcomes. Friedman, whose influential The Lexus and the Olive Tree, is widely seen as a celebration of globalization, nevertheless devotes considerable attention to the possible negative effects of globalization on countries and people who can’t keep up with the new world of rapid information and trade. Unlike the Tofflers’ and Kaplan, and like Hammond, he sees U.S. policy choices as a key determinant of what happens to those countries and groups: “As the country that benefits most from global economic integration, it is our job to make sure that advances are leading declines for as many people as possible, in as many countries as possible, on as many days as possible.”⁶⁶

2.2 Foreign Aid and U.S. Expertise Prevented Disaster in the 1970s

It may be useful to look at today’s alarmist predictions of the inevitability of poverty, hunger, and disaster in developing countries in a broader historical perspective. Thirty years ago, Paddock and Paddock predicted Famine 1975! America’s Decision: Who Will Survive? Based on considerable experience and travel, the Paddock’s, after examining

world population trends and the precariousness in particular of the Asian rural economies in the 1960s, became convinced that widespread famine and social disorder were inevitable in many developing countries. They believed the policy task for the U.S. was not to prevent this problem (because it was inevitable), but to responsibly engage in triage to identify which countries were worth saving because there would not be food enough for all.

However, before the Paddock's had even written their book, U.S. government and foundation staff had also examined the same trends and identified a possible solution. This solution was to increase food crop productivity in poor countries by using the best scientific knowledge available; it was based on earlier successful Ford and Rockefeller Foundation crop research experiments in Mexico and India. A concerted Foundation-Government (and later World Bank) effort to rapidly increase food production in the hungry regions of the world resulted⁶⁷. Within less than a generation, these investments had doubled rice production in Asia and created significant increased incomes, and in many cases prosperity, for hundreds of millions of poor Asians.

One key architect of this “Green Revolution,” Norman Borlaug, was awarded the Nobel Peace Prize for his efforts to breed new crop varieties to feed the world's poor. Few people remember the Paddock's shocking and compelling, but highly erroneous, prediction of widespread famine and disorder due to food shortages. In fact the only famines that have occurred in the last quarter century have taken place amidst abundant world food supplies and have been the result of war or political incompetence (e.g., Ethiopia, North Korea, and Sudan.) The success of the Green Revolution was not inevitable; it required foresight and hard work, as well as policy choices to get engaged; it also required a faith that major problems (the food-population crisis looming on the horizon by the early 1960s) were not inevitable and could be tackled.

2.3 Global Private Trade and Investment are Necessary but not Sufficient to Cut Hunger and Poverty in Half.

Many on Capital Hill and in the private sector have taken up the slogan, “trade not aid,” implying that in an era of global trade, foreign aid is no longer needed to help countries move from poverty to prosperity. “Trade not aid” is based on the assumption that those countries that put into place sound economic policies will acquire the investment capital they need, leading to an eventual “convergence” between the incomes of poor and rich countries.⁶⁸

The logic of this idea is that poor countries that make the right policy decisions are expected to attract very high private investment flows because of the high rates of return offered in such untapped economies; high investment levels with high rates of return will help these countries grow fast enough to catch up with richer countries; and fast growth will rapidly reduce poverty and hunger. As one Congressional staffer stated, “Why is foreign aid needed anymore, when any investor can make money investing in poor countries with good policies?”

The “trade not aid” view is based on some indisputable and positive facts: During the 1990s, private capital flows to developing countries jumped fourfold. Between 1990 and 1997, private capital flows to developing countries increased from \$52 billion to \$222 billion. From being roughly equal to the level of official development assistance (ODA) from all countries at the beginning of the decade (\$52 billion private flows in 1990 compared to \$60 billion ODA), by 1997, private capital flows were four and a half times as great. ODA by contrast had shrunk by about one seventh⁶⁹ and was trending downward. These striking trends, and the fact that many developing countries are much more concerned – as they should be – about attracting private investment than about foreign aid, have led many people to the conclusion that foreign aid is no longer needed.

However, the rapid growth of private capital flows in developing countries should not obscure the incentive environment that guides private investment decisions and that makes “trade not aid” a false promise at best. It will be some time before many developing countries are capable of floating bonds for investments in health care or education; it will be some time before private agribusiness firms see poor developing countries as offering a solid rate of return for costly scientific research in low value food crops.

Many of the most important investments to guide poor developing countries into the economic mainstream, and many investments to accelerate the reduction of hunger and poverty, do not offer the high rates of economic return that private investors demand in risky developing country markets. Foreign assistance and philanthropic aid are needed to fill this gap. But “trade not aid” assumes that the private sector will make philanthropic investments in developing countries.

The U.S. private sector increasingly recognizes the need for the kinds of investments mentioned above to increase the ability of poor developing countries to gain access to the skills, information, knowledge and technologies it needs to succeed in the new global economy. But they know that as private firms there is not a private return on investment that would permit them to make such investments. Private sector and business and trade association representatives stated repeatedly in interviews that they see a need for other groups -- the U.S. government and private foundations -- to fulfill this role.

Trade association representatives stated in interviews that seed money for agricultural technology research and investments in better health and education were crucial for developing countries’ to benefit from global investment and trade opportunities; these representatives also stated that their private sector members are increasingly aware of the fact that the outcomes of such investments (in reducing hunger, poverty, poor education, and disease) are crucial in creating new markets and opportunities for American firms in poor developing countries.

Economic growth, and the policies and private investments that make it happen, are critically important and necessary for reducing hunger and poverty. Without fast economic growth, poverty and hunger would rise significantly. Economic growth will pull many people out of poverty and provide them with the income to feed their families

well, but it will not do this fast enough without investments in the health and education of poor people and in the labor intensive economic activities upon which they depend, such as agriculture.

For example, when public sector investments in agricultural technology and knowledge were made in Asia, the percentage of the overall population which was undernourished declined by two thirds (to only 16%) in East and Southeast Asia and by one third in South Asia between 1961 and 1992.⁷⁰ This happened first as a result of the “Green Revolution,” which gave poor rural people higher farm wages or income, more and cheaper food, and more employment in most of the developing Asian economies⁷¹ (city-states like Singapore and Hong Kong being exceptions). Subsequently, strong business climates and educated workforces provided the impetus for investment (including foreign investment) that broadened and deepened economic development, carried it well beyond the rural areas, and provided an engine of growth that brought vast improvements to the incomes of large numbers of people. The Asian economic crisis reversed many of these gains, but in ways that already are clearly temporary.

Looking to the future, incomes in the developing world are projected to increase at an average rate of 4.3% per year, with per capita incomes doubling from 1995 to 2020⁷². There were 1.2 billion people in absolute poverty, earning a dollar a day or less in the world as of 1998, and an additional 1.6 billion people living on less than two dollars a day.⁷³ Most of those people living in absolute poverty were hungry: between 835 million and 1 billion people.⁷⁴ With incomes growing rapidly, and food production growing faster than population,⁷⁵ the number of poor and hungry people will decline for the next two decades. Some of the decline may be driven by new economic and food production opportunities created by dramatic changes in science and business. These changes include an increasingly open global trading environment (in which poor, low wage, but productive economies could be very competitive), information technology, and biotechnology applied to agriculture.

And yet, the decline in poverty and hunger will be a slow one; hundreds of millions of people will be unaffected and continue to struggle on less than a dollar a day and less than the bare minimum food for a healthy life. Even with realistic but high levels of economic growth, poverty and hunger are projected to fall only modestly between now and the year 2015. The World Bank predicts reductions in poverty, but not approaching the target of cutting poverty in half, during the next two decades assuming reasonably fast economic growth rates⁷⁶. Using similar assumptions, the International Food Policy Research Institute, the United Nations Food and Agriculture Organization, and the U.S. Department of Agriculture, all project similar trends for modest reductions in hunger, but not close to the levels that would cut hunger in half by 2015.

This paper relies on the International Food Policy Research Institute (IFPRI) projections, which are the most recent. But all three hunger projections are close to each other. Africa and South Asia are the two parts of the world with the most extensive food and poverty problems for the next twenty years. In South Asia, rates of malnutrition and poverty are expected to decline between the late 1990s and the year 2020, with hunger

declining by roughly one third⁷⁷. This however will still leave roughly 300 million South Asians hungry. World Bank estimates are that with rates of growth slower than in the past, Southeast Asia could cut poverty in half by the year 2015; with more rapid growth rates South Asia could as well.

In Africa the situation is significantly worse. While the proportion of the African population which is undernourished will decline very slightly, with a growing population, the absolute number of malnourished people is actually expected to increase from approximately 150 million to 200 million between the late 1990s and the year 2020.⁷⁸ Even under a scenario of rapid economic growth, recent World Bank projections are that the goal of cutting poverty in half in Africa will not be met by 2015⁷⁹. These problems will be exacerbated by, and in turn will also affect, the deadly problem of AIDS and infectious diseases which threaten to decimate African societies and economies.

The problem of hunger and undernutrition in these areas is not primarily a problem of food supply. Most analysts expect food supply to be adequate to world food demand (hence IFPRI's projections of a long term decline in food prices). The problem is rather access to the employment opportunities, income, and/or land for poor people to buy or produce enough food to feed their families. For most rural families, such employment and income opportunities must come from an increasingly productive agriculture.

The extent to which employment opportunities for poor people increase depends in part on investments that the private sector will not make. Trained people, improved health care, and access to the benefits of the revolutions in global trade, information technology, and biotechnology are among the things that will elude poor countries if investments are not made in these areas. Many of these investments will not be made by private firms because private returns to such investments are either low or too far in the future. Only public or philanthropic institutions can be expected to make such investments.

Two recent reports point out the promise, and the peril, of the new global economy, information technology (IT), and biotechnology for poor developing countries. The World Bank's World Development Report 1999 (WDR 1999) identifies the tremendous promise of such technologies and global trends for developing countries but spends little time discussing how countries and the institutions that support them can best ensure access to these opportunities; the United Nations Human Development Report 2000 identifies many of the ways that poor developing countries, and poor or excluded populations within such countries, will fail to gain access to such technologies if private markets and investment provide the only access. The terms "scientific apartheid" and the "digital divide" have been used⁸⁰ to describe the situation which may be evolving in which some poor developing countries, and populations within such countries are likely to become increasingly marginalized from the opportunities offered by global trade, information and technology. Jeffrey Sachs in a recent short article points out the dangers of two worlds developing according to the degree of access to new technologies.⁸¹

2.4 Access to Knowledge and Ideas is the Critical Element in Poor Countries Succeeding in the New Global Economy.

The risk for poor developing countries is they will be left behind by the increasing productivity and growth possibilities offered by knowledge, technology, and information. Access to “good ideas” becomes critically important in such countries’ endeavors to better participate in the changes in global trade, IT and biotechnology. One of the greatest successes in foreign assistance has been in helping developing countries to develop good ideas suited to the conditions they face⁸², both through extensive training in policy and problem solving skills, technical innovation, and policy research and dialogue.

The paragraphs below highlight three relatively new areas in which the extent of non-private sector support for poor developing countries’ access to information, knowledge, skills, and technology will determine the success or failure of those countries in the global economy, and the extent to which the opportunities in the global economy will serve to reduce hunger and poverty in those countries. These three areas are biotechnology, information technology, and changes in the rules governing global trade.

Those countries that fail to gain access to the advantages offered by each area highlighted below risk become marginalized by the global economy, with serious consequences for the depth and persistence of poverty and hunger. Gaining access to these new opportunities, however, requires countries to take certain actions and create certain policies. These include an open trading environment, policies that facilitate private sector investment, a healthy and well educated citizenry, and a cadre of technical, business, scientific and government leaders that is well trained. Some of these actions are the province of developing countries, but for some of them outside funding and support is required.

Biotechnology. Nowhere is the promise of new technology more compelling than in the ability of biotechnology to increase food production, rural incomes, employment opportunities, and nutritional quality of food to the benefit of poor people in developing countries. Indeed, the IFPRI food production trends (underlying its food price and poverty projections noted earlier) include an assumption that significant productivity increases (increased crop yields per acre of land) will come from biotechnology research. A common assumption made by many commentators is that biotechnology will feed the world.

However, few of the potential benefits will reach poor countries and people without important public sector actions. With biotechnology, there are two barriers to spreading its benefits to poorer developing countries. First, there is a growing danger that those countries may follow the lead of the European countries and put into place regulatory regimes that discourage or prohibit research on or use of transgenic crops⁸³. This would severely limit benefits from biotechnology for these countries.

Second, even with a sound regulatory regime in these countries, there remains a problem of private sector incentives, public goods, and returns to research and investment. Almost all biotechnology research and investment are now private sector-led; they are therefore targeting significant markets; the poorest countries and populations in the world are not significant biotech related markets because agricultural markets, even for example for seeds, are not functioning in a healthy enough way to attract private investment. Nor is it clear that low value food crops -- even with better functioning agricultural markets -- would offer a return sufficient to justify the high costs of private sector biotech research⁸⁴. As a result, almost all advanced biotechnology work has focused on developed country needs.

For example, transgenic crop field trials by U.S. scientists in 1987-97 focused almost entirely on U.S. problems for U.S. crops. Transgenic crop technologies in use, which have grown explosively in the mid- to late 1990s, have exclusively involved either insect resistance (e.g., Bt corn and cotton) or herbicide resistance, both traits tailored for the U.S. market.⁸⁵ As the World Bank's senior executive involved in biotechnology, agricultural research and food security has stated: "The growing gap between the developed and developing worlds in the rapidly evolving knowledge frontier is exacerbated by privatization of scientific research. An emerging "scientific apartheid" would further marginalize poor people."⁸⁶

One possible solution to this problem is to encourage effective public sector agricultural research investment on the food and other agricultural technology needs of poor countries and poor people. However, the trend is in the opposite direction. Foreign assistance budgets for agriculture by all foreign donors, especially the U.S., have fallen dramatically; as of 1999, there was no lobby, legislative support group, line item, or federal program trying to pay for significant biotechnology research on crops and problems of the poorer countries of the developing world.⁸⁷

Information technology. Information technology (IT) -- and its rapid uptake in poor developing countries -- attracts hyperbole similar to that heard regarding biotechnology. Popular commentators on the information revolution, and trend setting publications in the industry (such as Wired magazine), make statements suggesting the imminence of "wiring Africa" or that "The third [world] shall be first" or that when internet use figures reach the one billion mark most users will be from poor developing countries whose leaders have had the wisdom and resources to invest in IT.⁸⁸

It is indeed the case that poor developing countries worldwide have joined the IT revolution. Indeed, U.S. foreign assistance through USAID and other Federal agencies has been instrumental in helping African countries create IT access in ways that favored private service provision, competition, and major price reductions for users. "In Africa, for example, the number of Internet subscribers has gone from under 15,000 to over 400,000 between 1996 and 1999... It appears that even in the poorest areas of Africa and South Asia, for example, new [information and communication technologies] are diffusing rapidly and are contributing to local well-being."⁸⁹

Yet, there are three aspects of this rapid IT expansion in poor developing countries that will determine how it affects these countries' ability to reduce poverty and hunger and to enter the world economic mainstream. First, despite rapid uptake of IT in these countries, their pace of change and adoption of IT is very far behind the pace of change in developed countries... they are not catching up to, but falling behind, the developed world. This poses serious risks for the marginalization of such countries, to the extent that broad societal use of IT will be a growing element of competitiveness. The second aspect of IT expansion is that it is unclear under what circumstances IT helps reduce poverty, and it is clear that often there is a period of time when it expands inequality, though not necessarily poverty, among various groups, basically increasing the demand for, and wages of, skilled and educated workers at the expense of unskilled people.

Third, the extent to which there is a return on multinational private investment in major infrastructure of benefit to developing countries is critical. For example, the Iridium satellite was widely viewed in Africa as having the potential to make a major advance in expanding internet access and capability. Yet Iridium failed as a business venture because the market that really mattered, the developed country market that the business hoped would carry the costs, had better or cheaper ways of accomplishing the same connectivity. Where the return on investment was sought (in developed country) Iridium wasn't needed; where it was needed (much of Africa) there was not a market to carry the investment costs.

The speed and extent of IT use is largely a function of investment levels in a country, quality of human resources including educational attainment, and freedom of speech and democratic rights. Public support and funding -- and in the case of IT in Africa USAID was a key source -- can help ensure an adequate level of educational attainment, and in some cases provide the training needed for government policymakers to formulate and implement the right policies.

Changing the rules governing global trade. Some countries – those with immature regulatory structures, with poor and high cost infrastructure, with poorly educated people – have not drawn the private investment flows that would make foreign aid redundant and unnecessary. In some of those countries, these problems are self-induced, and foreign aid may only prolong bad policies. But in many others, which have made significant market oriented and democratic reforms, private financial flows will not take the place of aid until further changes are made, some of which can be facilitated by aid.

As things now stand, some of the poorest developing countries stand to be in a net loss position regarding changes in the world's trade rules, in particular many of the countries of Africa. In addition, many others fear that they will lose out in particular as regards food availability and cost.⁹⁰ It is important for them to be able to identify their interests and where and how best to negotiate. As regards poor African countries, for example, "In the aftermath of the Uruguay Round, many African countries complained about their effective nonparticipation in the negotiations and inability to negotiate more favorable conditions for themselves. By all accounts, African countries were tangential to the tasks."⁹¹

While the rich nations of the world, and the more powerful developing countries such as India, Brazil, and China, are engaging in ongoing and extensive debates regarding the world's trading rules and evolution of WTO, many poor countries are already largely left out of these discussions. This is because changing the rules and structure of world trade requires extensive knowledge and expert staff in international law, economics, and business. The first World Trade Organization ministerial meeting, which took place in 1996, recognized the weak capacity of many poor developing countries to participate as partners in the many upcoming trade negotiations and in the many individual country decisions regarding accession to WTO and other trade agreements, compliance with agreed-on rules, and recourse to address the negative effects of changes in tariffs and other compliance issues.

Specifically, to be effective participants and negotiators in the changing rules governing world trade, poor developing countries must adequate staff at both decision and staff levels, in both the public and private sectors, to understand the economic consequences of alternative policy scenarios, and have detailed knowledge of the intricacies of trade laws, and knowledge of the political economy of trade rule changes in their own country and others' which could affect the outcome or implementation of trade rule discussions.⁹² While smaller developed countries may have hundreds of people with these skills and responsibilities, most small developing countries have only a handful, and they are fully engaged in decision-making and domestic crisis management much of the time.

Many of the world's poor countries don't even have adequate numbers of personal to identify the trade-offs facing them with regard to various proposals before the WTO, nor the ability to effectively participate in protracted and in-depth negotiations on these issues.⁹³ While the policies to attract foreign investment are the province of individual countries, there is a clear need on the part of many poor developing countries for the kind of advice and training in international trade law and economics that can only be provided for, and in some cases funded, by sources outside of those countries.

2.5 Specific Investments -- in Addition to Those Promoting Economic Growth -- are Needed to Cut Hunger and Poverty in Half

Cutting hunger and poverty in half by the year 2015 requires strong economic growth, and developing countries that are participating in, not marginalized from, the benefits of global trade, technology, and information. But in addition, as hinted above, achieving this objective also requires investments specifically focused on increasing the capacity and access of poor people to tools, knowledge, and opportunities. Two groups have recently developed action plans to cut hunger in half by the year 2015. These plans are the result of a broad consensus among professionals and academics of the key approaches that would make a difference in cutting world hunger in half.

In 1999, the U.S. Government Interagency Working Group on Food Security and the Food Security Advisory Committee jointly recommended a program to achieve the target of cutting hunger in half by the year 2015. This was a joint effort in which a broad array

of representatives from the U.S. private sector, NGOs, universities, religious institutions, and others came together with a U.S. government interagency working group to agree on common approaches. The Action Plan – and the technical annex commissioned for it -- involves five actions that have been proven to reduce poverty and hunger: investing in rural roads, agricultural research, safe water, girls' education, and specific programs targeted on vulnerable, poor populations for whom the other approaches alone will not be sufficient⁹⁴.

A similar exercise, which combines some of these specific actions in a broader development framework, is included in the Year 2000 annual report of Bread for the World. This approach includes livelihood strategies (promoting private sector led growth that provides employment and income to the poor); social investment strategies (specifically investments in health and education, especially for women); and empowerment strategies which ensure progress in government openness and in giving a voice to the poor.

The estimated cost of the first approach (that of the U.S. Government Interagency Working Group and the Food Security Advisory Committee) is \$2.6 billion per year; of the second approach (that of Bread for the World), \$4 billion per year. (In addition, a United Nations Food and Agriculture Organization (FAO) estimate of the cost of cutting hunger and poverty in half by the year 2015 is higher -- \$6 billion.) Both the Interagency Working Group and the Bread for the World approaches rest on the solid consensus of what it would take to eliminate hunger and poverty in the world and they have considerable overlap with each other.⁹⁵ Bread for the World estimates that the U.S. share of this cost would be \$1 billion per year, while the Interagency Working Group estimates that it would be \$685 million per year.

2.6 Foreign Aid is an Effective Tool to Spur Economic Growth and Reduce Hunger and Poverty

A growing impatience with foreign aid, and the end of its Cold War rationale, has led not only to “aid fatigue” but to a sense that aid is simply ineffective. This feeling is especially prevalent among representatives of the private sector and those who work in Congress. In addition to the kind of feelings on Capitol Hill represented by the quotation at the beginning of this section, private sector representatives voices similar sentiments, such as the following, “The efficiency of foreign aid is not a separate concern off to the side in the minds of that part of the business community concerned with overseas economic growth; it is a key concern. When they don't see congenial economic policies or improved infrastructure in the markets they want to succeed in, they consider that foreign aid is money down the drain.”

Assessing the effectiveness of foreign aid tends to be done in one of three ways: careful analytical studies using quantitative methods; more impressionistic but wide ranging studies assessing what might have happened without aid; and anecdotes. All three will

be alluded to here, largely because the most rigorous method -- quantitative analytical studies -- can sometimes be the least useful or convincing for a policy audience because this kind of assessment requires patience, some analytical training, and is often devoid of a concrete and practical sense of what the aid monies are actually spent on.

The effectiveness of foreign aid has been the topic of multiple quantitative studies for many years. The 1990s in particular have seen several rigorous studies undertaken. Most such studies have found that raw correlations of foreign aid with poverty reduction or economic growth show no relationship; that is, such correlations provide no evidence that foreign aid makes a difference⁹⁶. More careful studies have done analysis by country and time period.

The general conclusion of these more careful studies is the following: Foreign aid has been effective, and has had a significant impact, in increasing economic growth and reducing poverty in those countries with sound, market-oriented policies; it has been ineffective in countries with poor policy environments (although one of the most rigorous and most recent studies finds aid effective even in countries with poor economic policies⁹⁷); and it has been effective in providing a strong basis of institutional innovation, training, and access to new technologies and approaches. A newly emerging and broad consensus view of these findings is that aid should be provided primarily to countries with strong policy environments, but that even countries with bad policies may benefit from aid that increases human capacity and institutions and increases access to new technologies, approaches, and ideas⁹⁸.

A second approach to aid effectiveness, one which perhaps would speak more directly to the concerns outlined by the chief of staff quoted above, tries to disentangle in historical ways, without using quantitative analysis, what would have happened in the absence of aid from what actually did occur. Two conclusions can be drawn from these approaches, very consistent with the conclusions of the more rigorous studies. First, foreign aid is effective when used in countries that have both need and a sound policy environment. The conclusions of these studies are typified below:

Most aid agencies have a commitment to tackle poverty; for many it is written into their charters. Because poverty remains so widespread, however, it might suggest that aid has failed in this task. Such an impression is misleading. Directly and indirectly, aid has helped countries to fight poverty. Broadly speaking, poverty persists despite the achievements of aid; it would have been worse without it.⁹⁹

A very similar conclusion, in the specific context of whether or not the Green Revolution and its modern crop varieties ("MVs") contributed to reducing poverty and hunger, comes from the widely respected British poverty researcher and advocate, Michael Lipton:

The persistence of mass poverty in some LDCs [less developed countries] -- either despite adopting MVs, or whilst neglecting them -- should be blamed on

socio-economic structures and resultant policy biases, rather than on the features of MVs themselves. Indeed, if social scientists had in 1950 designed a blueprint for pro-poor agricultural innovation, they would have wanted something very like the MVs.¹⁰⁰

The second conclusion of these historical studies is that there have been many countries targeted as aid recipients for reasons of political support or short-term security, in which aid has been relatively ineffective or worse. This has generally been because the country's commitment to economic growth, poverty reduction, and better policies was lacking, and sometimes because the countries chosen had relatively little need and therefore aid had relatively small effects on reducing poverty.¹⁰¹

Finally, the least rigorous approach to assess aid effectiveness is often the most compelling for policymakers because it is the most concrete. This is the anecdotal approach. Several recent examples may be instructive in demonstrating the effectiveness not only of U.S. foreign assistance but of a range of approaches -- approaches that the private sector could not invest in because of a lack of returns to them -- by other public, government, or philanthropic groups.

The first example comes from biotechnology. Despite some limited areas of investment by agricultural biotechnology firms in developing countries, these firms are not going to invest in breakthrough technologies that affect large numbers of farmers or consumers because the markets that would provide an adequate return for their investment simply don't yet exist¹⁰². Only governments or private philanthropic groups will make such investments. In early 2000 Rockefeller Foundation reported success in using biotechnology research methods to increase the vitamin A content of rice.

