
The Mission of Foreign Aid in the Post-Cold War Era

By

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Mr. President, some weeks ago I spoke at length on this floor about the urgent need for a top to bottom reform of our foreign aid program. A few days ago, I urged a major shift in funding priorities toward a bold new aid program to help Russia make the transition to democracy.

Today, I would like to offer some views on how the purposes of our foreign aid program, especially the bilateral economic assistance provided through the Agency for International Development, might be redefined. Reform essentially means redefining how foreign aid can best serve U.S. national interests in the post-cold-war era.

Over 30 years ago, President Kennedy said that the purposes of foreign aid were to advance our national security interests and to further the cause of freedom and justice around the world. Those basic purposes remain valid today. But the way we define national security interests and what we try to achieve with foreign aid must reflect fundamentally changed international conditions and challenges.

What are our foremost national interests today, what goals should we set to further those interests, and how can we use foreign aid to achieve those goals?

Today, in the third of a series of speeches I will make during the first 100 days of the new administration on foreign aid reform, I will share my thoughts on defining new goals for foreign aid. In later speeches, I will discuss how we can achieve those goals, including streamlining and strengthening the agencies that implement our foreign aid program.

The formidable challenge we face is to design a foreign aid program that looks to the future, that the American people can support. That will not be easy. In a time of dwindling budgets and a focus on domestic needs, and of disillusionment with foreign aid as we know it, it is one thing to agree that the system needs fixing. It is quite another to agree on the remedy and to put that remedy into practice.

Our task is made all the more difficult by the fact that powerful interests have major stakes in our existing foreign aid budget. We all know those interests will fiercely resist change.

Any redefinition of foreign aid should begin with the premise that no single mission or purpose, such as containing communism, or combating poverty, will suffice. As the world has become more complex with the disappearance of the simplicities of the East-West division, so the purposes of foreign aid must be more subtle and, frankly, impossible to explain in a catchy phrase or slogan.

The starting point of any successful reform must be the establishment of a clear relationship between foreign aid and widely accepted U.S. national interests. That is the problem today. Such a clear relationship no longer exists. Reform means building a new consensus about what interests foreign aid is to serve. If we succeed in doing that, we will at last have an agreed set of goals and can design new programs and better implementation methods.

In my view, all thought of foreign aid as charity, a perpetual state of dependency by other nations upon American generosity, has no place in a renewed foreign aid program. If it is to continue much longer, foreign aid must be turned into a kind of U.S. national investment in peace, stability, growth, and justice abroad. The American people need to see that foreign aid directly serves tangible U.S. interests.

By that I do not mean to denigrate the humanitarian impulse which motivates much of current U.S. foreign aid. Just the opposite. The generosity of the American people largely sustains the present foreign aid program. Polls consistently show the only form of foreign aid the American people strongly favor is that which helps people overseas, especially poor people, improve their lives.

It is precisely that kind of foreign aid that I am arguing is in the national interests of this Nation. Aid aimed at people should be the essence of a new foreign aid program.

What are the specific U.S. national interests that can be served or advanced by foreign assistance? There are many papers, studies, and reports on this question. But when all is said and done, in the international arena the United States seeks:

- A healthy global environment in which natural resources are used wisely and the world's population is in balance with the ability of the Earth to sustain it;
- Stable democratic, pluralistic systems with open, responsive governments in which all people participate and feel a stake;
- Growing economies which can provide markets for U.S. products, and economic justice and participation for the peoples of the developing world.

Clearly, every one of these interests directly affects the quality of American life, as well as that of the peoples of the developing world. An aid program that protects the global environment, curbs runaway international population growth, promotes democracy and human rights, and stimulates sustainable economic growth with equity will advance our own national well-being. That kind of foreign aid would, in reality, be a form of U.S. national investment abroad, with measurable returns to American citizens.

That we live in an increasingly interdependent world, and that protecting our national well-being compels us to be part of a larger, global effort, has been said by many people before, but let me give a few examples to illustrate the point:

The strength of our economy depends on the strength of the world economy, but the very countries that hold the most promise as future markets for our exports are today the ones most in need of assistance to restructure and expand their economies. In the 1980's, because of unwise economic policies and poor foreign aid programs, over \$30 billion in U.S. trade with the developing world was lost. That cost the United States 600,000 jobs. And it meant even deeper misery in the developing nations whose economies stagnated or declined.

It has been estimated that every additional \$1 billion in U.S. exports creates 20,000 new jobs in the United States. Foreign aid that is aimed at promoting sustainable growth in the Third World offers a way to stimulate rapid growth in U.S. export sales.

Conversely, misused or wasted foreign aid costs jobs in this country as well as abroad. When we use our scarce foreign aid dollars to prop up corrupt or incompetent governments, we cost the American taxpayer returns in growing foreign economies and more jobs here at home.

