



## **A New Urgency: International Development and U.S. Foreign Policy**

In September 2002 the White House published a new National Security Strategy for the United States. It was the first fundamental restatement of American foreign policy since the end of the cold war and highlighted three major U.S. goals in the world: defense (especially against terrorism), diplomacy, and development. Earlier that year, the president had announced the creation of the Millennium Challenge Account (MCA), with proposed funding of \$5 billion per year, representing a major increase in U.S. aid for international development. The MCA was to be administered through a new independent agency, the Millennium Challenge Corporation. Then, in January 2003, President Bush proposed an additional boost in assistance to fight HIV/AIDS totaling \$10 billion, to be spread over five years. The administration's fiscal 2006 budget request includes an increase of 15 percent in the foreign operations account—the fourth consecutive year that the president has sought a significant boost in the international affairs budget. All these proposals have given a prominence to promoting development and improving lives and livelihoods abroad not seen since the early years of the Kennedy administration.

There is, in fact, good reason to elevate development as a major focus of U.S. foreign policy. Many of the most important challenges and opportunities confronting the United States today and in the future emanate from the more than one hundred countries in Asia, Latin America, Africa, the Middle East, and parts of the former Soviet

Union—referred to as the “developing world”—where problems of poverty, limited infrastructure, poor education and health services, frequently slow and sometimes volatile rates of economic growth, low levels of investment and high unemployment rates, and, in a number of cases, ethnic, religious, class, and regional cleavages and weak and corrupt governments remain significant. Such conditions can breed terrorism, provide sanctuary for drug and criminal networks, encourage the spread of infectious diseases, and lead to civil conflict, with enormous human suffering and displacement that can spread beyond borders and have a destabilizing effect regionally and even globally.

At the same time, these same developing countries offer many vital opportunities for enhancing the well-being of the United States—through increased trade with and investment in those nations, which can serve as important sources of food, energy, raw materials, medicines, and ideas. China, with its extraordinary economic dynamism, has showed how important rapidly developing countries can become to the United States. India appears to be close behind in the scope of its market and rapidity of its economic progress. The countries of sub-Saharan Africa, with their rich mineral and oil reserves and a population projected to reach over one billion by 2025, have the potential to become a source of economic dynamism if they can get their economic and political houses in order.

The terrorist attack of 9/11 brought the importance of the developing world into focus for the United States in a way never before seen. Americans had a tendency, especially after the end of the cold war, to think that problems in distant countries were of little relevance to their well-being and could be ignored. The events of 9/11 underlined the vulnerabilities of the American homeland and served as a wake-up call to the American public and its political leaders that pervasive poverty, disenfranchisement, and disaffection abroad can have consequences for the United States. President Bush observed, “Poverty does not make poor people into terrorists and murderers. Yet poverty, weak institutions, and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders.”<sup>1</sup>

International development is increasingly a focus of U.S. foreign policy. This shift is a result of emerging international realities and reflects the changing attitudes toward international engagement of American citizens and their political leaders. Public opinion polls, even before 9/11, found growing support among the American public for development aid (even as the public greatly overestimated the size of aid actually provided).<sup>2</sup> Charitable private giving to nongovernmental organizations (NGOs) to further development abroad more than doubled between 1999 and 2003.<sup>3</sup> Foundation giving for international purposes doubled between 1998 and 2002, rising faster than overall giving by a significant amount, with most of this aid provided to developing countries.<sup>4</sup> Corporate giving and engagement in developing countries appear to be expanding as well. Finally, the outpouring of private giving and public support for generous government relief aid in the wake of the tsunami disaster in Asia was extraordinary. We are observing not only an increase in public awareness of economic and social development needs of poor countries, but also an increased engagement in development by a variety of new actors—individuals, corporate enterprises, foundations, NGOs, and religious organizations. Evangelicals and others from the “Christian right” have become increasingly involved and outspoken in support of U.S. government policies and programs to improve the welfare of the poor and disadvantaged abroad, including those for HIV/AIDS victims and, most recently, for environmental protection. All these groups and individuals provide a much expanded constituency supporting the federal government’s efforts to push forward international development.

How well is the U.S. government organized today to pursue international development—whether through foreign aid, trade and investment, or debt policies—as a high priority in its foreign policy? Unfortunately, at present, no single entity in the government has the requisite expertise or wields the necessary clout to provide programmatic leadership and policy direction in promoting the United States’ international development agenda. Even with the principal tool for promoting development today—foreign aid—the diffusion of such

programs across the government and the complex and cumbersome way aid is programmed make it difficult for the administration to deploy this tool effectively to address development issues. Organization and processes are truly, in the old bureaucratic cliché, “where the rubber meets the road.” They are also the focus of this book.

This study primarily discusses the organization and management of U.S. foreign aid for development and associated purposes. It examines the missions and purposes of foreign aid—the way it is organized within the federal government and the structure and processes of aid giving itself. It addresses the political context of aid in the United States and abroad, including domestic politics; the way other governments have organized their aid; and the emerging environment of aid giving in the twenty-first century. And it concludes with a discussion of issues and options available to the federal government so that its aid effort can better address the challenges ahead.



## The Nature of Development

Surely one of the reasons there have been so many debates about development and foreign aid is that these terms mean different things to different people. “Development,” when applied to societies and countries, has usually included the idea of sustained improvement in the human condition and the changes required to bring about that improvement. In the early decades after World War II, when promoting development in poor countries became part of the U.S. foreign policy agenda, the term “development” was used primarily to refer to *economic* development. Progress was measured by the rate of economic growth and the level and growth in annual per capita incomes. In later decades, the idea of development was extended to include social progress—improvements in quality of life indicators such as life expectancy, literacy, and child mortality. In the 1990s the term “sustainable development” was used to refer to economic and social progress