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INTERNATIONAL DEVELOPMENT CONFERENCE

"IS U.S. FOREIGN AID STILL RELEVANT?"

THURSDAY, JANUARY 24, 1991

2:30 PM

COMMENTS BY JOHN S. BLACKTON

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LET ME BEGIN BY ACKNOWLEDGING -- PERHAPS AT MY OWN PERIL -- THAT THE QUESTION "IS U.S. FOREIGN AID STILL RELEVANT?" IS A VERY FAIR ONE. IT IS ALWAYS HEALTHY TO REEXAMINE PUBLIC PROGRAMS; THE CASE FOR RE-EXAMINING U.S. FOREIGN ECONOMIC ASSISTANCE IS OBVIOUS TO EVERYONE IN THIS ROOM. MY ANSWER WILL BE A PERSONAL ONE -- NOT AN "OFFICIAL" VIEW. I WOULD LIKE TO START WITH A CATALOG OF SIX PLAUSIBLE REASONS WHY AMERICAN AID MAY NO LONGER BE RELEVANT.

- A. A.I.D. HAS LARGELY ACHIEVED ITS PURPOSE
- B. POVERTY AND LACK OF HUMAN OPPORTUNITY NO LONGER ARE AS PREVELANT AS IN THE 1950S AND 1960S
- C. OTHERS ARE FILLING THE BILL BETTER THAN THE U.S. AND THE U.S. PRESENCE AS A DONOR IS NO LONGER CRITICAL
- D. U.S. RESOURCES SIMPLY ARE TOO LIMITED TO MAKE A DIFFERENCE
- E. THE WORLD HAS GROWN PAST A.I.D.; A.I.D. LACKS THE TOOLS AND THE SKILLS TO BE RELEVANT TO DEVELOPMENT
- F. THE WORLD HAS GROWN PAST THE CHARTER OF THE FOREIGN ASSISTANCE ACT OF 1961 AND A.I.D. HAS A MANDATE THAT IS IRRELEVANT

LET ME START WITH THE EASY ONES:

SOME ARGUE THAT U.S. A.I.D. HAS LARGELY ACHIEVED THE PURPOSES FOR WHICH IT WAS BEGUN. HOWEVER:

-- ONLY A HANDFUL OF COUNTRIES THAT STARTED RECEIVING U.S. ASSISTANCE IN THE 1950S AND 1960S HAS "GRADUATED."

-- SEVERAL COUNTRIES FROM WHICH A.I.D. WITHDREW ITS MISSIONS YEARS AGO (E.G., BRAZIL, MEXICO) NOW RECEIVE ANNUALLY TENS OF MILLIONS OF DOLLARS IN U.S. ECONOMIC ASSISTANCE --- "OLD" PURPOSES MAY HAVE BEEN ADVANCED BUT PROBABLY NOT RESOLVED

SOME ARGUE THAT POVERTY IS NO LONGER AS PREVELANT TODAY AS IN THE 1950S OR 1960S

-- FROM 1965 TO 1985:

O CONSUMPTION PER CAPITA IN DEVELOPING COUNTRIES INCREASED FROM \$590 TO \$985 (REAL TERMS)

O LIFE EXPECTANCY ROSE FROM 51 TO 62 YEARS

O THE PRIMARY SCHOOL ENROLLMENT RATE ROSE FROM 73 TO 84 PERCENT

-- UNFORTUNATELY, THE DISTRIBUTION OF THESE GAINS AMONG COUNTRIES IS VERY UNEVEN:

O 70 COUNTRIES (OF 95 LDCS) CLASSIFIED BY A.I.D. (ACCOUNTING FOR NEARLY ONE BILLION PEOPLE) HAD AN AVERAGE NEGATIVE REAL PER CAPITA ECONOMIC GROWTH RATE IN THE 1979-87 PERIOD

O MANY OF THESE 70 COUNTRIES ARE IN SUB-SAHARAN AFRICA WHERE DEVELOPMENT CONTINUES TO ELUDE US ALL

O IN TERMS OF ECONOMIC GROWTH, FOR MOST OF THESE COUNTRIES, THE 1980S WAS A "LOST DECADE."