By addressing one of the most serious micronutrient problems worldwide, in the food staple eaten by the majority of Asia's poor people, this breakthrough can be expected to improve the nutrition and save the lives of millions of people. This research, however, was undertaken by philanthropic groups alone, and by using 70 proprietary technologies and biotechnology research methods owned by private firms; without the non-profit based involvement of several groups such as Rockefeller, none of these proprietary technologies would have been made available and the breakthrough "golden rice" would not have been developed.¹⁰³

Second, a variety of approaches have increased the benefits of the internet and telecommunications revolutions for poor people in some developing countries. In the mid-1990s USAID policy research and dialogue with African telecommunications monopolies was instrumental in opening a number of African countries to competition at a time when early internet service would have otherwise been monopolized by the government or by a single firm and priced at very high levels; the result was a much more competitive internet environment, making internet connections affordable by many NGOs and other groups serving the needs of poor people in those countries¹⁰⁴. Another example of non-profit investment in telecom and IT comes from Bangladesh. The Grameen Bank, a private NGO making loans to very poor women, has begun a program

to make cell phone loans which permit the recipient to become the local provider of cell phone services in her rural village; commercial banks are not making such loans nor can they be expected to any time soon. Indeed there is a case to be made that, without more efforts to harness IT for the benefits of poor developing countries, hunger and poverty will not be successfully addressed.¹⁰⁵

Third and finally, U.S. foreign assistance -- working through a number of U.S. NGOs and groups that develop farm cooperatives -- has been instrumental in creating the information and organizational start up conditions for groups of small-scale farmers to identify and gain access to new markets for various crops that have significantly increased their incomes in a number of African countries.¹⁰⁶

Despite the strength of the three kinds of evidence above, many if not most policymakers associated with foreign aid, even sometimes career State Department diplomats and managers, believe foreign aid is ineffective. This is partly because most people have seen or heard horror stories of failed projects, or of countries that received foreign aid and used it badly. It is also because of the perception stated by the chief of staff above that poverty and hunger persist, in spite of significant levels of foreign aid. Finally, it is likely due, in part, to the fact that aid is sometimes -- for reasons of short-term political gain -- provided to countries less able to or committed to make good use of it. A concerted effort to demonstrate past aid effectiveness and how it will be even more effective in the future is essential for a renewal of support to foreign aid to combat poverty and hunger.

2.7 Active, Committed U.S. Leadership is Needed to Cut Hunger and Poverty in Half.

U.S. leadership makes a difference. Presidential leadership through the Alliance for Progress led many Latin American leaders -- including those for whom this had never been a priority -- to begin to address problems of poverty in their countries.¹⁰⁷ A similar process took place two decades later when the U.S. Congress, USAID, and Unicef jointly supported a major effort to save children's' lives through simple health interventions. Presidents, Prime Ministers, Ministries of Health and even in some cases guerilla armies (who agreed to stop fighting to permit national vaccination campaigns to take place) realized for the first time that there were low cost health measures that their countries, even with the significant financial and organizational problems they faced, could successfully implement to help millions of children. President Johnson was instrumental in U.S. actions and commitments that laid the basis for the Green Revolution. And when the U.S. government and U.S. foundations decided to double rice production in Asia in the 1960s-70s, it had broad impact on the efforts and agriculture budgets and political commitments of most Asian developing countries to address the needs of their rural areas.

If one accepts that poverty and hunger are problems that can be solved, and that public support -- beyond just private investment flows -- need to be part of the solution, then the role of the U.S., and of U.S. government aid in particular, becomes critical. The

situation is somewhat analogous to military and diplomatic intervention and to international trade. Without U.S. leadership, the military response of the rest of the world, for example in the Balkans or East Timor, would have been substantially different and weaker. The U.S. has friends and allies who are capable of developing a limited military and diplomatic response in those situations. However, they won't do it alone; they are willing to bear some share of the burden, but without strong U.S. leadership -- even in a situation like East Timor where actual U.S. forces deploying were relatively small -- the right things won't happen.

Similarly, U.S. leadership has been critical in the past two decades in successfully completing the round of negotiations on the Global Agreement on Tariffs and Trade (GATT) that led to creation of the World Trade Organization; it has also been critical in using the WTO to settle trade disputes, and in accepting both its positive and negative rulings. And when U.S. leadership regarding world trade has been weak or ambiguous, as in the months leading up to the Seattle WTO summit in December 1999, the rest of the world has also responded with weak and ineffective action.

Some Congressional staff interviewed for this study assumed that "leadership" in foreign assistance means maximizing financial commitments above those of any other donor. In fact, U.S. foreign assistance maintained a leadership position -- in terms of influence, approaches, and commitment -- up until a few years ago even as budgets fell. Past experience in a number of successful ventures and sectors show that U.S. leadership can make a difference where our people, knowledge, effort and ways of doing business are exemplary even without having the biggest budget; but it requires a commitment to mobilize people, resources, and effort.

It is clear that other donors -- sometimes consciously and sometimes not -- are affected by what the U.S. does in foreign aid, and in particular in the seriousness with which it addresses poverty and hunger overseas. This is all the more the case due to the broad respect that U.S. foreign aid, and its implementing agency, USAID, have among other donors. "Indeed, it is one of life's little ironies that USAID is perhaps the most widely respected bilateral development agency by its peers and has such little respect at home."¹⁰⁸

But foreign aid budgets have fallen now so far that any claim to leadership is not taken seriously by our partners and allies.

In the words of one Congressman, "Where U.S. dollars once helped to leverage other nations' investments, they are now following our lead toward inappropriately low levels of development aid."¹⁰⁹ If it doesn't matter enough to the U.S. to take an effective and active role, then our allies who are also the other major foreign aid donors will follow suit.

The recent GAO report on implementing U.S. commitments to food security provides a good illustration of this. The foreign aid trends over the past nearly two decades show other OECD nations following the US example in reducing their assistance levels, and suggests that planned foreign assistance levels by all donors will not be sufficient to meet

the goal of cutting world hunger in half by the year 2015.¹¹⁰ While those other donors, unlike the U.S., have put a renewed rhetorical emphasis -- at policy level -- on poverty and hunger reduction, they have not for the most part taken the actions -- in either their aid budgets or allocation decisions or their trade policies -- that would make much of a difference¹¹¹.

U.S. leadership also makes a difference in the priorities and actions of some developing country leaders and citizen groups. This doesn't mean that the U.S. should dictate developing country policies (as indeed did not work when USAID policy dialogue unsuccessfully attempted to push the basic human needs requirements of U.S. legislation onto Latin American policymakers in the 1970s¹¹²). However, government and non-government leaders in developing countries do pay attention to U.S. commitments, priorities, and examples. What the U.S. does, says, and spends money on affects, in subtle ways, the decisions and commitments of developing countries.

U.S. government leadership also counts with another important group, the private foundations. International activities financed by U.S. private foundations have increased almost six times since the early 1980s, with activities in support of international development increasing even faster in the 1990s.¹¹³ Many foundation grants are made by new foundations with very limited experience and knowledge of what is most effective. Others are made by longstanding foundations which no longer have the clarity of vision and long term commitments they had in the past regarding poverty and hunger. For example, at the time that Ford and Rockefeller Foundations, later joined by USAID, were deciding to double rice production in Asia, they made a long-term commitment that was subsequently strengthened by U.S. government commitment to it.

There are a few specific examples of similar approaches now (e.g. common U.S.-NGO-Foundation approaches to targeted microlending to the poor or to immunization and child health approaches). But in terms of a broad and comprehensive vision of sustainably reducing poverty and hunger, there is not U.S. leadership, nor is there a clear, enduring vision within the foundation community. Indeed, foundation leaders in a recent poll almost unanimously stated that they do not see their role in a larger picture of actors including government actors dealing with international issues¹¹⁴. U.S. leadership could change this.

For example, the second largest foundation in the world is the Bill and Melinda Gates Foundation. It recently made a major commitment to child health in poor countries of the world. This was an admirable and carefully made commitment, but appears to be based in part on clear U.S. leadership in this area, with other partners and a credible identification of both USG actions and areas requiring further investment. No such U.S. leadership or credibility exists regarding the problem of poverty and hunger in the world.

U.S. leadership has several aspects. First it implies a level of political commitment -- at Presidential, Cabinet (State, NSC, and Defense), and Congressional committee chair level -- that has not been seen in Administrations and Congresses from either party in many years. Second, it implies a convincing level of resources. As one member of Congress

has stated: “What is lacking, and what the 1996 World Food Summit hoped to produce -- is a renewed political commitment to put hunger at the top of the policy agenda. While the U.S. Action Plan on Food Security sets laudable goals, it is up against daunting trends due to declining foreign aid and waning leadership. It is going to take top-level political muscle to turn this tide and make the plan’s vision a reality.”¹¹⁵

By weakening and dropping concerted efforts to address hunger and poverty, and by not taking positive visionary action to help small, weaker countries gain from the opportunities presented by globalization, information, and biotechnology, the U.S. is providing an example that will certainly be followed by other donors and by the governments of developing countries. If it is in U.S. interests to cut hunger and poverty in half, then these trends of declining U.S. support (documented in the next section) must be reversed if we want to see the rest of the world following our lead to take serious actions that will accomplish the goal.

⁶² Address at June 8, 1999 annual meeting of Association for International Agriculture and Rural Development

⁶³ Smith and Haddad; Bread for the World, 2000; United States Government Interagency Working Group on Food Security/Food Security Advisory Committee; Abt Associates.

⁶⁴ Toffler and Toffler, p. 25.

⁶⁵ “The Coming Anarchy.”

⁶⁶ Friedman, p. 352.

⁶⁷ Wortman and Cummings, p. 83-112; Chandler, pp. 1-9; pp149 ff.

⁶⁸ Sachs and Warner for example provide a clear view of the convergence idea, although are not proponents of the “trade not aid” view. Sachs (1995) appears to no longer subscribe to the convergence view, suggesting that countries, regions, or groups with insufficient access to technology and knowledge are likely not to benefit from global economic growth.

⁶⁹ GAO, p. 37.

⁷⁰ The decline was from 41% to 16% in East and Southeast Asia from 1961 to 1992; in South Asia, the decline was from 33% to 22% (Bread for the World, 1997-1998), p. 13.

⁷¹ See Lipton and Longhurst, and Tribe.

⁷² Pinstrup-Anderson, Pandya-Lorch, and Rosegrant, p. 9.

⁷³ World Bank (2000), p. 33.

⁷⁴ USG/GAO, p. 29.

⁷⁵ Projections from Pinstrup-Anderson, Pandya-Lorch, and Rosegrant.

⁷⁶ World Bank (2000), p. 37.

⁷⁷ Pinstrup-Anderson, Pandya-Lorch, and Rosegrant, p. 18

⁷⁸ Pinstrup-Anderson, Pandya-Lorch, and Rosegrant, p. 18

⁷⁹ World Bank (2000), p. 37.

⁸⁰ UNDP 2000, Swaminathan 1994, Serageldin, Abel et al.

⁸¹ Sachs (2000).

⁸² Wolgin, Lancaster, 1999, p. 98 ff.

⁸³ Association for Strengthening Agricultural Research in Eastern and Southern Africa, Conway, Lipton, Ndiritu, Nuffield Council on Bioethics, Persley, Persely, Pinstrup-Anderson and Cohen, Swaminathan, Wambugu.

⁸⁴ Pray and Umali-Deininger, McCalla and Brown, Nuffield Council on Bioethics, Lipton, Persley, Persley, Pinstrup-Anderson and Cohen, Ruttan.

⁸⁵ Herdt 2000, Herdt 1999.

⁸⁶ Serageldin.

⁸⁷ Mann, plus see Section 3 below on declining support.

⁸⁸ See, for example, Negroponte and Greenwald.

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- ⁸⁹ Rodriguez and Wilson, and Rodriguez provide the basis for statements in this IT section.
- ⁹⁰ Mukherjee and Harriss, Trueblood and Shapouri.
- ⁹¹ Mukherjee and Harriss.
- ⁹² Robinson.
- ⁹³ Diaz-Bonilla and Robinson; David Dod, USAID, personal communication.
- ⁹⁴ US Government Interagency Working Group on Food Security/Food Security Advisory Committee, based on Abt Associates.
- ⁹⁵ Bread for the World, 2000, p. 3, 19.
- ⁹⁶ “Making Aid Work.”
- ⁹⁷ Hansen and Tarp.
- ⁹⁸ These studies are summarized and most recently re-analyzed in Hansen and Tarp. Dollar and Pritchett, a year earlier, represent the most widely read study which has significantly affected thinking in many development agencies. Gwinn and Nelson, Lancaster (1999), German and Randel, and O’Hanlon are examples of policy recommendations drawing the lesson and recommendation from these analytical studies that aid is effective primarily or only in good policy environments.
- ⁹⁹ Cassen and Associates, p. 39.
- ¹⁰⁰ Lipton and Longhurst, p. 400.
- ¹⁰¹ Lancaster (1999), Porter, German and Randal, and Dollar and Pritchett document this.
- ¹⁰² Pray and Umali-Deininger; Nuffield Council on Bioethics; Lipton; Persley; Pinstrip-Anderson and Cohen; Atwood.
- ¹⁰³ Gugliotta tells how the research led to the breakthrough; Conway and Toenniessen’s early estimate was that 40 proprietary technologies had been used; Toenniessen in a personal communication now estimates the number of proprietary technologies used at 70.
- ¹⁰⁴ Lane Smith, personal communication.
- ¹⁰⁵ Greenwald.
- ¹⁰⁶ USAID, 1999, Africa Seeds of Hope Implementation Report.
- ¹⁰⁷ I am indebted to Tom Carroll for this insight.
- ¹⁰⁸ Wolgin, p. 11.
- ¹⁰⁹ Tony Hall, in Bread for The World, 2000.
- ¹¹⁰ GAO, p. 16, pp 32 ff.
- ¹¹¹ See German and Randel. One major exception to this is the UK, whose white paper on poverty and aid, and concept of policy coherence, has made a major change in the level of UK commitment to reducing overseas poverty and affected a number of departments beyond the department for international development.
- ¹¹² Jim Reardon presentation for Abt Associates and USAID Latin America Bureau Rural Development Division on the impact of USAID-funded policy analysis and training projects in Latin America, 1982.
- ¹¹³ Renz, Lawrence, and Kendzior, p. 6 show total foundation giving tripling from 82-84 to 97. Renz et al (1999, p 76), as well as Campbell and Lewis) show that the share of giving that goes for international activities doubled since the same period, hence a six fold increase (doubling within a tripling) of giving for international activities since the early 1990s.
- ¹¹⁴ Renz et al, p. 101 ff.
- ¹¹⁵ Congressman Tony Hall, in Bread for the World, 2000.

3. Changes Already Underway Can Help Reverse the Decline in U.S. Support

"When I started my career in economic development, I examined the financial needs of developing countries and compared them to overall foreign aid levels. There was a huge gap. Now there is enormous private capital available to fill the gap. For small, poor developing countries, however, this will happen only if someone invests in helping these countries create conditions that will attract and retain this capital. The irony is that now we just need small, targeted foreign assistance investments to help provide the training, technical and policy expertise, and enabling conditions for these countries to draw in foreign capital; but the foreign assistance funds to do this have dried up. In the company I work for now, we have even given up on seeing USAID and the foreign assistance budget as a customer because there is so little funding left to do these kinds of programs."

-- retired USAID manager

"The public, and even conservative members of Congress who don't like foreign aid, support and care about aid programs that work...if you can counter misinformation about aid 'going down a rathole' and if you can be specific and clear about how aid programs help people overseas, both the public and Congress will be supportive."

-- lobbyist from grass roots organization

U.S. support for foreign aid, and specifically aid that can reduce hunger and poverty, has fallen since the end of the Cold War. This section documents a number of ways in which support for reducing poverty and hunger by the U.S. government and U.S. society at large has fallen. But it also documents a nascent renewal of interest and support. This section suggests that the seeds of renewed interest and commitment to address overseas hunger and poverty already exist in the Congress and among a wide range of interest groups, in spite of the financial and other problems that they have experienced over the past few years.

3.1 Public Support for Solving Overseas Problems is Much Stronger than the Congress Thinks It Is.

It is axiomatic among legislative and executive branch leaders and the press that the U.S. public is generally disinterested in overseas problems, skeptical about U.S. government engagement in international affairs, and against foreign aid¹¹⁶. However, a series of careful polls and focus groups in the mid- to late 1990s has demonstrated significant public support to efforts to reduce hunger and poverty overseas.¹¹⁷ This support transcends demographic groups and has been rigorously tested and probed. It is important to understand the complex public views that underlie these polls and focus groups. It may be this complexity, on a relatively unimportant issue in terms of winning or losing elections, that explains why Congressional views about what the public thinks have not changed in the face of fairly strong evidence to the contrary.

Frequently cited polls from the early 1990s showing slight majorities of the public against foreign aid.¹¹⁸ Yet, more Americans support foreign aid now than at any time since 1973: “The public continues to insist that the United States spends too much on foreign aid, though this response is currently at its lowest point in 25 years.” Most respondents grossly overestimate the percentage of the Federal budget that goes for foreign aid, believing it on average to account for 23% of the budget, rather than the half of one percent that it actually comprises. When informed of the actual percentage, then the number wanting to reduce foreign aid (in a 1995 poll) declined from 64% to 35%; even then, however, only 25% of respondents wanted to increase aid.¹¹⁹

The public’s rationale for foreign aid has shifted. “...since the Cold War, people have shifted their priorities for foreign aid away from U.S. security and toward helping others... Surveys that have attempted to document a self-interest reason for support on many of these issues have failed. Americans want to give foreign aid to relive pain and suffering, not to build trading partners.”¹²⁰ The one striking area where polling has found possible significant congruence of self-interested and humanitarian concerns is health in poor developing countries, where emerging diseases could also threaten Americans at home.

Perhaps the most important finding of these careful polls and focus groups, however, concerns public attitudes regarding not foreign aid itself but the problems that it is intended to address. In a 1999 poll, the problem of “poverty and hunger” was rated highest as an important problem in the world today, “even higher than weapons of mass destruction.”¹²¹ In 1994, in a survey arraying both domestic and international issues competing for respondents’ attention as important problems, “disease and hunger in other countries” was rated higher than all other U.S. domestic concerns (including such concerns as health care costs and education) except for U.S. crime, gun violence, and government spending.

Some analysts have also tried to examine the connection between these humanitarian impulses and respondents’ feelings about the effectiveness of foreign aid in being able to address poverty and hunger. When asked in 1995 if they would be willing to increase spending by \$100 per person per year to eliminate hunger in the world, three quarters of respondents said “yes.”¹²² This may be an enduring feeling on the part of a large majority of Americans: A comparable poll done several decades ago found 65% of respondents supporting “long term aid to other nations to help them to grow more food on their own,” even if it meant that their taxes would rise¹²³.

It is important not to over-interpret what respondents in polls are saying. “Support” for a proposition in a poll is very different from writing letters or engaging Members of Congress, which require significantly higher levels of effort and therefore commitment on the part of the public. It is important to note three specific aspects of these polling results: the shallowness of support, the lack of trust of government to do things right, and the malleability of public opinion.

Positive polling data on any question may be very shallow support. This is the case with apparent polling support for foreign aid. Respondents will give their opinion on foreign aid or on the importance of overseas hunger and poverty. This does not however imply any particular level of commitment. Positive responses imply no particular commitment to communicate to members of Congress; members of Congress, the Executive branch, and the press as a result maintains its conviction that the majority of the public is unconcerned about problems in developing countries and against foreign aid¹²⁴.

This situation is analogous to the situation regarding public opinion about military casualties in U.S. intervention overseas. U.S. civilian and military policymakers believe that the public has moved towards an attitude in which casualties among U.S. troops are unacceptable in any military engagements. Yet, rigorous polling evidence has recently shown that public attitudes would support significant casualties in interventions the public agreed with¹²⁵.

Lack of public confidence in the ability of the government, the UN, or even private groups (except religious groups) to effectively deliver foreign aid also is a cause for concern. This perception is also supported by other polling data in which only 18-19% of respondents believe aid should be delivered through the U.S. government. A much higher percentage believe it should be delivered through religious groups or the UN. In the same poll, only a modest percentage (comparable to that supporting U.S. government involvement) would support private aid groups and charities (i.e., the NGOs) as effective deliverers of assistance.¹²⁶

A final important finding of these surveys is that public attitudes about foreign aid, and more generally about international issues, are highly malleable¹²⁷. This can be a positive or negative, depending upon U.S. leadership. In the long era following the end of the Cold War, and spanning both parties' control of both branches of government, leadership on foreign aid as part of international engagement has been lacking. As one Congressional staffer stated in response to a question about the danger of losing U.S. leadership in foreign assistance, "That is a battle many members of Congress would be happy to lose, since leadership means keeping up with other donors financially."

But in an era of strong international leadership by the executive and legislative branches, even the findings noted above -- of skepticism or malleability in public attitudes -- would be good news. They create an opportunity in which strong U.S. leadership and communication regarding the importance to the U.S. of what happens in poor countries overseas could strike a chord with the public. And the skepticism about aid effectiveness could serve as a healthy admonition to the executive branch and Congress that the public supports alleviating poverty and hunger overseas but needs to be convinced that the U.S. government can be effective in foreign assistance.

3.2 Congress Expresses Generous Impulses through the Foreign Aid Budget Despite Deep Seated Distrust and Hostility to Foreign Aid In General

To the extent that Congress has focused on public attitudes, the focus has been on public concerns about aid effectiveness rather than public interest in overseas poverty, hunger, and disease and willingness for the U.S. to address these problems. The resulting “foreign policy gap¹²⁸” between what the public really thinks, and what Congress and the press believe the public to think, has contributed to loss of support and interest in overseas poverty and hunger, and in foreign aid as part of the solution, by many in Congress.

Several other conclusions can be drawn from the survey data regarding congressional attitudes. First, foreign aid is a very low priority to Members of Congress. As one Congressional staffer stated, “Foreign aid is such a low priority that it is right down there with the District of Columbia budget in terms of the interest that Members of Congress assign to it.” Because foreign aid is a low priority, Congress invests little time in seeking out public and constituent opinion on aid programs, and therefore erroneously believes that a majority of Americans are disinterested in overseas problems and strongly oppose foreign aid.

Second, because the executive branch (State, USAID, the NSC and the White House) has not made a compelling case for the effectiveness and importance of aid activities and results, or proper and wise use of funds and personnel, foreign aid faces serious problems of credibility in the Congress. Members of Congress and their staff tend to be exposed to foreign aid only when there is a problem; they do not have a great deal of patience to deal with what they see as a not very competent or credible aid agency. For the author, with limited experience on Capitol Hill, the hostility, skepticism, and distrust of USAID and its staff which came through in interviews with congressional staff was palpable and disconcerting.

Congressional skepticism and distrust is further exacerbated by congressional attitudes about USAID personnel. There is a sense among some Congressional staff and Members – spanning many years and Administrations from both parties -- that the process by which Administrations identify personnel for White House-vetted foreign aid positions is less than optimal. There is sometimes an assumption in the Congress that Administrations from both parties tend to appoint individuals to the foreign aid program for reasons unrelated to their interest in or experience with overseas development and foreign affairs. This Congressional perception further contributes to foreign aid’s problems with credibility and trust on Capitol Hill.

And yet, Members of Congress do have generous impulses to help poor and hungry people overseas, even while believing that a majority of their constituents would be either disinterested or opposed. When Congress is presented with an idea that is concrete, understandable, and shows the promise of a credible impact, many Members support it. Some of the most impressive recent examples of Congress’s generous impulses – such as child survival, lending for very small one person businesses (“microenterprise”), the 1998 Africa Seeds of Hope Act, the Africa trade bill of 2000, and the Jubilee 2000 debt forgiveness initiative – are alluded to briefly in the next section. Majorities in Congress

have supported these items, with many Members who voted favorably being those who in general are skeptical of foreign aid.

Some of the explanation for Congressional support for such initiatives lies in strong lobbying efforts. Unicef and other groups created and sustained a strong and convincing message of cost effectiveness and impact for the child survival budget item over many years. Bread for the World and Results, each with a base of strong local groups and members, has supported most of the above initiatives; Bread for the World has generated as many as 100,000 constituent letters to members of Congress each year for many years in support of hunger and poverty issues, often related specifically to U.S. foreign aid. In addition, many religious groups, the Conference of Catholic Bishops and Catholic Relief, for example, drawing on their local dioceses around the country and their Washington presence, are vocal and effective in lobbying on hunger and poverty issues. But these lobbying efforts have been successful not in spite of Congressional stinginess but rather because Members of Congress – when they are convinced that programs are cost-effective – want to be generous when there are compelling cases of overseas need and where they believe the U.S. can make a difference.

3.3 Despite Severe Budget Pressure, Congress Has Tried to Protected Programs that Help Poor and Hungry People... but Has Failed to Do So

U.S. assistance budgets¹²⁹ for poor countries, and for reducing hunger and poverty, have fallen considerably since the mid-1980s and again in the 1990s. The budget for foreign assistance, and for international affairs more generally, is complex. Bacchus provides a good overview, but in general the international affairs account (referred to as Function 150 in the budget) includes both foreign assistance and a number of other items, such as State Department and support to international financial institutions.

Within the foreign assistance portion of the Function 150 account, the category devoted exclusively to assisting poor countries with no short-term political or military goals attached to it is the development assistance (DA) category. While DA has at various times been separated from funding for child survival funding and the Development Fund for African (DFA), consistency of comparison across years require that all three be considered together. For the purposes of this analysis, the term development assistance (DA/DFA) includes all three of these non-military, non-political sources of funding for poor countries.