Many of these countries have been torn by war and are struggling to protect a fragile peace and rebuild their economies. Their failure to build stable political institutions and functioning, sustainable economies has meant major foreign policy problems for us. Out of the misguided policies of the 1980's came Somalia, Zaire, Liberia, and Sudan. These four nations accounted for 80 percent of United States foreign aid in sub-Saharan Africa in the 1980's, and today every one is in a state of collapse. Not only did large-scale aid from us not prevent anarchy, it actually promoted it by allowing dictators to avoid the need to build workable institutions.

Look at what our old ally, President Mobutu, has done with millions of American tax dollars he pocketed during the Reagan-Bush years, while we pursued an ill-fated policy in support of Jonas Savimibi in Angola. Today, Zaire is plundered, its people are starving, and Mobutu is holed up in his palace. In Angola, rather than accept defeat at the polls, Savimibi prefers to sacrifice what little is left of that ruined country.

Aid given to dictators, corrupt rulers, and oppressive or incompetent governments means new Zaires and Somalias, more millions wasted, and more costly interventions by United States military forces.

Our natural environment is inseparable from the global environment. The destruction of the Earth's remaining forests, most of which are located on other continents where exploding populations are destroying the natural resource base, threatens to dramatically change our own climate.

In India, a country torn by religious and civil strife, and an impoverished population that will grow by another 100 million by the end of this decade, the forests are being burned in millions of household stoves that are pouring carbon dioxide into the atmosphere we share.

If, working with the international community, we cannot stop global warming, pollution of the air and water, destruction of the world's biodiversity, and the unsustainable exploitation of the world's natural resources, our standard of living and the lives of our children and grandchildren will suffer.

There are countless other examples. But the point is inescapable. Foreign aid that responds to these kinds of challenges advances real U.S. national security interests. It is not a giveaway, it is an investment in our Nation's future.

Before we can agree on where we go from here, we first need to understand where we are. What does our foreign aid program look like today?

Many Americans, including some elected officials, are confused about the size and content of the foreign aid program. Frequently, I am asked why, rather than send aid overseas, we do not use those dollars to reduce the deficit.

The fact is that the foreign aid appropriation—some \$14 billion in fiscal year 1993—consists of only about seven-tenths of 1 percent of the Federal budget. By comparison, this year Americans will spend one and a half times as much on cigarettes.

When most people think of foreign aid they think of AID (The Agency for International Development). AID's fiscal 1993 budget of \$6.5 billion funds our bilateral economic development programs; which pays for everything from cement to medicines, and supports programs as diverse as protecting wildlife in Africa to training police in Central America. But that amounts to less than half of the activities that are usually considered foreign aid. The remainder is accounted for by:

U.S. contributions to the international financial institutions, and private and international debt reduction programs administered by the Treasury Department.

Refugee assistance, voluntary contributions to the U.N. specialized agencies, international antinarcotics efforts, and international antiterrorism activities administered by the State Department;

Military assistance grants, loans, and loan guarantees, military education and training, and related programs administered by the Defense Security Assistance Agency;

Trade promotion and export assistance programs administered by the Export-Import Bank, the Overseas Private Investment Corporation, the Trade and Development Agency, and others;

The Peace Corps, and a handful of small specialized programs, such as the Inter-American Foundation and the African Development Foundation.

In addition, many other agencies have foreign aid programs funded either by transfers from AID or by direct appropriations outside the foreign operations appropriation. These include: A substantial humanitarian assistance program in the Defense Department; export promotion and technical assistance programs of the Department of Agriculture, including the Foreign Agricultural Service; the Foreign Commercial Service of the Department of Commerce; the international environmental programs of the Environmental Protection Agency; international nuclear safety programs of the Department of Energy; and international labor programs of the Department of Labor. The list goes on to include nearly all Cabinet departments and many sub-Cabinet agencies.

It should be obvious that any comprehensive attempt to rationalize and restructure our foreign aid program cannot be limited to reforming AID, an agency which everyone agrees is in dire need of reform. Greater policy coherence and improved results from our foreign aid program will require far more effective coordination throughout the Federal Government.

While the foreign aid program, broadly defined, consists of a multitude of programs funded and administered by over 20 departments and agencies that rarely listen to each other or even bother to find out what the others are doing, AID itself is a collection of independent and uncoordinated yet often duplicative, overburdened parts. AID today consists of almost 400 organizational units that are attempting to implement over 39 separate objectives and many more earmarks and directives imposed by both Congress and the executive branch.

This kind of bilateral assistance cannot go on any longer. The mission of AID has to be clarified so that it knows what the President and Congress want it to do. Its current maze of objectives must be reduced to a clear set of broad goals which will allow it to design programs to achieve those goals.

In my next speech, I plan to go into more detail on how AID might be changed to become a more manageable, more effective, foreign aid agency. Suffice it to say here that AID, much

maligned for mismanagement, waste, red tape, and unresponsiveness, often deservedly so, has been asked to do the impossible and then savagely criticized for failure to achieve it.