OTHER DONORS MAY FILL THE BILL BETTER

- CERTAINLY OTHER DONORS HAVE AMASSED CONSIDERABLE EXPERIENCE IN THE YEARS SINCE AID WAS CREATED
- U.S. ECONOMIC ASSISTANCE AS A SHARE OF TOTAL OFFICIAL DEVELOPMENT ASSISTANCE (ODA) IS VERY SMALL FOR MOST RECIPIENT COUNTRIES
- THERE ARE SOME WELL KNOWN EXCEPTIONS AMONG THEM ISRAEL, EGYPT AND SEVERAL COUNTRIES IN CENTRAL AMERICA
- THE U.S. SHARE OF ODA IS DWARFED IN MOST RECIPIENT COUNTRIES BY THE WORLD BANK, THE REGIONAL DEVELOPMENT BANKS AND A NUMBER OF BILATERAL DONORS
- JAPAN, NOT THE U.S., NOW IS THE LEADING BILATERAL DONOR IN THE WORLD
- IN 1960 THE U.S. PROVIDED ABOUT 60 PERCENT OF ALL ODA; TODAY THE U.S. PROVIDES ABOUT 20 PERCENT
- IN THE EARLY 1960S WORLD BANK OPERATIONS WERE ABOUT ONE QUARTER THOSE OF A.I.D.; TODAY WORLD BANK OPERATIONS ARE ABOUT FOUR TIMES THAT OF A.I.D.

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-- CONCEDING THAT U.S. FOREIGN ASSISTANCE IS FAR LESS IMPORTANT OVERALL IN 1991 THAN IT WAS IN 1961, I DO NOT BELIEVE THAT THIS CONSIGNS U.S. FOREIGN ASSISTANCE TO ETERNAL IRRELEVANCY -- BUT I DO CONCEDE THAT WE HAVE TO ARTICULATE A FRESH RATIONALE TO DEMONSTRATE THAT RELEVANCE, A THEME TO WHICH I WILL RETURN

- ARE A.I.D.'S RESOURCE LEVELS TOO LOW TO MAKE ANY REAL DIFFERENCE? WE HAVE LEARNED TO LIVE WITH LOWER LEVELS
- THOUGH LIMITED, A.I.D.'S RESOURCES OFTEN ARE FOCUSED EFFECTIVELY
 - A.I.D. PROVIDES ABOUT 45 PERCENT OF DONOR RESOURCES IN THE POPULATION AREA
 - A.I.D. REMAINS THE LARGEST BILATERAL DONOR IN THE ENVIRONMENTAL AREA
 - MORE IMPORTANTLY, A.I.D.'S INTELLECTUAL RESOURCES HAVE MADE IT A LEADER IN A NUMBER OF SPECIFIC AREAS:
 - O A.I.D. LED THE WAY IN TESTING AND IMPLEMENTING THE DOMINATE MODELS OF FAMILY PLANNING PROGRAMS AND IN SUPPORTING A SUCCESSFUL TECHNOLOGY-BASED APPROACH TO AGRICULTURAL DEVELOPMENT
 - O MORE RECENTLY, A.I.D. LED THE WAY AMONG DONORS ON A FUNDAMENTAL RETHINKING OF THE ROLE OF MARKETS IN DEVELOPMENT AND ABOUT ENVIRONMENTAL ISSUES

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BUT DOES A.I.D. HAVE THE SKILLS RELEVANT TO THE 1990S?