In the figures below, the funding trends do not appear to be as steeply in decline as they in fact are, for several reasons. First, the figures are in current dollars; factoring in the impact of inflation, albeit moderate in the 1990s, would lower the 1998 end points 20%. Second, steadily increasing levels of crisis and emergency assistance are embedded in each of the budget categories, rather than being accounted for separately. With rapid increases in emergency assistance to respond to the many humanitarian crises of the 1990s, the amount of each budget category devoted to actually addressing underlying,

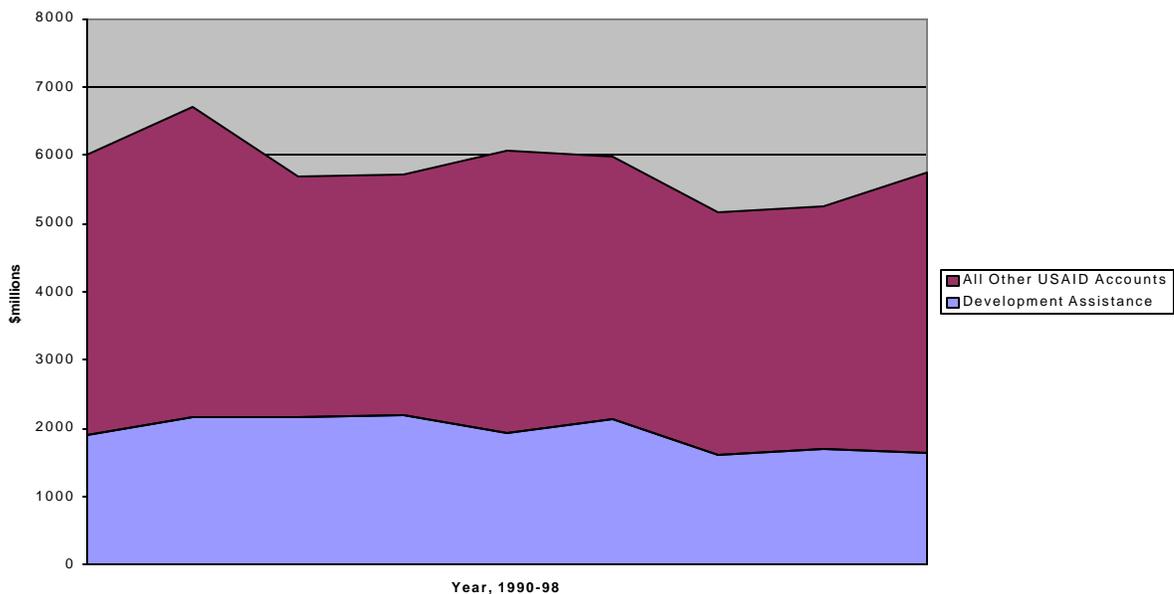
long-term causes of hunger and poverty is much lower than they appear from these figures.

Finally, the data series begins in 1990 but much of the decline in support for areas critical to poverty and hunger alleviation, and economic growth, such as agriculture, education and training, started in the mid-1980s. By 1998, for example, budgets for agriculture, education, and training had been reduced to only one third of the level they had in the mid-1980s (even without factoring in inflation). More generally, between 1985 and 1996 the overall international affairs budget (including foreign assistance) fell by 50% in real terms, and 30 in-country overseas offices of USAID were closed, many of them in some of the poorest countries.¹³⁰

Most of the analysis below focuses on the development assistance account, as the one account whose primary purpose is the economic and social development of poor countries. The lower line in Figure 1 shows development assistance trends, before inflation, for the 1990s.

The other economic development parts of the Function 150 account have more varied objectives, generally mixing political and developmental objectives. For example, the economic support fund (ESF) supports Egypt, Israel, and a range of other countries to which the U.S. wants to be able to provide quick and flexible support. Several other accounts are directed towards the needs of the former Soviet Union and Eastern Europe. Figure 1 compares trends, before inflation, in the development assistance budget with

Figure 1: All USAID Accounts, 1990-98



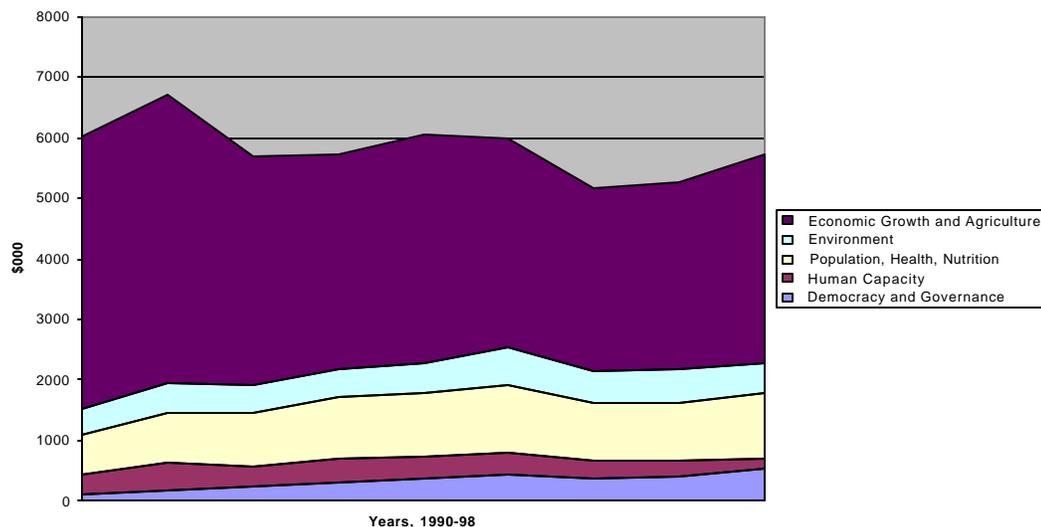
trends in all foreign aid accounts. The totality of all U.S. foreign aid is referred to as “all accounts.”

Figure 1 shows that development assistance -- the part of the budget that is the most suited to addressing poverty and hunger, and most suited to programs in which sustained long term investments are needed -- has fallen significantly faster than total foreign aid. Food aid is not included in this discussion, coming under a separate appropriations and political process, but in general the trends are also downward, with food aid budget trends similar other aid trends from the mid-1980s through the mid-1990s.¹³¹

Figure 2 examines the breakdown of “all accounts” into the overall goal areas of the foreign assistance program. These goal areas are economic growth and agricultural development; environment; population, health, and nutrition; human capacity (training and education); and democracy and governance. Among these five goal areas, Figure 2 shows an increase in funding for population and health and for democracy, stagnation for environment, and substantial declines in funding for education and training (“human capacity”) and for economic growth and agricultural development. The overall trend for funding of all foreign aid accounts is down by 22% before inflation.

Figure 3 shows the budget breakdowns within the DA/DFA accounts alone (including the new child survival account). The overall direction of the trends is similar to what is seen in Figure 2 for all foreign aid accounts. But there are some important differences as well. Development assistance funding, before inflation, has declined by 14% since

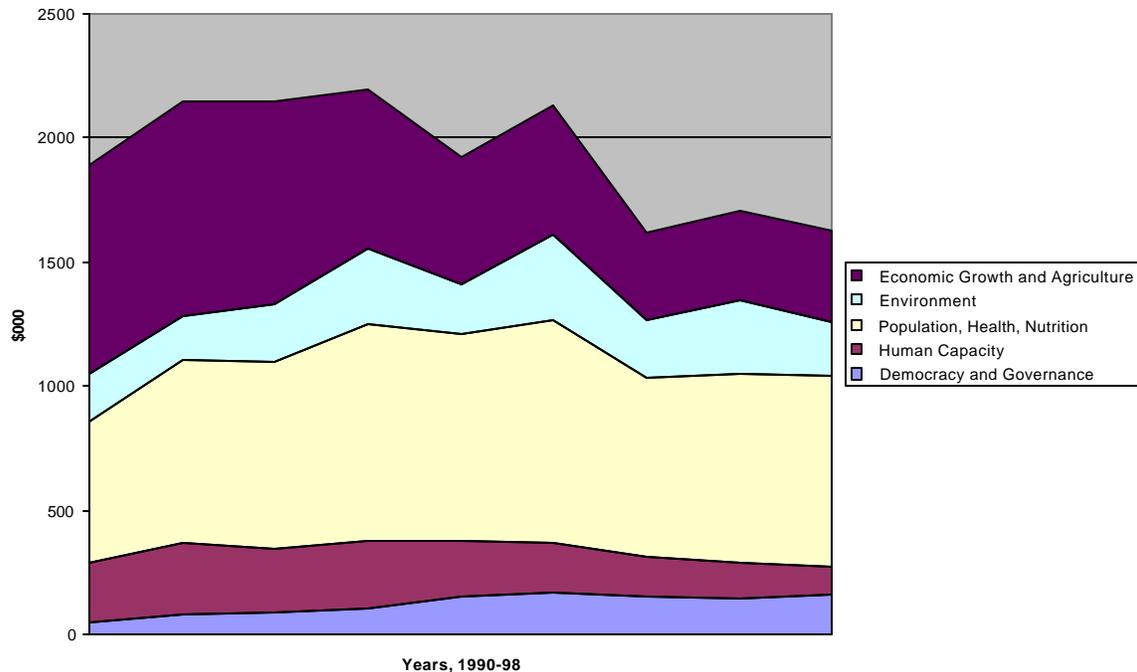
Figure 2: All USAID Accounts, 1990-98



1990. Within available funds, a major increase in funds for population and health has been paid for by a greater than 50% reduction in funds for economic growth and agricultural development and for education and training (human capacity). Figure 3 also shows a very slight increase in environment funding (but with a significant reduction in the mid-1990s), and a tripling in democracy funding, but still at modest absolute funding levels.

From the perspective of foreign aid's role in helping countries benefit from, and not be

Figure 3: Development Assistance, 1990-98



marginalized by, globalization, the budget picture presented in Figure 3 is mixed. As discussed in Sections 2 and 4, the U.S. private sector has a much greater recognition than ever before of the importance of a well trained and healthy workforce for the success of U.S. investment. The increase in health funding, and its effects on child and family health in poor developing countries, certainly creates a better investment climate in those countries, and increases the chances of those countries successfully participating in the global economy.

At the same time, however, the two areas that can most directly help prevent the marginalization of poor developing countries in a globalized, competitive, information-based economy, have been cut in half since 1990, and by two-thirds since the mid-1980s. These are the areas of economic growth, agricultural development, and education and training. The fact that one of the most widely respected and effective NGOs in the world, the Bangladesh Rural Advancement Committee, has now started a university in Bangladesh is testimony to the positive impact that education – both primary and higher education – has on the development of poor countries.

Turning to specific investments that could directly target the goal of cutting hunger and poverty in half, Figure 4 constructs a “poverty and hunger budget” for the development assistance account. Such a poverty and hunger budget should include six items: child survival funding, microenterprise, agricultural development, primary education, local governance and empowerment, and community natural resource management. The latter two items provide the poor with new opportunities to improve their lives by giving

them a greater voice and by ensuring sustainable management of natural resources which returns income or resources to the local community. Unfortunately, tracking of environment and democracy funds in the 1990s has changed in ways that make it impossible to break out a funding trend for these two subsets of those budget goal areas. As a result, the “poverty and hunger” budget in Figure 4 below includes only child survival, microenterprise, agriculture, and primary education funding.

The most important trend shown in Figure 4 is that overall funding for direct poverty and hunger reduction programs has declined faster than the development assistance budget overall and faster than the totality of foreign aid from all accounts. Funding for these items that would reduce poverty and hunger has been cut by 20%, before inflation, since the 1990s.

It is ironic that many Congressional Members and staff from both parties believe that -- despite overall reductions in foreign aid -- they have managed to salvage and even increase specific budget items that improve the lives of poor families. In interviews with congressional staff, this perception comes in particular from the increased funding for child survival and microenterprise programs that have been Congressionally mandated. Increased funding for these child survival and microenterprise programs has had important results which have helped millions of poor families. These programs have received increased funding because of the ability of well-organized and articulate interest groups to show Congress short term impacts on poor people; they demonstrate that hard-nosed Members with no love of foreign aid can become supporters of aid programs that are easy to understand and have clear results.

But when one examines the overall picture of programs that directly benefit poor families or -- even more starkly -- the economic, agriculture, and training items the can help countries avoid economic marginalization -- there is a clear retreat from areas in which U.S. expertise and leadership could make a difference to the futures these countries and their poor people face. A more productive dialogue with Congress, in an atmosphere of trust, could demonstrate that the impact of overall budget decisions has been negative on the kinds of programs that most directly help reduce poverty and hunger and prevent the economic marginalization of poor developing countries.

3.4 A Cacophony of Voices Obscures a Broad Consensus on What it Takes to Reduce Poverty and Hunger

Ideas matter in foreign policy and foreign aid. The intellectual currents ebbing and flowing among academia, research institutes, and practitioners influence interest groups, Congress, and the executive branch. For this reason, it is important to examine the level of intellectual coherence and support behind efforts to reduce poverty and hunger and to prevent the marginalization of poor developing countries.

At first glance there would seem to be a cacophony of approaches to helping poor and hungry people and less agreement than ever before. The voices inside and outside the

World Bank during demonstrations in Washington, D.C. in 2000 provide the most dramatic witness to this fragmentation and disagreement over how to reduce hunger and poverty. But so too does the plethora of what Mellor has referred to as “special interests” supporting specific and narrow approaches to one or another aspect of poverty and development. These narrow approaches, as discussed in more detail in section 4, get translated into specific budget priorities, further obscuring any sense of consensus approaches to development and poverty reduction.

Table 1 illustrates some of the intellectual undercurrents, based on a more detailed review in Annex A. It is based on a content analysis of key documents representing the viewpoints of a number of different constituencies and interest groups. Table 1 reviews the extent to which synthesis or “state of the world” documents from a number of different groups and viewpoints encompass a broad consensus view of development, poverty, and hunger. The labels across the top include a variety of different approaches and perspectives. Table 1 starkly illustrates an apparent intellectual chaos with very few groups or documents identifying a broad, coherent strategy or integrated set of approaches to reduce poverty and hunger and create better opportunities for poor countries and populations.

¹¹⁶ Kull and Destler; Kull, Destler, and Ramsey.

¹¹⁷ **The most useful overall information on public views comes from Bostrom, Kull and Destler, Kull, Destler and Ramsey, and the Chicago Council on Foreign Relations (as described in, for example, Morris).**

¹¹⁸ Morris.

¹¹⁹ Bostrom, p. 22

¹²⁰ Bostrom, p. 3; these results are also supported by the extensive focus group results of Interaction.

¹²¹ Bostrom, pp. 16, 21.

¹²² Kull, Destler, and Ramsay, p 111.

¹²³ Wortman and Cummings, p. 425.

¹²⁴ Kull and Destler; Kull, Destler, and Ramsey; Interaction.

¹²⁵ Feaver and Gelpi.

¹²⁶ Bostrom, p. 20.

¹²⁷ Bostrom, p. 2.

¹²⁸ Kull and Destler’s term.

¹²⁹ Notes for the budget figures and table in this section: All data except budget figures for “Access to Economic Opportunity” subgoal come from the USAID computer data base, as specified below. “Access for Economic Opportunity” budget figures come from tracking done by and for the USAID G/EGAD Microenterprise Development Office, *Reaching Down and Scaling Up: Meeting the Microenterprise Challenge*, p. 29. These figures do not exactly track with the USAID agency wide data base for the one year (1998) when both are available. But they are available as a consistently defined data set gathered each year for the full 1990-98 period. All other budget figures come from the following USAID sources for the years mentioned: 1990-95 data come from the old activity code/special interest tracking system. 1996 is suspect data whose reliability is impossible to know because of transitional problems between the old tracking system and the new (in 1996) New Management System (NMS). The 1996 figures should not be cited in isolation but serve only to show possible trends with respect to preceding and following years. USAID budget experts recommend against using this data at all, but it is sufficiently in line with other trends that using it for the purposes of the trend analysis conducted here seems more appropriate than not. 1997 and 1998 data is from USAID’s current tracking system. The 1997 and 1998 data represent new authority to obligate funds, rather than actual obligations, whereas the older years’ data represents actual obligations; when old carryover funds for obligation and new authority that was not actually obligated are taken into account, as they are in these figures, the trend analysis can be expected to be fairly reliable and reasonably consistent across years. The economic growth and human capacity figures were separately

tracked under these two categories in 1998. For the years 1990-1997 the human capacity figure was arrived at by summing the basic education and other education figures. The economic growth figure (under which these two categories resided in those budget years) was correspondingly reduced to avoid double counting for those years.

¹³⁰ Hadley.

¹³¹ The exception being a major increase in the late 1990s in response to pressure from US farm groups for the Federal government to purchase large quantities of US grain for food aid in order to push up very low US farm prices.

Table 1: REVIEW OF POVERTY AND HUNGER FOCUS AND MESSAGES OF KEY DOCUMENTS

	REPORT EMPHASIZES:				
	Poverty/ Hunger	Health/Nutrition/ Social Investment.	Economic Growth, Productivity, Agricult.	Environ./ Conflict	Institutions/ Training
I. Child Survival, Nutrition, and Social Development Documents					
Bread for the World: "Program to End Hunger: Hunger 2000"	Y	Y	Y	Y	N
IFPRI (Smith/Haddad): "Overcoming Child Malnutrition"	Y	Y	Y	N	N
Interaction: NGO Place in New Global/Security Environment	N	Y	Y	Y	N
UN ACC Subcommittee on Nutrition: Ending Malnutrition by 2020	Y	Y	N	N	N
UNDP: "Human Development Report 1999"	Y	Y	Y	N	Y
UNDP: "Human Development Report 1996"	Y	Y	Y	N	N
Unicef: State of World's Children, 1988	Y	Y	N	Y	N
Unicef: State of World's Children, 1998	Y	Y	N	N	N
USAID: Malnutrition and Child Mortality	Y	Y	N	N	N
USAID: Saving Lives Today and Tomorrow	Y	Y	N	N	N
II. Economic Growth, Income, Productivity, and Agriculture Documents					
Business Alliance: "Protecting America's Future"	Y	Y	Y	Y	Y
Future Harvest Website	Y	Y	Y	Y	Y
International Agriculture Group: "Investing in Global Agriculture"	Y	Y	Y	Y	Y
USIWG/FSAC, "Food Security Action Plan"	Y	Y	Y	Y	Y
USAID: Ten Year Strategy for Africa	N	Y	Y	Y	N
US State Dept: New Partnership for the 21st Century	N	Y	Y	Y	N
World Bank: Global Economic Progress	Y	N	Y	N	N
World Bank: World Development Report 1999	Y	Y	Y	Y	N
III. Conflict and Development Documents					
Carnegie Commission: Preventing Deadly Conflict	Y	Y	N	Y	N
Institute for National Strategic Studies: Strategic Assessment 1999	Y	N	Y	Y	N
Robert Kaplan: The Coming Anarchy	N	Y	N	Y	N
State Failure Task Force (Esty et al): Failed States Study	Y	Y	Y	Y	N
US Army War College (Pfaltzgraff/Schultz): Ethnic Conflict/Regional Instab.	Y	N	N	N	N
US Institute of Peace (Crocker et al): Managing Global Chaos	N	N	N	Y	N

Note: The above assessments, as discussed in the text of this annex, are based on close but subjective reading of the documents; of course most of these documents give some mention to most of the categories serving as headings for this table. However, the emphasis in terms of problems and opportunities and approaches to be addressed, rather than the simple mention of an area, served as the basis for the "Y" and "N" in each box. It is also not unreasonable to expect that different organizations will emphasize different approaches. The table does make clear, however, that the consensus on development in academic circles does not carry into operational groups with a specific mandate.

Yet among practitioners, and among the groups that put out many of the reports reviewed on Table 1, there nevertheless is an emerging broad view based on a concern with poverty and hunger; health and social development; economic growth and agriculture, environment and conflict, and institutions and education. Very few of the reports from any perspective or constituency encompass most of these parts of the consensus development vision. However, when one converses with practitioners and executives from groups representing these different perspectives -- they informally recognize the validity of that vision. That is, health professionals recognize the need for agricultural incomes and long term economic growth; university representatives recognize the need for better health among poor people. But when they publish their policy oriented papers and annual reports -- that is, when they marshal information for purposes of education and advocacy -- this “consensus” view is missing.

Development economics was in its infancy in the early Cold War era, and was long on theory and short on practical experience or data. That situation has drastically changed, as noted in a recent Overseas Development Council study:

The basis exists today for a broader consensus on development strategies than at any time in many decades. Almost twenty years of experience with economic policy reforms plus expanded data and analysis on that experience provide the foundation for a strengthened accord both within and among developing countries. Beyond the wide recognition that prevails on the need for countries to get their macroeconomic fundamentals right, there are now grounds for agreement on an even wider range of issues entailed in achieving sustainable, poverty-reducing growth and social development.¹³²

This consensus is that economic growth is absolutely essential and must be built on government policies that create a solid environment for private business, private investments, and private markets. These policies must also increase productivity of -- and the economic returns to -- the resource that the poor have in abundance: labor. This means focusing on economic activities such as agriculture that tend to be labor intensive in poor countries. The consensus also includes the need for a competent state increasing other opportunities faced by the poor -- especially by women (who invest more in the health, education, and well being of their children than do men in many developing countries) -- by ensuring education, health care, and investments the private sector won't make (e.g., some agricultural research).

Finally the consensus includes a concern that sustainability and performance require that such an overall approach to development be based on a government apparatus that is increasingly transparent and democratic; on a healthy and growing civil society beyond the control of the state; and on environmental management concerns to ensure that economic growth is not based on unsustainably mining the natural resource and environmental base of a country.

There are many disagreements within this vision, of course¹³³ as the 1999 and 2000 demonstrations against world trade, the World Bank and the IMF demonstrated. The fact is, however, that this view of the social, local, and economic elements of overall development and poverty reduction are widely accepted in a way that no single vision was accepted in the 1950s through the 1980s. While different interest groups emphasize different aspects of this consensus in their advocacy activities, they do so because of the incentives that the budget situation has created for groups to seek a greater share of a shrinking pie (as discussed in Section 4). Yet managers, leaders, and most practitioners identified with diverse groups and approaches share a much broader view, recognizing the several different elements necessary, than appears in their advocacy activities or publications.

3.4 Despite Declining Resources, Most Interest Groups Are Seeking Innovative Ways to Address the Problems of Poor Developing Countries

With an overall modest decline in NGO resources to address the needs of poor developing countries, NGOs are seeking new approaches and new partners. NGOs are widely seen as one group that has increased their activities despite the overall decline in foreign aid resources. This image is not accurate, as illustrated in Figures 6 and 7, based on sources and uses of NGO funds by 425 NGOs registered with USAID.¹³⁴

Figure 6: Sources of NGO Funding, 1981-97

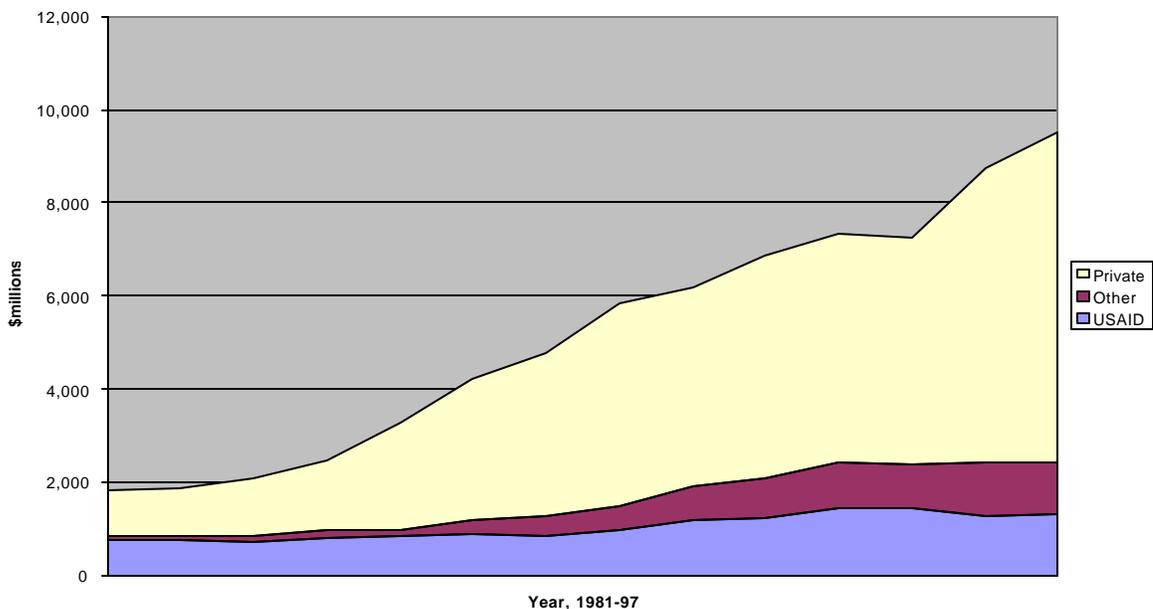
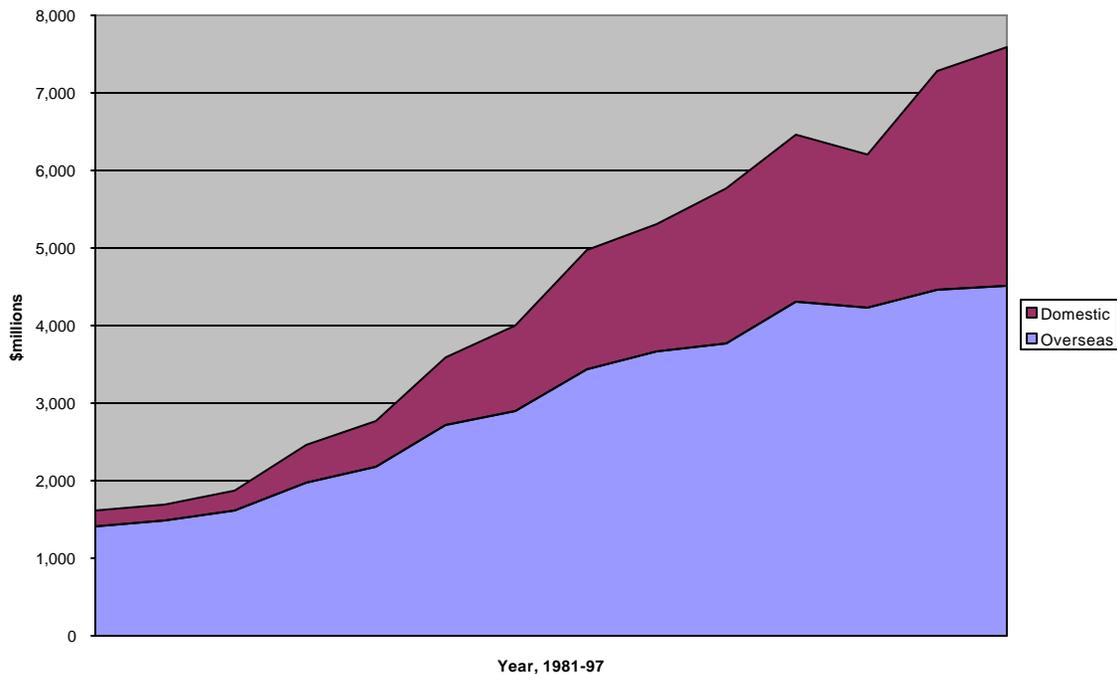


Figure 6 shows that USAID funding for NGOs has declined since the mid-1990s, and -- if inflation were to be factored into this data -- since the early 1990s. In addition, within USAID funding for NGOs, an increasing share in the 1990s has likely gone for emergency humanitarian assistance, reducing time, staff, attention and resources for addressing long term causes of poverty and hunger.