A good deal has been written about how we can achieve some semblance of coordination of foreign aid throughout the Federal bureaucracy, and how we can transform AID into an efficient, effective agency. The Deputy Secretary of State [Clifton R. Wharton, Jr.] has begun a study of these issues and says he will have a proposal for the Congress to consider by the end of April. I have met with the Deputy Secretary to discuss foreign aid reform and appreciate his willingness to consult closely with the Congress during this process.

As an aside, I am disturbed by the delay in naming a new Administrator of AID. The delay has been costly to the present reform efforts. It has meant, for example, that AID had little or no input in the fiscal 1994 foreign assistance budget request—a budget that in large part will have to be defended and administered by AID. It has meant that AID has had no voice at the policy table who can speak with the authority of a White House appointment. And it has meant that AID, probably the Agency most affected by the reform effort, has been essentially a passive object, not an active participant in designing its own future.

Mr. President, while any consensus on a new vision and set of goals for foreign aid will take time and compromise, I believe we can begin by reaffirming that we have a national interest in securing for others the same rights and values we cherish ourselves and in helping to create a better future for all.

I would like to suggest some guidelines to help us through what will be a difficult process:

Congress and the executive branch must consult regularly throughout the process. Our goals must be America's goals, or we will see a repetition of the policy disputes, scandals, and loss of trust that have plagued our foreign aid program for the past decade and more. Again, I welcome the efforts Deputy Secretary Wharton has made to begin a new era of cooperation.

Foreign aid has not failed. It has many successes to its credit. In the past three decades, developing countries, as a group, have performed better economically than the wealthy countries in terms of growth rate of per capita income. Average life expectancy and adult literacy have increased sharply since 1960, and child mortality rates have halved in a generation. The green revolution, eradication of smallpox and other diseases, child immunization programs that raised coverage in developing countries from under 5 percent 25 years ago to 80 percent today, are other examples of the many successful programs the United States supported.

Foreign aid played its part in these achievements, together with the support of the aid recipients themselves.

As the world's only superpower, we have global responsibilities. We are both the biggest producer and the biggest consumer Nation. While we alone cannot solve the world's problems, neither can they be solved without us. Unless we use our enormous financial and human resources to lead other countries in a common purpose, whether it be to protect the Earth's environment or to prevent future Somalias, these goals will continue to elude us.

Our strength at home and abroad go hand in hand. Reforming foreign aid can contribute to strengthening our economic competitiveness by helping to create the conditions overseas to generate new markets for our exports. But unless our technology can compete with what the Germans and the Japanese are producing, they will be the ones who benefit from those markets, not us.

We must strive for consistency between what we say and what we do. Time and again with our mouths we preached about democracy and human rights while with our dollars and weapons we supported dictators and oppressive regimes. The result was cynicism at home and resentment abroad.

We should focus on results, and remember that spending money should never be an end in itself. In the past, we have too often measured success by how much money we spent, rather than on what we actually accomplished with it. If we are going to convince the American people that they should continue to pay for foreign aid, they need to see they are getting their money's worth, and in a period of declining budgets it had better be more for less.

More and bigger is not always better. A persistent criticism of the foreign aid bureaucracy is that it is out of control. Piles of reports mandated by Congress that no one reads, long lists of people to sign off on even the most mundane decisions, months of delays to implement a simple directive—this is the rule, not the exception. No matter how successful we are at shifting the focus of foreign aid, unless we streamline the mechanisms that design and implement and evaluate programs, we will continue to be disappointed with the results. We need to rein in the Medusa, to simplify the decisionmaking process in every way possible.

There are no shortcuts and no magic formula. Today, millions of Americans continue to live below the poverty line. Economic growth that both reduces poverty and protects the environment for future generations—what we refer to today as sustainable development—is still a goal for our own country, not just the developing countries. Only by investing in people and in institutions can sustainable development be achieved.

We should emphasize what we do best. Increasingly, we have tried to be all things to all people. We have to choose and we have to set priorities and stick to them. Our resources are limited. Time is limited. We need to concentrate on the things we do best, and coordinate with other donors to avoid a duplication of efforts.

With these guidelines in mind, we can set out to identify the challenges that should be the focus of our foreign aid program in the years ahead.

In doing so, we should all maintain a sense of humility about the difficulty of this undertaking. It is sobering to note how accurately President Kennedy's words of over 30 years ago still apply:

While our aid programs have helped to avoid economic chaos and collapse, and assisted many nations to maintain their independence and freedom . . . many of the nations we are helping are not much nearer sustained economic growth than they were when our aid operation began. Money spent to meet crisis situations or short-term political objectives . . . has rarely moved the recipient nation toward greater economic stability.

Creating the social, political, and economic conditions for global sustainable development requires a strategy that can take us well into the next century. This is a challenge to leadership. For the sake of our children, we must respond.