- I FEAR THAT A.I.D. HAS BEEN SLOW TO ADAPT ITS TOOL KIT;
PROJECT INSTRUMENTS THAT SERVED US WELL IN THE 1950S AND
1960S TODAY POSE EVER GREATER CHALLENGES OF REPLICABILITY
AND SUSTAINABILITY
- RECIPIENT COUNTRIES HAVE BEEN MOVING UP THE LEARNING CURVE
RAPIDLY; MY FELLOW PANELIST VERN RUTTAN WILL ARGUE THAT THE
QUALITY OF A.I.D.'S TECHNICAL ABILITIES IS LOWER IN AN
ABSOLUTE SENSE NOW THAN IT WAS IN 1965 -- CERTAINLY THEY ARE
LOWER RELATIVE TO THOSE OF OUR RECIPIENT COUNTRIES
- THE DEVELOPMENT AGENDA HAS CHANGED:
 - O FINANCIAL SECTOR: GLOBAL INTEGRATION OF FINANCIAL
MARKETS IS A FACT; A.I.D.'S ABILITY TO MUSTER APPROPRIATE
EXPERTISE IN THIS AREA IS LIMITED
 - O INTELLECTUAL PROPERTY RIGHTS: OF ALL TRADE ISSUES,
THIS IS THE MOST URGENT FOR A.I.D. -- ON THE U.S. SIDE ONE
RECENT ESTIMATE SUGGESTS THAT LDC PIRACY OF U.S.
INTELLECTUAL PROPERTY AMOUNTS TO \$60 BILLION ANNUALLY, A
FIGURE THAT DWARFS U.S. ODA LEVELS. BUT THE KEY DEVELOPMENT
ISSUE IS HOW A.I.D. CAN HELP RECIPIENT COUNTRIES BETTER
UNDERSTAND HOW IT IS IN THEIR INTERESTS TO BUILD INDIGENOUS



INTELLECTUAL PROPERTY RIGHTS TO BETTER ENABLE THEM TO TAP INTO NEW, PRODUCTIVE GLOBAL TECHNOLOGIES. AGAIN, A.I.D.'S ABILITY TO TAP INTO EXPERTISE HERE HAS BEEN LIMITED

O GLOBAL COMMUNICATIONS: FAX MACHINES, SATELLITES, COMPUTERS AND OTHER MODERN COMMUNICATIONS SYSTEMS HAVE LINKED DEVELOPING COUNTRIES TO OTHERS THROUGHOUT THE WORLD; A.I.D.'S PROGRAMS ARE ONLY BEGINNING TO RECOGNIZE THE IMPLICATIONS FOR DEVELOPMENT

IS OUR MANDATE OUTDATED? YES!

- CURRENT FOREIGN ASSISTANCE ACT (FAA) IS NOW ALMOST FIVE TIMES LONGER THAN THE ORIGINAL. IT IS ENCRUSTED WITH SUCCESSIVE LAYERS OF AMENDMENTS WHICH HAVE RESULTED IN A BLOATED AND UNWEILDY FRAMEOWORK FOR U.S. ECONOMIC ASSISTANCE.
- FAA CURRENTLY CITES ABOUT THIRTY DIFFERENT OBJECTIVES. SHEER NUMBER OF OBJECTIVES ENSURES A CHRONICALLY DISTRACTED ECONOMIC ASSISTANCE PROGRAM, AND FRANKLY NOT ALL OBJECTIVES ARE CLEARLY COMPATIBLE.
- CONCEIVED IN THE MIDDLE OF THE COLD WAR, THE CURRENT ACT DOES NOT RESPOND TO THE DOMINANT TRENDS WHICH HAVE CHARACTERIZED INTERNATIONAL AFFAIRS OVER THE PAST TWO YEARS.

- THE OLD FRAMEWORK OF THE COLD WAR HAS LARGELY DISAPPEARED. THE OBJECTIVE OF CONTAINING COMMUNISM IS INCREASINGLY LESS RELEVANT.
- THE PRINCIPLES OF MARKET ECONOMIES AND OPEN, DEMOCRATIC POLITICAL SYSTEMS ARE ASCENDANT.
- EMERGING AND INDUSTRIALIZED NATIONS ALIKE ARE FINDING NEW VIGOR THROUGH INTERNATIONAL INVESTMENT, TRADE AND TECHNOLOGICAL CHANGE.
- AT THE SAME TIME, THE INCREASING ACCEPTANCE OF DEMOCRATIC PRINCIPLES HAS ILLUMINATED A GROWING INTERNATIONAL CONSENSUS ON THE MAJOR REQUISITES FOR SUSTAINABLE SOCIAL, POLITICAL AND ECONOMIC DEVELOPMENT.
- RECENTLY FREEDOM HOUSE, WHICH HAS MONITORED POLITICAL DEVELOPMENTS AND THE STATE OF DEMOCRACY THROUGHOUT THE WORLD FOR THE PAST SEVERAL DECADES, ANNOUNCED THAT FOR THE FIRST TIME IN ITS EXPERIENCE OVER 50% OF THE WORLD'S POPULATION ARE NOW LIVING UNDER DEMOCRATIC GOVERNMENTS.