However, growth in both private funding (in part funding from U.S. foundations) and in “other” sources of funding (primarily other U.S. government agencies, as well as international agencies), has permitted some expansion in NGO activity. But that expansion, since the early 1990s has been in the domestic rather than international programs of the NGOs, as shown in Figure 7.

Figure 7 shows the results in terms of NGO overseas activities. This figure has two lines

Figure 7: NGO Domestic and International Programs, 1981-97



showing the uses of NGO funds: international and domestic. The expanded non-USAID sources of funding, especially the private funding growth shown in the earlier figure (Figure 6), could have compensated for stagnant or falling USAID funds in the 1990s. But it has not.

NGOs have taken an active role, individually and through Interaction, the NGO umbrella organization, in dialogue with Congress on the foreign aid budget. Often however -- for reasons stated in Section 4 and in common with most other interest groups -- the dialogue has been focused on the parts of the DA or food aid budgets benefitting NGOs, rather than on the overall need to expand resources for poverty and hunger reduction overseas.

NGOs face several difficulties in the way they support foreign aid in their dialogue with Congress, the Administration, and their members. First, many NGOs -- more than most other groups -- are multifaceted in their approach to development, so they recognize that

success in getting a Congressional earmark or directive for one activity or sector will reduce resources available to them in other sectors or areas where they also work. Yet, they have also participated in dialogue for earmarks and directives because there seemed to be at least something positive that would come out of it, whereas discussion of expanding overall development aid was out of the question in the era of large Federal budget deficits.

Second, their umbrella group, Interaction, faces the same problem often faced by other coalition or umbrella groups -- Interaction's public affairs and Congressional liaison arm can only dialogue with Congress on those issues in which the very broad Interaction coalition has near-unanimous agreement. Third, many NGOs are -- like almost all other USAID partners -- ambivalent about supporting foreign aid. They know it is important, but their leaders and members can sometimes feel that USAID has been unresponsive to their needs, and this may sometimes color their dialogue with Congress with respect to foreign aid.

Finally, the large and medium sized NGOs tend to have significant resources devoted to public education and advertising. These resources serve to draw in substantial amounts of financial contributions from private citizens. However, they are almost never devoted to public education regarding complementary U.S. government actions to reduce poverty and hunger. "Most agencies [NGOs] are doing exemplary work in helping people. But most do little to influence public policy...If an agency's mission is to help lift people out of hunger and poverty, then *not* engaging advocacy is gross negligence because the U.S. foreign aid budget is more than five times the combined contributions of private aid agencies to developing countries."¹³⁵ And on the rare occasions when NGOs do request members and supporters to write to Congress, it tends to be for specific earmarks or directives rather than to expand overall development assistance to reduce poverty and hunger.

Despite these constraints on both funding and advocacy, NGOs remain engaged in a wide range of programs to create new opportunities for poor and hungry people. Some of these programs are innovative partnerships involving, in particular, developing country NGOs and/or the U.S. private sector. These new approaches and partners, combined with the broad membership of many NGOs, put them in a position to be strong members of a renewed, broad coalition to address hunger, poverty and economic marginalization in developing countries.

Despite major reductions in funding to address overseas poverty and hunger, U.S. universities are more engaged internationally than they have ever been.

U.S. universities played a major role in addressing poverty and hunger overseas for four decades. That role has seriously declined in the 1990s. From the 1950s through the 1980s, U.S. universities, in particular land grant agricultural universities, undertook training and scientific research contributing to increasing world food supplies. While this role was greatly facilitated by U.S. Government funding, there was also major interest and commitment within university faculties. This university commitment went

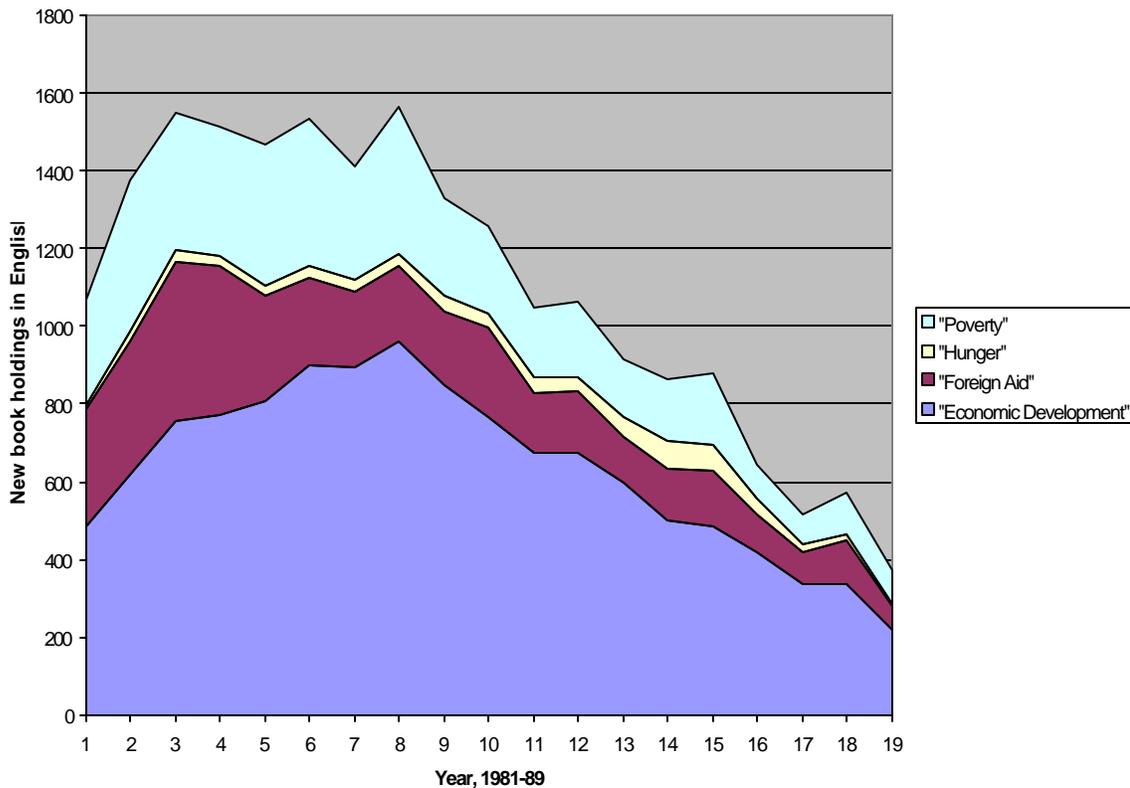
well beyond simply “going after contracts,” and created a broad vision in both the university and foreign policy communities of how universities could contribute to a creating better lives for people living in poor developing countries.

Several changes have occurred to weaken this vision since the late 1980s. U.S. Government support for universities in training and scientific research in poor developing countries declined substantially. Declining resources affected both the foreign student composition and the faculty. Very few foreign students in these universities now come from poor developing countries because aid to pay for their training has declined so much. For example, USAID long-term scholarships (primarily for graduate education in scientific, management, and policy disciplines) declined from almost 1500 new scholarships in 1992 to one sixth that figure -- 250 new scholarships -- in 1997. In addition, the scholarships going to one important aspect of poverty and hunger reduction -- training in agricultural science and policy -- declined from approximately 700 new scholarships in 1992 to approximately 40 in 1997.¹³⁶ There is a new generation of foreign students in U.S. land grant institutions. These are students who come from countries and/or families that can pay for their education, many of them from countries where U.S. foreign aid in the past contributed to their current prosperity. But compared to a decade or more ago, very few foreign students come from those countries most in need of trained people to help address the hunger and poverty problems of their countries.

With a few exceptions, most universities are seeing the retirement of the second, and last, generation of faculty members committed to helping universities address overseas hunger and poverty. While there are some exceptions such as Michigan State University and the University of California at Davis, at the other extreme entire university research centers devoted to overseas poverty and hunger issues have closed, such as Stanford’s Food Research Institute and Brown’s World Hunger Center.

In addition, there appears to be a significant decline in research output on topics related to poverty and hunger. A review was done of all new book acquisitions by year for what is probably the largest data base of libraries in the world (25,000 libraries), the OCLC data base. The number of books in English held by these libraries on the topics “economic development”, “foreign aid,” “economic assistance,” “hunger” or “poverty” -- after peaking towards the early to mid-1990s (therefore representing work that had been started for the most part prior to the end of the Cold War) has declined fairly quickly. Figure 5 illustrates this trend. Even if one assumes that delayed library cataloguing accounts for the smaller 1999 or possibly 1998 numbers, the trend is still clear before those years.

Figure 3. New Book Holdings by Year on Economic Development, Hunger, and Poverty



But there are also changes in the university community that portend a potential renewal of interest in poverty and hunger issues. First, universities have much more support from their state legislatures to engage in international activities than they have traditionally had. This is because state legislatures have come to recognize that -- in an era of globalization where knowledge and information provide an edge in a very competitive environment -- universities play a major role as knowledge and information brokers. This role can be crucial to private businesses in the state expanding overseas. Second, some universities have devoted substantial attention to new, more efficient ways to educate students, broker knowledge, and establish partnerships among scholars separated by long distances. The traditional USAID university project model, with a large long-term technical assistance team setting up or strengthening a developing country agricultural research institute or university, is not one that universities are now interested in. This model may in fact no longer be necessary as universities continue to develop and refine more effective means of partnership, training, and knowledge sharing.

In addition, student interest in international issues is high. There are probably substantially more junior years abroad -- as well as short study tours and student vacations -- taking place in developing countries than in the past. Many students are seeking to acquire skills that will make them competitive for international business employment. Student demonstrations against child labor, world trade, and international financial institutions -- as poorly informed as they can sometimes be -- show a new level of interest in international issues, including in particular those related to poverty and hunger.

As a result of these changes, many U.S. universities have a more international vision than they have ever had. Land grant universities, especially, are responding to their most important constituency (state legislatures and business) to prepare their graduates for a

globalized world economy. This is all to the good, and serves the long term economic and security interests of the country. But the humanitarian aspect of this vision is not as strong as it once was and indeed continues to get weaker. The vision of using university expertise to address poverty and hunger is gradually shifting to a vision of using it to help state competitiveness in overseas markets and student skills for international business. The interest in participating in that part of the world economy represented by the countries of Africa and Asia with continued hunger and poverty is very weak, and could all but disappear with the retirement of the earlier generation of committed faculty and the effective end of U.S. Government support for training students from those countries at U.S. universities.

These two visions of universities' international role are not by any means contradictory; they could easily coexist and reinforce each other. However, the two visions are not identical, and current trends are clearly away from most universities' commitment to the kind of engagement they had in poor developing countries for the 1950-90 period. Yet, their very strong international orientation nevertheless could provide a solid basis for a renewed commitment to poor countries in coalition with other groups with similar interests.

Private foundations have tended to be faddish and fragmented in approach, but are seeing both growing resources and new strategic partnerships to solve some of the biggest problems of poor developing countries.¹³⁷ With a major expansion in the number and assets of private foundations, their international activities have grown significantly in the 1990s. In addition, with the end of the Cold War, a once-major emphasis on East-West exchange, peace dialogue, and international affairs has declined significantly. This has permitted foundation support for international relief and development to rapidly expand; it is now the best-funded international area of foundation funding.

Yet, the impact, leverage and vision of some foundation work would belie this positive fact. Many foundations are among the more faddish actors in international development, not bound, in their international work, by a coherent, enduring vision. Similarly, they can be "atomistic," seeking to identify niche activities as their own rather than participating in a greater enterprise of which they are just one part. Indeed, the most recent review by the Foundation Center and the Council on Foundations found that "many [foundations] see no role in the larger picture of aid and economic development." As the one significant group active in international development which is both fully independent and has growing resources, U.S. foundations could be -- but with some important exceptions noted below are not -- playing a leadership, visionary and leverage role.

In their international work, foundations are highly focused on the social and health aspects of poverty and of improving the lives of poor families. With a few exceptions, they do not have a larger view of the conditions required to reduce poverty. They tend not to see the opportunities of economic integration, the information revolution, and

global trade for developing countries in ways that lead to innovative investments to help those countries benefit from globalization.

Some changes and exceptions to these general trends may signal the beginning of a much more positive situation for foundations to partner with other groups in a coherent vision of improving the lives of poor people and the prospects for poor countries. The Global Alliance on Vaccines and Immunization is a partnership between several foundations (including the Gates Foundation), the private sector, and the U.S. government to speed the development of vaccines for diseases that are ravaging the developing world but for which there is not sufficient interest or market in the U.S. to justify major private investments. This is a case of both partnership and leverage, with foundations playing a very useful and visionary role, spurred by other partners.

Similarly, the Rockefeller Foundation has taken a visionary and leadership role in identifying ways to direct agricultural biotechnology investments to the needs of poor developing countries, and to establish strong relations with private firms, international research institutes and governments in carrying this out. Rockefeller almost alone among foundations has taken a strong stand that poor countries need agricultural biotechnology and that they are not going to have access to it without public sector or philanthropic support; Rockefeller Foundation is following through on this by funding a major long term program. This program is related to a broader Rockefeller Foundation vision of “global inclusion,” an attempt to ensure that steps are taken for poor developing countries and populations to benefit from rather than be marginalized by globalization.

Finally, most recently, four major U.S. foundations (Carnegie, Ford, Rockefeller, and Kellogg) recently announced a partnership to help revitalize African universities. The weak state of many of its universities is one of the most important problems facing Africa if it is to avoid economic marginalization in the era of globalization; such a partnership could as it develops serve as a model for foundations once more leveraging their independence and resources to bring other partners in for a coherent attack on big problems.

These three examples – all of them very recent – could be a harbinger of greater leadership, vision and long term commitment on major problems facing poor developing countries on the part of foundations, in ways that also generate greater interest and involvement by other groups such as government, other foundations, U.S. business, and NGOs.

After a long decline in private sector support for foreign aid, major private sector industry and trade groups are beginning to see an interest in expanded foreign aid, as long as it doesn’t look and sound like foreign aid. Reducing hunger and poverty overseas has seldom been an explicit interest of the U.S. private sector. However, the private sector is interested in other investments and changes in poor developing countries that happen to be essential elements in reducing hunger and poverty. Because of their mission, profit motive and accountability, private firms are interested in expanding markets and prosperity, which can help expand economic growth and reduce poverty.

The private sector in the past was one important part of the coalition of support for foreign aid.

Support for foreign aid by the U.S. private sector was in decline for many years, for several reasons. First, foreign aid has not involved funding of major commodity exports (other than food aid) or major construction for over two decades; such activities had been -- in an earlier era -- one source of business and support by the private sector. Second, in the 1980s and much of the 1990s, private business was concerned about the overall economic impact of budget deficits and possible inflation on U.S. business conditions. In supporting deficit reduction, the private sector supported Federal budget cuts for most programs, including foreign aid. Third, there is a perennial concern on the part of U.S. business that U.S. government activities, in general and including foreign aid, tend to be poorly managed and ineffective.

Finally, significant portions of the farm lobby in the 1980s turned against foreign aid. This was because they feared it would help the agricultural exports of developing countries become more competitive in markets where the U.S. had traditionally maintained an advantage. The U.S. Soybean Association was a bellweather here, seeing U.S. technical assistance to Latin American agriculture leading to loss of U.S. soybean export markets as Latin American exporters competed against the U.S. The Bumpers Amendment was the congressional result of this concern, prohibiting U.S. agricultural assistance for commodities that might lead to competition with U.S. exports.

These concerns have changed significantly. The farm and agribusiness groups now recognize that their long-term interests are best served by expanding the economies of developing countries. Agricultural producer groups have come to see that the only growth market for U.S. farm exports is developing countries. And they now recognize that a healthy and expanding agriculture in developing countries is critical to expanding their economies and therefore expanding their import demand for agricultural products from the U.S. It is an apparent paradox which is now widely documented that those countries with the greatest success in expanding agricultural production are also those that -- because agricultural growth raises incomes and therefore demand -- simultaneously import the most agricultural products, often from the U.S.¹³⁸ In addition, agricultural processing equipment and machinery constitute a growing part of U.S. exports and have risen to as much as seven times U.S. agricultural commodity exports in developing countries, creating additional reasons for the U.S. to assist agricultural growth in developing countries.¹³⁹

Reduction of the Federal deficit is no longer a concern for U.S. business. At the same time, a new concern has arisen as a result of the Asian financial crisis. The U.S. private sector recognizes how vulnerable many of its growth markets are. It knows that investments that it cannot make -- in the health, education, agriculture, and other areas needed to ensure prosperity, stability, and a strong workforce -- need financing from somewhere. It also knows that a credible U.S. presence in many of those markets is important for U.S. business.

U.S. businesses interested in investing in developing countries are taking a much longer view than they took before the Asian financial crisis, and increasingly recognize that there may be a role for foreign assistance as part of U.S. global engagement, if their concerns about aid effectiveness can be alleviated. Even small to medium size companies, companies that traditionally would not have taken this long view nor seen Federal activities overseas as of even indirect interest to them, share some of these views, as demonstrated during 1996 hearings on foreign aid before a subcommittee of the House Appropriations Committee.¹⁴⁰

Business association groups have been active in supporting foreign aid in the Congress. These include the Business Alliance for International Economic Development, which has organized hearings on aid impact and effectiveness and which does not lobby for any particular sector of foreign aid. It also includes the U.S. Chamber of Commerce, until recently not supportive of the U.S. international affairs (Function 150) budget, but now on record calling for renewed global engagement and Federal resources to pay for it. It also includes that part of the Professional Services Council to which contractors working for USAID belong. As a representative of one of the biggest private sector associations in the country stated, “The NGOs, social development groups, and development community are seriously misjudging and underestimating the potential U.S. business interest in providing support on the Hill for efforts related to health, poverty reduction, and economic growth in developing countries.”

In conclusion, while current financial trends for foreign aid, and specifically for hunger and poverty reduction, do not appear favorable, there are nevertheless a number of very positive developments. The interest groups and executive branch of government could change the budget trends if they work together, recognize the generous impulses that Congress has under the right circumstances, leverage the political and financial support of the private sector, and more effectively articulate the public’s interest in poverty and hunger and ways to ensure aid effectiveness.

¹³² Gwinn and Nelson, p. 1; World Bank 1999 also provides a clear view of this consensus in the context of a review of fifty years of development economics.

¹³³ Gore suggests that an earlier postulated “Washington consensus” that development will take place if macroeconomic and market friendly policies are put into place has been demolished by the fact of the Asian economic crisis and by demonstrations against world trade. However, the Washington consensus is something of a myth in that those who have supported and studied the “tigers” of Southeast Asia almost always acknowledge the importance of education and strong investment in human resources and social organization as an essential element in their economic success. Likewise, those donors who have been most strongly supportive of the need for macroeconomic policy reforms in the 1980s and early 1990s (such as the U.S. and the World Bank who are seen –with the IMF – as key proponents of the “Washington consensus”), were at the same time shifting the balance of resources increasingly towards investments in social infrastructure, environment, and human capacity and health. The “Washington consensus” is essentially the “trade not aid” view and is held by very few in the professional development community or the academic and research community.

¹³⁴ Data compiled from the annual report entitled *Voluntary Foreign Aid Programs*, compiled by the USAID Bureau for Humanitarian Assistance, Office of Private Voluntary Cooperation and Dimensions, International.

¹³⁵ Beckmann and Simon, pp. 154-5.

¹³⁶ USAID, December, 1998.

¹³⁷ Unless otherwise indicated, information and data for this section come from Renz et al. and from Renz, Lawrence, and Kendzior.

¹³⁸ Anderson, Lundberg, and Garrett provide the most succinct statement and evidence for this widely recognized empirical fact.

¹³⁹ John Staatz, personal communication.

¹⁴⁰ See testimony by small business in United States Government Printing Office.

4: Interest Groups and Congress Can Change the Pressures Against a Common Strategic Approach¹⁴¹

“NGOs and other groups are just too busy fighting battles they know they have a chance of winning; people are very tired of trying to form new coalitions for things they don’t know they can win; there is a great deal of coalition fatigue among groups supportive of foreign aid and of poverty reduction.”

-- member of one of the coalitions supporting foreign aid

“Members of Congress are astounded to see groupings of different organizations. They say, ‘You can’t be together.’ In the Campaign’s case, the message on humanitarian relief was better delivered by the business people because they get to the members who are more receptive to business needs.”

-- Campaign to Preserve U.S. Global Leadership, at the Advisory Committee on Voluntary Foreign Aid¹⁴²

The section examines the impact of tight budgets and budget earmarking on the sense of common vision and purpose among interest groups and between them and the executive branch, in particular USAID. It then reviews the relationship between USAID and interest groups. It analyzes the relationships among interest groups, including the difficulties of joint consultation among them and lack of common language, vision, and message.

Federal programs and agencies depend for their health, credibility, Congressional support, and continued funding on outside interest groups. Interest groups are key actors in what happens to any Federal program or agency, including programs for overseas development and foreign assistance. Most agencies have interest groups that benefit economically and directly from their programs. The Department of Defense (DoD) is perhaps the best example. With tens of thousands of contractors spread across every state in the Union, DoD's budget has many supporters who make their views known about levels and disposition of the defense budget. Other agencies and programs, such as EPA, also have strong interest group involvement, less for direct economic reasons than for concerns about the health of the environment. The foreign assistance program has had supporters from a broad, but not very deep, range of U.S. society since its inception¹⁴³.

There are examples of effective interest group support for overseas programs during this difficult period of declining budget support in the 1990s. These have included Bread for the World’s "Africa Seeds of Hope" campaign of 1998, Congressional hearings on foreign aid effectiveness sponsored by the Business Alliance for International Economic

Development in 1996, Interaction's 1996 "Just One Percent" campaign supporting expanded foreign aid, and the continuing outreach of the Campaign to Preserve U.S. Global Leadership and the Coalition for American Leadership Abroad.

The effectiveness of these efforts, however, has been limited to preventing further erosion of interest and support in Congress; they have not led to a renewed commitment or vision for the U.S. role in poverty and hunger reduction and expanded economic growth overseas. In the tight fiscal environment and confused early post-Cold War context in which they were operating they could have done no more than that and therefore constitute a remarkable success and achievement.

This section presents stark and in some cases disturbing findings of serious constraints to mobilizing effective coalitions and resources to cut hunger and poverty in half. It should not, however, be read as an invitation to futility, protecting narrow turf, or letting current trends continue. Rather, it provides a factual basis upon which to build more effective strategies for coalition building, goal setting, and budget dialogue. The constraints outlined here have been driven, first and foremost, by the negative budget environment of the past fifteen years. However, because that budget environment unleashed a series of other cascading consequences, reversing the budget decline is a necessary but not sufficient condition for renewing an effective coalition of support for foreign aid overall and particularly for the reduction of poverty and hunger.

Each of the three sections below ends with suggestions regarding how both USAID and the executive branch, and the partners with whom they work, can take more effective actions to reverse both the budget situation and the other negative consequences that have resulted from it. Understanding the constraints and difficulties discussed in this section is crucial for effective leadership in both the executive branch and USAID, and among outside interest groups, to make the right decisions in dialoguing with each other and working together to create a new and effective vision of foreign aid to address poverty and hunger, and more generally to address the needs of poor developing countries.

4.1 The Zero-Sum Budget Environment Has Created Incentives for Interest Groups to Compete Rather Than Cooperate

With some important exceptions, most interest groups have not invested time or resources to support the overall broad expansion of U.S. efforts to reduce poverty and hunger because – given the budget environment – the likelihood of the success of such an effort has correctly been judged by most groups as very small. Budget pressure has therefore been a major factor preventing broad and effective interest groups from lobbying for a restored foreign aid budget. Budget pressure has made it clear to interest groups that they are participating in a zero sum game.

Within the context of a zero sum game, all of the centrifugal forces that push against effective coalition building have therefore come to the fore: fatigue among those groups that have tried to support the greater good and failed; differing and potentially conflicting interests and approaches by different groups and organizations; each group trying to get

its own approach legislated and funded; each group's public affairs arm seeking, and paying for, only those actions that affect its own direct organizational or member interests. Despite most interest groups' recognition of the multi-sectoral nature of development and the need for a broad range of complementary approaches, the budget process drives most interest groups to a narrow advocacy that belies this broad consensus view of development; this is because not taking such a narrow advocacy approach in the current zero-sum budget environment would result in losing resources for cost effective approaches their organization takes and which they know work.

Earmarks and Directives. The competition among interest groups tends to play out in the search for congressional budget "earmarks" or "directives" for specific activities of interest to specific groups, or in Administration "soft earmarks." The Hamilton-Gilman report recognized the problem of heavily earmarking the foreign aid budget over a decade ago, but since then the problem has gotten substantially worse, with a major growth in earmarks and directives.¹⁴⁴ In such an environment, each group faces incentives to expand the size of its share of a stagnant overall budget level (to seek a bigger slice of the pie), rather than to expand the overall level of effort.

Conversely, USAID seeks to maintain maximum flexibility. This is the natural response of an executive branch agency which is legally responsible for implementing the overall foreign assistance program with its 33 legislated objectives and over 288 reporting requirements¹⁴⁵ and also responsible for good working relations with the governments and non-government groups in the countries where foreign assistance funds are used. This tension has led to continued strong disagreements for many years between interest groups and their Congressional advocates, on the one hand, and USAID and executive branch staff, on the other. The interest groups seek through earmarks, soft earmarks or directives to require USAID to dedicate a certain part of its budget to a particular set of programs narrowly defined. USAID by contrast seeks to maintain maximum flexibility so it can meet its legislatively mandated multiple objectives.

With continued budget stagnation for many years, interest groups increasingly sought the "Congressional earmark" solution to ensuring that their programs get funded. In fact, earmarking has in the past been an effective way to ensure that Executive branch agencies take new approaches or move bureaucratically according to the will of Congress. Indeed, the revolution in increased child survival rates began with a Congressional earmark in the mid-1980s. Earmarking is highly rational behavior given the correctness of the assumption of no budget increase. The steady erosion of the congressional authorization process, and increasing prominence of the appropriations process as a policy device, has exacerbated this situation¹⁴⁶. This shift within the Congress has further increased the incentives for groups to lobby the congressional appropriators for specific earmarks. In some cases, there is even a perception that some congressional staff have played one group and sector off against each other, and are uneasy with dialogue among different groups.

While the prominence of the appropriations process and the zero sum budget environment have made interest group attention to earmarks a rational objective,

earmarking has had three unfortunate consequences. First, as discussed above, it has created a situation in which laudable objectives create a strong sense of winners and losers in the interest group community, making it difficult to create common vision and common cause for the overall foreign assistance effort to address poverty and hunger.

Both microenterprise and child survival programs provide significant new opportunities for poor families overseas. But the success of these programs leaves other interest groups, which also are trying to help poor people overseas (for example by increasing their access to productive agricultural technologies or information technologies or skills training or primary education), with a sense that increasing child survival programs reduces efforts to help poor people in other ways. As one respondent stated, “When the population groups announced to an NGO meeting their success in getting Congressional approval for an increase in population funding, everyone else knew immediately that this “success” would be “taken out” of the budgets of other programs in which they probably had an interest; when the health groups mentioned an authorization for a \$2 million global health effort, groups doing programs in addition to health felt the same threat.”

This zero-sum budget environment has thus created a situation where interest groups -- to best serve their members' interests -- must comport themselves like the peasants imagined by classical anthropology, concerned that there is a limitation on total good luck, and that a neighbor's good luck will inevitably come at someone else's expense. Assuming -- correctly -- that every budget success by someone else comes at one's own expense, each interest group tries to maximize Congressional interest and budget earmarks or directives for its own programs, knowing that this will reduce resources available to others.

The second negative consequence of earmarking is that it prevents not only strategic planning but also good management and sound relations with Congress and outside groups. Many Federal agencies face earmarks for a certain percentage of their budgets. Few face USAID's situation, however. For several years, every part of USAID's budget has been controlled by earmarks, soft earmarks, and directives, with the exception of the small amount of funding for democracy programs and for economic growth programs not related to agriculture or microenterprise. The arithmetic of this forces the Executive branch -- USAID in particular -- to make decisions which will inevitably be interpreted as going against the intent of both Congress and some of the interest groups that might otherwise be stronger USAID allies, a situation not designed to expand support for foreign assistance.

Third, it is sometimes easy to overlook the perverse incentives created by the zero-sum budget environment. This environment changes even big-hearted attempts to seek “the common good” into narrow advocacy and earmarking efforts, sometimes contrary to the wishes of those who engage in such efforts. For example, some groups have in fact sought an overall increase in foreign assistance as well as support for their own specific programs. And other groups see this as a positive approach. Yet even such approaches lead not to expansion of the overall pie, but to additional “earmarks” or “directives” focused on specific approaches and sectors. For example, when the International

Agriculture Group sought a significant increase in funding in the FY2000 budget for agricultural activities mobilizing the U.S. university community, their extensive letter writing campaign specifically called first for greater overall funding for activities promoting economic growth and opportunity, and then -- within that -- for a Congressionally mandated increase in USAID activities supporting U.S. university support for overseas agriculture¹⁴⁷. Yet Congress translated this broad request by universities to expand overall resources into a narrow directive for more university programs and budgets, but without expanding overall economic assistance levels. With a stagnant pie, simple budget arithmetic means that this success -- in reversing the decline in agricultural funding and in university involvement overseas -- will result in other programs perhaps in governance, environment, economic growth, or other non-earmarked areas -- being cut.

A similar situation occurs with Finca – one of the NGOs that is serious about asking its members not only to contribute money but to write to Congress about the need to expand foreign aid. Finca states in a recent fundraising letter to members, “Encourage your representatives in Congress to support the funding of “microfinance” programs like Finca.” The letter mentions the U.S. not spending enough on foreign aid in general, but asks for a specific constituent action to support microfinance, not overall aid or poverty and hunger efforts.

Changing the zero-sum budget environment. In the new, positive American fiscal environment, serious groups need to be dreaming big dreams about what can be done rather than accepting the short-term and somewhat constricted vision of those Congressional staff who would be happier with no foreign assistance program. As long as the zero-sum budget assumption lies behind the actions and thinking of interest groups and of the Executive branch, an environment inimical to broad vision, cooperation, and coalition building for foreign assistance will continue. This environment will continue to provide strong incentives to interest groups, either knowingly or unknowingly, to compete against each other. It will also provide strong incentives for the executive branch and USAID in particular to seek the greatest flexibility, and the broadest interpretation of earmark and directive language, thereby appearing unresponsive and not worthy of trust to those groups who benefit from the earmarks and directives.

Without a change in the zero-sum budget assumption, coalition building for poverty and hunger reduction, and a renewed cooperation and trust between USAID and the interest groups that support its programs, is a daunting, perhaps impossible, task. The constraints and problems elaborated in the sections that follow can be overcome, but only if interest groups and the executive branch can loosen the hold of the “zero-sum” budget assumption for foreign assistance.

How could the zero-sum budget assumption be changed? Crafting a common message regarding the role of expanded foreign assistance in poverty and hunger reduction, creating new opportunities for poor people and preventing the marginalization of poor developing countries is a task that most interest groups would agree on and could

accomplish if they took the time to do it, as discussed in Section 6. The budget discussions with Congress that would flow from such a common message would then be different in important ways from the budget dialogue these groups have with Congress today.

The approach would be one of insisting to Congress that the overall goal is to create the opportunities poor people, and poor countries, need to cut hunger and poverty in half. This would mean reminding Congress that if the overall poverty and hunger budget for foreign aid and if the overall foreign aid budget in general are stagnant or declining, poverty and hunger are not going to be cut in half, despite whatever specific Congressionally mandated programs exist in child survival, microenterprise, or other areas. Instead of Finca, the International Agriculture Group, or any of the other many groups out there simply mentioning the need to expand overall assistance for development, this would become the centerpiece of dialogue with Congress, followed by discussion of the need for microenterprise, agriculture, training, AIDS prevention, child survival or other programs supported by the interest group in question.

The outcome of such discussions in the beginning may continue to be Congressional support, once more to a particular program rather than to the broader foreign assistance effort. But then there would be a next step. It is this follow-up step that does not now take place. The particular advocacy group, together with others in a broad coalition, would follow up with Congressional staff, pointing out how the microenterprise or child survival or agriculture beneficiaries overseas (the people that Congress believes it is helping) are actually being hurt if expanding one sector or approach results, in the zero sum environment, in cutting back in others. Congress would be reminded again and again by a variety of interest groups working together that it is erroneous to think it is helping reduce hunger and poverty if overall resources are declining, even in the presence of what to Congress are “feel good” earmarks for certain aspects of hunger and poverty reduction. This approach can work if the various advocacy groups begin to work more closely together.

4.2 USAID's Problems of Process, Vision, and Trust Hamper Coalition-Building

While the purpose of this research is to identify possible ways -- and new common ground -- to mobilize a broad coalition for poverty and hunger reduction, early interviews identified a common thread that required amending this purpose. In pursuing a set of questions regarding interest group coalitions for foreign aid, and why such coalitions hadn't been able to protect the foreign assistance budget, or those parts of it related to poverty and hunger reduction, I invariably heard responses such as the following, "The problems of foreign assistance are much more fundamental than interest group coalitions; unless USAID can solve its serious problems, it doesn't make any sense to talk about coalition building in support of foreign aid." Such statements invariably led into a broad range of complaints (consistent among different groups of respondents) about USAID itself, and what any Administration must do to address these problems before potential members of any broad coalition of interest groups are likely to invest much time and effort in trying to expand the foreign assistance pie.

It is important to note that these statements of concern tend to come from Washington-based headquarters staff of various interest groups, whereas often in the field there is a more balanced view. Most interest groups can cite many examples of very strong and effective working relations with USAID, sometimes in spite of flawed USAID processes, that have contributed to better programs.

Potential Coalitions Members Experience a U.S. Government Grant and Contract Process that Appears to Them Capricious, Ineffective, and Not Focused on Results.

The bread and butter issues affecting most potential supporters of foreign aid are the issues of contract and grant administration. This is the most extensive public face of USAID that these groups see, and the one with the most immediate impact on them as they try to carry out foreign assistance programs in poor developing countries. For a number of reasons, changes in this process haven't significantly reduced perceptions by USAID partners that USAID is slow, inconsistent, and not focused on getting the job done in its contract and grant actions. Almost everyone interviewed who has a direct relationship with USAID mentioned this problem, and in addition various private sector representatives and Hill staff mentioned hearing frequent complaints about USAID contract and grant inefficiencies or inconsistencies from contractors or grantees. A strong coalition cannot be expected to provide support for a renewed foreign assistance effort to reduce hunger and poverty while such day to day issues continue to be perceived as problems by outsiders.

Two groups that have lobbied effectively for programs that address poverty and hunger state the following:

The system of paperwork involved in applying for, qualifying for, negotiating, receiving, evaluating, and auditing child survival funds is mired in repetitive and sometimes conflicting rules and regulations from USAID, the Office of Management and Budget (OMB), and other government agencies...PVO representatives complain of burdensome and often arbitrary micro-management of PVOs' implementation of project by USAID field officials¹⁴⁸.

Interviews with Congressional staff confirm that they often hear similar comments when they ask grantees and contractors about their relationship with USAID.

Disappointment at a flawed procurement and decision process, other credibility problems, and lack of Executive branch leadership on key poverty, hunger and foreign assistance issues leads to distrust of USAID among the many outside groups that otherwise might be stronger supporters of foreign aid to reduce hunger and poverty. For example, the child survival community believes that USAID frequently tries to use child survival funds for other activities; many parts of the NGO community concerned with hunger and poverty believe that USAID is concerned more with U.S. trade and macroeconomic stability than with poor people.

Yet, ironically, the private sector sees USAID largely abdicating programs to support economic growth while continuing to pay lip service that economic growth is important. As one business association respondent stated, “There is a strong anti-business current in USAID.” The U.S. university community sees rhetorical commitment to expanding agriculture and university training without any increase in USAID requests for university assistance in its programs. A member of a group trying to increase Congressional support for USAID from the university and training community stated, “When we try to suggest how we the universities fit into a broader development strategy with USAID, I always end up feeling that USAID views me not as a partner but as the opposition.” Many groups do not have a high level of trust for USAID. Much of the distrust comes from an earmarking process that makes it very difficult for USAID to make decisions that please anyone. More broadly, there is a concern on the part of some -- including Hill staff -- that USAID sometimes uses appropriated funds to assist corrupt governments or governments which do not have their peoples’ interests at heart.

Most USAID management decisions -- at the level of headquarters and field operations alike -- are made by balancing a range of constraining factors: budget earmarks, U.S. foreign policy priorities, effectiveness, difficulty of alternative contract and grant modes, technical feasibility, long term sustainability, and financial integrity. Often each of these factors has a separate internal or external group watchdogging USAID in these areas. The decisions are often made as rationally as possible, given the complexity of balancing all these factors, but the process is not transparent to partners and often appears inconsistent and capricious. Because negotiations with a host country often involve many parties, for example the host government, segments of its civil society, the State Department, USAID headquarters and other sections of USAID such as the Office of Procurement, there are often extended delays before a project idea or design can be implemented. In short, to the outside development partners and interest groups upon whom USAID must rely on for support USAID’s decision process is a black box with no decision criteria.

USAID leadership and senior career managers devoted substantial amounts of time for a number of years in the 1990s reforming USAID processes, reporting, and incentives. This may have been the most farreaching re-engineering of USAID since its inception. However, for much of the outside world that USAID relies on for support, the reforms appear to be irrelevant (and for a few groups, appear to be inimical) to the problems they most care about. There are a number of reasons for this. Among them are significant reductions in both field and headquarters technical staff to dialogue, negotiate contracts and grants, and facilitate problem-solving of the groups that work with USAID in the field. In addition, unlike DoD in the early 1990s (which did extensive procurement experimentation and then reformed its procurement processes), the Federal Aviation Administration (which worked with Congress to develop agency specific procurement law), and other Federal agencies, USAID has not rethought and reengineered its procurement process.

Executive branch Leadership Has Not Articulated a Common, Compelling Vision and Goal for Foreign Assistance to Reduce Hunger and Poverty. A combination of the Congressional earmarking process, and the weakening of the Congressional authorization process, has made it very difficult for USAID leadership -- or anyone else for that matter -- to articulate a strategic but operationally possible goal and vision for USAID in addressing hunger and poverty. This broad problem is discussed in part 4.3 below as a problem for the entire community of groups concerned with foreign assistance, poverty, and hunger. But there is an element specific to USAID leadership which is discussed here. The overwhelming nature of an earmark-driven appropriations process lead USAID management to engage (seldom with much success) on the tactical level regarding one or another earmark, rather than taking leadership in the shape and direction of the overall USAID program and its goals. Indeed, the extent to which the foreign assistance account has been earmarked in the 1990s has made it impossible to do realistic, operational strategic planning and goal setting, because implementation would have to follow earmarks and directives rather than the strategic plan.¹⁴⁹

Without a clear vision and goal developed with partners and shared and supported by State and the White House, USAID is doomed to lead by following. USAID will always be a small agency with less clout than others will. When there is not strong State and White House support, it is easy for USAID leadership to fall prey to the special concerns of various Hill staff and Members and other Executive branch agencies who want to manage particular parts of the foreign assistance budget. These groups tend to want to manage the USAID budget for specific purposes that do not take account of broad development goals, the U.S. government's commitment to cut hunger and poverty in half, nor the foreign assistance act's multiple legislative mandates. USAID falls into line and fights tactical battles with the Hill and other agencies, but cannot manage according to a broad strategy and goal.

Examples of this leadership problem are the U.S. commitment to economic growth in developing countries as a cornerstone of our concern with open trade. Yet the Executive branch leadership has permitted a major decline in the kinds of USAID programs that promote economic growth and help poorer developing countries become effective trading partners within the World Trade Organization framework. Another example concerns Executive branch commitments to the 1996 World Food Summit goal of cutting hunger in half by the year 2015. This is not a goal that receives attention or even rhetorical support in the NSC or the Regional Bureaus of the State Department. As discussed by the GAO, U.S. lack of commitment is such that U.S. resources and other actions needed to approach this goal are unlikely to materialize.¹⁵⁰ This is similar to the broader situation with most donor countries which, like the US, committed themselves through the OECD Development Assistance Committee in 1995 to cut world poverty in half by the year 2015. Many of the actions that would have to take place to reach this goal have not taken place, in the U.S. or elsewhere.¹⁵¹

In general, there is a sense among Hill staff and the U.S. business sector, that the executive branch, in particular USAID and the State Dept, have articulated neither a

compelling strategic rationale for continued foreign assistance, nor a clear strategy for how to use foreign assistance to combat hunger and poverty within such a broader foreign assistance strategy.

There is an important opportunity in the midst of the problems outlined above. The opportunity is that a bad situation can be made better, a strategic void can be filled, and when these things occur people notice and change their views of the world. Given the void in strategy for foreign aid and specifically for hunger and poverty reduction, USAID and its partners are in some ways in a good position. With greater consensus on development than in previous eras, with no particular development strategy to have to fight against and change within the Administration and the Congress, USAID and its partners could develop a shared vision of what foreign aid was intended to accomplish strategically and -- specifically where and how cutting hunger and poverty fit into this vision. If USAID -- in addition -- undertook such a strategic exercise also in a listening and consultation mode regarding the bread and butter process issues, such as contracting, that really concern its partners, and opened a formal regular dialogue with communities that now believe they don't have one (such as the private sector and agricultural communities), the response by outside groups would be overwhelmingly positive. Indeed, some of this has already started with recent discussions on contracting reforms. Such an approach -- to engage in real consultations with all groups both on the process and strategic issues -- could make enough of a difference in the thinking of outside groups that a common approach to Congress and to the foreign aid budget conundrum could be thrashed out in an effective way.

4.3 Craft a Common Language, Vision, Message and Goal

The zero-sum budget environment has created a cascading set of circumstances which work against coalition building. These are discussed below.

Differing Language and Perspectives. There is a wide range of interest groups, and -- increasingly -- coalitions of like-minded groups, lobbying for various parts of the foreign aid budget. However, there are few forums and meetings in which the range of differing interest groups that might have a common interest in poverty and hunger reduction -- and more generally in expanding foreign aid -- get together. Nevertheless, such contacts are increasing. For example, Interaction and the Advisory Committee on Voluntary Foreign Aid (ACVFA), while primarily NGO groups, increasingly draw in private sector and university representatives to their discussions on foreign aid. Likewise, the Business Alliance for International Economic Development has brought NGO representatives into its consultations. In addition, groups and efforts such as the Campaign to Preserve U.S. Global Leadership Abroad, the Coalition for American Leadership Abroad (COLEAD), and the Aspen Institute's Global Interdependence Initiative provide an opportunity for a broad range of groups concerned about foreign aid, and about U.S. presence and leadership in the world more generally, to share concerns and identify priority problems.

In general, however, like-minded groups tend to interact around narrower concerns specific to sectoral or earmarked areas of the foreign aid budget. They tend to jointly plan their approaches to Congress along these narrow sectoral and like-minded lines. What broader consultations do exist tend to address overall problems and resource constraints facing foreign aid, or the specific operational problems that groups have in their interactions with the U.S. government and the Congress.

There is no common language that transcends sectors or like-minded groups or coalitions. This is partly the result of infrequent contact and discussions that are limited to tactics (for example, how to deal with USAID process problems or how to engage Congress on resource issues). In addition, the congressional appropriations process in some years has used a "divide and conquer" approach, attempting to enlist one group of interests to criticize funding for other groups. USAID itself has unwittingly promoted this also, seldom meeting with a broad range of groups, but instead meeting with NGOs one month, universities the next, the private sector separately. Even the Hamilton-Gilman commission, a commission trying to identify broad lessons and reforms for foreign assistance, met in this manner, choosing not to interact with cross-sections of interest groups, but instead with each sector or area interest group separately.¹⁵²

In a zero-budget environment, a constituency comprised almost entirely of those who feel they have been shortchanged is not favorable for broad coalition building in support of clear vision or renewed funding for foreign aid. The combination of a zero sum budget environment, consultations that seldom cross interest group lines, and a fairly high level of mistrust and misunderstanding among the key clusters of constituency groups for foreign assistance leads to a sense of winners and losers. Those who sense themselves as losers in budget and program outcomes see nothing to gain from engaging in dialogue with the winners to affect overall funding or strategy. What is even worse, and often not transparent to those in USAID or on the Hill, is that in a sense almost all groups consider themselves losers, so that no one is satisfied with the support and funding they receive from USAID.

For example, the way in which USAID tracks budget numbers makes it appear that health is a relatively small percentage of overall USAID funding, compared for example to economic growth and agricultural development, so the child survival groups continue to try to increase funding, knowing that more funding can save more children's lives. Yet at the same time, the private sector sees a massive retreat of USAID from the economic growth and agricultural development arena and -- except for a few expanding firms -- a drying up of contract activities in these areas. NGOs think that USAID is reducing the number of NGO grants, while contractors believe the same thing is happening to them. Universities hear USAID assign new priority to training and agriculture, but see no increase in requests for university involvement in these areas. So almost without exception each group with an interest in poverty and hunger reduction feels that it has been disfavored by USAID in favor of another group which -- ironically -- also feels disfavored.

This problem is exacerbated by differences in language and interests, differences which are reconcilable, but for years have proven to be barriers. For example, most private sector representatives tend to see better economic policies as the critical element for encouraging economic growth and the employment and income creation for poor people that they see resulting from that growth. They recognize the desirability of investing in people and in local level development (a key NGO interest and area of expertise); they recognize the need for better access to agricultural technologies to improve rural people's incomes and access to food (a key U.S. university interest); but policy reform and investment climate is their overwhelming interest. Conversely, the NGOs and the agricultural universities recognize the need for market friendly policies and a good investment climate, but their key interests are, respectively, local level development and investment in people and agricultural technology and training.

A similar divide occurs among groups focused on health and child survival and those focused on hunger, employment, and economic growth. For laymen, it is axiomatic that hunger is a health problem as well as an economic problem; people who are concerned about children's welfare are concerned about a number of factors: their health, nutrition, family economic opportunities and income; they are also concerned about these factors not only now, but also in the future. But there exists a level of distrust and lack of understanding among the various interest groups that those focused on food issues (which tend to be agricultural groups), those focused on nutrition issues (the nutritionists), and those focused on health issues have entirely different agendas. While this is fairly common among different interest groups, there is something more between these groups: a sense of unease, sometimes even hostility, towards approaches of the other groups. Yet, who among these groups isn't in fact concerned that today's families, and those of 2015, have access to the health services, food production, and income they need to help their children have better lives?

Even language gets in the way of common ground:

Private sector advocates talk in a language of "policy reform," "globalization," "economic growth," and "trade and export;"

NGOs talk in a language of "targeted programs," "local economic empowerment," and "poverty reduction;"

agricultural universities talk in a language of "food production," "agricultural research and training," "food security," "improved nutrition;"

health groups speak of "reducing child mortality," "nutrition security," "cost effective health interventions."

While there are some disagreements within some of these ideas and the groups and approaches they represent, the fundamental agreements are more common.

But for the reasons outlined above, the various interest groups have focused very little on these fundamental agreements. Until sometime in the 1980s, there was more of a common vision which encompassed all of these things (see section 3 above on declining intellectual support for foreign assistance). This was a vision that guided not only the early ventures of the Rockefeller and Ford Foundations, but also guided President Truman's Point Four foreign aid program itself to focus on both macroeconomic changes and local level development. Various ways to make these agreements and the common ground they represent explicit are discussed in the final section of this report, Section 6.

Perhaps the most sensitive and serious area of disagreement is in the areas of economic growth and trade, on the one hand, versus helping the poor and hungry through more direct and local programs, on the other. The extreme version of the private sector position is "trade not aid" and "policy alone will solve all problems." The most extreme version of the NGO position is that "trade hurts the poor" and that "local development can ease the hunger and poverty of people faster and more sustainably than trade can." Despite rhetoric, however, there are in fact few adherents to these extreme positions when their representatives are probed. Despite the biases and lapses in the various positions mentioned in the content analysis in Annex 1, it is clear that most strategic NGO views accept the necessity for expanded trade and globalization, and most private sector representatives accept the need for public sector investments (e.g. in agricultural research or local development) and for programs targeted on the education, health, and other needs of local groups. There is ample scope for common ground; but there is not a dialogue to create it.

There is a significant degree of common ground among all these groups, despite their different approaches, interests, and language; but lack of joint consultation, confidence building, dialogue, and joint approaches to both the Executive branch agencies and Congress, have not permitted these groups to build confidence and common intellectual ground. Several current initiatives may address this problem. For example, the Aspen Institute's Global Interdependence Initiative is examining – in dialogue with representatives from diverse interest groups and coalitions -- how best to craft a common language regarding U.S. leadership in international affairs and development that also speaks to the deeper concerns of the American public. A Columbia University project is attempting to create a new lexicon and partnership approach for foreign aid.¹⁵³

Interest Groups Need to Articulate a Clear, Coherent and Operational Goal for Foreign Assistance. Lack of an overall clear and coherent goal prevents a range of interest groups from seeing themselves as contributing -- through their different approaches and in their different ways -- to a common undertaking. It also makes it more difficult for Congress as well as outside business groups to generate enthusiasm for the foreign assistance program since it makes it harder for them to understand its overall purpose.

The Government Performance and Results Act (GPRA) was intended in part to help Federal agencies develop a clearer vision of their goals, objectives and accomplishments.

Because of the uncertainty of what exactly was expected under GPRA in the early years, USAID and its partners were in a sense captured by the details of GPRA, rather than using GPRA as a way to establish some key overall goals that busy and not particularly attentive Hill staff and potential allies elsewhere could quickly and easily understand and appreciate. While GPRA has driven some strategic thinking within USAID and its operating units, and the partners who interact with them, it has in some ways also muddied the waters. Operating units of USAID have responded to GPRA in ways that have sometimes contributed to stronger programs. However, USAID's GPRA reporting has been very detailed. Foreign aid is always going to be something that busy people on the Hill and in the private sector cannot devote a lot of attention to. The careful, painstaking way in which USAID has responded to GPRA has not helped Congress better understand and support what either USAID or its partners are accomplishing.

With the weakening of the congressional authorization process,¹⁵⁴ Congress plays very little role in overall strategy and goal setting for foreign aid. With a concern for managing earmarks and placating a range of specific interest groups, USAID has been unable to develop a strategy that could in fact be operationalized given the earmarked budget process. With very little consultation, common language, or common ground, and with no Congressional or Executive branch overall strategy to engage with, each interest group has followed its own interest, seldom taking a broader view of where its sectoral interest and expertise fit into a larger goal and purpose. Engagement by a range of interest groups in helping articulate a broad strategy and goal for foreign assistance could help in the development of such a strategy. Without such a clear strategic goal, the ability to mobilize a lot of interest and commitment among outside groups for the foreign assistance program overall, and the Function 150 "International Affairs" account that funds it, has been weak despite the recent efforts of groups such as Interaction (the "Just 1 Percent" campaign) and the Campaign for U.S. Global Leadership Abroad.

The Missing Message. There has been a widespread failure of message regarding foreign assistance and its impact on reducing poverty and hunger. The message that hunger and poverty in developing countries are both bad for the U.S. from a security and economic point of view and incompatible with our humanitarian values has much less power and acceptance by policy makers in the legislative and executive branch than it did twenty years ago, for reasons related to the end of the Cold War and the imperative to cut Federal budget deficits, as discussed earlier. There has not been a successful effort to craft a message about the very strong link between high visibility, high priority humanitarian concerns and long term poverty reducing efforts. This failure of message is manifested in several ways.