HOW MIGHT WE CONSTRUCT NEW MISSION FOR A.I.D.

- WE CANNOT BE COMPLACENT, HOWEVER. WE STILL HAVE A GREAT DEAL TO DO, AND THE ACHIEVEMENTS OF THE PAST TWO YEARS ARE BY NO MEANS ASSURED.



- WE HAVE SEEN THE EXTENT TO WHICH THE INITIAL EUPHORIA IN EASTERN EUROPE HAS GIVEN WAY TO A MORE SOBER ASSESSMENT OF THE DIFFICULTIES ASSOCIATED WITH MASSIVE ECONOMIC AND POLITICAL ADJUSTMENT.
- SIMILARLY, TRENDS WITHIN THE SOVIET UNION ARE STILL UNCERTAIN, AND THERE IS GROWING CONCERN THAT THE POSITIVE DEVELOPMENTS OF THE PAST FIVE YEARS MAY NOT SURVIVE THE INCREASINGLY DIFFICULT TIMES AHEAD.
- A.I.D. HAS ALREADY STARTED TO RESHAPE ITS PROGRAM TO MEET THESE NEW DEMANDS. IN SEPTEMBER, 1990, WE FORMALLY ISSUED A NEW MISSION STATEMENT HIGHLIGHTING A.I.D. PRIORITIES IN THE FOLLOWING AREAS:
 1. SUPPORT FOR FREE MARKETS AND BROAD-BASED ECONOMIC GROWTH;
 2. CONCERN FOR INDIVIDUALS AND THE DEVELOPMENT OF THEIR SOCIAL AND ECONOMIC WELL-BEING;
 3. SUPPORT FOR DEMOCRACY;
 4. RESPONSIBLE ENVIRONMENTAL POLICIES AND PRUDENT MANAGEMENT OF NATURAL RESOURCES;
 5. SUPPORT FOR LASTING SOLUTIONS TO TRANSNATIONAL PROBLEMS;
AND
 6. HUMANITARIAN ASSISTANCE TO THOSE WHO SUFFER FROM NATURAL OR MAN-MADE DISASTERS.

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MY OWN PERSONAL RESPONSE TO THE QUESTION "IS U.S. FOREIGN ASSISTANCE STILL RELEVANT?" BEGINS WITH A PRIOR QUESTION: "HOW WILL AMERICA'S ROLE IN THE WORLD BE DIFFERENT NOW THAT THE COLD WAR IS OVER?" GIVEN THE EMPHASIS ON THE MAJOR CHANGES WHICH HAVE TAKEN PLACE OVER THE PAST TWO YEARS, MY ANSWER MAY SURPRISE YOU. IN TERMS OF OUR MOST BASIC AND ENDURING FOREIGN POLICY OBJECTIVES, NOT OUR TRANSITORY CONCERNS OF THE 1950S AND 1960S, BUT OUR VALUES ROOTED IN THE 18TH CENTURY ENLIGHTENMENT, I BELIEVE -- AND I HOPE -- THAT VERY LITTLE WILL CHANGE. THESE OBJECTIVES HAVE DEEP ROOTS IN AMERICAN LIFE AND AMERICAN HISTORY; ROOTS THAT PREDATE THE COLD WAR AND THAT REMAIN PROFOUNDLY RELEVANT TO THE NEW ERA WE FACE.

HERE IN WASHINGTON, AT A SIMILAR HISTORIC JUNCTURE FIFTY YEARS AGO, PRESIDENT FRANKLIN ROOSEVELT SUMMARIZED OUR COMMITMENTS IN A WAY THAT STILL RINGS TRUE TODAY. THE AMERICAN VISION THAT HE SPOKE OF SO ELOQUENTLY IN THE DARK DAYS OF 1941 IS A UNIVERSAL VISION OF A WORLD FOUNDED UPON FOUR ESSENTIAL HUMAN FREEDOMS:

- O THE FREEDOM OF SPEECH AND EXPRESSION;
- O THE FREEDOM OF EVERY PERSON TO WORSHIP GOD IN HIS OR HER OWN WAY;

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- O THE FREEDOM FROM WANT, AND
- O FREEDOM FROM FEAR -- A WORLD IN WHICH NO NATION WILL BE PERMITTED TO COMMIT AN ACT OF PHYSICAL AGGRESSION AGAINST ANY NEIGHBOR.

OVER THE PAST EIGHTEEN MONTHS, THE WORLD HAS MOVED CLOSER TO THIS VISION OF THE FOUR FREEDOMS. IN SOUTH AFRICA, NELSON MANDELA HAS REJOINED THE POLITICAL ARENA WITH VOICE AND VIGOR. CHURCH BELLS ARE RINGING IN SOVIET TOWNS AND VILLAGES AFTER SEVEN.Y YEARS OF SILENCE. POLISH AND HUNGARIAN FAMILIAR ARE RE-OPENING THEIR OLD BUSINESSES BEGUN BY THEIR GRANDPARENTS.

MUCH STILL REMAINS TO BE DONE, OF COURSE, BEFORE OUR VISION IS FULLY REALIZED. TODAY IN THE PERSIAN GULF, AMERICAN MEN AND WOMEN CONTINUE TO UPHOLD OUR LONG TRADITION OF SACRIFICE IN ORDER TO SECURE THESE FOUR FREEDOMS, NOT JUST FOR AMERICANS BUT FOR ALL THE WORLD'S CITIZENS.



WHILE OUR BASIC VALUES REMAIN UNCHANGED, THE WAYS AND MEANS OF ACHIEVING THEM MUST EVOLVE TO TAKE ADVANTAGE OF THE NEW OPPORTUNITIES WHICH LIE BEFORE US. THESE OPPORTUNITIES ARE GREATER THAN THEY HAVE EVER BEEN. IN THE PAST, OUR FOREIGN ASSISTANCE PROGRAM WAS OFTEN DRIVEN BY POLITICAL CONSIDERATIONS ROOTED IN THE COLD WAR RIVALRY WITH THE SOVIET UNION. WE NOW HAVE A NEW OPPORTUNITY TO REFOCUS OUR ASSISTANCE EFFORTS IN THE 1990S. NEVER BEFORE HAS THERE BEEN SUCH A BROAD INTERNATIONAL CONSENSUS IN SUPPORT OF THE UNIVERSAL VALUES EMBODIED IN THE FOUR FREEDOMS, AND NEVER BEFORE HAVE WE HAD SUCH OPPORTUNITIEIS TO ADVANCE THEM THROUGH STRONG INTERNATIONAL COOPERATION.

TO MAKE USE OF THESE OPPORTUNITIES, WE NEED FUNDAMENTALLY TO REVIEW THE LEGAL AND POLITICAL UNDERPINNINGS OF THE CURRENT U.S. FOREIGN ASSISTANCE PROGRAM. IN MY OPINION, A NEW FRAMEWORK IS REQUIRED. ALTHOUGH I SUSPECT THAT THE PROCESS OF ESTABLISHING THIS NEW FRAMEWORK WILL BE A LENGTHY ONE -- RATHER TOO LENGTHY FOR MY TASTE, AND PROBABLY FOR MANY OF YOURS AS WELL -- IT IS ESSENTIAL IF WE ARE TO REMAIN RELEVANT TO THE NEW DECADE. THE FOLLOWING ARE SOME OF THE GENERAL CHARACTERISTICS OF A NEW TYPE ASSISTANCE PROGRAM WHICH I THINK WE MIGHT SEE AS WE RECAST OUR FOREIGN ASSISTANCE EFFORTS FOR THE 1990S AND BEYOND:

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- O INCREASINGLY CLOSE COLLABORATION AND COORDINATION WITH OUR ALLIES AND MULTILATERAL INSTITUTIONS. NOT "BURDEN SHARING", BUT THE MORE POSITIVE "SHARING OF RESPONSIBILITY" IN SHAPING BASIC POLICIES GUIDING OUR COMMON EFFORTS.