First, there has not been a clear message that past aid has been effective. This message has not gotten through in the frequent discussions that both USAID and interest groups have with the Congress and the somewhat less frequent discussions with the private sector. Despite a decade of USAID efforts in "results reporting," there seem to be very few people on Capital Hill (including thoughtful, senior Hill staffers from both parties who are sympathetic to U.S. interests in developing countries and to the plight of foreign

aid) who know that U.S. funded programs have made substantial inroads in reducing poverty and hunger in a broad range of countries and regions.

In interviews conducted with Hill staff and the private sector, it was presented as a given by most respondents that the U.S. funded foreign aid program has been ineffective in reducing poverty, improving the lives of the poor, or promoting economic growth. Even the most widely known and easily understood "success stories" of foreign assistance: the dramatic reduction in childhood death rates, the doubling of food production and avoidance of famine, leadership in reducing world population rates somehow haven't gotten through even to internationally oriented Hill staff and private sector representatives. There is a general presumption that with very few exceptions foreign aid has been poured down a rathole, given to corrupt dictators, or in general wasted in failed programs that helped no one.

Neither Congressional friends, outside interest groups and partners, nor USAID staff and management have succeeded in presenting a simple message that people understand that foreign aid has helped real people pull themselves out of poverty, hunger, and ill health (the U.S. humanitarian interest); helped create much more positive environments for trade and economic growth (the U.S. economic interest); and laid the basis for more stable, democratic countries (the U.S. security interest).

Second, there is a failure to project a clear and understandable view of the future and the role of foreign assistance in that future. The message that large private capital flows and open markets will help many countries and people, but that they alone will not lead to education, health care, more productive food crops, and better nourished people in the poorest countries and populations has not been articulated. The message has not been communicated that additional financing, whether from public aid flows, foundations, private firms' philanthropy, NGOs, or government foreign assistance, is needed to address these problems. A second part of this message is that the community of organizations and groups that work in developing countries has at its disposal proven methods to deal with these problems, methods that speak not only to both parties, but both trade interests and humanitarian interests.

Third, the complexity, difficulty, and risks of working in poor developing countries has not been articulated. Where failure is rare, foreign aid is less needed because private capital markets should be able to provide the financing for most such ventures. But foreign aid's best use is precisely in those countries where the risks of failure prevent large inflows of foreign capital. The occasional foreign aid failure should not be a surprise. Indeed a success rate of close to 100% should be cause for concern in that it would indicate that risks are sufficiently low that private capital could be mobilized for some of what foreign aid is funding. Attacking foreign aid for individual failures doesn't make sense. Attacking it only for failing to achieve overall goals should be the focus of any dialogue. The message about complexity and difficulty has not been made and understood. In addition, the message has not been effectively stated that some foreign aid failures are the result of a faulty country selection process; e.g., making Zaire and Liberia major aid recipients in the 1980s for short term political reasons, while it was

clear that aid would be used poorly there, almost guaranteed that the results of such aid would be disappointing.

Finally, because of the complex and sometimes arcane work that foreign assistance agencies and partners are engaged in, there has seldom been a simple message. The Department of Defense, which may have the most complex budget and goals of any organization in the world, is able to present its needs, budget, and plans in ways that Congress can easily understand them. Few efforts have been made to present the Function 150 account in general, nor USAID and foreign assistance goals in particular, in such simple and graspable ways.

Like most of the other problems hindering a more effective interest group coalition, the failure of message is in part the result of the zero sum budget environment. Many groups have substantial resources devoted to public education. However, these resources are devoted to public education regarding their own efforts in order to raise money for such efforts, rather than to the overall problem, and possible solutions, of poverty and hunger.¹⁵⁵

Some respondents (as well as documentary sources such as Beckman and Simon, and Wilhelm) point to the need for a much expanded public affairs effort by both interest groups and USAID directed towards the general public and especially towards Congressional. This effort would go beyond the tactical battles that both USAID and interest groups are currently engaged in, and take the message of foreign aid success and need, at the strategic level and the level of impact on people's lives and on U.S. interests, to those who most need to hear it as they make decisions that will affect future U.S. capability to cut hunger and poverty in half.

What else can interest groups, working with USAID, do to change these perceptions? One congressional staffer suggested that it was very important in talking to Congressional Members and staff to always remind them of how bad things have been (in terms of baseline poverty and hunger and poor health) before discussing accomplishments, so that they understand the distance that has been traversed.

Another approach to change perceptions comes from an NGO manager's interview. He was told by one of the few remaining members of Congress who is actively concerned about poverty and hunger overseas that U.S. NGOs and other aid organizations should get more Members of Congress visiting their sites of successful impact overseas; finally, one must wonder whether the contact that most people have with developing countries -- which is letters from NGOs soliciting funds -- have not created a false sense that nothing is getting better, since these letters must talk about how bad things are in order to successfully attract funding commitments. Have the decades in which these letters have been sent out led to a sense on the part of the public and policymakers who receive them that despite foreign aid nothing has gotten better?

4.3.d Coalition Fatigue

Several respondents cited fatigue as one of the most important factors impeding coalition building. One respondent stated, “We worked very hard to support USAID management on getting more attention and resources for agriculture for USAID, but when we finally got an appointment with Agency management after waiting many months, there was no recognition for the efforts we had already made as a group on USAID’s behalf in Congress.”

Another stated that a senior colleague who had been involved for many years in foreign assistance once said, “The idea of a coalition to support training and education didn’t seem right at first. Ten years ago, no one had to explain to staff and Members of Congress why university training and education were important for developing countries; it was obvious to just about everyone,” to which this particular respondent added, “It’s hard to think about a coalition for reducing hunger and poverty when we have already put so much effort into just getting this training and education coalition going. Many people in the development community are suffering from coalition fatigue, and simply don’t have the time or resources to do too much more of it.” Another respondent stated, “You can’t understand how consuming it is even to put together a coalition of more or less like minded people with a fairly narrow interest. To do this for a much broader group just multiplies the difficulties and reduces the chances of success.”

When asked about the likelihood about a broader group coming together if there was recognition that this was the only way to have an effective message regarding increasing development assistance efforts and budget levels overall for poverty and hunger reduction, many respondents replied that it was impossible to increase overall foreign assistance levels and was therefore not worth the effort. This kind of fatigue can only be overcome by an upbeat compelling vision and true leadership from both within the interest group community and the Executive branch.

4.4 There is a way out of the zero-sum budget impasse and the competitive and particularistic behavior it entails.

Two respondents told very different stories about coalition-building in the U.S. The first story comes from a group that lobbies on both domestic and international social development and hunger issues. The respondent stated, “You know, we have already been through this kind of hunger and poverty coalition building on the U.S.front. It was a similar situation, with a wide range of different interest groups that had been pursuing their own interests and not seeing the bigger budget picture. We put together a coalition to moderate competition among the different groups and expand the overall budget going to address poverty and hunger issues in the U.S. But there was no movement or interest at all on the Hill, and nothing resulted from this coalition.”

The second respondent also told a personal story about a coalition the respondent was involved in several years ago, made up of members with different and sometimes

competing interests. In contrast to the previous example, this coalition succeeded in getting Congressional support to double the Federal science and technology research budget for engineering. The group was made up of people who had significant disagreements on the research priorities. But they all recognized that their interests were served by increasing resource levels for research, even though they didn't fully agree on priorities.

Which example is the most appropriate one for efforts to expand foreign aid resources and cut hunger and poverty in half? One could argue that because domestic U.S. politics often attaches connotations of handouts, laziness, and failure to U.S. poverty and hunger concerns, that international poverty and hunger issues will invariably have the same resonance. Or one could argue that, in a broader framework of U.S. security and economic interests, expanding opportunities for poor people overseas would have an entirely different set of responses from Congress.

Without being sure about the inevitability of failure of such a broader coalition to expand foreign aid resources to cut hunger and poverty in half, there would seem to be only one choice: Assume that it can work, and make it work by mobilizing a broad coalition to get it done.

¹⁴¹ Conclusions in this section come primarily from interviews with six representatives of land grant universities and broader education and training institutions, 14 members of the NGO community, eight private sector representatives, three foundation staff, seven current or former Congressional staff, seven USAID representatives, and eight other researchers or observers of the interactions of interest groups, Congress, and the executive branch on matters of foreign aid. An informal interview protocol was followed which sought respondents' views on why support for foreign assistance had fallen, and whether and how this might be reversed, with specific follow-up questions depending on the interest group represented and the particular shape of the individual interview. A number of respondents subsequently provided written or oral responses to the preliminary versions of this and the following two-sections of the paper, the conclusions of which were adjusted accordingly. When statements appear as direct quotations, they represent the best attempt to reconstruct the exact words that were used, given that notes, but no tape recorder, were used in the interviews.

¹⁴² See ACVFA, 2000.

¹⁴³ Ruttan provides probably the richest account of how the interactions of a wide range of interest groups with the U.S. Executive and Legislative branches has influenced the shape and size of the foreign aid program since the time of Truman's Point Four program.

¹⁴⁴ Report of the Task Force... pp. 27 ff.

¹⁴⁵ Report on the Task Force on U.S. Foreign Assistance to the Committee on Foreign Affairs, U.S. House of Representatives, p. 27. The 288 reporting requirements catalogued at the time this 1989 report was published have likely expanded since then.

¹⁴⁶ See Bacchus.

¹⁴⁷ Howard Gobstein, personal communication.

¹⁴⁸ Bread for the World Institute/Results Educational Fund, pp. 17-19

¹⁴⁹ Bacchus, Lancaster, 1999, p. 100; Lancaster, 2000.

¹⁵⁰ U.S. General Accounting Office.

¹⁵¹ See Randel, German, and Ewing (eds).

¹⁵² Bob Berg, personal communication

¹⁵³ See references by Sinding.

¹⁵⁴ See Bacchus

¹⁵⁵ Beckmann and Simon.

5. Interest Groups and the Executive Branch Can Forge a Common Vision that Addresses Congressional Concerns

“Only committed and active leadership by the President and Secretary of State, or by Congressional committee chairs, could bring about a renewal of vision and commitment to U.S. foreign aid.”

--former Congressional staffer

This section builds on the interviews that also laid the basis for the preceding section. In many cases, this section extrapolates from the insights which emerged from the interviews, building a series of conclusions and guidelines regarding the creation of an intellectual common ground for coalition building. It outlines an approach to developing a new vision for expanded foreign assistance to reduce poverty and hunger in poor developing countries, and it points out specific areas where interest groups need to consult and craft agreement.

5.1: A Window of Opportunity: The Budget Surplus and a Strategic Void

Adversity can sometimes provide opportunity. Despite the widespread view that foreign aid budgets will not increase now or ever, nevertheless something fundamental has changed in the U.S. fiscal environment. The political process is going to allocate budget surplus resources to various priorities, ranging from tax cuts to the defense budget. Programs and agencies that benefit will be those for which a compelling vision, as expressed through effective and united interest groups, convince Congress and the Administration of their priority. Just as an example, the current National Security Strategy highlights that the defense budget is now into the first multi-year increase in ten years. It is important to look beyond the short term pessimism of Hill staff who think of foreign aid as a dinosaur that is no longer relevant to the national interest or Congressional or constituency group concerns. Interest groups, should they work together and so choose, can change that perception.

Interest groups can also help transform another constraint into an opportunity. As discussed in Sections 3 and 4, there has been no compelling strategic vision for foreign assistance in many years. While this has exacerbated the general decline in foreign assistance for poverty and hunger reduction, it also now provides an opportunity. There is currently no compelling widely accepted vision for aid from the Congressional appropriations process, the Executive branch, or any outside group. There is therefore a leadership and strategy void. Voids are easier to fill than occupied space. A few leaders taking initiative within the Executive branch, outside interest groups, and Capital Hill could craft a common compelling vision of foreign aid to reduce poverty and hunger. Communicating and raising interest in such a vision would be easier than would be the case if there were already a different, competing vision that it had to compete.

These two opportunities -- the budget surplus and a void in strategy -- set the stage for identifying why and how a united group of interest groups could bring about a renewed commitment to U.S. assistance to reduce hunger and poverty.

5.2: Executive Branch Leadership Can Make A Difference

Executive branch leadership needs to begin at the White House.¹⁵⁶ There was virtual unanimity among interviewees with Congressional experience -- from both inside and outside of government -- that persistent Presidential leadership on articulating a new vision for foreign assistance, and then tenaciously pursuing it, would be essential in order to engage the interest and support of the range of Congressional and Executive branch actors that are needed for renewed support for foreign assistance. Restoring the credibility of USAID clearly is required for the kind of partnership with outside groups that would be conducive to a healthier unified effort to reduce poverty and hunger overseas.

It is crucial to build confidence, trust, and understanding among the various different kinds of interest groups that have been competing against each other. This would have to occur through a range of mutual consultations among these groups, with or without Executive branch and Congressional participation. Only through such cross-group consultations could enough mutual understanding and trust be established for the identification of a common vision for reducing hunger and poverty overseas.

Finally, a wide variety of interest groups must be willing to invest some substantial amount of time in educating the public, and its representatives in Congress, not just regarding their own particular area and programs, but on the broader vision and effort to reduce poverty and hunger¹⁵⁷.

These preconditions seem daunting. Yet some of the preconditions -- in particular White House leadership and restoring USAID credibility among its partners -- would also encourage interest group participation along the lines sketched out here. That is, interest groups are much more willing to invest the time and take the risk in crafting and selling a common vision, if they see a responsive, interested USAID and executive branch. Changes along these lines, however, are unusual at the end of an Administration.

5.3: Past Experience Suggests Successful Approaches to Follow

Respondents provided a high degree of uniformity of views on many of the problems that USAID and outside groups have encountered in the past in trying to maintain or raise interest and support for foreign assistance to address hunger and poverty. These analyses suggest certain approaches and guidelines that should be useful in crafting an effective and useful vision for foreign aid to reduce hunger and poverty.

Recognize that economic, social, and local approaches can work together to reduce poverty and hunger. As discussed in Section 3, there is now a consensus on what it

takes for economies to develop and provide opportunities for people to become more prosperous, better fed and healthier. This consensus recognizes that economic growth is essential to reduce poverty; it also recognizes, however, that without investments in people's health, education, and economic opportunities, the impact of such growth on reducing poverty and hunger will be less than it could be. Most development professionals, whether their work places them on the social and local side of development, or on the national policy and economic growth level, recognize that both of these aspects are critical for poverty and hunger reduction. Stating up front that both are necessary avoids a sterile and unproductive dialogue.

Avoid isolated reference to "foreign aid", "economic development", the "150 Foreign Operations Account"... Describe programs in ways that are easy to understand. Most successful efforts at lobbying for foreign aid that has a significant impact on poor and hungry people have been those efforts that identified a concrete and easy to understand impact that normal people could identify with, such as immunization to save the lives of small children at risk of disease or tiny loans for poor but emerging businesswomen. Vague requests to support foreign aid, economic development, or the "Function 150 Account" do not resonate. This is because such requests are abstract, devoid of referential and concrete content, and sound like a professional club (the development and foreign aid club to which the author and most readers of this report likely belong) seeking an entitlement for programs that they are unwilling or unable to describe in terms that normal people, including Hill staff and Members who do not belong to that professional club, can easily understand and get excited about.

However, not all concrete descriptions and explanations are necessarily short term in their outcomes. Indeed, work by the Aspen Institute on communicating international development messages to the public has revealed that sometimes the simple picture or message prevents understanding a more complex or long term phenomenon¹⁵⁸. USAID operating units have tended to interpret the results reporting called for under GPRA as a mandate to focus only on short-term development results. However, long term results (such as the kind of capacity building done by U.S. NGOs or universities with counterpart institutions) can be discussed in ways that focus on the human and results aspects of those activities. As one representative of a group that has had success in getting Congress to earmark funds for programs of high short term impact, such as child survival, stated in an interview: "Our success, and Members of Congress interest, are not related so much to results occurring in a short time, but rather to concrete, understandable explanations of how programs have an impact on peoples' lives. There are many worthwhile programs whose impact on lives is very important but occurs in a longer time period. Just explain these programs in concrete terms that people can understand."

Hunger and poverty are the result of complex causes. The process of addressing them, indeed the process of broad based economic development and economic empowerment, is a serendipitous, complicated and unpredictable process. But that is also true for other U.S. programs and policies that Congressional staff and members understand better than they understand foreign aid, ranging from national defense to science and technology policy. Because hunger and poverty affect real people, and because the goal of

economic development is to help those people, foreign aid programs for this purpose should be easier to describe in concrete and understandable ways than many other Federal programs.

It is incumbent on the development community to recognize its responsibility in investing time in doing this right. For too long, both executive branch staff and our outside partners simply assumed that the foreign aid budget was an entitlement, and that without training and experience, it was almost impossible for Congress and the public to understand how we were really going to use the money. Programs such as child survival and microenterprise have been so successful in garnering Congressional support in part because they took the time to explain in concrete terms what they were doing and what the results were on real people's lives. The same could be done with a wide range of programs needed for hunger and poverty reduction, and not exclusively for programs with short term and direct impact such as child survival.

Identify "new and different" effects and/or approaches, even when these are grounded in more enduring, unchanging principles and approaches. Most development professionals in areas with tried and true approaches are upset when the political or bureaucratic process forces them to pretend that they are doing new things in new ways, when in fact they are using tried and true approaches. However, in the new 21st century world of information overload, ten second sound bites, and short attention spans, it is crucial to attempt to identify new and different problems, effects, or approaches, even in those situations where the core approach has not changed much. This will require some juggling of enduring approaches -- which are needed in order to have success and avoid staff morale from having to change what it says it is doing every few months -- with an identification of those aspects that are in fact new and different.

Surrender the idea that a single USG-led program approach is going to guide all partners. It is important to recognize that development, like most 21st Century economic activities, is going to be accomplished by shifting networks of groups and individuals in loose alliances with no overall control, but within a broad vision and goal (e.g., hunger and poverty reduction). The new world we live in is comprised of a multiplicity of actors trying to improve or engage developing countries on a range of fronts. While the purpose of this paper is to identify effective coalitions of groups that can work together for greater U.S. effort and resources in cutting hunger and poverty in half, when it comes to implementation, there is a new and very complex world out there, in developing countries as much as elsewhere.

No one is in charge, no one is controlling all these actors, and they are not all working under a common program. Without even thinking about other donor countries, or the range of stakeholder groups in developing countries, even within the U.S. alone, an increasingly wide range of USG agencies have programs and their own objectives in many developing countries.¹⁵⁹ An increasing number of U.S. businesses, under the Chamber of Commerce appellation of "corporate citizenship" are engaging in development or small development projects in partnership with various NGOs to

establish more of a credible presence and relationship in developing countries where they see long term investment potential. U.S. foundations are spending far more money than they ever have on the problems of developing countries, and doing it in ways that are less coordinated with each other and with donor agency efforts, than has been the case in the past¹⁶⁰. Even USAID contractors and some NGOs see an increasing share of their business coming from U.S. government agencies other than USAID, or from the World Bank.

The Internet -- with lack of control nevertheless leading to fantastic gains in communication -- may be a better model than the five or seven year development plan or project that most development professionals have spent much of their careers planning and implementing. The most that can be attained by way of coordination, and it is crucially important, is for donors, host governments, and a few of the major, key actors (such as large NGOs or foundations) to agree to a common approach and division of labor in programs to reduce poverty and hunger. The era of a USAID mission leading and deciding an approach in the entire sector of an entire country has long since ended. But USAID and U.S. actors can and must continue to play a leadership role to provide workable approaches and leverage of other efforts when that is appropriate and acceptable.

Seize Opportunities Where there is a Congruence of Interests Between the Issue of the Year and Reducing Poverty and Hunger. There has often been a tendency -- by both USAID sector specialists and outside interest groups -- to so narrowly define their interests that they have foregone opportunities to garner understanding and support for their core specialties by failing to see complementarities with "hot topics" and politically important issues. This tendency has occurred because of the quite justified concern that such hot topics should not drive nor define what foreign assistance is all about. But the concern has led many to fail to take advantage of the high profile that such topics offer in carrying along a lower profile agenda with fewer constituents inside and outside of the executive branch.

5.4 Interest Groups Must Jointly Consult to Build a Broad View and Common Understanding

A new consensus, the broadest and most intellectually powerful consensus to emerge in some time, identifies several necessary conditions for reducing hunger and poverty:

- ◆ economic growth (facilitated by healthy economic policies and investments such as agriculture to raise productivity);
- ◆ investing in people's productivity via improving their health, education, and access to markets (and in Africa, stopping the spread of HIV/AIDS is a crucial element);
- ◆ empowering local people and communities with knowledge and political voice.
- ◆ maintaining a healthy and sustainable environmental base

Because of this consensus and of changes in the budget environment, there are opportunities to embrace and push for a broad view of development and foreign assistance, and a range of programs, that support all aspects of this consensus. But a shared view among different -- and previously competing -- interest groups is crucial if a common and compelling vision for foreign assistance to reduce poverty and hunger is to take shape and have effect. That shared view can only be forged through awareness and broadening of the different perspectives held by various groups.

Many in the private sector and Congress believe that "trade not aid" or "policy reform alone" are the key to economic growth and opportunity. Increasingly, private businesses in the U.S. recognize the need for a longer-term view, and investing in relationships and people, in the countries they work in. Nevertheless, both private sector representatives as well as large numbers of Hill staff, believe that policy reform and trade alone will solve most problems, and that -- when the right policies are in place -- foreign aid is irrelevant. In fact, this is a distorted view of USAID experience and of a range of recent reports (discussed in Section 2) on foreign aid effectiveness. The conclusions of those reports is that foreign aid has been effective only in those environments where good policies have been in place, but not that foreign aid has been irrelevant or ineffective. Private businesses on their own are not going to invest in biotechnology or information solutions for poor communities and families where the transactions costs of reaching them and selling them an internet connection or new seed is higher than the expected return¹⁶¹. Nor will private business invest in education, health care, research to improve cassava or yams, and safety net programs required to improve the quality of human capital in a country even though the private sector recognizes the importance of a healthy, educated workforce. The myths that "trade not aid" and "policy reform alone" will eliminate hunger and poverty through economic growth need to be addressed head on by those interest groups with on-the-ground experience in child health programs, microenterprise, education, agricultural technology and other crucial activities for reducing hunger and poverty in which the private sector is not going to make investments even in the most congenial poor LDC policy environment.

The agricultural and business communities tend to believe that agricultural technology and economic productivity alone will solve the poverty and hunger problem. Without both a favorable overall economic environment and economic growth, and without the local level investment in people and empowerment represented by child health, primary education, microenterprise and educated policymakers and scientists, agricultural technology and other improvements to the productivity of the poor can provide significant improvements in life for some people, but will not promote the widespread sustainable systemic changes needed to make a big dent in hunger and poverty in poor LDCs. A dialogue between the agriculture and business communities and other groups would come to a consensus on this point.

NGOs tend to believe that local level investment in people's health, primary education, access to credit, and local empowerment alone will lead to sustainable reductions in hunger and poverty. As pointed out in the 1996 Human Development

Report, a report put together by Unicef and the UNDP out of concern that the local and human element in development not be lost sight of, economic growth is a critical and necessary condition for sustainable reduction of hunger and poverty. Without economic growth, even the fiscal requirements of successful child survival programs or primary education, for example, cannot be sustained. Without the national policies, and the human resources (trained at quality institutions of higher learning), to manage both national policies, and development programs at local level, local level development and investing in poor people's health and access to credit and education will not have the long term impact on poverty and hunger reduction that it otherwise could.

Training and education institutions tend to believe that Education is the basis for economic growth and reducing hunger and poverty. Advocates both of primary education, girls' education, and university training for managers, technicians, scientists, and policymakers often point to education as being the key element in determining economic growth and poverty reduction in a country. These views need to be moderated or broadened, and education seen as an absolutely critical element but one that -- like the others above -- complements them.

A consultative consensus-building exercise among representatives of key interest groups and constituencies could probably easily embrace the broadening and moderation of views suggested above. After all, they are aware -- both academically and from their own field experience -- of the power and accuracy of the new development consensus. But consensus-building is necessary to get past parochial positions based on groups' vying for their share of a shrinking foreign assistance account, as has been the case for the past decade. A new vision or strategy for foreign assistance focused on hunger and poverty could take shape in any of a number of ways, discussed in the next part of this section. It could also even take elements of other approaches less explicit about reducing hunger and poverty.

5.5 Common Ground for Coalition Building Among Disparate Groups

This part of Section 5 adds some detail to the insights of the previous section. Tables 2,3, and 4 summarize impressions drawn from interviews with interest group representatives. These impressions concern in particular the key concerns and interests of three different groups that would be important in any successful effort to build a coalition to reduce overseas hunger and poverty. These are the university and training institutions, the private sector, and the NGOs and social development groups. For each group, its key interests, concerns with foreign aid, possible constraints on coalition-building with other groups, and possible common ground with those other groups are listed. These are only impressions and should certainly not be taken as universally representative of all members of the group in question, but they provide a starting point for bridging the gaps among some of these groups.

Table 2: Interests of Universities and Training Groups

Key Interests:

Restore and expand institutional, faculty and student relationships with overseas researchers and universities

Renew the training of professionals from those countries where individuals and governments on their own cannot pay the expenses of U.S. training.

Put their considerable human resources back to work in addressing overseas poverty and hunger, as well as a wide range of other public issues

Key Concerns with foreign aid:

Current short-term results orientation of USAID and GPRA is short sighted and inconsistent with university and training community's long view of research and training

Major decline in opportunities and contracts/grants funded by aid

Lack of trust of USAID: they have heard USAID commitment and rhetorical support for both agriculture and long term training for years with few tangible results.

Blockages for Coalition Building:

These groups are often so defensive, after long years with little involvement with USAID, that they tend to see others (such as the child survival groups) as their adversaries in budget battles, rather than as allies in creating more opportunities for poor families overseas.