- O INCREASED EMPHASIS ON SOUND ECONOMIC POLICIES AND IMPROVED GOVERNANCE IN DEVELOPING COUNTRIES AS A CRITICAL BASIS FOR SUSTAINED, BROAD BASED GROWTH.
- O GREATER ATTENTION TO ESTABLISHING MUTUALLY BENEFICIAL TRADE LINKAGES BETWEEN THE U.S. AND DEVELOPING COUNTRIES IN AN INCREASINGLY INTEGRATED WORLD ECONOMY.
- O NEW DEMANDS FOR FLEXIBILITY TO RESPOND TO RAPIDLY CHANGING CIRCUMSTANCES AND ADAPT TO NEW AND UNANTICIPATED NEEDS.
- O INCREASED EMPHASIS ON MANAGING FOR RESULTS. WITH INCREASINGLY SCARCE BUDGET RESOURCES AND GROWING DOMESTIC REQUIREMENTS, WE CANNOT ACCEPT AN ECONOMIC ASSISTANCE PROGRAM WHICH CANNOT DEMONSTRATE CLEAR RESULTS.

THE ECONOMIC ASSISTANCE FRAMEWORK WHICH I BELIEVE WE WILL
NFED TO CREATE WOULD HAVE THREE BASIC ELEMENTS: (1) A GLOBAL
HUMANITARIAN AFFAIRS COMPONENT; (2) AN ECONOMIC GROWTH AND
DEMOCRATIC DEVELOPMENT COMPONENT; AND (3) A FOREIGN AFFAIRS
CONTINGENCY COMPONENT. LET ME SKETCH VERY BRIEFLY WHAT THESE
THREE DIFFERENT ELEMENTS MIGHT ENTAIL IN MY PERSONAL VISION OF
A NEW FRAMEWORK.

GLOBAL HUMANITARIAN AFFAIRS. THIS COMPONENT COULD FINANCE
PROGRAMS OF UNIVERSAL VALUE, BOTH TO THE RECIPIENT AND TO THE
WORLD COMMUNITY. EXAMPLES INCLUDE POPULATION, ENVIRONMENT,
EDUCATION, HEALTH, CHILD SURVIVAL, NARCOTICS, AIDS AND OTHER
GLOBAL EPIDEMIOLOGICAL CONCERNS, AND DISASTER RELIEF. THESE
FUNDS WOULD BE AVAILABLE FOR ALMOST ANY COUNTRY AND WOULD BE
USED TO ADDRESS GLOBAL ISSUES AND HUMANITARIAN NEEDS. IT WOULD
GROUP TOGETHER THOSE PROGRAMS FOR WHICH AID LEVELS SHOULD BE
BASED LARGELY ON NEED, ALTHOUGH THE CAPACITY OF RECIPIENTS TO
USE THE AID EFFECTIVELY WOULD ALSO BE A KEY FACTOR. IT IS
POSSIBLE THAT ACTUAL IMPLEMENTATION IN SOME SECTORS MIGHT, TO A
GREAT EXTENT, BE TURNED OVER TO INTERMEDIARIES, SUCH AS PVO'S,
UNIVERSITIES, OR EVEN MULTILATERAL ORGANIZATIONS.

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ECONOMIC GROWTH AND DEMOCRATIC DEVELOPMENT. THIS COMPONENT WOULD SUPPORT EFFORTS TO IMPROVE ECONOMIC PERFORMANCE, DEEPEN THE STOCK OF HUMAN CAPITAL AND STRENGTHEN ECONOMIC AND POLITICAL INSTITUTIONS. ASSISTANCE WOULD BE IN SUCH AREAS AS THE ENVIRONMENT, ENERGY, TRANSPORT, LONG-TERM TRAINING, CAPITAL PROJECTS, PRIVATE SECTOR, INSTITUTIONAL DEVELOPMENT (E.G., UNIVERSITIES, COURT SYSTEMS), ECONOMIC POLICY SUPPORT, COMMODITY IMPORTS. PROJECTS AND PROGRAM ASSISTANCE WOULD BE RESPONSIVE TO THE TRADE AND COMPETITIVENESS CONCERNS OF THE UNITED STATES AND MIGHT INCLUDE VEHICLES FOR PARALLEL FINANCING WITH COMMERCIAL BANKS, MULTILATERAL DEVELOPMENT AGENCIES AND OTHER USG FINANCING AGENCIES. THE BASIS FOR ALLOCATION OF FUNDS WOULD BE PERFORMANCE CRITERIA, INCLUDING THE PRESIDENT'S CRITERIA OF OPEN MARKETS, DEMOCRACY, AND RESPONSIBLE COMMUNITY ACTIONS ON TRANSNATIONAL CONCERNS SUCH AS NARCOTICS, REGIONAL CONFLICTS, AND TERRORISM.

FOREIGN AFFAIRS CONTINGENCY. WE CAN ANTICIPATE THAT THERE WILL CONTINUE TO BE SPECIFIC POLITICAL SITUATIONS WHERE SUBSTANTIAL LEVELS OF RELATIVELY QUICK DISBURSING ASSISTANCE IN DIRECT SUPPORT OF SPECIFIC U.S. NATIONAL OBJECTIVES

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WILL BE REQUIRED. HOWEVER, SUPPORT MIGHT BE LIMITED TO A SMALL NUMBER OF COUNTRIES REPRESENTING HIGHEST PRIORITY NATIONAL SECURITY CONCERNS. IT COULD BE USEFUL TO CONSIDER ESTABLISHING A SUNSET PROVISION TO PREVENT PERENNIAL ENTITLEMENTS. FUNDING FOR SUCH PURPOSES COULD BE PROVIDED THROUGH CASH TRANSFERS, COMMODITY IMPORT PROGRAMS, AND STABILIZATION FUNDS.

LET ME CONCLUDE WITH THE THOUGHT THAT THE END OF THE COLD WAR IS, INDEED, A CHALLENGE TO THE RELEVANCE OF U.S. FOREIGN ASSISTANCE. TOMORROW DR. ROSKENS WILL BE OUTLINING FOR YOU SOME OF THE DRAMATIC INITIATIVES UNDERWAY ALREADY IN A.I.D. TO BEGIN MEETING THAT CHALLENGE. IN THE YEARS AHEAD, I SUSPECT THAT MANY OF THE PARTICIPANTS IN THIS CONFERENCE WILL PLAY BOTH DIRECT AND INDIRECT ROLES IN ASSISTING THE PROCESS OF LEGISLATIVE REFORM. I ALSO EXPECT THAT MANY -- INDEED, MOST -- OF YOU WILL BE LEADERS IN THE PUBLIC DEBATE WHICH WILL REFORGE AN AMERICAN COMMITMENT TO GLOBAL RESPONSIBILITY AND INTERNATIONAL COOPERATION.

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I FEEL CONFIDENT THAT THE IDC OF THE YEAR 2000 WILL LOOK BACK ON THE WATERSHED IDC CONFERENCE OF 1991, AND WILL RECOGNIZE THAT IT WAS RIGHT TO CHALLENGE THE RELEVANCE OF U.S. FOREIGN ASSISTANCE. THAT CHALLENGE, AND THE CONSEQUENT DEBATE, WILL BE PART OF THE PROCESS BY WHICH THE RELEVANCE OF AN AMERICAN VISION FOR THE WORLD -- A VISION SO ELOQUENTLY CAPTURED BY PRESIDENT ROOSEVELT'S FOUR FREEDOMS -- WILL BE REAFFIRMED BY THE AMERICAN PEOPLE AND THE AMERICAN GOVERNMENT.

THANK YOU MR. CHAIRMAN.

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