Long-term focus (especially research and training) is hard for both the private sector and NGOs and short-term results oriented groups to value and understand

Don't believe anyone else values long term concerns or approaches

Almost ready to give up on foreign aid and seek an entitlement to international research funds which would not be dedicated to reducing hunger and poverty

Common Ground for Coalition Building:

See themselves as key intermediaries in knowledge management

Have done more forward thinking on information technology for training in LDCs than other groups

Eager to seize any opportunity to make a difference and get more involved

Capable of broad vision

Significant experience working with the private sector, and some growing experience working with NGOs, on specific activities

No longer expect or want old style 1970/1980s large "Title XII" in country technical assistance projects with big permanent teams

Table 3: Interests of NGOs and Social Development Groups

Key interests:

Helping improve opportunities and wellbeing of poor people in poor countries
Local empowerment
Protecting the poor from negative impacts of trade and technology
Wide sectoral interests (child survival, microenterprise, agriculture, local governance, etc)

Key Concerns with Foreign Aid:

Concerned with short term results orientation at expense of less quantifiable people level impact
Concerned that multiple requirements (for reporting, frequent audits, etc) distort or distract from program
Distrust USAID “partnership” concepts because sometimes don’t perceive a real partnership
Believe it is a mistake for NGO programs to have to fit with USAID country strategy

Blockages for Coalition Building:

More oriented towards action and towards the short-term oriented than universities
Cultural divide with U.S. business -- different perceptions of the world and of people
Believe that business has no interest in poverty and hunger, and that business will often make poverty and hunger worse
Don’t trust U.S. research groups (such as universities or private consulting firms) in their economic policy recommendations to host countries.
Believe that private consulting firms working in development are committed only to profit, not to development
On the wedge issue of globalization, tend towards “protecting the poor”
Sometimes unwilling to make a strong case for aid on “self-interest” grounds for the US

Common Ground for Coalition Building:

Already significant NGO-US business partnerships for development and poverty reduction in a number of developing countries.
Recognize that economic growth is necessary and globalization inevitable -- want to make them work to the benefit of poor people and countries.
Have a structure and organization for joint consultation (Interaction; Advisory Committee for Voluntary Foreign Assistance)
Interested in making sure that globalization works for the poor

Table 4: Interests of Private Sector Groups

Key Interests:

Unimpeded access to overseas markets
Improved investment and trade environment in LDCs
Credibility for U.S. business in general, and one's own firm in particular, in a developing country
Good relations on the ground; presence, trust, and a good image in a country for one's firm
International support for globalized free trade

Key Concerns with Foreign Aid:

Waste of money
Hasn't had an impact
Not needed in the globalization era: policy alone is the key, with good policies private investment will follow
Concerned with declining USAID support for economic growth activities

Key Blockages for Coalition Building:

Cultural divide with NGO/social development groups: see them as absolutist, less interested in compromise, against trade, and sometimes having unusual ideas.
See little or no relevance of university concerns with research and long term institutional linkages
On the free trade side of the globalization argument while some NGOs are on the other side of this wedge issue

Common Ground for Coalition Building:

Human resources, trained people and local capacity are becoming more important to U.S. private firms in LDC markets
Would support foreign aid if they saw it contributing to good policies in LDCs
See a U.S. presence and credibility in improving the lives of the poor as good for their own credibility in overseas markets
Even more support for foreign aid if it resumed purchasing U.S. equipment, products, and services in a major way as in past foreign aid eras
Already increasing, and more and more interested in, "corporate citizenship" in LDC markets, i.e., undertaking local development projects with U.S. and local NGOs and foundations.
Would support foreign aid and NGOs more if there were a common view and agenda regarding globalization
Eager to demonstrate how globalization can occur in ways which help poor people and countries.
More receptive to self interest arguments for foreign aid rather than humanitarian/altruistic arguments; however, increasingly recognize that humanitarian and altruistic concerns may help with both U.S. and their own company or industry image as well as create a better environment for business in the LDCs they work in.

The above three tables point to the ample common ground that private sector representatives, NGOs, and universities and training institutions share; but leadership and initiative are needed to build on that common ground. A handful of far-sighted leaders from among these disparate groups could excite a broad effort among different groups to build a broad and common message and goal for foreign aid to address hunger and poverty. Without such leadership, the zero-sum budget situation will continue, to the benefit of none of the interest groups and certainly to the detriment of U.S. interests in the developing world. The need for this kind of leadership was raised repeatedly in the January, 2000 meeting of the Advisory Committee of Voluntary Foreign Aid. As one of many examples at that meeting, one member of the Committee stated that she was “struck by the overwhelming consensus for the need for some kind of central person or organism providing leadership.” She also noted that “it will be a challenge to identify who will take the lead and to follow up.”¹⁶²

The previous section (Section 4) outlined the difficulties in interest groups acting together for a common goal, but also noted recent changes in the environment that should make such common cause both easier and more fruitful. This section (Section 5) has now laid out some approaches to common language, message, and common ground that could also provide the basis for a new coalition-building effort. However, without a few people in the interest group stepping forward to mobilize the larger community, these will only be unexploited opportunities. The final section of this report, below, outlines an approach to a message and goal that a coalition-building effort could coalesce around, and identifies a multiple-tiered effort that would build on the differing strengths and interests of the various interest groups.

¹⁵⁶ This was virtual unanimity by interviewees with Congressional experience -- both inside and outside -- that persistent Presidential leadership on pushing and articulating a new vision for foreign assistance would be essential in order to engage the interest and support of the range of Congressional and Executive branch actors that are needed for renewed support for foreign assistance.

¹⁵⁷ Beckman and Simon.

¹⁵⁸ David Devlin-Foltz, personal communication.

¹⁵⁹ Wolgin, Lancaster, 2000.

¹⁶⁰ Renzet al, p. 101.

¹⁶¹ Pray and Umali-Deininger.

¹⁶² ACVFA, January 6, 2000, p. 12.

6. The Time is Right for a Coalition with a Common Strategy to Restore U.S. Leadership to Cut Hunger and Poverty in Half

This section identifies a strategy for a three-tier coalition capable of expanding foreign aid for hunger and poverty reduction, for a broader agenda to expand globalization's benefits to poor countries and groups overseas, and for a renewal of U.S. international engagement. Only such a three-tier coalition could mobilize sufficient support for the expansion of foreign aid that will be required to cut hunger and poverty in half.

6.1 Build a Coalition to Reduce Hunger and Poverty Within a Broader "Global Inclusion" Agenda and Coalition

The research for this report started with the assumption that there was substantial intellectual common ground among a wide range of disparate interest groups concerned about improving the opportunities available to families living in poverty and hunger. The challenge was to identify this common ground and to specify possible messages and broad program goals that such disparate groups could organize around. But it is clear that there are many groups that -- while supportive of hunger and poverty reduction -- face severe limits on how much advocacy they can do on broad messages. These groups are also suffering from "coalition fatigue."

Taking account of the advantages and disadvantages of the various approaches outlined above, one promising approach would be to nest the poverty and hunger goal inside a larger expanded development assistance goal. The "worldwide poverty and hunger" approach already has a strong constituency base, and is in the process of building a coalition to address the new Congress and Administration. This is a small and manageable enough set of interest groups for this to be already underway (although this coalition will be substantially more effective if the child survival groups can be induced to participate).

At the same time, as noted above, the "poverty and hunger" message is one which is unlikely to attract a broad range of groups. In particular, little private sector support is likely, and only one limited element of the university and training community (the land grant agricultural universities) is likely to be enthusiastic. Nesting this approach within a broader vision for foreign assistance, organized around a theme of globalization for the poor, could attract a significant private sector interest and support, as well as support from the broader education and training community, and many of the other interest groups, not mentioned in this paper, interested in development assistance.

6.2 The First Tier: Reduce Poverty and Hunger Worldwide by 50%, with a Particular Focus on Africa

This vision and approach has a number of advantages. It is clear, compelling, and measurable. It promotes U.S. humanitarian, economic, and security interests (as

discussed in Section 1). It could be tailored to bring in a broader coalition than the traditional hunger coalition; that is, U.S. land grant universities, child survival groups (for whom hunger is one important aspect of child health and survival), microenterprise groups, and NGOs could line up behind it. In addition, an African focus would draw in groups that have been effective in seeking congressional support for Africa, ranging from the Congressional Black Caucus to the Corporate Council on Africa to parts of the HIV/AIDS advocacy community who recognize the ways in which HIV/AIDS and poverty reinforce each other.

This approach already has U.S. policy support. In addition, this would put U.S. foreign assistance squarely on the same track as most other major bilateral donors and with the World Bank and IMF new focus on poverty reduction. Finally, it would align U.S. goals in overseas development with some of the most effective groups lobbying on foreign assistance as well as with what may become a somewhat misguided, but nevertheless intense, populist movement (the Seattle and Washington WTO and IMF protesters) in the U.S. and overseas concerned about poverty and hunger reduction and globalization.

6.3 The Second Tier: Expanding U.S. Development Assistance with a New Vision for Poor Developing Countries

As discussed in Section 3, the “zero sum” budget environment has created incentives for interest groups to avoid working together. Unless that assumption is changed, creating a coalition broad enough to increase support for overseas hunger and poverty reduction is unlikely. In addition, there is consensus among the independent groups that have examined the question, that cutting hunger in half requires a substantial increase in resources¹⁶³. These resources must come from around the world, including U.S. participation, which is necessary to leverage resources from the rest of the world. The more ambitious goal of cutting poverty in half would require more resources.

Expanding overall development assistance complicates the task of expanding efforts to cut hunger and poverty in half. This is because expanding overall development assistance cannot be accomplished without a broad set of interest groups. Some of these interest groups -- even those that care about overseas poverty and hunger -- may not be willing to invest additional time and effort in a poverty and hunger message and coalition which they feel is not immediately in the area of their members’ concern. Both the private sector groups and some of the education and training groups may have this perspective.

This creates a complex political and organizational paradox: Expanding overall development assistance is necessary (both to change the zero sum budget environment, create positive incentives for coalition building, and provide the resources required to mount a serious effort to cut hunger and poverty in half). Yet, the coalition required to expand development assistance needs to be so broad that it would include many groups unlikely to invest time specifically in pushing a poverty and hunger reduction message and program.

A New Vision of Expanded Foreign Aid Must Address Multiple Concerns. Several broad visions and goal statements could serve as a rallying point for a diverse coalition of interest groups. Any such vision with credibility and meaning is more than simply a new description of current reality. It would have specific program content with implications for budgets and for country focus. In this concluding section, the ideas outlined in the previous two sections-- regarding constraints and opportunities for coalition building -- serve as the basis for identifying a vision for foreign aid that would provide support and resources to address the poverty and hunger challenge of the 21st century. This is one of several visions (alternatives are discussed in Annex B.)

To attract broad outside support and Congressional interest, any such vision must meet several criteria: It must be compelling in scope and ambition; simple to understand; measurable in terms of results; and related to broader U.S. national goals and/or to the goals of a broad range of interest groups. To be successful in this latter criterion, it must also bridge some of the concerns and approaches of a broad range of the interest groups who have some interest in addressing the needs of poverty, hunger, and poor developing countries. For example, all of the potential approaches and visions outlined in Annex B include similar essential elements of a) economic growth and productivity, including agriculture; b) improving the health, education, and access to markets of poor people; c) expanding the training and institutional capacity of developing country decision-makers and public and private organizations. Each would have some differences but include these broad general approaches and concerns.

One of these frames (focused on Africa) would resonate more with an Administration concerned about poverty and targeted programs; two of them (focused on globalization and on prosperity) would resonate more with an Administration concerned about expanding U.S. exports and the world economy; and several (focused on global inclusion, human capacity, and transitioning out of humanitarian assistance) would be more likely to resonate with any Administration. There are discussed in Section 6.5 below, with particular emphasis on the three that would be more likely to appeal to any administration. Each theme is discussed in terms of its advantages and disadvantages.

Some Approaches to Foreign Aid Would Not Expand U.S. Impact on Reducing Poverty and Hunger. Before laying out several possible visions and approaches that could expand foreign aid and contribute to poverty and hunger reduction, it is important to be clear on approaches that would not be effective in this achieving this goal. Several conceivable approaches to foreign aid would not enhance U.S. efforts to reduce poverty and hunger. While even these approaches would provide some space to engage in modest poverty and hunger reduction activities, these would be circumscribed. These approaches are as follows:

a) A renewed short-term security focus for foreign aid. Such an approach would direct foreign assistance resources primarily to a few developing countries or crisis countries of major security significance to U.S. foreign policy. For example, if this approach had been leading Clinton administration priorities for foreign aid, assistance resources would have been targeted overwhelmingly on the handful of developing countries (Columbia,

Nigeria, Kosovo and Bosnia, Indonesia, and South Africa) in which the U.S. has identified a major foreign policy and security interest. Such an approach may or may not be effective in achieving its stated security goals. (For example, this approach to Africa in the 1980s led most U.S. assistance resources to go to Zaire, Sudan, Somalia, and Liberia and could not be deemed successful on security and foreign policy grounds alone, even without examining the poverty, hunger, and long term development implications; by contrast it is possible to argue the merits on either side of the question regarding the preponderance of U.S. foreign assistance resources in Latin America going to the countries of Central America during the 1980s; one could make a case that this did contribute to achieving U.S. short term security goals.) Certainly, whether such an approach makes sense as a way to promote our immediate security goals, it is likely to divert attention and impact from broad effects on hunger, poverty and development across a range of countries most in need of such support. Kosovo is a case in point, in which almost all U.S. NGOs felt compelled to divert resources from other country programs in order to be part of the Kosovo effort.

b) An exclusive focus on short-term crisis response and humanitarian assistance as the centerpiece of foreign aid. In this approach, foreign aid would serve as the rescue and rehabilitation agency of the U.S. government for crisis situations and failed states. Focusing exclusively on humanitarian emergency assistance -- while there would be some short-term relief for poor and hungry people suffering in emergencies and while it would help stabilize volatile, insecure situations -- would have very little long-term sustainable impact on reducing poverty and hunger.

c) A focus on Big Emerging Markets (BEMs)¹⁶⁴, Global Climate Change (GCC), and Emerging Infectious Diseases. All three of these foci are likely to remain high priority foreign policy, environmental, economic and health concerns for the United States. All three could have some modest impacts on reducing poverty and hunger. But a primary foreign assistance focus on these areas would lead to a relatively smaller impact on reducing poverty and hunger. While the big emerging markets do have significant numbers of poor and hungry people, the impact of a BEM strategy on world hunger and poverty is likely to be less than a strategy more directly addressing the poverty, hunger and economic problems of poor developing countries.

Global Climate Change involves developing "clean development mechanisms" of significant advantage to poor countries; if a market for carbon trading develops in ways that create incentives for major investments in developing country carbon sequestration in farms or forests, the advantages for poor countries will be further enhanced; nevertheless, the short term environmental actions associated with GCC are less important to many of the 1 billion poor people in the world than environmental problems associated with water quality and availability, soil fertility, and natural resource degradation.

The situation with global infectious diseases is similar. With the exception of AIDS in Africa, the health problems that kill children of poor people tend to be diarrhea, malaria, measles, acute respiratory infections, and malnutrition, none of which are the kinds of

emerging infections of concern to U.S. policy makers as a transnational issue which threatens the US. A focus on HIV/AIDS is crucial to any successful attempt to address hunger and poverty in countries with high HIV infection rates. While any and all of these three approaches could be important to achieving a range of U.S. foreign policy objectives, focusing foreign aid on these objectives would reduce the effectiveness of foreign aid in cutting worldwide hunger and poverty in half.

Vision for the Second-Tier Coalition: Expanding Globalization for the Poor. The name “Global Inclusion” is not the most compelling or clear label for this approach, and might be rethought; but the approach is basically to identify those ways in which poor countries and groups can best be included in the benefits of globalization, especially in situations where they may otherwise be left out, marginalized, or hurt by it.

6.4 The Third-Tier: Restoring U.S. International Engagement

This “Global Inclusion” or “Globalization for the Poor” coalition itself would be part of an even broader group seeking to expand U.S. government engagement internationally. This broader group includes organizations and coalitions trying to expand U.S. government budgets for broader international activities, such as State Department funding. Already groups such as the Coalition for American Leadership Abroad and the Campaign to Preserve U.S. Global Leadership have had a significant impact in preventing even worse cuts in the overall U.S. international affairs budget, and in getting a wide range of interest groups to talk with each other about the need for expanding government commitments and resources for international affairs. The even greater challenge, however, is to create a dialogue where these groups can agree not just on the need for more money, but on a common goal and vision in foreign affairs to guide the use of those funds.

6.4 Coalitions Need Leaders: The Time is Right for A Handful of Farsighted Leaders to Step Up and Mobilize these New Coalitions

In addition to the dramatically changed budget environment, other changes signal that the time is right to invest time and energy in building a coalition for foreign aid to expand in order to combat poverty and hunger. But coalitions don’t occur naturally because they take hard work and dialogue. They come into existence, and craft common visions and strategies, only at the behest of far-sighted leaders. The time is right for a handful of individuals with initiative and energy to dream big dreams, say “no” to the zero-sum budget assumption for foreign aid, and excite their colleagues in the interest groups community, executive branch and Congress in the idea of restoring U.S. leadership and cutting hunger and poverty in half.

The time is right for many reasons. Building on the Kull/Destler work debunking the myth of an isolationist U.S. public, others are now changing the lexicon and the debate over foreign aid and U.S. engagement. The Aspen Institute, with Rockefeller foundation support, is helping a group of business, NGO, and other groups craft a new vision of U.S. international engagement that speaks to particularly Americans concerns and interests. A

Columbia University project is trying to craft a new vision for foreign assistance that replaces the concept of aid with that of partnership and cooperation. Even Congressmen who in 1994 took pride in not having passports now sense that the rest of the world matters more and more to U.S. citizens and businesses.

Foundations are once again beginning to take up the challenge – as they did in decades past -- to serve as leaders and catalysts in solving some of world's biggest problems. The Global Alliance for Vaccines and Immunization, with Gates and Rockefeller foundations partnering with private firms and the U.S. government, is perhaps the best example. An alliance of foundations to rescue Africa's higher education system, foundation leverage of the private biotech industry to serve the needs of poor farmers overseas, and new initiatives to develop an AIDS vaccine are among the best examples.

U.S. universities, NGOs and business and trade groups are changing the way they think about foreign aid and U.S. overseas engagement. The land grant universities – after spending the 1990s complaining about losing out in the competition for USAID resources – are now once more engaged in international agriculture, feeling their power both in State legislatures and in Congress. They are also beginning to partner in productive ways with NGOs and U.S. business.

In the wake of the Asian crisis, U.S. business recognizes that there are some “public goods” that improve the business climate in developing countries, but which business can't pay for because there are not sufficient private returns to justify the investment. Business and trade groups recognize the role for foreign aid in investing in stable financial institutions, education, crop research, and health care investments in developing countries. Many businesses are partnering with NGOs as part of a new ethic of “corporate citizenship” encouraged by the U.S. Chamber of Commerce.¹⁶⁵ One business association representative states: “The NGOs and broader development community are seriously misjudging and underestimating the potential U.S. business interest to provide support on the Hill for efforts related to health, poverty reduction, and economic growth in developing countries.”

The most important change in atmosphere is happening in Congress and the U.S. government. Active citizen advocacy in the U.S. and Europe led to a major debt relief initiative, which in turn has changed the entire country programming method of World Bank and the IMF, focusing them on an overall poverty reduction goal in negotiating new programs and debt relief. With U.S. encouragement most recent G7/G8 meetings have discussed poverty or hunger.

Congressional enthusiasm for debt relief has complemented a number of other Congressional and Administration agreements, and legislation enacted, on African trade; African poverty, hunger, and agriculture; and biotechnology for developing countries. There is no question that there is a “change in the weather.” The question is – can interest groups and the executive branch convince themselves, as well as the Congress, that funds managed through USAID can be used effectively in further reducing poverty and hunger? Without being convinced of this, Congress will happily support a few things

it can understand (like debt relief) at the expense of ongoing foreign aid efforts, rather than creating an overall increase in foreign assistance levels.

With these positive changes, which groups would be most likely to participate in a poverty and hunger coalition? Table 5 identifies a number of groups that might be willing, under the impetus of convincing and exciting leadership, to join forces at various levels in a “hunger and poverty” coalition, a broader “global inclusion” coalition, and finally an even broader international engagement coalition, for the purposes of expanding foreign aid. Not all of these groups have identical interests, and there are indeed a few who would participate in one of these coalitions and even oppose a higher or lower order one. But there is in general a very broad commonality of interest among these groups, and enough strength, credibility and resources, that they could -- working together to craft common approaches as suggested in sections 4 and 5 -- expand foreign aid in ways to reduce poverty and hunger and bring the benefits of globalization to poor developing countries. Table 5 represents nothing more than the author’s impressions of which groups might -- with appropriate dialogue and discussion -- be amendable to lining up with which coalition and goal.

**Table 5: Potential Participants in Different Levels of a Foreign Aid, Poverty and
Hunger Coalition**

	Int'l Engage ment	Glob Inclus ion	Pov/ Hung ger
Broad Cross-Sectoral Interest Groups			
Aspen Institute's Global Interdependence Initiative	x	x	x
Bread for the World "Africa: Seeds of Hope Act" coalition		x	x
Campaign to Preserve U.S. Global Leadership Coalition for American Leadership Abroad	x	x	
Independent Group on the Future of U.S. DevelopmentCooperation (Columbia U.)	x	x	
Agriculture, Education and Training:			
Association for International Agriculture and Rural Development	x	x	x
Committee on Sustainable Agriculture		x	x
International Agriculture Group	x	x	x
International Education and Training Coalition	x	x	
National Association of Universities and Land Grant Colleges		x	x
Producer Associations (for various crops)	x	x	
NGOs and Social Development, Health, and Microenterprise Groups			
Advisory Committee on Foreign Voluntary Assistance (ACFVA)	x	x	
Bread for the World Coalition on Food Aid		x	x
Global Health Coalition	x	x	x
Global Microenterprise Coalition		x	x
Interaction: Results	x	x	x
Private Sector			
Business Alliance for International Economic Development	x	x	
U.S. Chamber of Commerce	x	x	
Society of Professional Consultants	x	x	x

The time is right,¹⁶⁶ the raw material is there. Leaders from among the interest group community and executive branch need to step forward, advance the dialogue beyond its current defensive and fragmented state, and excite the broader development community in expanding U.S. commitment and leadership to cut world hunger and poverty in half.

¹⁶³ **Bread for the World, 2000; GAO; U.S. Interagency Working Group on Food Security/Food Security Advisory Committee.**

¹⁶⁴ **Such as India, Indonesia, South Africa, Brazil.**

¹⁶⁵ **U.S. Chamber of Commerce.**

¹⁶⁶

Annex A: Content Analysis of Key Development Documents

A modified "content analysis" was done on a number of influential documents published during the last ten years on economic development, poverty, hunger, and U.S. national security concerns in developing countries. The purpose was to examine the extent to which the broad development consensus mentioned in Section 2 has been picked up by documents representing several different sets of groups or viewpoints in economic development and in the alleviation of hunger and poverty. The documents were not selected randomly. Nor are they a complete set of the major, widely read documents in their respective areas. They will be recognized, however, by those familiar with these differing areas of economic development, social development, and conflict, as fairly representative of the literature in each of these areas.

The working hypothesis for this content analysis is that the development consensus documented in Section 2 would not be reflected in documents from various groups, even though the leadership of those groups recognizes and often supports this development consensus. As pointed out in Section 4, the zero-sum budget environment of the past ten years has created incentives that lead various development interest groups to emphasize differences among themselves as well as to emphasize the uniqueness and critical nature of their own interest and approach as opposed to the broad and multidimensional set of changes that must take place to reduce hunger and poverty and to bring about economic development and improved wellbeing for people in poor developing countries.

Most of the documents below represent influential institutions, usually donor aid institutions, advocacy groups, or think tanks; there are however some documents (the Robert Kaplan article being a case in point) that were very influential without having an institutional viewpoint or affiliation which were also reviewed. None of the viewpoints represented in the documents below are wrong; however, differences in language and emphasis are telling, and -- in a constrained budget environment -- get translated quickly into differences in budget priorities.

The "content analysis" method employed was a subjective one. Three groups of documents were reviewed, those representing the NGO, social development, and child survival viewpoints and/or groups; the economic growth, income, productivity and agriculture viewpoints and/or groups; and the conflict and development viewpoint. Each document was reviewed for the attention that it paid to several sets of concerns, particularly as it saw those concerns as avenues for effectively addressing the groups overall concerns as well as concerns with hunger, poverty, and economic growth. The "content" being analyzed was therefore not quantitative frequency of use of key words or concepts, but rather a more subjective sense of where the recommendations and analysis fell out in terms of areas of emphasis among the following five areas: poverty and hunger; health, nutrition, and social investment; economic growth, productivity, and agriculture; environment and conflict; and institution-building and professional/technical training.

Table 6 in Section 3 summarizes the results of this content analysis. The table shows that very few documents from any group recognize the new development consensus that poverty and hunger are important, that they can be sources of conflict and instability, and that addressing them requires a multi-pronged, long-term approach emphasizing health and social development; economic growth and productivity including in the agricultural sector; and institution-building and training.

More particularly, some disturbing trends are noteworthy in these documents. First, the health, nutrition, and social development documents tend towards several points of view that downplay the importance of productivity, agriculture, and economic growth as a source of long term stability and incomes both for poor people and for the government services on which they depend for education and health care. Several of these documents do recognize that a periods of negative economic growth (eg, during the early phases of structural adjustment; or in Africa in the 1980s; or resulting from heavy debt burdens) have had negative long term consequences on poverty and hunger; but they do not see the corrolary -- that renewal of economic growth is an opportunity that complements and can undergird more direct, targetted social development programs for the benefit of the poor. In addition, these documents, to the extent that they mention agriculture, tend to see its importance exclusively as a way to increase food supply rather than as a major source of income for rural poor people. There are of course some exceptions to these generalities, in particular the Bread for the World and IFPRI documents. Overall, in these documents, malnutrition and hunger are seen as problems whose solutions are clinical rather than as problems demanding multifaceted solutions.

The economic growth documents also tend to be narrow, although more of the "development consensus" has seeped into some of these, with a recognition that health, primary education, and social development are critical elements, and complements to productivity and growth, if hunger and poverty are to be addressed in a sustainable way. Specifically the documents from Future Harvest, the International Agriculture Group, and the U.S. Interagency Working Group/Food Security Advisory Committee link agriculture's role in reducing poverty and hunger within a much broader development framework of economic policy reform, conflict prevention, health, education, and protecting the most vulnerable.

The conflict literature has developed in tandem with the increased level of deployment of U.S. forces in "failed state" and humanitarian crisis situations, and with the expenditure of tens of billions of dollars during the last decade in short term responses to these situations. It is therefore troubling that so few of the documents coming from this perspective note any opportunities to lay the long term basis for reduced conflict by taking actions to sustainably improve the lives of poor people in developing countries, even though these reports do tend to acknowledge that poverty is often one cause of the state failure and instability to which the U.S. has had to respond during the past decade. These documents, while acknowledging some of the complex underlying problems of conflict, including poverty, fail to discuss how to address these long-term problems.

Finally, almost none of the three sets of documents tend to address the issue of long-term institution building and professional and technical training upon which all successful economic development and much poverty and hunger alleviation must be based.

I. Child Survival, Nutrition, and Social Development Documents:

Bread for the World Institute, A Program to End Hunger: Hunger 2000, Tenth Annual Report on the State of World Hunger. Silver Spring, MD, 2000. This report is very clear on the need to address hunger and poverty in developing countries, and on the multi-faceted nature of a successful anti-hunger effort, particularly in focusing on income, livelihoods, and the need for economic growth. In the key operational areas of what donor aid agencies can do, and what individuals can do, it is weaker, with relatively little emphasis on agriculture, income and livelihood strategies, and focusing mainly on debt relief.

International Food Policy Research Institute (Smith, Lisa and Lawrence Haddad), "Overcoming Child Malnutrition in Developing Countries: Past Achievements and Future Choices," International Food Policy Research Institute, Food, Agriculture, and the Environment Vision 2020 Working Paper No. 30, February 2000. In depth econometric review of past trends and future prospects in reducing malnutrition, with policy implications. Assesses the impact of underlying variables (poverty, national income and level of democracy) as well as more direct variables (adequate food energy availability, safe water, female education, health status, female status) on malnutrition. Results show the strongest impact on reducing malnutrition in the past, and for the future, is the relationship of overcoming hunger with food availability and female education. The results also identify some health and nutrition interventions, as well as national income and economic growth as critical in reducing malnutrition. This is one of the few nutrition documents that identifies explicitly the economic policies and approaches (poverty reduction, food availability, agricultural production, and economic growth) that must accompany more direct health and nutrition approaches in order to reduce malnutrition in the fastest and most effective manner

Interaction. (James Moody) 'NGOs' Place in the New Global and Security Environment," Monday Developments, Interaction, March 22, 1999 vol. 17, No 5. Mentions five key goals of NGOs in the new global environment, including economic growth, democratization and human rights, absence of social and ethnic turmoil, containment of infectious diseases, and protection of the global environment. Notably, however, the word "poverty" does not occur at all, and in areas where it might at least by implication appear (eg, in economic growth and environment) it is not even implied. The economic growth goal spelled out here is to create a viable and large middle class in LDCs to consume U.S. exports; the environmental goal is to address global environmental concerns that affect the US, without mention of local environmental concerns that affect poor people in LDCs, unless they also are global and U.S. concerns.

United Nations Administrative Committee on Coordination/Sub-Committee on Nutrition: Commission on Nutrition Challenges of the 21st Century, "Ending Malnutrition by 2020: An Agenda for Change in the Millennium," 2000.

Very broad in considering major nutrition challenges for the next two decades, with an abundance of detail and data. However, very narrowly focused on nutrition, health and education interventions, with little discussion of the roles of poverty, income opportunities, or economic growth in contributing to sustainable increases in nutritional status. There is some discussion of agriculture in terms of direct food supply, but not in its contribution to economic opportunities for the poor and malnourished populations.

United Nations Development Program, Human Development Report 1999. New York: Oxford University Press, 1999. Focuses in a fairly useful and in-depth way on all the things glossed over or left out of the WDR 1999, eg the problem of access by poor people and poor countries to the key tools of globalization and in particular IT, internet, cheap knowledge, and biotech for both agriculture and health. But ultimately unsatisfying because the final prescriptions call for world institutions (eg, expanding and strengthening UN bodies, creating a world central bank, levying taxes on bits, etc) that are not in the interests of most of the world's powerful countries or parliaments to effect.

United Nations Development Program, Human Development Report 1996. New York: Oxford University Press, 1996. Sets out clear relationship between income, economic development and malnutrition, especially over medium to long term. Identifies broad range of cases in which health and social development improved even with contracting economies. But clearly states necessity of economic growth over the medium to long term in improving incomes and sustaining health improvements.

United Nations Children's Fund (Unicef), State of the World's Children 1996, Oxford University Press. Very little discussion of poverty and economic opportunity because it is focussed for this particular year on the impact of war and conflict on children.

United Nations Children's Fund (Unicef), State of the World's Children 1988. Oxford University Press. Report on the child survival revolution and on its key elements. Talks specifically about the important role of malnutrition in child survival but says having food supply problems are limited, only a problem in the world's poorest communities, that in the rest of the developing world malnutrition is a knowledge issue (pp. 1-10). Later, however, discusses the critical role of poverty in malnutrition albeit in a general way (p 11); and with the focus on structural adjustment and recession, makes clear that economic problems and recession hurt the poor and their children, specifically, pp. 25 ff. on conflict.

United States Agency for International Development, Malnutrition and Child Mortality: Program Implications and New Evidence. September 1995. Quick layman review of research showing that even mild malnutrition, sometimes associated with micronutrient deficiencies, is a major factor in childhood mortality. A clear and compelling summary

of mid-1990s research from Pelletier et al that even mild malnutrition is an important contributing factor to childhood death for more than 50% of the world's children who die under age five. However, the analysis and program implications include only nutritional and health interventions, with no discussion of income, food, agriculture, or institution building requirements.

United States Agency for International Development, [Saving Lives Today and Tomorrow](#). 1996. Good clear statement of focused approach, results, and plan for the future for USAID's child survival program and Congressional mandate. Discusses how healthy people contribute to the economies of LDCs but not the reverse relationship of strong economies and income opportunities for the poor contributing to reduced malnutrition and better lives for the poor, nor of the relationship between a healthy economy and a country's ability to sustain a solid child health system in LDCs. There is much mention of malnutrition as the next major child health problem to address, but no discussion of the synergies between income, food production, food intake, and nutritional status. Vitamin A and food aid are the only non-health topics discussed.

III. Economic Development Documents

Future Harvest website (www.futureharvest.org). Overview of links between agricultural research and poverty, environment, health, peace and conflict. Describes both historically and in present the role of agriculture in positively affecting the range of other sectors and interests that affect the lives of poor people overseas.

International Agriculture Group: Kellogg, Earl D. and Susan G. Schram, "A United States Imperative: Investing in Global Agriculture and Food Systems Development for the Mutual Benefit of the United States and Developing Countries," International Agriculture Group, May 2000. An overview of the national security, economic, and health related reasons for which the U.S. should increase investments in overseas agricultural research, biotechnology, training and education, and information capacity.

United States Agency for International Development, "Report to the Senate Appropriations Committee: U.S. Development Assistance to Africa over the Next Decade: Anticipated Needs and Appropriate Responses," 1997. Broad view of appropriate responses to African development in an era of reduced USAID resources, growing needs, and more democratic and capable but still fragile African institutions. Very strong of both human capacity development (health, primary education, etc), trade and investment, and partnership with Africans as critical elements to facilitate Africa's sustainable development. However, there is almost no explicit mention of poverty (although it is implicit in some of the discussion of both the human capacity and trade/investment strategies); and there is none at all of food security, agriculture, or training and institution building as critical determinants of the incomes and nutritional well being of poor people in Africa.

United States Department of State, "A New Partnership for the 21st Century," November 14, 1997. U.S. vision for Africa as presented by the AS for African Affairs at the 1997 African Studies Association. Clear and strong message regarding the need for expanded trade and economic growth in Africa, and the dangers of conflict and need to create a sound basis for sustained political stability. No discussion of poverty and hunger.

United States Government Interagency Working Group on Food Security and Food Security Advisory Committee. U. S. Action Plan on Food Security: Solutions to Hunger. March, 1999. Identifies broad range of actions needed to cut hunger and poverty in half by the year 2015, focussing largely on economic policy, trade, agricultural research and technology, and identifying and targeting vulnerable groups. However, specific investment plan directs specific priority attention to girl's education, health and water, as well as economic and agricultural investments.

World Bank, Global Economic Prospects and the Developing Countries 2000. Washington, D.C.: 2000. This report makes projections of poverty and economic growth, very explicitly putting World Bank economic growth analysis and concerns in a poverty framework. It is a broad analysis, but limited to macroeconomic and income factors, and devotes little or no attention as a result to either human capacity, social development, or institution building.

World Bank, Entering the 21st Century: World Development Report 1999/2000. New York: Oxford University Press, 1999. Focuses on the impacts of globalization, localization (decentralization), and urbanization. Reviews economic development theory, saying we are now more pragmatic, and recognize that good macroeconomic policy is important but that growth doesn't guarantee reducing poverty and that health can improve without growth. Strong on environmental concerns but doesn't make a distinction between environmental problems of most immediate concern to poor and hungry people in developing countries, versus those that are of most immediate concern to the OECD countries. Discusses the impact of globalization on developing country brain drain, and need for higher LDC salaries to knowledge workers, professionals etc to keep them from migrating, but doesn't discuss income distribution problem this creates within LDCs nor propose possible solutions. Discusses potential benefits of agricultural biotechnology for LDCs, but without mentioning any constraints to achieving those benefits.

III. Peace and Conflict Documents

Carnegie Commission on Preventing Deadly Conflict, Preventing Deadly Conflict. New York: Carnegie Corporation, 1997. Emphasizes among the structural approaches to preventing deadly conflict (such as control of WMD and more social justice) the well being of people. Recognizes that some economic development can exacerbate social tensions, but points to the need for equitable economic growth that creates opportunities

for poor people as a critical element in laying a basis for preventing deadly conflict. It also situated this problem within the goals of Copenhagen 1995 world Social Summit to eliminate poverty (but not to 1996 DAC or Rome realistic goals of cutting poverty and hunger in half). The report brings in the need for environmentally sustainable development, and points out security dimensions of environment. It recognizes the need for foreign development assistance to enhance economic development and social investments. In general, however, the links with economic development are very limited and tend to be local and targeted in nature rather than broad concerns about increasing productivity, food availability, and income earning opportunities across the board through country wide investments and policies.

Kaplan, Robert D., "The Coming Anarchy," The Atlantic Monthly, February 1994, 44-65. Identified negative environmental, demographic, and ethnic trends as the defining national security issue for the 21st century, causing disorder, war, and mass distress leading to migration and the spread of disease and other problems to the U.S. and other developed countries. Sees poverty as a problem caused by the environmental, demographic, and ethnic trends, and therefore doesn't put emphasis on addressing poverty and economic problems; not very prescriptive in general, rather identifies what he sees as an inevitable and major problem. No discussion of education, training, or institution building.

State Failure Task Force (Esty, Daniel C., et al.), "State Failure Task Force Report: Phase II Findings," Environmental Change and Security Project Paper #5. Summer 1999. Pp. 49-72. Woodrow Wilson International Center. Reviews cases of all types of "state failure" for four decades to identify most important factors related to or implicated in state failure. Identifies a major economic factor (high level of trade openness), well-being and poverty factor (low infant mortality, as a proxy for people's well being) as major factors in protection states from failure. Also identifies a large demographic "youth bulge," environmental problems, and ethnic tensions as leading to state failure.

U. S. Army War College, (Pfaltzgraff, Robert L. Jr. and Richard H. Schultz, Jr. (eds.), Ethnic Conflict and Regional Instability: Implications for U.S. Policy and Army Roles and Missions. Carlisle, Pennsylvania: U.S. Army War College, Strategic Studies Institute, 1994. Contains a broad set of articles discussing causes and implications of ethnic conflict and instability in developing countries. Many of these articles cover a wide range of causes of instability with significant discussion of poverty and economic problems sometimes undergirding what appear to be environmental or ethnic stresses. But while many of these articles (Bose, Sullivan, Goble, Pfaltzgraff) do focus on economic and poverty aspects of conflict and instability, none of them focuses on prevention in terms of long term actions to reduce economic and social stresses and create more income earning opportunities and pathways out of poverty.

U. S. Institute of Peace (Crocker, Chester A. and Fen Osler Hampson (eds.), Managing Global Chaos: Sources of and Responses to International Conflict. Washington, D.C.: U.S. Institute of Peace Press, 1996. The structure of the volume identifies its

understanding of the causes of conflict in developing countries. The table of contents for causative factors in conflict and chaos include: a) structural (collapsed empires, state failure); b) social/psychological explanations -- (ethnopolitical, religious, image/identity); c) migration/environment (eg the Kaplan thesis); d) military technology; e) conflict over energy and water resources; and f) trade war and benefits. While the latter two chapters could have been broad enough to deal with economic opportunities and expectations for the poor, they do not. There is little discussion of long term approaches that could mitigate the economic problems underlying some conflicts.

ANNEX B: TABLES

Annex B: Alternative Visions to Guide A New Coalition for Foreign Assistance to Poor Developing Countries

The interviews and research on which this paper is based has led to the identification of five possible visions and goal statements to guide an expanded foreign aid program in ways that would cut poverty and hunger in half. These are visions that are a step above the goal of cutting poverty and hunger in half; they would mobilize a broader coalition for expanded foreign aid than the hunger and poverty coalition, but each of these approaches is fully compatible with the hunger and poverty reduction goal (in contrast to the three approaches in the previous section). Each vision would imply a somewhat different set of programs, country priorities, and budget allocations. However, there would be a very high degree of common program implications across most of these approaches. The approaches are as follows:

- Expand African Food Production, Trade, Health, Income, and Stability
- Expand Prosperity and U.S. Markets in Poor Developing Countries
- Global Inclusion¹: Expand the Access of Poor Developing Countries to the Benefits of Globalization
- Expand Human Capacity to Create a Better Life and Gain Access to the Benefits of Globalization
- Preventing and Transitioning Out of Emergency Humanitarian Crises into Long Term Poverty and Hunger Reduction

These are considered in turn below.

a) Expand African Food Production, Trade, Health, Income, and Stability

This vision and approach would focus U.S. efforts on the one continent in the world where poverty and hunger are expected to get worse in the next fifteen years, and where outside assistance can have more of an impact than in much larger poor countries such as India. This would also help "complete the final chapter of foreign aid" in John Mellor's terms.¹ It is a compelling vision because of Africa's failure to overcome serious health, nutrition, income, and governance problems as the rest of the developing world not only overcomes them but also enters the globalized economy with relative degrees of success. It is also a clear vision, although somewhat more complex than the worldwide poverty and hunger vision. It is measurable, although -- again -- in somewhat more complex ways. Measurement would require the development of an index of success, and then the number of African countries at different points on the scale could be monitored. It would bring in a broader coalition in that the groups specifically concerned about Africa would be mobilized in support of it (similar to the ways in which the "Africa lobby" was an essential element in supporting the African Seeds of Hope Act and the Africa trade bill

in the mid to late 1990s. It is the African countries in which outside assistance, expertise, training and support is most needed and therefore is likely to be best used. Finally, there is almost no one who believes that private sector and trade alone will solve Africa's biggest problems.

There are several disadvantages, however. There would be somewhat limited private sector support for such an approach, since the U.S. private sector in general is little concerned with what happens in Africa, and does not tend to see even a prosperous Africa as a possible future major market or investment zone. It would also lead foreign assistance to be "typed" into the role of helping "basket cases" and taking on impossible challenges. Finally, the impact on worldwide poverty and hunger would be limited because most of the world's poor and hungry people, now and in the year 2015, are not going to be in Africa, even though most of the world's increase in their numbers is projected to occur there.

- b) Expand Prosperity in Poor Developing Countries to Create New U.S. Markets
- c) Global Inclusion: Expand the Access of Poor Developing Countries to the Benefits of Globalization
- d) Expand Human Capacity to Create a Better Life and Gain Access to the Benefits of Globalization

Proposed approaches b,c, and d would have identical programmatic, budget and country content. They are different ways of envisioning the same thing. They would involve a range of local and human development investments (child survival, microenterprise, local governance, primary education); sustainable economic and productivity investments (agriculture, local natural resource management, policies to encourage business formation and investment in labor intensive approaches); and institution building and training for private, public, NGO, and advocacy institutions' technical and professional staff working on development.

All three approaches have the following advantages: They would appeal to the broad range of interest groups interviewed for this paper. They would draw in more private sector interest and engagement than either the poverty and hunger approach or the Africa approach (or the humanitarian emergency response approach outlined below). The approaches are also both clear and compelling, although significantly harder to measure than the first two approaches.

In addition, the individual visions have specific advantages and disadvantages. The "Prosperity and U.S. Markets" approach could garner significantly greater support on Capital Hill by U.S. private sector representatives. It also speaks to the U.S. self interest concern about development assistance, which does strike a chord with some outside groups and especially with some Congressional staff and Members of Congress. The disadvantage is that this approach could rapidly get distorted into either a "buy American" or a "US commodity export" program, in which U.S. goods and services

could become the focus of the approach. Many internationally oriented firms tend not to support the labor-intensive industrial and economic approaches which can reduce poverty and hunger the fastest in labor-rich, capital-poor countries, so were this U.S. commodity approach to occur, the overall poverty and hunger focus could be compromised. This points to the final disadvantage of this approach: By covering a poverty and hunger goal with a "prosperity and trade" gloss for U.S. constituents and Congress, a confusion of goals, and an inability to mobilize the hunger lobby, might ensue.

The "Global Inclusion" vision has the advantage of engaging, rather than ignoring or hiding from, the current controversy regarding globalization. By identifying globalization as an inevitable force, and identifying foreign assistance as a way to ensure that that force is directed towards solving the problems of poor developing countries, rather than marginalizing them or creating new problems, this vision brings many advantages. First, it could appeal to those elements of the NGO community who distrust globalization. They would be drawn to this approach and vision because it includes a concern to direct the benefits of globalization towards poor countries and groups in ways that the private sector alone will not. Second, it could appeal to the broad education and training community (beyond the agricultural land grant universities alone) who increasingly see themselves as world class knowledge and training institutions, putting knowledge and information in the hands of those who need it regardless of where they live, in order to successfully engage in the global economy.

Third and most important, it could also appeal to the U.S. private sector which supports globalization. The U.S. private sector increasingly recognizes that it must prove to developing countries that the trade, biotechnology, information technology and other changes it represents have direct advantages for those countries. Many U.S. businesses (see sections 3 and 5) recognize that credibility and success in developing countries require long term relationships in which the country can see business commitments to improving lives in the country.¹ U.S. business groups might be mobilized to support a "global inclusion" agenda if they saw it as a way to show developing countries that global trade and technology could be turned to the advantage of those countries. Finally, this approach would have more appeal to developing country partners to the extent that it really brought a new approach to foreign assistance, specifically, putting new technologies (such as information technology and biotechnology) and trade opportunities at the service of poor countries and poor populations.

For example, the Global Alliance for Vaccines and Immunization -- in which there is not only private pharmaceutical company moral support but financial investment -- is a case in point. The nascent movement among biotechnology and agricultural companies to find common ways to grant royalty free licenses to their proprietary technologies to research groups addressing markets and needs that those firms don't plan to address is another example. Such an approach could lead to developing countries both benefiting from public sector agricultural biotechnology research and also becoming more favorable towards biotechnology in general, something that the U.S. private sector would like to see occur.

The main disadvantage of this approach is the reverse of the advantage. If globalization and/or agricultural biotechnology becomes an even more controversial issue, than any foreign assistance program involved in it is likely to become highly complex and scrutinized by Congress to the point of becoming relatively ineffective or paralyzed. In addition, while clear and compelling, this approach would present difficulties in identifying measurable outcomes.

The Human Capacity vision would avoid the complexities -- but also some of the advantages of private sector support -- of the previous two approaches by focusing more on creating capacity in poor countries and among poor people. Capacity would be defined in terms of skills and education, as well as in terms of health and nutrition status, and of income earning opportunities. It also would, more than any other approach outlined here, directly be identified as part of the approach technical and professional training, and institution building -- among some of U.S. foreign assistance's most successful legacies in creating stability and prosperity and reducing hunger and poverty. It would therefore encourage some greater level of U.S. University and training institutions' support.

The disadvantage is that -- while measurement metrics could be developed -- this would be difficult to measure except at the input level (e.g., "number of trainees"). In addition, it would take some explaining for congressional staff and Members to understand that human capacity means the gamut of activities involving both poor people and the professionals and institutions which serve them. Finally, there would be more limited private sector interest in providing support for this vision, although an increasing number of private firms recognize that both the health/nutrition and educational status of the workforce can be an important determinant of their success in that country.

e) Preventing and Transitioning Out of Emergency Humanitarian Crises into Long Term Poverty and Hunger Reduction

This approach would make explicit one of USAID's major approaches which is to create a long-term foundation for development in the wake of a major crisis. The approach has been the basis for successful programs in Bangladesh from the 1970s onward, Mozambique following the end of the civil war in the early 1990s, the Sahel development program, and several Central American programs. The approach would identify the prevention of such crises -- through solid economic development and hunger and poverty reduction -- and the transitioning out of such crises as the centerpiece of the foreign aid program. The advantage of this approach is that humanitarian crisis management is the only task currently undertaken by foreign assistance that has very broad understanding and support. One interviewee even suggested that humanitarian crisis -- and the dollars that flowed to it -- could serve as the new engine replacing the Cold War and the Economic Support Funds (ESF) that flowed to it; that humanitarian crises and OFDA/OTI funds could pull along the rest of the foreign assistance program in the way the Cold War and ESF used to. Of all the approaches outlined above, this would have

the easy understanding and strong support of the foreign policy, national security, and military communities.

One disadvantage of this approach is that it has already been tried energetically with little result. Brian Atwood's leadership in USAID invested substantial time and effort in positioning USAID as the humanitarian crisis agency, probably as much time as any other administration would be likely to do, with little impact on either internal vision or motivation of staff or external excitement by stakeholders and Congress. Given the current very slow expenditure rates by USAID for the Hurricane Mitch funds, USAID also currently has declined in its role as a highly effective humanitarian crisis agency, at least in the eyes of some in Congress. A second disadvantage of this approach is that there would be little interest or support from the private sector for this role for foreign assistance, and it could be easily distorted into an exclusive short term crisis response role, rather than a longer term role to help prevent and transition out of crises, thereby addressing long term poverty and hunger problems. Finally, while this approach is clear and compelling, its success is difficult to measure.

ANNEX C: TABLES

Table B-1: Development Assistance Funding, 1990-98 (\$millions)

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998
Democracy and Governance	51	83	92	106	153	170	156	148	166
Human Capacity	237	289	254	276	223	202	156	141	111
Population, Health, Nutrition	567	731	750	872	830	891	719	763	765
Environment	197	180	236	297	203	344	234	292	213
Economic Growth and Agriculture	840	864	816	645	513	522	357	365	370
Total	1892	2147	2148	2196	1922	2129	1622	1709	1625

**Table B-2: Development Assistance Funding for Poverty and Hunger,
1990-98 (\$millions)**

Microenterprise	45	40	61	52	51	78	73	83	80
Basic (Primary) Education	90	139	104	129	115	115	99	97	95
Child Health and Nutrition	168	214	247	248	189	206	221	176	230
Agriculture/Food Security	378	361	352	242	203	184	126	127	141
Total	681	754	764	671	558	583	519	483	546

Table B-3: USAID Funding, All Accounts, 1990-98 (\$ millions)

Democracy and Governance	107	165	225	315	371	435	387	397	531
Human Capacity	333	454	345	376	369	364	290	267	167
Population, Health, Nutrition	662	842	875	1011	1054	1121	931	967	1095
Environment	411	475	476	476	477	634	547	540	498
Economic Growth and Agriculture	4501	4779	3777	3549	3796	3434	3002	3086	3446
Total	6014	6715	5698	5727	6067	5988	5157	5257	5737

Table B-4: Funding from All Accounts For Poverty and Hunger, 1990-98 (\$ millions)

Microenterprise	75	114	126	96	137	134	111	165	138
Basic (Primary) Education	114	203	114	135	116	142	126	121	109
Child Health and Nutrition	176	234	273	291	243	316	314	257	292
Agriculture/Food Security	480	582	594	427	399	376	260	293	337
Total	845	1133	1107	949	895	968	811	836	876

Table B-5: Funding for Education and Economic Growth (\$millions)

	1990	1991	1992	1993	1994	1995	1996	1997
DA/DFA								
Basic Ed	90	139	104	129	115	115	99	97
Other Ed	147	150	150	147	108	87	57	44
Economic Growth	1077	1153	1070	921	736	724	513	506
All Accounts								
Basic Ed	114	203	114	135	115	142	126	121
Other Ed	219	251	231	241	254	222	164	146
Economic Growth	4834	5233	4122	3925	4165	3798	3292	3353

Table 6: Development Assistance and All USAID Accounts

Development Assistance	1892	2147	2148	2196	1922	2129	1622	1709	1625
All Other USAID Accounts	4122	4568	3550	3531	4145	3859	3535	3548	4112

Table B-6: New Book Acquisitions in 25,000 Libraries, 1981-97

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
"Econ. Dev" all languages	554	781	954	987	1076	1184	1209	1307	1126	1058	898	919	776	707	690	594	540	506	371
"Economic Development"	486	617	754	773	806	900	897	961	851	769	676	676	599	499	483	419	336	338	219
"Foreign Aid"	301	343	413	383	272	227	192	193	188	229	150	157	115	135	146	95	83	110	63
"Hunger"	12	24	27	24	24	29	33	32	41	35	44	35	55	69	68	42	20	14	4
"Poverty"	272	392	358	334	364	381	289	377	250	227	176	195	144	160	184	88	78	112	85

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